

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6028**

**BILL NUMBER: HB 1018**

**NOTE PREPARED: Jan 23, 2006**

**BILL AMENDED:**

**SUBJECT:** Water Authority Audits.

**FIRST AUTHOR:** Rep. Robertson

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** No Fiscal Impact

**Summary of Legislation:** This bill requires a nonprofit water utility that is reconstituted as a water authority to have an annual audit by a certified public accounting firm and to keep the audit report on file. The bill also provides that the water authority is not subject to audit or examination by the State Board of Accounts, to the examination guidelines and reporting requirements of the State Board of Accounts, or to certain statutes that apply to political subdivisions.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill clarifies that having certified public accounting firms perform audits for water authorities is an accepted practice. The State Board of Accounts does not audit water authorities. The bill also clarifies that water authorities constituted from nonprofit water utilities are not subject to certain statutes pertaining to public agencies.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Valerie Ruda, 317-232-9867.