

CHAPTER NO. 336

HOUSE BILL NO. 217

INTRODUCED BY HIRSCH, B. BROWN, SOUTH, JOHNSON, DOZIER

IN THE HOUSE

January 17, 1979	Introduced and referred to Committee on Education and Cultural Resources.
January 30, 1979	Committee recommend bill do pass as amended. Report adopted.
January 31, 1979	Printed and placed on members' desks.
February 1, 1979	Second reading, do pass.
February 2, 1979	Considered correctly engrossed.
February 3, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

February 3, 1979	Introduced and referred to Committee on Education.
March 13, 1979	Committee recommend bill be concurred in. Report adopted.
March 14, 1979	Second reading, concurred in.
March 16, 1979	Third reading, concurred in.

IN THE HOUSE

March 17, 1979	Returned from second house. Concurred in. Sent to enrolling.  Reported correctly enrolled.
----------------	---

1 HOUSE BILL NO. 217  
 2 INTRODUCED BY Lee Hirsch, Keith Johnson, Roger  
 3 Bob Brown

4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE AUDIT  
 5 REQUIREMENTS FOR THIRD-CLASS SCHOOL DISTRICTS THAT DO NOT  
 6 MAINTAIN A HIGH SCHOOL; AMENDING SECTIONS 2-7-503, AND  
 7 20-9-203, MCA."

8  
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 2-7-503, MCA, is amended to read:

11 "2-7-503. Annual audits of local governmental  
 12 entities. (1) The department shall audit the affairs of all:

- 13 (a) counties;
- 14 (b) incorporated cities and towns;
- 15 (c) ~~first-, second-, and third-class~~ school districts  
 16 that maintain a high school; and
- 17 (d) school district extracurricular fund for pupil  
 18 functions;
- 19 (e) irrigation districts;
- 20 (f) conservancy districts;
- 21 (g) fire districts and volunteer fire departments in  
 22 unincorporated areas, towns, and villages supported by a  
 23 mill levy;
- 24 (h) fire department relief associations.
- 25 (2) Each audit shall be made annually and shall cover

1 the immediately preceding fiscal year of the governmental  
 2 entity.

3 (3) Each annual audit shall be initiated not later  
 4 than 12 months from the close of the fiscal year for which  
 5 the audit is conducted.

6 (4) In addition to the annual audits required by this  
 7 section, the department may at any time conduct a special  
 8 audit of the affairs of any governmental entity referred to  
 9 in this part.

10 (5) The fee for the special audit shall be a charge  
 11 based upon the costs incurred by the department in the  
 12 conduct of such special audit. The audit fee herein  
 13 provided shall be paid by the governmental entity to the  
 14 state treasurer and credited to the state general fund."

15 Section 2. Section 20-9-203, MCA, is amended to read:

16 "20-9-203. Examination of district accounting records.

17 (1) The accounting records of all ~~first-, second-, and~~  
 18 ~~third-class school~~ districts that maintain a high school  
 19 shall be audited annually by the department of community  
 20 affairs in accordance with 2-7-503.

21 (2) Annually and at such other times as directed by  
 22 the board of county commissioners or trustees, the county  
 23 auditor or the county treasurer if there is no county  
 24 auditor shall audit the accounting records of each  
 25 third-class district that does not maintain a high school.

1 Such district shall deliver all accounting records to the  
2 auditing county official no later than July 15 for the audit  
3 of the financial activity of the last completed school  
4 fiscal year. The auditing county official shall examine the  
5 accounting records, prepare an audit report, and:

6 (a) return the accounting records to the district no  
7 later than August 15;

8 (b) send a copy of the audit report to the chairman of  
9 the trustees; and

10 (c) file copies of the audit report with the county  
11 superintendent and the county clerk and recorder."

-End-

Approved by Committee  
on Education &  
Cultural Resources

HOUSE BILL NO. 217

INTRODUCED BY HIRSCH, B. BROWN, SOUTH, JOHNSON, DOZIER

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE AUDIT  
REQUIREMENTS FOR THIRD-CLASS SCHOOL DISTRICTS THAT DO NOT  
MAINTAIN A HIGH SCHOOL; AMENDING SECTIONS 2-7-503, AND  
20-9-203, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-7-503, MCA, is amended to read:

"2-7-503. Annual audits of local governmental  
entities. (1) The department shall audit the affairs of all:

- (a) counties;
- (b) incorporated cities and towns;
- (c) ~~first-y-second-y~~ AND SECOND-CLASS SCHOOL DISTRICTS  
and ~~third-class~~ school districts ~~that maintain a high~~  
~~school;~~ and
- (d) school district extracurricular fund for pupil  
functions;
- (e) irrigation districts;
- (f) conservancy districts;
- (g) fire districts and volunteer fire departments in  
unincorporated areas, towns, and villages supported by a  
mill levy;
- (h) fire department relief associations.

(2) Each audit shall be made annually and shall cover  
the immediately preceding fiscal year of the governmental  
entity.

(3) Each annual audit shall be initiated not later  
than 12 months from the close of the fiscal year for which  
the audit is conducted.

(4) In addition to the annual audits required by this  
section, the department may at any time conduct a special  
audit of the affairs of any governmental entity referred to  
in this part.

(5) The fee for the special audit shall be a charge  
based upon the costs incurred by the department in the  
conduct of such special audit. The audit fee herein  
provided shall be paid by the governmental entity to the  
state treasurer and credited to the state general fund."

Section 2. Section 20-9-203, MCA, is amended to read:

"20-9-203. Examination of district accounting records.

(1) The accounting records of all ~~first-y-second-y~~ AND  
SECOND-CLASS SCHOOL DISTRICTS and ~~third-class~~ school  
districts ~~that maintain a high school~~ shall be audited  
annually by the department of community affairs in  
accordance with 2-7-503.

(2) Annually and at such other times as directed by  
the board of county commissioners or trustees, the county  
auditor or the county treasurer if there is no county

1 auditor shall audit the accounting records of each  
2 third-class district that does not maintain a high school.  
3 Such district shall deliver all accounting records to the  
4 auditing county official no later than July 15 for the audit  
5 of the financial activity of the last completed school  
6 fiscal year. The auditing county official shall examine the  
7 accounting records, prepare an audit report, and:

8 (a) return the accounting records to the district no  
9 later than August 15;

10 (b) send a copy of the audit report to the chairman of  
11 the trustees; and

12 (c) file copies of the audit report with the county  
13 superintendent and the county clerk and recorder."

14 ~~SECTION 3. THERE IS A NEW MCA SECTION THAT READS:~~

15 Effective date. This act is effective upon passage and  
16 approval.

-End-

## 1 HOUSE BILL NO. 217

2 INTRODUCED BY HIRSCH, B. BROWN, SOUTH, JOHNSON, DOZIER

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE AUDIT  
5 REQUIREMENTS FOR THIRD-CLASS SCHOOL DISTRICTS THAT DO NOT  
6 MAINTAIN A HIGH SCHOOL; AMENDING SECTIONS 2-7-503, AND  
7 20-9-203, MCA; AND PROVIDING AN EFFECTIVE DATE."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 2-7-503, MCA, is amended to read:

11 "2-7-503. Annual audits of local governmental  
12 entities. (1) The department shall audit the affairs of all:

13 (a) counties;

14 (b) incorporated cities and towns;

15 (c) ~~first-v-second-v~~ AND SECOND-CLASS SCHOOL DISTRICTS  
16 and third-class school districts that maintain a high  
17 school; and18 (d) school district extracurricular fund for pupil  
19 functions;

20 (e) irrigation districts;

21 (f) conservancy districts;

22 (g) fire districts and volunteer fire departments in  
23 unincorporated areas, towns, and villages supported by a  
24 mill levy;

25 (h) fire department relief associations.

1 (2) Each audit shall be made annually and shall cover  
2 the immediately preceding fiscal year of the governmental  
3 entity.4 (3) Each annual audit shall be initiated not later  
5 than 12 months from the close of the fiscal year for which  
6 the audit is conducted.7 (4) In addition to the annual audits required by this  
8 section, the department may at any time conduct a special  
9 audit of the affairs of any governmental entity referred to  
10 in this part.11 (5) The fee for the special audit shall be a charge  
12 based upon the costs incurred by the department in the  
13 conduct of such special audit. The audit fee herein  
14 provided shall be paid by the governmental entity to the  
15 state treasurer and credited to the state general fund."

16 Section 2. Section 20-9-203, MCA, is amended to read:

17 "20-9-203. Examination of district accounting records.

18 (1) The accounting records of all ~~first-v-second-v~~ AND  
19 SECOND-CLASS SCHOOL DISTRICTS and third-class school  
20 districts that maintain a high school shall be audited  
21 annually by the department of community affairs in  
22 accordance with 2-7-503.23 (2) Annually and at such other times as directed by  
24 the board of county commissioners or trustees, the county  
25 auditor or the county treasurer if there is no county

1 auditor shall audit the accounting records of each  
2 third-class district that does not maintain a high school.  
3 Such district shall deliver all accounting records to the  
4 auditing county official no later than July 15 for the audit  
5 of the financial activity of the last completed school  
6 fiscal year. The auditing county official shall examine the  
7 accounting records, prepare an audit report, and:

8 (a) return the accounting records to the district no  
9 later than August 15;

10 (b) send a copy of the audit report to the chairman of  
11 the trustees; and

12 (c) file copies of the audit report with the county  
13 superintendent and the county clerk and recorder."

14 ~~SECTION 3. THERE IS A NEW MCA SECTION THAT READS:~~

15 Effective date. This act is effective upon passage and  
16 approval.

-End-

## 1 HOUSE BILL NO. 217

2 INTRODUCED BY HIRSCH, B. BROWN, SOUTH, JOHNSON, DOZIER

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE AUDIT  
5 REQUIREMENTS FOR THIRD-CLASS SCHOOL DISTRICTS THAT DO NOT  
6 MAINTAIN A HIGH SCHOOL; AMENDING SECTIONS 2-7-503 AND  
7 20-9-203, MCA; ~~AND PROVIDING AN EFFECTIVE DATE.~~"

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 2-7-503, MCA, is amended to read:

11 "2-7-503. Annual audits of local governmental  
12 entities. (1) The department shall audit the affairs of all:

13 (a) counties;

14 (b) incorporated cities and towns;

15 (c) ~~first-x-second-x~~ AND SECOND-CLASS SCHOOL DISTRICTS  
16 ~~and third-class~~ school districts ~~that maintain a high~~  
17 ~~school; and~~18 (d) school district extracurricular fund for pupil  
19 functions;

20 (e) irrigation districts;

21 (f) conservancy districts;

22 (g) fire districts and volunteer fire departments in  
23 unincorporated areas, towns, and villages supported by a  
24 mill levy;

25 (h) fire department relief associations.

1 (2) Each audit shall be made annually and shall cover  
2 the immediately preceding fiscal year of the governmental  
3 entity.4 (3) Each annual audit shall be initiated not later  
5 than 12 months from the close of the fiscal year for which  
6 the audit is conducted.7 (4) In addition to the annual audits required by this  
8 section, the department may at any time conduct a special  
9 audit of the affairs of any governmental entity referred to  
10 in this part.11 (5) The fee for the special audit shall be a charge  
12 based upon the costs incurred by the department in the  
13 conduct of such special audit. The audit fee herein  
14 provided shall be paid by the governmental entity to the  
15 state treasurer and credited to the state general fund."

16 Section 2. Section 20-9-203, MCA, is amended to read:

17 "20-9-203. Examination of district accounting records.

18 (1) The accounting records of all ~~first-x-second-x~~ AND  
19 ~~SECOND-CLASS SCHOOL DISTRICTS~~ and ~~third-class~~ school  
20 districts ~~that maintain a high school~~ shall be audited  
21 annually by the department of community affairs in  
22 accordance with 2-7-503.23 (2) Annually and at such other times as directed by  
24 the board of county commissioners or trustees, the county  
25 auditor or the county treasurer if there is no county



1 auditor shall audit the accounting records of each  
2 third-class district that does not maintain a high school.  
3 Such district shall deliver all accounting records to the  
4 auditing county official no later than July 15 for the audit  
5 of the financial activity of the last completed school  
6 fiscal year. The auditing county official shall examine the  
7 accounting records, prepare an audit report, and:

8 (a) return the accounting records to the district no  
9 later than August 15;

10 (b) send a copy of the audit report to the chairman of  
11 the trustees; and

12 (c) file copies of the audit report with the county  
13 superintendent and the county clerk and recorder."

14 SECTION 3. EFFECTIVE DATE. THIS ACT IS EFFECTIVE UPON  
15 PASSAGE AND APPROVAL.

-End-