

## **BILL ANALYSIS**

Senate Research Center  
84R25370 JSL-D

H.B. 2257  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 2257 amends the provisions regarding audit requirements for emergency services districts in certain counties. The bill clarifies the characteristics of emergency services districts in counties with a population of less than three million that are authorized to submit an annual financial report instead of an audit in certain circumstances.

A district would be eligible to file an annual financial report in lieu of an audit if it (1) does not have any outstanding bonds or any outstanding liabilities having a term of more than one year during the previous fiscal year that are secured by ad valorem taxes, (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.

This bill expands an exception passed last session that allowed some emergency services districts to submit an annual financial report instead of a full audit. This bill would allow additional low-income emergency services districts to take advantage of the exception to the full audit requirement because, while many districts have loans for more than \$250,000 secured by actual assets, very few of them have loans secured by ad valorem taxes. However, the bill would require those emergency services districts to post their financial reports online in the interest of full disclosure and transparency to the public. In short, this bill allows more districts to save money on audits while still preserving financial transparency for the districts.

H.B. 2257 amends current law relating to certain emergency services districts that are exempted from filing an audit report.

### **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 Section 775.0821, Health and Safety Code, by amending Subsection (a) and adding Subsection (e), as follows:

(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 secured by ad valorem taxes or any outstanding liabilities secured by ad valorem taxes having a term of more than one year during the previous fiscal year;

(2) and (3) Makes no change to these subdivisions.

(e) Requires a district that files compiled financial statements in accordance with Subsection (b) (authorizing a district to which this section applies to file compiled financial statements with the commissioners court of each county in which any part of the

district is located) and that maintains an Internet website to have posted on the district's website the compiled financial statements for the most recent three years.

SECTION 2. Effective date: September 1, 2015.