

HOUSE BILL NO. 62
INTRODUCED BY HANSON, DEVLIN

IN THE HOUSE

JANUARY 4, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
JANUARY 13, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
JANUARY 14, 1989	PRINTING REPORT.
JANUARY 16, 1989	SECOND READING, DO PASS AS AMENDED.
JANUARY 17, 1989	ENGROSSING REPORT.
JANUARY 18, 1989	THIRD READING, PASSED. AYES, 92; NOES, 4.
	TRANSMITTED TO SENATE.

IN THE SENATE

JANUARY 19, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
	FIRST READING.
FEBRUARY 15, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
FEBRUARY 27, 1989	SECOND READING, CONCURRED IN.
FEBRUARY 28, 1989	ON MOTION, TAKEN FROM THIRD READING AND REREFERRED TO SECOND READING FOR FURTHER CONSIDERATION.
MARCH 1, 1989	SECOND READING, CONCURRED IN AS AMENDED.
	RETURNED TO HOUSE WITH AMENDMENTS.

MARCH 3, 1989

THIRD READING, CONCURRED IN.
AYES, 46; NOES, 2.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

MARCH 6, 1989

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

MARCH 7, 1989

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 62
2 INTRODUCED BY M. Hansen
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AUDIT OF
5 THE AFFAIRS OF CEMETERY DISTRICTS; REQUIRING AN ANNUAL
6 REPORT PREPARED BY THE BOARD OF CEMETERY TRUSTEES; AMENDING
7 SECTIONS 2-7-503 AND 7-35-2121, MCA; AND PROVIDING AN
8 IMMEDIATE EFFECTIVE DATE."
9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11 **Section 1.** Section 2-7-503, MCA, is amended to read:
12 "2-7-503. Audits of local governmental entities. (1)
13 The department shall audit the affairs of all:
14 (a) counties;
15 (b) incorporated cities and towns having a population
16 of more than 300 in the most recent census taken under the
17 direction of congress;
18 (c) first- and second-class school districts and
19 third-class school districts that maintain a high school;
20 (d) school district extracurricular funds for pupil
21 functions;
22 (e) irrigation districts, except as provided in
23 subsection (7);
24 (f) conservancy districts;
25 (g) fire districts and volunteer fire departments in

1 unincorporated areas, towns, and villages supported by a
2 mill levy, except as provided in subsection (6); and
3 (h) fire department relief associations, except as
4 provided in subsection (6); and
5 (i) cemetery districts.
6 (2) Each audit shall be made every 2 years and shall
7 cover the immediately preceding 2 fiscal years of the
8 governmental entity, unless annual audits are requested by
9 the governmental entity.
10 (3) Each audit shall be initiated not later than 24
11 months from the close of the fiscal year for which the audit
12 is conducted.
13 (4) In addition to the audits required by this
14 section, the department may at any time conduct a special
15 audit of the affairs of any governmental entity referred to
16 in this part.
17 (5) The fee for the special audit shall be a charge
18 based upon the costs incurred by the department in the
19 conduct of such special audit. The audit fee shall be paid
20 by the governmental entity to the state treasurer and
21 deposited in the enterprise fund to the credit of the
22 department.
23 (6) (a) Except as provided in subsection (6)(c), the
24 department may not audit:
25 (i) a fire district which has an annual budget of less

1 than \$20,000 and in which fire protection is provided solely
2 by a fire company composed only of volunteer firefighters
3 organized under Title 7, chapter 33; or

4 (ii) a fire department relief association organized
5 under Title 19, chapter 11, which has annual receipts,
6 including earnings on invested funds, of less than \$20,000,
7 except for audits as provided under 19-11-206.

8 (b) Such fire district shall annually file with the
9 board of county commissioners of the county in which the
10 majority of the district is located an itemized account of
11 all receipts and expenditures for the year, signed under
12 oath by an officer of the fire company designated by the
13 fire district trustees.

14 (c) The board of county commissioners may require an
15 annual audit to be conducted by the department if it
16 considers such audit to be in the public interest.

17 (d) Such fire department relief association shall
18 annually file with the municipality in which the fire
19 department relief association is located an itemized account
20 of all receipts and expenditures for the year, signed under
21 oath by an officer designated by the fire department relief
22 association trustees. The municipality may require an annual
23 audit to be conducted by the department if it considers such
24 audit to be in the public interest.

25 (7) (a) Except as provided in subsection (7)(c), the

1 department may not audit an irrigation district with annual
2 expenditures of less than \$30,000, excluding the payment of
3 principal and interest on federal loans.

4 (b) Such irrigation district shall annually file with
5 the clerk of the district court in the county in which the
6 irrigation district is located an itemized account of all
7 receipts and expenditures for the year, signed under oath by
8 an officer designated by the irrigation district trustees.

9 (c) The district court may require an annual audit to
10 be conducted by the department if it considers such audit to
11 be in the public interest."

12 **Section 2.** Section 7-35-2121, MCA, is amended to read:

13 "7-35-2121. District budget -- report. (1) The board
14 of cemetery trustees shall annually present a budget to the
15 board of county commissioners at the regular budget meetings
16 as prescribed by law.

17 (2) The budget must be accompanied by a written report
18 of the preceding year, signed by a majority of the members
19 of the board of cemetery trustees and containing:

20 (a) a statement of the activities of the board and of
21 the cemetery district; and

22 (b) an account of the cemetery district's receipts and
23 disbursements.

24 ~~(2)~~(3) Insofar as the same can be made applicable, the
25 county budget system, part 23 of chapter 6, shall govern the

LC 0230/01

1 operation of cemetery districts created under this part."

2 **Section 3. Effective date.** [This act] is effective on

3 passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB062, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

HB062 adds cemetery districts to the list of governmental entities subject to audit by the Department of Commerce.

ASSUMPTIONS:

1. There are currently 82 active cemetery districts in the state.
2. All cemetery district boards would opt for biennial audits.
3. The average cost per audit would be \$363 for an annual total of \$14,883 for 41 audits.

FISCAL IMPACT:


	<u>Current Law</u>	<u>FY90 Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>FY91 Proposed Law</u>	<u>Difference</u>
Expenditures:	-0-	\$14,883	\$14,883	-0-	\$14,883	\$14,883
Funding:						
Proprietary Fund	-0-	\$14,883	\$14,883	-0-	\$14,883	\$14,883

EFFECT ON LOCAL EXPENDITURES:

Cemetery district funds would be reduced by \$14,883 per year for audit costs.

TECHNICAL OR MECHANICAL

Audits of fire and irrigation districts and fire department relief associations have been limited to the larger entities since the 1985 session pursuant to Sections 2-7-503 (6)(a)(i) and (ii) and to 2-7-503 (7)(a), MCA.


RAY SHACKLEFORD, BUDGET DIRECTOR 1/11/89
Office of Budget and Program Planning DATE


MARIAN W. HANSON, PRIMARY SPONSOR 1/12/89
DATE

Fiscal Note for HB062, as introduced

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

1 HOUSE BILL NO. 62
2 INTRODUCED BY M. Hanson
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AUDIT OF
5 THE AFFAIRS OF CEMETERY DISTRICTS; REQUIRING AN ANNUAL
6 REPORT PREPARED BY THE BOARD OF CEMETERY TRUSTEES; AMENDING
7 SECTIONS 2-7-503 AND 7-35-2121, MCA; AND PROVIDING AN
8 IMMEDIATE EFFECTIVE DATE."
9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11 **Section 1.** Section 2-7-503, MCA, is amended to read:
12 "2-7-503. Audits of local governmental entities. (1)
13 The department shall audit the affairs of all:
14 (a) counties;
15 (b) incorporated cities and towns having a population
16 of more than 300 in the most recent census taken under the
17 direction of congress;
18 (c) first- and second-class school districts and
19 third-class school districts that maintain a high school;
20 (d) school district extracurricular funds for pupil
21 functions;
22 (e) irrigation districts, except as provided in
23 subsection (7);
24 (f) conservancy districts;
25 (g) fire districts and volunteer fire departments in

1 unincorporated areas, towns, and villages supported by a
2 mill levy, except as provided in subsection (6); and
3 (h) fire department relief associations, except as
4 provided in subsection (6); and
5 (i) cemetery districts.
6 (2) Each audit shall be made every 2 years and shall
7 cover the immediately preceding 2 fiscal years of the
8 governmental entity, unless annual audits are requested by
9 the governmental entity.
10 (3) Each audit shall be initiated not later than 24
11 months from the close of the fiscal year for which the audit
12 is conducted.
13 (4) In addition to the audits required by this
14 section, the department may at any time conduct a special
15 audit of the affairs of any governmental entity referred to
16 in this part.
17 (5) The fee for the special audit shall be a charge
18 based upon the costs incurred by the department in the
19 conduct of such special audit. The audit fee shall be paid
20 by the governmental entity to the state treasurer and
21 deposited in the enterprise fund to the credit of the
22 department.
23 (6) (a) Except as provided in subsection (6)(c), the
24 department may not audit:
25 (i) a fire district which has an annual budget of less

than \$20,000 and in which fire protection is provided solely by a fire company composed only of volunteer firefighters organized under Title 7, chapter 33; or

(ii) a fire department relief association organized under Title 19, chapter 11, which has annual receipts, including earnings on invested funds, of less than \$20,000, except for audits as provided under 19-11-206.

(b) Such fire district shall annually file with the board of county commissioners of the county in which the majority of the district is located an itemized account of all receipts and expenditures for the year, signed under oath by an officer of the fire company designated by the fire district trustees.

(c) The board of county commissioners may require an annual audit to be conducted by the department if it considers such audit to be in the public interest.

(d) Such fire department relief association shall annually file with the municipality in which the fire department relief association is located an itemized account of all receipts and expenditures for the year, signed under oath by an officer designated by the fire department relief association trustees. The municipality may require an annual audit to be conducted by the department if it considers such audit to be in the public interest.

(7) (a) Except as provided in subsection (7)(c), the

department may not audit an irrigation district with annual expenditures of less than \$30,000, excluding the payment of principal and interest on federal loans.

(b) Such irrigation district shall annually file with the clerk of the district court in the county in which the irrigation district is located an itemized account of all receipts and expenditures for the year, signed under oath by an officer designated by the irrigation district trustees.

(c) The district court may require an annual audit to be conducted by the department if it considers such audit to be in the public interest."

Section 2. Section 7-35-2121, MCA, is amended to read:

"7-35-2121. District budget -- report. (1) The board of cemetery trustees shall annually present a budget to the board of county commissioners at the regular budget meetings as prescribed by law.

(2) The budget must be accompanied by a written report of the preceding year, signed by a majority of the members of the board of cemetery trustees and containing:

(a) a statement of the activities of the board and of the cemetery district; and

(b) an account of the cemetery district's receipts and disbursements.

(2)(3) Insofar as the same can be made applicable, the county budget system, part 23 of chapter 6, shall govern the

LC 0230/01

1 operation of cemetery districts created under this part."

2 **Section 3. Effective date.** [This act] is effective on

3 passage and approval.

-End-

HOUSE BILL NO. 62

INTRODUCED BY HANSON, DEVLIN

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AUDIT OF THE AFFAIRS OF CEMETERY DISTRICTS; REQUIRING AN ANNUAL REPORT PREPARED BY THE BOARD OF CEMETERY TRUSTEES; AMENDING SECTIONS 2-7-503 AND 7-35-2121, MCA; AND PROVIDING AN IMMEDIATE 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. Audits of local governmental entities. (1)

The department shall audit the affairs of all:

(a) counties;

(b) incorporated cities and towns having a population of more than 300 in the most recent census taken under the direction of congress;

(c) first- and second-class school districts and third-class school districts that maintain a high school;

(d) school district extracurricular funds for pupil functions;

(e) irrigation districts, except as provided in subsection (7);

(f) conservancy districts;

(g) fire districts and volunteer fire departments in

unincorporated areas, towns, and villages supported by a mill levy, except as provided in subsection (6); and

(h) fire department relief associations, except as provided in subsection (6); and

(i) cemetery districts.

(2) Each audit shall be made every 2 years and shall cover the immediately preceding 2 fiscal years of the governmental entity, unless annual audits are requested by the governmental entity.

(3) Each audit shall be initiated not later than 24 months from the close of the fiscal year for which the audit is conducted.

(4) In addition to the 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 shall be paid by the governmental entity to the state treasurer and deposited in the enterprise fund to the credit of the department.

(6) (a) Except as provided in subsection (6)(c), the department may not audit:

(i) a fire district which has an annual budget of less

1 than \$20,000 and in which fire protection is provided solely
2 by a fire company composed only of volunteer firefighters
3 organized under Title 7, chapter 33; or

4 (ii) a fire department relief association organized
5 under Title 19, chapter 11, which has annual receipts,
6 including earnings on invested funds, of less than \$20,000,
7 except for audits as provided under 19-11-206.

8 (b) Such fire district shall annually file with the
9 board of county commissioners of the county in which the
10 majority of the district is located an itemized account of
11 all receipts and expenditures for the year, signed under
12 oath by an officer of the fire company designated by the
13 fire district trustees.

14 (c) The board of county commissioners may require an
15 annual audit to be conducted by the department if it
16 considers such audit to be in the public interest.

17 (d) Such fire department relief association shall
18 annually file with the municipality in which the fire
19 department relief association is located an itemized account
20 of all receipts and expenditures for the year, signed under
21 oath by an officer designated by the fire department relief
22 association trustees. The municipality may require an annual
23 audit to be conducted by the department if it considers such
24 audit to be in the public interest.

25 (7) (a) Except as provided in subsection (7)(c), the

1 department may not audit an irrigation district with annual
2 expenditures of less than \$30,000, excluding the payment of
3 principal and interest on federal loans.

4 (b) Such irrigation district shall annually file with
5 the clerk of the district court in the county in which the
6 irrigation district is located an itemized account of all
7 receipts and expenditures for the year, signed under oath by
8 an officer designated by the irrigation district trustees.

9 (c) The district court may require an annual audit to
10 be conducted by the department if it considers such audit to
11 be in the public interest.

12 (8) (A) EXCEPT AS PROVIDED IN SUBSECTION (8)(C), THE
13 DEPARTMENT MAY NOT AUDIT A CEMETERY DISTRICT WITH ANNUAL
14 EXPENDITURES OF LESS THAN \$10,000, EXCLUDING THE PAYMENT OF
15 PRINCIPAL AND INTEREST ON FEDERAL LOANS.

16 (B) SUCH CEMETERY DISTRICT SHALL ANNUALLY FILE WITH
17 THE CLERK OF THE DISTRICT COURT IN THE COUNTY IN WHICH THE
18 CEMETERY DISTRICT IS LOCATED AN ITEMIZED ACCOUNT OF ALL
19 RECEIPTS AND EXPENDITURES FOR THE YEAR, SIGNED UNDER OATH BY
20 AN OFFICER DESIGNATED BY THE CEMETERY DISTRICT TRUSTEES.

21 (C) THE BOARD OF COUNTY COMMISSIONERS MAY REQUIRE AN
22 ANNUAL AUDIT TO BE CONDUCTED BY THE DEPARTMENT IF IT
23 CONSIDERS SUCH AUDIT TO BE IN THE PUBLIC INTEREST."

24 **Section 2.** Section 7-35-2121, MCA, is amended to read:

25 "7-35-2121. District budget -- report. (1) The board

1 of cemetery trustees shall annually present a budget to the
2 board of county commissioners at the regular budget meetings
3 as prescribed by law.

4 (2) The budget must be accompanied by a written report
5 of the preceding year, signed by a majority of the members
6 of the board of cemetery trustees and containing:

7 (a) a statement of the activities of the board and of
8 the cemetery district; and

9 (b) an account of the cemetery district's receipts and
10 disbursements.

11 ~~(2)~~(3) Insofar as the same can be made applicable, the
12 county budget system, part 23 of chapter 6, shall govern the
13 operation of cemetery districts created under this part."

14 **NEW SECTION. Section 3.** Effective date. [This act] is
15 effective on passage and approval.

-End-

SENATE STANDING COMMITTEE REPORT

February 15, 1989

MR. PRESIDENT:

We, your committee on Local Government, having had under consideration HB 62 (third reading copy -- blue), respectfully report that HB 62 be amended and as so amended be concurred in:

Sponsor: Hanson (Devlin)

1. Title, line 8.

Following: "DATE"

Insert: "AND A TERMINATION DATE"

2. Page 4, line 14.

Strike: "\$10,000"

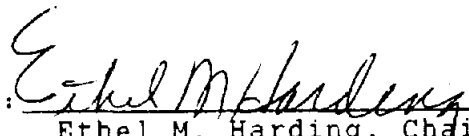
Insert: "\$25,000"

3. Page 5.

Following: line 15

Insert: "NEW SECTION Section 4. Termination. [This act]
terminates June 30, 1991."

AND AS AMENDED BE CONCURRED IN

Signed: 

Ethel M. Harding, Chairman

SENATE

SENATE COMMITTEE OF THE WHOLE AMENDMENT

page 1 of 2
March 1, 1989 10:27 am

Mr. Chairman: I move to amend HB 62 (third reading copy -- blue) as follows:

1. Title, line 7.
Following: "2-7-503"
Insert: ", 2-7-514, 2-7-521,"

2. Page 4.

Following: line 23

Insert: "Section 2. Section 2-7-514, MCA, is amended to read:

"2-7-514. Issuance and filing of audit report. (1) Within 120 days after the completion of the field work, the department shall issue audit reports as follows:

(a) county audit reports to county commissioners, the county clerk and recorder, and the county attorney;

(b) city or town audit reports to the city or town governing body, the city or town chief financial officer, the city or town chief executive, and the city or town attorney;

(c) school district audit reports to the trustees, the county superintendent of schools, the state superintendent of public instruction, the county attorney, and the clerk of the school district;

(d) school district extracurricular fund audit reports to the trustees, the county superintendent of schools, the state superintendent of public instruction, the county attorney, and the fund administrator;

(e) fire district or volunteer fire department audit reports to the trustees, the county attorney, and the clerk and recorder of the county in which the fire district or fire department is located;

(f) conservancy district audit reports to the board of directors, the department of natural resources and conservation, the district court, and the county attorney(s);

(g) fire department relief association audit reports to the trustees, the city or town attorney, and the respective city or town clerk; and

(h) irrigation district audit reports to the board of commissioners, the district court, and the county attorney(s); and

(i) cemetery district audit reports to the board of cemetery trustees, the district court, and the county attorney.

(2) All audit reports issued by the department are to be maintained on file at an appropriate location and open to public inspection."

SENATE COMMITTEE OF THE WHOLE, HB 62

Page 2 of 2

March 1, 1989

Section 3. Section 2-7-521, MCA, is amended to read:

"2-7-521. Publication. (1) Except as provided in subsection (3), after the expiration of the 30-day period provided for in 2-7-515(1), the department shall send a copy of the general comments section of each audit report to a newspaper of general circulation for publication. However, the general comments section of each county audit report shall be sent to the official newspaper of the county for publication.

(2) The publication shall include a statement to the effect that the audit report is on file in its entirety and open to public inspection.

(3) A publication concerning the audit report of a local government entity within (1)(c) through (1)(h) of 2-7-503 is required to contain only the statement provided for in subsection (2) and a statement providing that the audited government entity will send a copy of the audit report to any interested person upon request. A copy of the audit report must be sent to the newspaper publishing the statement.

(4) Publication costs shall be borne by the audited governmental entity."

Renumber: subsequent sections

ADOPT

REJECT

Signed: Sen Devlin

Senator Devlin

SENATE

cwhb062.301

continued

cwhb062.301

1 HOUSE BILL NO. 62

2 INTRODUCED BY HANSON, DEVLIN

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AUDIT OF
5 THE AFFAIRS OF CEMETERY DISTRICTS; REQUIRING AN ANNUAL
6 REPORT PREPARED BY THE BOARD OF CEMETERY TRUSTEES; AMENDING
7 SECTIONS 2-7-503, 2-7-514, 2-7-521, AND 7-35-2121, MCA; AND
8 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION
9 DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:12 **Section 1.** Section 2-7-503, MCA, is amended to read:

13 "2-7-503. Audits of local governmental entities. (1)

14 The department shall audit the affairs of all:

15 (a) counties;

16 (b) incorporated cities and towns having a population
17 of more than 300 in the most recent census taken under the
18 direction of congress;

19 (c) first- and second-class school districts and
20 third-class school districts that maintain a high school;

21 (d) school district extracurricular funds for pupil
22 functions;

23 (e) irrigation districts, except as provided in
24 subsection (7);

25 (f) conservancy districts;

1 (g) fire districts and volunteer fire departments in
2 unincorporated areas, towns, and villages supported by a
3 mill levy, except as provided in subsection (6); and

4 (h) fire department relief associations, except as
5 provided in subsection (6); and

6 (i) cemetery districts.

7 (2) Each audit shall be made every 2 years and shall
8 cover the immediately preceding 2 fiscal years of the
9 governmental entity, unless annual audits are requested by
10 the governmental entity.

11 (3) Each audit shall be initiated not later than 24
12 months from the close of the fiscal year for which the audit
13 is conducted.

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

18 (5) The fee for the special audit shall be a charge
19 based upon the costs incurred by the department in the
20 conduct of such special audit. The audit fee shall be paid
21 by the governmental entity to the state treasurer and
22 deposited in the enterprise fund to the credit of the
23 department.

24 (6) (a) Except as provided in subsection (6)(c), the
25 department may not audit:

(i) a fire district which has an annual budget of less than \$20,000 and in which fire protection is provided solely by a fire company composed only of volunteer firefighters organized under Title 7, chapter 33; or

(ii) a fire department relief association organized under Title 19, chapter 11, which has annual receipts, including earnings on invested funds, of less than \$20,000, except for audits as provided under 19-11-206.

(b) Such fire district shall annually file with the board of county commissioners of the county in which the majority of the district is located an itemized account of all receipts and expenditures for the year, signed under oath by an officer of the fire company designated by the fire district trustees.

(c) The board of county commissioners may require an annual audit to be conducted by the department if it considers such audit to be in the public interest.

(d) Such fire department relief association shall annually file with the municipality in which the fire department relief association is located an itemized account of all receipts and expenditures for the year, signed under oath by an officer designated by the fire department relief association trustees. The municipality may require an annual audit to be conducted by the department if it considers such audit to be in the public interest.

(7) (a) Except as provided in subsection (7)(c), the department may not audit an irrigation district with annual expenditures of less than \$30,000, excluding the payment of principal and interest on federal loans.

(b) Such irrigation district shall annually file with the clerk of the district court in the county in which the irrigation district is located an itemized account of all receipts and expenditures for the year, signed under oath by an officer designated by the irrigation district trustees.

(c) The district court may require an annual audit to be conducted by the department if it considers such audit to be in the public interest.

(8) (A) EXCEPT AS PROVIDED IN SUBSECTION (8)(C), THE DEPARTMENT MAY NOT AUDIT A CEMETERY DISTRICT WITH ANNUAL EXPENDITURES OF LESS THAN \$10,000 \$25,000, EXCLUDING THE PAYMENT OF PRINCIPAL AND INTEREST ON FEDERAL LOANS.

(B) SUCH CEMETERY DISTRICT SHALL ANNUALLY FILE WITH THE CLERK OF THE DISTRICT COURT IN THE COUNTY IN WHICH THE CEMETERY DISTRICT IS LOCATED AN ITEMIZED ACCOUNT OF ALL RECEIPTS AND EXPENDITURES FOR THE YEAR, SIGNED UNDER OATH BY AN OFFICER DESIGNATED BY THE CEMETERY DISTRICT TRUSTEES.

(C) THE BOARD OF COUNTY COMMISSIONERS MAY REQUIRE AN ANNUAL AUDIT TO BE CONDUCTED BY THE DEPARTMENT IF IT CONSIDERS SUCH AUDIT TO BE IN THE PUBLIC INTEREST."

SECTION 2. SECTION 2-7-514, MCA, IS AMENDED TO READ:

1 "2-7-514. Issuance and filing of audit report. (1)
2 Within 120 days after the completion of the field work, the
3 department shall issue audit reports as follows:

4 (a) county audit reports to county commissioners, the
5 county clerk and recorder, and the county attorney;

6 (b) city or town audit reports to the city or town
7 governing body, the city or town chief financial officer,
8 the city or town chief executive, and the city or town
9 attorney;

10 (c) school district audit reports to the trustees, the
11 county superintendent of schools, the state superintendent
12 of public instruction, the county attorney, and the clerk of
13 the school district;

14 (d) school district extracurricular fund audit reports
15 to the trustees, the county superintendent of schools, the
16 state superintendent of public instruction, the county
17 attorney, and the fund administrator;

18 (e) fire district or volunteer fire department audit
19 reports to the trustees, the county attorney, and the clerk
20 and recorder of the county in which the fire district or
21 fire department is located;

22 (f) conservancy district audit reports to the board of
23 directors, the department of natural resources and
24 conservation, the district court, and the county
25 attorney(s);

1 (g) fire department relief association audit reports
2 to the trustees, the city or town attorney, and the
3 respective city or town clerk; and

4 (h) irrigation district audit reports to the board of
5 commissioners, the district court, and the county
6 attorney(s); and

7 (i) cemetery district audit reports to the board of
8 cemetery trustees, the district court, and the county
9 attorney.

10 (2) All audit reports issued by the department are to
11 be maintained on file at an appropriate location and open to
12 public inspection."

13 **SECTION 3. SECTION 2-7-521, MCA, IS AMENDED TO READ:**

14 "2-7-521. Publication. (1) Except as provided in
15 subsection (3), after the expiration of the 30-day period
16 provided for in 2-7-515(1), the department shall send a copy
17 of the general comments section of each audit report to a
18 newspaper of general circulation for publication. However,
19 the general comments section of each county audit report
20 shall be sent to the official newspaper of the county for
21 publication.

22 (2) The publication shall include a statement to the
23 effect that the audit report is on file in its entirety and
24 open to public inspection.

25 (3) A publication concerning the audit report of a

1 local government entity within (1)(c) through ~~(1)(h)~~ (1)(i)
 2 of 2-7-503 is required to contain only the statement
 3 provided for in subsection (2) and a statement providing
 4 that the audited government entity will send a copy of the
 5 audit report to any interested person upon request. A copy
 6 of the audit report must be sent to the newspaper publishing
 7 the statement.

8 (4) Publication costs shall be borne by the audited
 9 governmental entity."

10 **Section 4.** Section 7-35-2121, MCA, is amended to read:

11 "7-35-2121. District budget -- report. (1) The board
 12 of cemetery trustees shall annually present a budget to the
 13 board of county commissioners at the regular budget meetings
 14 as prescribed by law.

15 (2) The budget must be accompanied by a written report
 16 of the preceding year, signed by a majority of the members
 17 of the board of cemetery trustees and containing:

18 (a) a statement of the activities of the board and of
 19 the cemetery district; and

20 (b) an account of the cemetery district's receipts and
 21 disbursements.

22 ~~(2)(3)~~ Insofar as the same can be made applicable, the
 23 county budget system, part 23 of chapter 6, shall govern the
 24 operation of cemetery districts created under this part."

25 NEW SECTION. **Section 5.** Effective date. [This act] is

1 effective on passage and approval.

2 NEW SECTION. SECTION 6. TERMINATION. [THIS ACT]

3 TERMINATES JUNE 30, 1991.

-End-