

*Colorado Legislative Council Staff Fiscal Note*

**FINAL  
FISCAL NOTE**

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<b>Drafting Number:</b> LLS 15-0097	<b>Date:</b> July 7, 2015
<b>Prime Sponsor(s):</b> Sen. Sonnenberg; Jahn Rep. Ryden	<b>Bill Status:</b> Signed into Law
	<b>Fiscal Analyst:</b> Josh Abram (303-866-3561)

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**BILL TOPIC:** LOCAL GOVERNMENT AUDIT LAW UPDATES

<b>Fiscal Impact Summary</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
<b>State Revenue</b>		
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> None.		

**Summary of Legislation**

This bill changes the maximum fiscal year revenue or expenditure amount for an exemption from the statutory requirement that local governments have their financial statements audited. Under current law, local governments with revenues or expenditures of at least \$100,000 but not more than \$500,000 may apply to the Office of the State Auditor (OSA) for an exemption from this requirement.

This bill increases the maximum fiscal year revenue or expenditure threshold to \$750,000. The bill also updates certain terminology to be consistent with accounting standards adopted by the Governmental Accounting Standards Board, a private, nongovernmental agency that provides governmental agencies with generally accepted accounting principles.

**Background**

The OSA receives approximately 1,100 applications from local governments annually for the exemption from audit. This bill is anticipated to increase that amount by 50 to 60 applications, or about five percent. Based on information compiled by Certified Public Accountant (CPA) firms that perform local government audits, the cost to a local government to have an audit performed is generally between \$4,000 and \$8,000, depending on the size and complexity of the local government.

**Local Government Impact**

The bill increases the number of local governments who may be exempt from the local audit requirement. Affected local governments will have a small annual cost savings.

**Effective Date**

The bill was signed into law by the Governor on March 13, 2015, and it takes effect August 5, 2015, assuming no referendum petition is filed.

**State and Local Government Contacts**

Counties  
Public Trustees

Local Affairs  
Special District Association

Municipalities  
State Auditor