

LOCAL GOVERNING ENTITY REGISTRY QUESTIONS

Idaho Code Section 67-450E was added as a result of House Bill No. 560 during the 2014 regular legislative session. Implementation of the requirements within this section began as soon as it passed, and the Legislative Services Office has been working to provide information to the entities affected and create the portal to register. Below are some frequently asked questions and information that we hope will be helpful to all local governing entities as registration deadlines approach.

[WHY WAS THE REGISTRY CREATED?](#)

[WHAT IS REQUIRED UNDER IDAHO CODE 67-450B AND C?](#)

[WHY WAS ADDITIONAL LEGISLATION INTRODUCED IN THE 2014 LEGISLATIVE SESSION?](#)

[WHAT ARE THE NEW REQUIREMENTS IN HOUSE BILL No. 560 CODIFIED IN IDAHO CODE SECTION 67-450E?](#)

[WHAT ARE LOCAL GOVERNING ENTITIES REQUIRED TO DO?](#)

[WHAT QUESTIONS ARE ASKED ON THE REGISTRY?](#)

[EXAMPLES OF POSSIBLE REPORTING DUE DATES.](#)

[HOW ARE THE LEGISLATIVE SERVICES OFFICE AND COUNTIES AFFECTED?](#)

[WHAT PENALTIES ARE IN PLACE FOR NONCOMPLIANCE WITH THE REQUIREMENTS INCLUDED IN IDAHO CODE SECTION 67-450E?](#)

[CHECKLIST OF ITEMS NEEDED PRIOR TO REGISTERING THE ENTITY.](#)

Questions about these requirements and the registry portal can be addressed to the Legislative Services Office Audits Division by calling 208-334-4832 or emailing registry@lso.idaho.gov.

LOCAL GOVERNING ENTITY REGISTRY

WHY WAS THE REGISTRY CREATED?

House Bill 560 (2014 Regular Session) created a new section of Idaho Code, 67-450E. This section of Idaho Code affects local governing entities (LGEs), the Legislative Services Office (LSO), and the State Tax Commission and is intended to improve transparency and compliance with audit requirements contained in Idaho Code section 67-450B and C. This legislation requires all LGE's to register through the portal providing administrative and financial information. It also provides for penalties when LGE's are not compliant with the registration requirement or do not submit audit reports in accordance with Idaho Code 67-450B or C.

[Back to Page 1 Index](#)

WHAT IS REQUIRED UNDER IDAHO CODE 67-450B AND C?

The introductory paragraph for each section is virtually the same, one focused on primary local governments such as cities, counties, authorities and districts, and one focused on affiliated entities such as commissions and institutions; *"The requirements set forth in this section are minimum audit requirements for all local governmental entities, and include, without limitation, all cities, counties, authorities and districts organized as separate legal and reporting entities under Idaho law, and include the councils, commissions and boards as appointed or elected and charged with fiscal management responsibilities of the local governmental entity."*

Those code sections provide the minimum audit requirements for all LGEs based on annual expenditures as follows:

- Entities expending less than \$100,000 from all sources in a fiscal year have no audit requirement;
- Entities expending more than \$100,000, but less than \$250,000 from all sources in a single fiscal year are required to have an audit every two years;
- Entities expending more than \$250,000 from all sources in a single fiscal year are required to have an annual audit.

Audit reports are required to be submitted to LSO within 9 months of the close of the fiscal year.

[Back to Page 1 Index](#)

WHY WAS ADDITIONAL LEGISLATION INTRODUCED IN THE 2014 LEGISLATIVE SESSION?

Legislators over the past few sessions had raised concerns to the Legislative Services Office and prepared draft legislation to address concerns about the ability to access financial information related to local governments and special districts across the state. However prior to the 2014 legislative session, nothing had been voted out of committee for a full floor hearing.

Additionally, the Legislative Services Office-Audits Division receives calls from constituents asking for financial statements and/or audits for a variety of local governing entities and we did not have a good directory of entities or consistent submission of audit reports. The combination of this concern and legislator interest led to the identification of a study report.

In January 2014, LSO issued a report on local government financial reporting and compliance with Idaho Code. The objectives of the report were:

- Identify the number of local governing entities in Idaho;
- Determine how the entities are monitored, both operationally and financially;
- Determine compliance with Idaho Code Section 67-450B.

The report contained three findings:

- No central registry exists, which makes it difficult to determine who should be submitting audit reports;
- No budget data is submitted which makes it difficult to determine whether local governments are complying;
- No enforcement mechanism exists for noncompliance.

The report's recommendations were:

- Establish a central registry to provide a comprehensive list of all local governing entities authorized to operate within the State of Idaho;
- Require all local governing entities to submit an approved budget;
- Amend the statute to include a notification and enforcement process for noncompliance.

RESULTING LEGISLATION PASSED AND SIGNED INTO LAW MARCH 26, 2014.

House Bill 560 passed by the 2014 Legislature to address the findings in the special report. Support for the bill was unanimous, passing the House 68-0 with 2 absent and the Senate 35-0 with none absent. It was then signed by the Governor on March 26, 2014, with an effective date of January 1, 2015.

[Back to Page 1 Index](#)

WHAT ARE THE NEW REQUIREMENTS IN HOUSE BILL No. 560 CODIFIED IN IDAHO CODE SECTION 67-450E?

All LGE's are required to register with the portal. The following are important dates for compliance with this requirement:

- January 1, 2015 – The Legislative Services Office (LSO) must have the registry portal operational.
- March 1, 2015 – Every existing local governing entity must complete the initial registration via the portal.
- September 1 – Every year on or before this date, the LSO must notify the appropriate board of county commissioners and the Idaho State Tax Commission of any local governing entities that have failed to comply with Section 67-450E.
- December 1 – Every year on or before this date, local governing entities must update registration information, the State Tax Commission must submit a list to LSO of all taxing districts within the state, and the county clerk of each county must submit a list to LSO of all taxing districts and all other local governing entities in the county. [Back to Page 1 Index](#)

WHAT ARE LOCAL GOVERNING ENTITIES REQUIRED TO DO?

- Every existing local governing entity must register using the registry portal. This initial submission of information must be completed by March 1, 2015. After the initial registration, every year on or before December 1 entities must update the registration information.
- The information that must be provided is in three categories: Administrative, Financial, and Documents to Submit (approved budgets, audits, unaudited financial statements). [Back to Page 1 Index](#)

WHAT QUESTIONS ARE ASKED ON THE REGISTRY?

The table below contains the requirements of Idaho Code Section 67-450E and an explanation of the acceptable types of information for each requirement.

IC 67-450E Requirement	Explanation
Administrative Information:	
The terms of membership and appointing authority for the governing board members of the local governing entity.	This will be for Boards/Commissions. Were they elected by voters in the county or appointed by an elected official? How long is the elected or appointed term for the officials (2 years, 4 years, etc)?
The official name, mailing address and electronic mailing address of the entity.	Entities will be allowed to use a generic e-mail address such as registry@mycounty.com so more than one person would be allowed access the account in case of employee turnover or other circumstances.
The fiscal year of the entity.	Many entities will have a fiscal year from July 1 to June 30 or from October 1 to September 30, but there are entities that have other fiscal years.
Except for cities and counties, the section of Idaho Code under which the entity was established, the date of establishment, the establishing entity, and the statute or statutes under which the entity operates (if different from the statute or statutes under which the entity was established).	This requirement will provide the section of Idaho Code that created the entity (type of entity), when the entity was officially established, and the operating statutes if applicable. The establishing entity is dependent on the type of reporting entity. Examples might be the Idaho Department of Transportation is the establishing entity for Transportation Authorities or a county is the establishing entity for a Fair Board within that county; but, generally that information is provided in the establishing statute.
Financial Information:	
The most recently adopted budget of the entity.	This will likely be forward looking. For example, if your fiscal year ended on September 30, 2014, and you are reporting for the March 1, 2015 registry requirement, then the most recently adopted budget would likely be for the year that will end on September 30, 2016, depending on when the entity regularly approves the budget for publication.
An unaudited comparison of the budget to actual revenues and expenditures for the most recently completed fiscal year.	Using the same example as above, if your fiscal year ends on September 30, 2014, and you are reporting for the March 1, 2015 deadline, the information entered

	would likely be the budget to actual comparison for the year ended September 30, 2014. If audited budget to actual information is available, that satisfies this requirement. You will be able to identify the source of the information (audited financial statements OR unaudited financial statements).
The cumulative dollar amount of all bonds or other debt obligations issued or incurred by the entity.	<p>Entities may use the amounts from their most recent audited financial statements. With a fiscal year end of September 30, 2014, the most recent audited financial statements on March 1, 2015 would likely be from fiscal year 2014 but might possibly be fiscal year 2013 as you will have 9 months to submit the audit and may not have completed the 2014 audit yet (which in this case, the 2014 fiscal year audit would not be due until June 30, 2015).</p> <p>Entities on a two year audit cycle or entities that fall below the audit threshold can use the information from the most recently completed fiscal year.</p>
The average length of term of all bond issuances or other debt obligations and the average interest rate of all bonds or other debt obligations.	<p>For the bonds or other debt reported, this is the average length of the cumulative terms and will be a range of time; 0-5 years, 5-10 years, 10-15 years, 15-20 years, and greater than 20 years.</p> <p>The average interest rate will be presented in a two decimal format such as 3.25% and will be the average of the interest rates for all outstanding debt issuances.</p>
Documents to Submit:	
Most recently approved budget.	This will likely be for the upcoming fiscal year. Entities can submit a summarized budget document, likely the document that was published in local newspapers or posted on the entities website for public comment and ultimately board or commission approval.
Unaudited comparison of budget to actual expenditures.	This information may be from financial reports prepared for board meetings or for audit, but not yet audited. If the audit has been completed by the reporting deadline, audited budget to actual statements can be submitted to meet this requirement.
Audit completed in compliance with Idaho Code Section 67-450B or 67-450C.	Submission of the most recently completed audit within 9 months of the close of the fiscal year. For the first reporting cycle at March 1, 2015, if the 2014 audit is complete that can be submitted, however it may be the most recently completed audit is fiscal year 2013.

EXAMPLES OF POSSIBLE REPORTING DUE DATES.

After the initial registration deadline of March 1, 2015, entities will have some flexibility to select a date that most easily accommodates the entities' workloads to comply with the requirement to update information reported on the portal every year on or before December 1. Here is an example for an entity with a fiscal year-end of September 30, 2015, who completes their annual audit on June 15, 2016, including a timeline for submitting information to the portal that would satisfy the requirements:

- September 30, 2015: Fiscal year ends
- December 1, 2015: This is the deadline for updating registry information. The following information should be available:
 - Any changes to the administrative information of the entity.
 - The most recently adopted budget should be for the fiscal year ending September 30, 2016.
 - An unaudited budget to actual comparison should be available for the fiscal year ended September 30, 2015.
 - The amount of bonds and other debt outstanding, the average length of terms, and the average interest rate of all debt obligations should be available from the audited financial statements for the fiscal year ended September 30, 2014.
- June 15, 2016: The audit of fiscal year 2015 is completed and can be uploaded to the portal.
- September 30, 2016: The fiscal year ends and the cycle begins again.

Reporting does not have to be on December 1 each year. The requirements state that the information must be updated on or before December 1 each year, which allows local governing entities to update their information on a schedule that is convenient for them.

Many local governing entities may find it most convenient to update the portal information once per year when they upload their audit reports. Using the same information as in the previous example, a local governing entity may choose a different timeline that would also satisfy the requirements:

- September 30, 2015: Fiscal year ends.
- December 1, 2015: The deadline for updating registry information. If your initial registry information has been entered by March 1, 2015, and the information is still accurate, then your 2015 reporting requirements have been satisfied.
- June 15, 2016: The audit of fiscal year 2015 is completed and can be uploaded to the portal. The following information should also be available for reporting to meet the December 1, 2016 reporting requirement:
 - Any changes to the administrative information of the entity.
 - The most recent adopted budget for the fiscal year ending September 30, 2016.
 - The most recent fiscal year end is September 30, 2015, and the audit report should contain audited budget to actual amounts. The requirements are for unaudited amounts, but many entities may be more comfortable reporting audited amounts which also satisfy the requirements.
 - The amount of bonds and other debt outstanding, the average length of terms, and the average interest rate of all debt obligations should be available from the audited financial statements for the fiscal year ended September 30, 2015.
- September 30, 2016: The fiscal year ends and the cycle begins again.

[Back to Page 1 Index](#)

HOW ARE THE LEGISLATIVE SERVICES OFFICE AND COUNTIES AFFECTED?

Counties must comply with the registry requirements of Idaho Code Section 67-450E just like all other local governing entities, but they also will be affected in different ways.

County Clerks must notify all local governing entities within their boundaries of the requirements of Idaho Code Section 67-450E. On or before December 1 of each year the county clerk of each county shall submit a list to the LSO of all local governing entities in the county that are authorized to impose fees, assessments, or taxes, or that receive property tax money. This list will be compared to the registry information submitted by entities to identify and notify entities that may not have registered.

Local governing entities may request assistance from the county to comply with the provisions of this section, but the county is under no obligation to provide assistance. If the county chooses to provide assistance to the local governing entity, the county may charge the local governing entity all reasonable fees, costs, and other expenses incurred in providing this assistance. Reasonable fees and costs include, but are not limited to, labor, material, and copying costs. These fees and costs may be deducted from any distributions of taxes, fees, or assessments collected by the county on behalf of the local governing entity.

The Legislative Services Office must notify entities immediately after a due date has passed (both for the registration requirements and the audit submission requirements) if required submissions have not been received or if the information submitted is noncompliant. The local governing entity then has 30 days to submit the information or notify LSO of the time when they will be able to comply.

By no later than September 1 of any year, the Legislative Services Office must notify the appropriate board of county commissioners and the Idaho State Tax Commission of an entity's failure to comply with these requirements. The board of county commissioners must then place a public notice in a newspaper of general circulation in the county indicating that the entity is noncompliant with the legal reporting requirements of this section. The county commissioners shall assess to the entity the cost of the notice, and the cost may be deducted from any distributions of taxes, fees or assessments collected by the county on behalf of the local governing entity. The Legislative Services Office shall notify the board of county commissioners and the Idaho State Tax Commission of the compliance status of each entity by September 1 of each year until the entity is in compliance.

[Back to Page 1 Index](#)

WHAT PENALTIES ARE IN PLACE FOR NONCOMPLIANCE WITH THE REQUIREMENTS INCLUDED IN IDAHO CODE SECTION 67-450E?

For entities that fail to comply, the following enforcement procedures are in place:

- Prohibition from any budget increase otherwise provided by either subsection (1)(a) or (e) of section 63-802, Idaho Code.
- The Idaho State Tax Commission shall withhold the annual sales tax distribution pursuant to section 63-3638(10), Idaho Code. The amount of the distribution shall be retained in a reserve account until the Legislative Services Office certifies to the Idaho State Tax Commission that the entity has complied, and then the distribution shall be paid.

- If the entity is a non-taxing district, the board of county commissioners shall convene to determine appropriate compliance measures which may include, but are not limited to:
 - Require a meeting of the board of county commissioners and the entity's governing body wherein the board of county commissioners shall require compliance of this section by the entity.
 - Assess a noncompliance fee on the noncomplying entity, not to exceed \$5,000. The fee may be deducted from any taxes, fees, or assessments collected by the county on behalf of the local governing entity, and the local governing entity may not pass on the amount of the fee to the persons within the jurisdiction of the entity in the form of adjustments to fees or assessments.
 - Cause a special audit to be conducted on the entity at the expense of the entity.

Questions about these requirements and the registry portal can be addressed to the Legislative Services Office Audits Division by calling 208-334-4832 or emailing registry@lso.idaho.gov.

[Back to Page 1 Index](#)

CHECKLIST OF ITEMS NEEDED PRIOR TO REGISTERING THE ENTITY.

Here is a list of documents and information that will be needed to complete the registration process, more detailed explanation for each item is provided under the section: [WHAT WILL BE ON THE REGISTRY PORTAL?](#)

- Entity establishing information such as authorizing/operating statutes, oversight entity (such as transportation authorities are authorized by the Idaho Transportation Department)
- Entity contact—Email and physical addresses.
- Board member information—Appointed or elected members, term as a member (2 year, 4 year, etc).
- Most recently approved budget. Usually forward looking, state budgets are “approved” in March for the following fiscal year that will be completed in about 15 months.
- Most recently completed audit.
- Budget to actual information for revenues and expenditures. This information can come from financial reports utilized in board meetings, preliminary budget to actual financial statements used in the audit report, or the most recent audit report itself.

[Back to the Index of Questions](#)