



Senate Fiscal Agency  
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House Bill 4408 (Substitute S-1)  
Sponsor: Representative Aaron Miller  
House Committee: Local Government and Municipal Finance  
Ways and Means  
Senate Committee: Local Government

Date Completed: 10-9-19

### **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 and whether the authority had \$100,000 in yearly expenditures.**

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, or if an authority did not levy or collect a tax and had \$100,000 or more in yearly expenditures, the board would have to obtain an annual audit of the authority.
- If an authority did not levy or collect a tax and had less than \$100,000 in yearly expenditures, 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 and have less than \$100,000 in yearly expenditures. 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.