



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 25-023: LOCAL GOVERNMENT AUDIT EXEMPTION THRESHOLDS

Prime Sponsors:

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Published for: Senate Local Govt. & Housing

Drafting number: LLS 25-0145

Version: Initial Fiscal Note

Date: January 16, 2025

Fiscal note status: The fiscal note reflects the introduced bill., which was recommended by the Legislative Audit Committee.

Summary Information

Overview. The bill increases the revenue and expenditure thresholds under which a local government may apply to be exempted from an audit.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload
- Local Government

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Under current law, all local governments must conduct an audit of financial statements each fiscal year. However, a local government with revenues or expenditures under \$100,000 may apply to be exempted from such an audit, and local governments with revenues or expenditures between \$100,000 and \$750,000 may apply for an exemption if the application is prepared by an independent accountant with knowledge of government accounting. For any fiscal year beginning on or after January 1, 2025, the bill increases the thresholds from \$100,000 to \$200,000 and from \$750,000 to \$1 million.

State Expenditures

The Office of the State Auditor receives and reviews approximately 1,700 annual applications for audit exemptions from local governments, and the fiscal note assumes the office will receive and review up to 15 additional applications as a result of the bill. The office will also need to update the audit exemption form. This work can be accomplished within existing resources.

Local Government

For local governments that currently do not qualify for an audit exemption but will qualify under the new thresholds, the bill may decrease workload and expenditures if these local governments choose to apply for an exemption and no longer have to prepare a full audit.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Local Affairs

State Auditor

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).