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House Bill 4408 (as passed by the House)
Sponsor: Representative Aaron Miller
House Committee: Local Government and Municipal Finance
Ways and Means
Senate Committee: Local Government

Date Completed: 9-17-19

CONTENT

The bill would amend the Recreational Authorities Act to delete a requirement that a board obtain an annual audit of the recreational authority and, instead, require a board to obtain an audit of the authority annually or biannually, depending on whether the authority levied and collected a tax.

Under the Act, a recreational authority's board of directors must obtain an annual audit of the authority and report on the audit and auditing procedures in the manner provided by the Uniform Budgeting and Accounting Act.

Under the bill, instead of obtaining an *annual* audit, a board would have to obtain an audit of the authority as prescribed below:

- If an authority levied and collected a tax, the board would have to obtain an annual audit of the authority.
- If an authority did not levy or collect a tax, the board would have to obtain an audit of its financial records, accounts, and procedures not less frequently than biennially; however, if any audit as described above disclosed a material deviation from generally accepted accounting practices or from applicable rules and regulations of a State department or agency or disclosed any fiscal irregularity, defalcation, misfeasance, nonfeasance, or malfeasance, the Department of Treasury could require an audit to be conducted in the next year.

The bill would retain the requirement to report on the audit and auditing procedures in the manner provided by the Uniform Budgeting and Accounting Act.

MCL 123.1157

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have no fiscal impact on the State, and it could reduce audit costs for recreational authorities that do not levy or collect a tax. The amount of reduced cost would depend on the characteristics of each authority and would be equal to the cost of the audits that were no longer required.

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.