



The taxpayer's watchdog for over 70 years

ARIZONA TAX RESEARCH ASSOCIATION

ATRA SUPPORTS SB1316 ***Financial Audit Publication & Accountability***

Background:

Under current law, counties, community colleges, and cities are required to have their financial statements audited and must file those statements with the Office of the Auditor General within four months after the close of each fiscal year. Upon written request, the Auditor General may extend the deadline up to an additional 120 days if extenuating circumstances prevent submission of the statements within the four-month required time frame.

The primary objective in financial reporting is to demonstrate a jurisdiction's fiscal and operational accountability to taxpayers and its citizens, as well as legislative and oversight bodies, investors, and creditors. To be of any value, the financial statements must not only be understandable and reliable, but also filed in a timely manner. However, under current law, there is no penalty if a local jurisdiction fails to file its financial statements by the statutory deadline. Consequently, that deadline is often not adhered to, and in some cases, the financial statements are not filed with the Auditor General's office until years after the deadline.

Basis for ATRA's Support:

SB1316 imposes a penalty for a county, community college, city or town that fails to comply with the financial reporting filing requirements of eight months (includes extension granted by the Auditor General) by disallowing the entity from adopting a general fund budget in the subsequent year that exceeds the current year's general fund budget.

In addition, the financial audits must be posted on the entity's website within seven days of filing the report with the Auditor General and the reports must be retained on the website for at least five years.

ATRA believes that taxpayers cannot participate in the budgeting process without the availability of timely audits.

ATRA ASKS FOR YOUR SUPPORT OF SB1316!