

**FISCAL REQUIREMENTS FOR LOCAL GOVERNMENTS AND
NONPROFITS**

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: Steve Eliason

LONG TITLE

General Description:

This bill modifies provisions related to fiscal requirements for local governments and nonprofits.

Highlighted Provisions:

This bill:

- ▶ amends the threshold for certain accounting reports;
- ▶ amends the threshold for different levels of review for certain nonprofit corporations' financial information; and
- ▶ makes technical corrections.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

51-2a-201, as last amended by Laws of Utah 2015, Chapter 138

51-2a-201.5, as enacted by Laws of Utah 2015, Chapter 138

Be it enacted by the Legislature of the state of Utah:



28 Section 1. Section **51-2a-201** is amended to read:

29 **51-2a-201. Accounting reports required.**

30 (1) The governing board of an entity whose revenues or expenditures of all funds is
31 [~~\$750,000~~] \$1,000,000 or more shall cause an audit to be made of its accounts by a competent
32 certified public accountant.

33 (2) The governing board of an entity whose revenues or expenditures of all funds is
34 less than [~~\$750,000~~] \$1,000,000 shall cause a financial report to be made in the manner
35 prescribed by the state auditor.

36 Section 2. Section **51-2a-201.5** is amended to read:

37 **51-2a-201.5. Accounting reports required -- Reporting to state auditor.**

38 (1) As used in this section:

39 (a) (i) "Federal pass through money" means federal money received by a nonprofit
40 corporation through a subaward or contract from the state or a political subdivision.

41 (ii) "Federal pass through money" does not include federal money received by a
42 nonprofit corporation as payment for goods or services purchased by the state or political
43 subdivision from the nonprofit corporation.

44 (b) (i) "Local money" means money that is owned, held, or administered by a political
45 subdivision of the state that is derived from fee or tax revenues.

46 (ii) "Local money" does not include:

47 (A) money received by a nonprofit corporation as payment for goods or services
48 purchased from the nonprofit corporation; or

49 (B) contributions or donations received by the political subdivision.

50 (c) (i) "State money" means money that is owned, held, or administered by a state
51 agency and derived from state fee or tax revenues.

52 (ii) "State money" does not include:

53 (A) money received by a nonprofit corporation as payment for goods or services
54 purchased from the nonprofit corporation; or

55 (B) contributions or donations received by the state agency.

56 (2) (a) The governing board of a nonprofit corporation whose revenues or expenditures
57 of federal pass through money, state money, and local money is [~~\$750,000~~] \$1,000,000 or more
58 shall cause an audit to be made of its accounts by an independent certified public accountant.

59 (b) The governing board of a nonprofit corporation whose revenues or expenditures of
60 federal pass through money, state money, and local money is at least \$350,000 but less than
61 [~~\$750,000~~] \$1,000,000 shall cause a review to be made of its accounts by an independent
62 certified public accountant.

63 (c) The governing board of a nonprofit corporation whose revenues or expenditures of
64 federal pass through money, state money, and local money is at least \$100,000 but less than
65 \$350,000 shall cause a compilation to be made of its accounts by an independent certified
66 public accountant.

67 (d) The governing board of a nonprofit corporation whose revenues or expenditures of
68 federal pass through money, state money, and local money is less than \$100,000 but greater
69 than \$25,000 shall cause a fiscal report to be made in a format prescribed by the state auditor.

70 (3) A nonprofit corporation described in Subsection [51-2a-102\(6\)\(f\)](#) shall provide the
71 state auditor a copy of an accounting report prepared under this section within six months of
72 the end of the nonprofit corporation's fiscal year.

73 (4) (a) A state agency that disburses federal pass through money or state money to a
74 nonprofit corporation shall enter into a written agreement with the nonprofit corporation that
75 requires the nonprofit corporation to annually disclose whether:

76 (i) the nonprofit corporation met or exceeded the dollar amounts listed in Subsection
77 (2) in the previous fiscal year of the nonprofit corporation; or

78 (ii) the nonprofit corporation anticipates meeting or exceeding the dollar amounts listed
79 in Subsection (2) in the fiscal year the money is disbursed.

80 (b) If the nonprofit corporation discloses to the state agency that the nonprofit
81 corporation meets or exceeds the dollar amounts as described in Subsection (4)(a), the state
82 agency shall notify the state auditor.

83 (5) This section does not apply to a nonprofit corporation that is a charter school
84 created under Title 53A, Chapter 1a, Part 5, The Utah Charter Schools Act. A charter school is
85 subject to the requirements of Section [53A-1a-507](#).

86 (6) A nonprofit corporation is exempt from Section [51-2a-201](#).