

BILL ANALYSIS

Senate Research Center
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H.B. 3764
By: Coleman (Hinojosa)
Intergovernmental Relations
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Emergency services districts (ESDs) provide fire and emergency management services throughout suburban and rural Texas. ESD funding is limited for these entities (constitutionally limited \$0.10 ad valorem tax).

ESDs gross receipts range from millions of dollars to just a few thousand dollars depending on their location. All ESDs are currently required to have formal audits conducted annually. These formal audits can range in cost from \$5,000-\$15,000 each year.

H.B. 3764 will reduce costs for ESDs by allowing ESDs with gross receipts of less than \$250,000 and less than \$250,000 in cash and temporary investments to complete an annual financial report instead of a formal audit.

The compiled financial statements format will be more than sufficient to allow citizens to be informed about the financial status of their ESD, especially when considering that only low income ESDs will be authorized to use this reporting format. In addition, the combined financial statements will be accompanied by an affidavit attesting to their accuracy.

Savings for ESDs resulting from this bill can be put to use in expanding the services that these districts provide in their local communities.

H.B. 3764 amends current law relating to audit requirements of certain emergency services districts.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter E, Chapter 775, Health and Safety Code, by adding Section 775.0821, as follows:

Sec. 775.0821. ALTERNATIVE TO AUDIT OF DISTRICT IN LESS POPULOUS COUNTIES. (a) Provides that this section applies only to a district to which Section 775.082 (Audit of District in Less Populous Counties) applies that:

- (1) did not have any outstanding bonds or any outstanding liabilities having a term of more than one year during the previous fiscal year;
- (2) did not receive more than a total of \$250,000 in gross receipts from operations, loans, taxes, or contributions during the previous fiscal year; and
- (3) did not have a total of more than \$250,000 in cash and temporary investments during the previous fiscal year.

(b) Authorizes a district to which this section applies, instead of filing an audit report under Section 775.082, to file compiled financial statements with the commissioners court of each county in which any part of the district is located.

(c) Requires the district to file with the compiled financial statements an affidavit signed by an authorized district representative attesting to the accuracy and authenticity of the statements.

(d) Provides that the provisions of Section 775.082 relating to deadlines for filing an audit and the procedures and penalties relating to the failure of a district to file an audit apply to the filing of compiled financial statements under this section.

SECTION 2. Effective date: September 1, 2013.