

COMMITTEE ON LEGISLATIVE RESEARCH  
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0105-01  
Bill No.: SB 17  
Subject: State Auditor; Boards, Commissions, Committees, Councils; MoDOT  
Type: Original  
Date: January 15, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
State Road Fund	\$300,000	\$300,000	\$300,000
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration** assume the proposal would have no fiscal impact on their agency.

Officials with the **Office of the State Auditor** assume the proposal would result in a cost savings of approximately \$300,000, as they interpret the measure to mean that the **Department of Transportation** would no longer require an attestation engagement by an independent certified public accountant, due to the State Auditor's removal from the Joint Committee on Transportation Oversight. Audits for the last two fiscal years have cost \$290,000 (FY 1999) and \$360,000 (FY 2000).

Officials at the **Department of Transportation (MoDOT)** question whether the proposal would actually result in savings to their agency. Though an independent attestation would not be required, the lack thereof could result in lowered investor confidence and a required higher yield on future issuances.

**Oversight** notes that the Official Statement provided for the State Road Bonds issued in 2000 included an independent auditors report by KPMG, LLP for MoDOT's June 30, 2000 financial statements. While acknowledging the additional confidence this independent accounting firm's opinion could lend to future bond issuances, it is difficult to conjecture that a substituted report from the Office of the State Auditor would cause such a decrease in demand for future bonds that MoDOT would be required to offer a higher yield. As such, it should be noted that this is a possible long-term effect of the proposal, but the possibility is not reflected as a cost for the purposes of this fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>STATE ROAD FUND</b>			
SAVINGS—Department of Transportation CPA Firm Audit Engagement	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act removes the State Auditor from Joint Committee on Transportation Oversight. The act also require the State Auditor to submit to the General Assembly and the Governor a comprehensive financial report regarding the Department of Transportation funds.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation  
Office of the State Auditor  
Office of Administration



Jeanne Jarrett, CPA  
Director  
January 15, 2001