



Maryland Municipal League  
*The Association of Maryland's Cities and Towns*

# TESTIMONY

March 25, 2025

**Committee:** House Environment and Transportation Committee

**Bill:** SB 962 – Municipalities – Legislative Audit – Exemption

**Position:** Support as amended

**Reason for Position:**

The Maryland Municipal League supports Senate Bill 962 as amended, which would exempt municipalities with annual revenues below \$100,000 from filing audits unless annual Uniform Financial Reporting indicates an issue. This would apply to ~15 municipalities.

The League has fielded calls from small municipalities that are concerned with the rising cost of audits over the past few years. As has been described to us, these costs are increasing due to 1) a lack of audit companies interested in municipal audits, 2) increases in audit standard requirements, and 3) the high demand for these services at the time of year audits are due.

This had led to audit quotes nearing \$10,000, even for jurisdictions with annual budgets of \$50,000 or less. As an example, the town of Brookview has a total population of 48 people and brings in about \$20,000 per year. Even with the audit waivers that allow a jurisdiction to file every 4 years, 1/8 of each year's revenues would need to be held just to cover their audit. MML supports solutions that can lower the cost of these audits for our smallest members while still ensuring government transparency.

In addition to the proposal under SB 962, we offered a couple other ideas for the Senate's consideration.

1. If requested, require the Office of Legislative Audits to conduct audits (at cost) for a municipality with \$100,000 or less in revenue. OLA already has the authority to provide

audits by request under 16-305 (d)(2). Surely, local governments with budgets under \$100,000 could save money if OLA would provide these services at cost.

2. Allow municipalities with \$100,000 or less in revenue to have a review performed on their Financial Statements in lieu of an audit (an audit may still be required pending findings). In performing a review, the 3rd party CPA/Accountant makes inquiries and performs analytical procedures designed to identify unusual items that may need further explanation by management. This alternative still requires an independent examination and should also cost considerably less than an audit.

For these reasons the League respectfully requests that this committee provide a favorable report on Senate Bill 962. For more information, please contact Justin Fiore, Deputy Director of Advocacy and Public Affairs, at [justinf@mdmunicipal.org](mailto:justinf@mdmunicipal.org). Thank you in advance for your consideration.

*The Maryland Municipal League uses its collective voice to advocate, empower and protect the interests of our 160 local governments members and elevates local leadership, delivers impactful solutions for our communities, and builds an inclusive culture for the 2 million Marylanders we serve.*