MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

2259

2001 SENATE POLITICAL SUBDIVISIONS

SB 2259

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2259

Senate Political Subdivisions Committee

☐ Conference Committee

Hearing Date February 1, 2001

Tape Number	Side A	Side B	Meter #
1		X	0.3-7.9
Committee Clerk Signature	Mary Jo Wocken		

Minutes:

The hearing was opened on SB 2259, relating to audits of park districts.

SENATOR KLEIN: Sponsor of SB2259, also spoke in favor of this bill. If park districts currently, if they have over $100,000 of annual receipts, need to have or conduct an audit which can run anywhere from $500 to $ 1500. If its over the $100,00 receipts. If its below the $100,00 they often do budget reviews which they can commission generally for $50 to $100. Now as the cost has gone up over the years, we found that some of these communities have reached the $100,000 level and this bill would merely allow park districts with less than $200,000 of annual to fall under the review process. I have a park district secretary who it does affect who will speak to this, could affect some of the smaller communities in the state. We also have members of the North Dakota auditors office here to answer your questions.

ROGER LURCH; Harvey Park Board, spoke in favor of SB2259. The park board in Harvey has been doing a bicentennial audit, for the last 10 years. We've had five audits at a cost of $1250 a

year, every other year. We weren't required to do it, but the past board did not know that. Surrounding area park districts had lower cost for their audits. The state would do his audit if his park district is under the $100,000 and only charge him a $50 fee for conducting the audit. This bill is beneficial to middle sized towns, like Harvey, of 2,000-3,000 population group. That's about the only towns it affects. If this bill goes through as is, we can get by with a financial statement from the state auditor would cost the park board only $50. If in three or four years down the road the park board feels they need a state audit, that is our option. We can go to a CPA. If we get over $100,000 we don't have that option. I would like to see the medium park boards have that. We can still have an audit, but do it through the CPA auditor every five years. The moneys collected back come from increase fees from those who use the swimming pools, an increase in fees for using the baseball diamonds and other park features. His motto, " you use it, you pay for it". Right now we are about $90,000. Right now there are 5 park boards that can get an audit for $75-100. The moneys saved could be used for other park equipment and at the same time keep our tax levy down. We would like to see this go through and help the medium sized towns in North Dakota.

The hearing was closed on SB 2259. A short discussion was held among committee members.

Senator Watne moved for a Do Pass.

Senator Polovitz 2nd.

Roll call vote was taken. 8 Yes, 0 No 0 Ab

Carrier: Senator Mathern

Discussion: Senator Lee, this isn't going to create an additional cost for the auditors department, it just indicating that the report of the audits are required. Senator Cook: My understanding committee that there is a small fiscal note for audits. Senator Lee: It seems to me there is no cost

to the state auditors office. Senator Polovitz: Did you say $75 or $750? Senator Cook: $75 each, so that would be a total of 10, so that's where they get the $750 from the reports. No further discussion.

FISCAL NOTE

Requested by Legislative Council
01/22/2001

Bill/Resolution No.: SB 2259

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$750		$750
Expenditures				$750		$750
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

There are 5 park districts that will no longer be required to have biennial audits. We will charge them $75 each, on an annual basis, to review their annual reports.

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

We estimate that expenditures will be approximately equal to revenue.

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Ed Nagel	**Agency:**	State Auditor's Office
Phone Number:	328-4782	**Date Prepared:**	01/23/2001

Date: February 1, 2001
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2259

Senate Political Subdivisions Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. Watne Seconded By Sen. Polovitz

Senators	Yes	No	Senators	Yes	No
Senator Cook	✓		Senator Christenson	✓	
Senator Lyson	✓		Senator Mathern	✓	
Senator Flakoll	✓		Senator Polovitz	✓	
Senator Lee	✓				
Senator Watne	✓				

Total (Yes) 8 No 0

Absent 0

Floor Assignment Sen. Mathern

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2259: Political Subdivisions Committee (Sen. Cook, Chairman) recommends **DO PASS** (8 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2259 was placed on the Eleventh order on the calendar.

2001 HOUSE POLITICAL SUBDIVISIONS

SB 2259

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2259

House Political Subdivisions Committee

❑ Conference Committee

Hearing Date 3-09-01

Tape Number	Side A	Side B	Meter #
1	xx		4035--6030
1		xx	1--130

Committee Clerk Signature

Minutes: Chair Froseth opened the hearing on SB2259 relating to audits of park districts.

Sen. Klein, Dist. 14 : prime sponsor of bill. This is just a simple change in the amount of dollars and receipts that park districts would have before they need a major audit. There are some smaller and midsize communities that are reaching the 5,000 level and would be required to spend $1200 for an audit. With you it's only $75. Currently 10 communities would be involved.

Rep. Delmore : If these are working now, why do you want an additional burden on the park district?

Sen. Jerry Klein : We are making it less of a burden. It's a dollar issue. Whether you are doing $99,000 receipts or $102,000 they are still providing the community with the same services. When you reach $100,000 level, you have to spend $1200 for an audit. This is taking money away from their budget. You are so close and where do you draw the line.

Rep. Kretschmar : In the statute, would you have to address $200,000?

Sen. Klein : We talked about what to tag on. We wanted a clean bill, so we decided not to tag anything on it.

Roger Loerch, Harvey Park District : testified in support of SB2259. I was one to ask for this bill. Our receipts for the year will be around $86,000. We are close to the $100,000 cap. We figure in 2 years we will be at the $100,000. We had an audit every 2 years and we paid $1200. The audit review by the state auditor cost us $100. This $1350 is a big chunk from our funds. We have thick books from the professional auditor that cost us $1200 and contain basically nothing. The state auditor informed me of this bill. I send in our financial report to the state auditor for the year 2000. Feb. 18, 2001, I got it back approved with no corrections. Our bill to the park board was only $50. This is $50 an hour. We are limited on our mill levy, so we have to do something. In 2 years we will be around $102,000. That means we will have to spend $1200 for a professional audit. We write the same number of checks, have the same number of deposits as before, but now this $1200 will take funds from another program. I talked to other towns and found they were in the same position as Harvey. If this bill passes, about 5 towns between the $100,000 and $200,000 level, will be relieved of this $1200 burden. This $1200 can be better spent elsewhere. This will not cost the legislature any money whatsoever. Maybe we can do an audit every 5 years instead of every 2 years. We hope this cap to $200,000 will last another 20 years for us. It should.

Chair Froseth : (5680) On line 12, will you automatically submit an annual report to the state auditor or would you wait for him to request?

Roger : He sends out a form around the 20th of December. We have until March 1st to submit it. This is required by state law. This year it cost us $50 and our record was clean.

(Vice-Chair took the gavel)

Vice- Chair Severson : Any further testimony for or against? Hearing none, we're closed. What does the committee wish?

Rep. Maragos : **I move a DO PASS.**

Rep. Tieman : **I second.**

VOTE: 13 YES and 0 NO with 2 absent. PASSED. Rep. Tieman will carry the bill.

Date: 3-9-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2259

House POLITICAL SUBDIVISIONS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep. Maragos Seconded By Rep. Tieman

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth	AB		Rep. Wayne W. Tieman	✓	
Vice-Chair Dale C. Severson	✓				
Rep. Lois Delmore	✓				
Rep. Rachael Disrud	✓				
Rep. Bruce Eckre	✓				
Rep. Mary Ekstrom	✓				
Rep. April Fairfield	AB				
Rep. Michael Grosz	✓				
Rep. Jane Gunter	✓				
Rep. Gil Herbel	✓				
Rep. Nancy Johnson	✓				
Rep. William E. Kretschmar	✓				
Rep. Carol A.Niemeier	✓				
Rep. Andrew G. Maragos	✓				

Total (Yes) 13 No 0

Absent 2 abs

Floor Assignment Rep Tieman

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2259: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2259 was placed on the Fourteenth order on the calendar.