

February 20, 2015

The Honorable Dennis Pyle, Chairperson
Senate Committee on Local Government
Statehouse, Room 234-E
Topeka, Kansas 66612

Dear Senator Pyle:

SUBJECT: Fiscal Note for SB 247 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 247 is respectfully submitted to your committee.

Current law requires all unified school districts, recreation commissions with aggregate gross receipts in excess of \$150,000, and all other municipalities with aggregate gross receipts of \$275,000 or more or with general obligation revenue bonds outstanding of \$275,000 or more to be audited by a licensed certified public accountant or a licensed municipal public accountant. SB 247 would increase the audit threshold for municipalities from \$275,000 to \$500,000. The bill would also increase the audit threshold for recreation commissions from \$150,000 to \$500,000. In addition, SB 247 would create a new requirement that any municipality with aggregate gross receipts or outstanding revenue bonds in excess of \$275,000, but less than \$500,000, have its accounts examined annually by a certified public accountant or accountants using agreed-upon procedures determined by the Director of Accounts and Reports in the Kansas Department of Administration.

According to the Kansas Department of Administration, passage of SB 247 would reduce audit and review costs for smaller municipalities in Kansas by allowing agreed-upon procedures to be used rather than audits. Due to the individual nature of each audit and review, the Department is unable to estimate how many municipalities would take advantage of the agreed-upon procedures option or what the dollar amount of savings would be.

According to the League of Kansas Municipalities, passage of SB 247 would save cities with annual revenues between \$275,000 and \$500,000 the annual costs of conducting an audit.

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The League is unable to estimate how many cities would experience savings or what the savings might amount to.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Larry Baer, League of Municipalities
Pam Fink, Department of Administration