



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB962 – Municipalities—Legislative Audit – Exemption
Environment and Transportation Committee
March 25, 2025

SB962 creates an annual audit exemption for a municipality in any fiscal year where the municipality has total annual revenues less than \$100,000. Any municipality that qualifies for this exemption would still be required to file an annual Uniform Financial Report (UFR) with the Department of Legislative Services. If DLS determines there is a financial or accounting irregularity, the Joint Audit and Evaluation Committee may require a review or audit of the financial records of the municipality.

Based on 2024 fiscal information, 12 municipalities would qualify for this exemption. In 2024, the annual revenues for the municipalities that would qualify for this exemption ranged from \$13,591 to 92,188.

The rationale for this exemption is to provide financial relief for municipalities that would otherwise be required to hire certified auditors to comply with the existing state law.

The cost for a certified auditor can range from \$5,000 to \$15,000. Although current law provides a temporary four-year exemption for municipalities with revenues under \$250,000, this has proven to be little relief for our smallest municipalities. In addition, accounting for the smallest municipalities is easily verified through the UFR reports, which if enacted, would still be required.

In closing, this is a critical issue for 12 municipalities scattered throughout Maryland. Please find the attached document identifying municipalities with revenues less than \$100,000 that would qualify for this exemption (Information Submitted by MML). We are grateful for the support and guidance from the Department of Legislative Services in helping to craft this solution and urge the committee to favorably report SB962.

A handwritten signature in black ink, appearing to read "Johnny Mautz", written in a cursive style.

Senator Johnny Mautz
District 37
Caroline, Dorchester, Talbot, and Wicomico Counties