

REFERENCE TITLE: domestic water improvement districts; reviews

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2160

Introduced by
Representative Bliss

AN ACT

AMENDING SECTIONS 48-251, 48-252 AND 48-253, ARIZONA REVISED STATUTES;
RELATING TO COUNTY IMPROVEMENT DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 48-251, Arizona Revised Statutes, is amended to
3 read:

4 48-251. Annual report

5 A. Each district organized under this title and not exempted under
6 subsection C of this section shall submit an annual report as prescribed
7 by this section that contains the following information:

8 1. A schedule of the beginning and ending fund balances and all
9 revenues and expenditures for the preceding fiscal year on a form
10 prescribed by the auditor general or the same information contained in a
11 financial statement for the preceding fiscal year that has been attested
12 to by an independent certified public accountant. The schedule or
13 statement shall include all monies, gifts or donations that are received
14 from all sources and that have a value exceeding ~~one hundred dollars~~ \$100.

15 2. Legal descriptions of any boundary changes occurring during the
16 preceding fiscal year.

17 3. The names, occupations and business telephone numbers of all
18 members of the governing board and officers of the district on the last
19 day of the preceding fiscal year.

20 4. The schedule and location of regular meetings of the district
21 governing board.

22 5. The location or locations where public notices of meetings are
23 posted pursuant to section 38-431.02.

24 6. The name and title of the person or persons completing the
25 reporting requirements pursuant to this subsection.

26 7. Except for a district organized pursuant to chapter 5, article 3
27 of this title, a copy of any audit or financial review required to be
28 prepared pursuant to section 48-253, subsection G.

29 B. The secretary or other officer of the district governing board
30 shall submit the report within two hundred forty days ~~of~~ AFTER the close
31 of the district's fiscal year to the clerk of the board of supervisors of
32 each county in which the district is located.

33 C. EXCEPT FOR A DOMESTIC WATER IMPROVEMENT DISTRICT ORGANIZED UNDER
34 CHAPTER 6, ARTICLE 4 OF THIS TITLE, districts organized under chapters 4,
35 6, 17, 22, 27 and 28 of this title are exempt from the requirements of
36 this section. Districts that do not provide services or otherwise operate
37 during the entire period covered by the report and that notify the clerk
38 of the board of supervisors in writing of these circumstances within the
39 time for filing the report are exempt from the requirements of subsection
40 A of this section.

41 D. If a district fails to submit a report as required by this
42 section, any taxpayer residing in the district may petition the superior
43 court in a county in which the district is organized to order the district
44 to show cause why the report has not been submitted. On a failure to show
45 cause, the court shall order the district to file all reports as required

1 by this section. A failure to obey the order of the court is punishable
2 as contempt of court.

3 E. If the court finds that a district has violated this section, it
4 shall award the taxpayer attorney fees and costs associated with bringing
5 the action.

6 F. The board of supervisors of each county shall submit annually by
7 March 31 a report on compliance with the requirements of this section to
8 the president of the senate, the speaker of the house of representatives
9 and the governor. The annual report shall include a listing of all those
10 districts required to comply with the requirements of this section, the
11 districts in compliance and not in compliance with the requirements and an
12 analysis of the sufficiency of each district report.

13 G. The board of supervisors shall notify each district not in
14 compliance with the reporting requirements of this section to comply
15 within thirty days after receipt by certified mail of the noncompliance
16 and that the district is subject to a civil penalty if it fails to
17 comply. The board of supervisors shall assess, and the county treasurer
18 shall collect from the monies of a district remaining in noncompliance
19 thirty days after receipt of certified mail a penalty assessment of ~~one~~
20 ~~hundred dollars~~ \$100 per day for each day that the district is not in
21 compliance with the reporting requirements of this section from thirty
22 days after receipt by certified mail of the noncompliance notice until
23 such time as the board of supervisors receives a copy of the district's
24 annual report, to the extent that district monies are available and
25 unencumbered. Penalty monies collected shall be deposited in the county
26 general fund.

27 Sec. 2. Section 48-252, Arizona Revised Statutes, is amended to
28 read:

29 48-252. District budgets

30 A. Each district organized under this title and not exempted by
31 subsection D ~~OF THIS SECTION~~ shall submit the annual budget most recently
32 adopted by the district to the county board of supervisors and the county
33 treasurer. The district budget shall be prepared consistent with the
34 annual financial statements required by this article. The board of
35 supervisors may supply forms for use by districts in preparing their
36 annual budget.

37 B. Budgets required to be submitted pursuant to this section shall
38 be submitted to the county treasurer and the board of supervisors ~~no~~ NOT
39 later than July 10 of each year. If the district fails to submit a budget
40 as required by this section, any taxpayer residing in the district, the
41 board of supervisors or the county treasurer may petition the superior
42 court in a county where the district is organized to show cause why the
43 budget has not been submitted. On a failure to show cause, the court
44 shall order the district to submit the budget within ten days after
45 judgment is entered.

1 C. If the court enters judgment against the district under this
2 section, the court may award the taxpayer, board of supervisors or county
3 treasurer reasonable attorney fees and costs associated with bringing the
4 action.

5 D. EXCEPT FOR A DOMESTIC WATER IMPROVEMENT DISTRICT ORGANIZED UNDER
6 CHAPTER 6, ARTICLE 4 OF THIS TITLE, Districts organized under chapters 4,
7 5, 6, 17, 22, 27 and 28 of this title are exempt from the requirements of
8 this section.

9 Sec. 3. Section 48-253, Arizona Revised Statutes, is amended to
10 read:

11 48-253. District audits and financial reviews

12 A. Each district that is organized under this title, that is not
13 exempt under subsection G or H of this section and that is required to
14 make an annual report under this article shall have its reports audited in
15 accordance with generally accepted government auditing standards and the
16 following:

17 1. Audits required by this section shall be performed annually for
18 districts whose budgets are ~~one million dollars~~ \$1,000,000 or
19 more. Districts whose budgets are ~~one hundred thousand dollars~~ \$100,000
20 or more but less than ~~one million dollars~~ \$1,000,000 shall have a
21 financial review performed annually. Districts whose budgets are more
22 than ~~fifty thousand dollars~~ \$50,000 and less than ~~one hundred thousand~~
23 ~~dollars~~ \$100,000 shall have a financial review performed at least
24 biennially. Districts whose budgets are ~~fifty thousand dollars~~ \$50,000 or
25 less shall have a financial review performed at the request of the county
26 board of supervisors or on receipt of a request for a financial review
27 that is signed by at least ten residents of that district. A district
28 shall not be required to perform a financial review more than once per
29 fiscal year.

30 2. A district may select an outside auditor who is a certified
31 public accountant or an agent of a certified public accountant who is
32 selected by the board of supervisors and who is trained as an auditor.

33 3. A district may advertise and use competitive bidding practices
34 to select an agent to perform the audits or financial reviews required by
35 this section.

36 B. Each district that submits a financial statement for the
37 preceding fiscal year that has been attested to by an independent
38 certified public accountant pursuant to section 48-251 is deemed to have
39 complied with this section by submitting a copy of the financial statement
40 to the county treasurer.

41 C. Each district shall submit a copy of the completed audit or
42 financial review to the county treasurer and the board of supervisors
43 within two hundred forty days after the close of the district's fiscal
44 year or within one hundred eighty days after a request for a financial

1 review is received by the district pursuant to subsection A, paragraph 1
2 of this section.

3 D. If a district fails to submit an audit or financial review as
4 required by this section, any taxpayer residing in the district, the board
5 of supervisors or the county treasurer may petition the superior court in
6 a county where the district is organized to show cause why the audit or
7 financial review has not been submitted. On a failure to show cause the
8 court shall order the district to submit the audit or financial review
9 within ten days after the judgment is entered. Except for a district
10 organized pursuant to chapter 5, article 3 of this title, on complaint
11 made to the county attorney, the county attorney may investigate any
12 claimed failure to comply with this section, report publicly on the
13 investigation's findings and take any enforcement action deemed
14 appropriate by the county attorney.

15 E. If the court enters a judgment against the district under this
16 section, the court may award the taxpayer, board of supervisors or county
17 treasurer reasonable attorney fees and costs associated with bringing the
18 action.

19 F. For districts organized under chapter 19 of this title, a
20 district with an annual budget of at least ~~five million dollars~~ \$5,000,000
21 shall have an audit performed annually and a district with an annual
22 budget of at least ~~one million dollars~~ \$1,000,000 but less than ~~five~~
23 ~~million dollars~~ \$5,000,000 shall have an audit performed every five years
24 and a financial review performed each year an audit is not performed. A
25 district with an annual budget of at least ~~one hundred thousand dollars~~
26 \$100,000 but less than ~~one million dollars~~ \$1,000,000 shall have an audit
27 performed every ten years and a financial review performed each year an
28 audit is not performed.

29 G. For districts organized under chapter 5 of this title and except
30 for districts organized under chapter 5, article 3 of this title, a
31 district that receives ~~five hundred thousand dollars~~ \$500,000 or more in
32 total revenues shall perform an annual audit. For the purposes of this
33 subsection, revenues include monies generated by tax levies, monies
34 received through appropriations, grants and other federal and state
35 sources and monies received from services or other private sources,
36 including ambulance and similar services. If a district's total budgeted
37 revenues in a fiscal year are less than ~~five hundred thousand dollars~~
38 \$500,000 and the district receives total actual revenues in a fiscal year
39 of ~~five hundred thousand dollars~~ \$500,000 or more, the district shall have
40 an audit performed for that preceding fiscal year as if the audit had
41 originally been required by this section. Districts whose total annual
42 revenues are ~~one hundred thousand dollars~~ \$100,000 or more but less than
43 ~~five hundred thousand dollars~~ \$500,000 shall have a financial review
44 performed annually. Districts whose total annual revenues are more than
45 ~~fifty thousand dollars~~ \$50,000 and less than ~~one hundred thousand dollars~~

1 \$100,000 shall have a financial review performed at least
2 biennially. Districts whose total annual revenues are ~~fifty thousand~~
3 ~~dollars~~ \$50,000 or less shall have a financial review performed at the
4 request of the county board of supervisors or on receipt of a request for
5 a financial review that is signed by at least ten residents of that
6 district. A district shall not be required to perform a financial review
7 more than once per fiscal year. All financial reviews and audits
8 prescribed by this section must be conducted according to generally
9 accepted government auditing standards.

10 H. EXCEPT FOR A DOMESTIC WATER IMPROVEMENT DISTRICT ORGANIZED UNDER
11 CHAPTER 6, ARTICLE 4 OF THIS TITLE, districts organized under chapters 4,
12 6, 17, 22, 27 and 28 of this title are exempt from the requirements of
13 this section.