

FIRST REGULAR SESSION

SENATE BILL NO. 269

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR BROWN.

Read 1st time February 14, 2011, and ordered printed.

TERRY L. SPIELER, Secretary.

0391S.02I

AN ACT

To repeal sections 29.200, 29.270, and 393.710, RSMo, and to enact in lieu thereof three new sections relating to joint municipal utility commissions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 29.200, 29.270, and 393.710, RSMo, are repealed and
2 three new sections enacted in lieu thereof, to be known as sections 29.200, 29.270,
3 and 393.710, to read as follows:

29.200. The state auditor shall postaudit the accounts of all state agencies
2 and audit the treasury at least once annually. Once every two years, and when
3 he deems it necessary, proper or expedient, the state auditor shall examine and
4 postaudit the accounts of all appointive officers of the state [and], of institutions
5 supported in whole or in part by the state, **and of joint municipal utility**
6 **commissions created under the provisions of sections 393.700 to 393.770.**
7 He shall audit any executive department or agency of the state upon the request
8 of the governor. **In the year 2012 and every two years thereafter, it shall**
9 **be the duty of the state auditor to audit each joint municipal utility**
10 **commission created under sections 393.700 to 393.770. The municipal**
11 **members of the joint municipal utility commission being audited shall**
12 **jointly pay all expenses incurred in making such audit, including the**
13 **salaries of auditors, examiners, clerks, stenographers, and other**
14 **employees of the state auditor making such audit.**

29.270. 1. The state auditor shall report to the governor as soon as
2 possible the result of his findings from an examination of:

3 (1) The state institutions, and report to the elective officers the result of
4 his findings from an examination of their appointive officers, setting out in detail

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

5 the findings as to the collection and disbursements of public funds and the mode
6 of bookkeeping and accounting in force in such institution[, and as soon as
7 possible after the completion of the examination of];

8 **(2) A joint municipal utility commission, and report to the**
9 **elective officers of each of the members of the joint municipal utility**
10 **commission the result of his findings from an examination of its**
11 **appointive officers, setting out in detail the findings as to the collection**
12 **and disbursements of public funds and the mode of bookkeeping and**
13 **accounting in force in such commission;**

14 **(3) A county's officers and institutions, [he shall] and report in writing**
15 **the findings to the county court or prosecuting attorney or proper officer thereof,**
16 **setting out in detail the results as to the collection and disbursement of county**
17 **funds and the mode of bookkeeping and accounting in use and such**
18 **recommendations as may be proper.**

19 **2. The report of the findings of the examination of a joint**
20 **municipal utility commission shall recognize the reporting standards**
21 **required by the Government Auditing Standards Board for joint**
22 **ventures and disclose the financial benefit or burden the activities the**
23 **joint commission may have on the resources of each of the member**
24 **governments; whether the member governments are legally obligated**
25 **or have otherwise assumed the obligation to finance the deficits of, or**
26 **provide financial support to, the joint commission; or whether the**
27 **member governments are obligated for the debt of the joint commission**
28 **and if so the extent of that current debt. The auditor shall report in**
29 **detail the extent of the assets and liabilities of any investments or**
30 **other business joint ventures of the joint municipal utility commission**
31 **and report how it impacts the liens upon the assets of each**
32 **municipality so that these joint venture liabilities and obligations may**
33 **be correctly reflected in the annual audits of each municipal member**
34 **of the joint municipal utility commission.**

35 **3. As soon as possible after the completion of an examination of**
36 **a joint municipal utility commission, the auditor shall report in writing**
37 **the findings to each of the municipal governing entities that are**
38 **members of the joint municipal utility commission, setting out in detail**
39 **the amount of the investments of the joint municipal utility commission**
40 **and those of all affiliates, associates, and projects of the joint**
41 **commission and the amount of its authorized bonded indebtedness and**

42 that of all affiliates, associates, and projects and the amount of its
43 bonds and other forms of evidence of indebtedness issued and
44 outstanding both taxable and nontaxable; its receipts and expenditures
45 during the preceding period; the amount paid as dividends upon its
46 stock and interest upon its bonds; the names of its officers and the
47 aggregate amount paid as salaries to them and the amount paid as
48 wages to its employees; the location of its plant or plants and system,
49 with a full description of its property, investments, and franchises,
50 stating in detail how each franchise and investment stated to be owned
51 was acquired; and such other facts pertaining to the operation and
52 maintenance of the plant and system, and the affairs of such person or
53 corporation as the auditor may deem to be in the public interest. Such
54 reports shall be in the form, cover the period, and contain such
55 recommendations as may be proper.

56 4. All audit reports and reports of examinations made by the state auditor
57 shall be made a matter of public record. The state auditor shall report to each
58 general assembly his findings and recommendations resulting from audits and
59 examinations of the various state officials and institutions **and joint municipal**
60 **utility commissions** made by him in accordance with law **and make**
61 **recommendations as to legislative improvements that may be made to**
62 **enhance the accountability of such joint commissions.**

393.710. 1. Municipalities, joint municipal utility commissions, public
2 water supply districts, and sewer districts may, by joint contract, establish a
3 governmental entity to be known as a joint municipal utility commission, to effect
4 the joint development of a project or projects in whole or in part for the benefit
5 of the inhabitants of such municipalities, public water supply districts and sewer
6 districts.

7 2. Any joint contract establishing a commission under this section shall
8 specify:

9 (1) The name and purpose of the commission and the functions or services
10 to be provided by the commission;

11 (2) The establishment and organization of a governing body of a
12 commission which shall be a board of directors in which all powers of the
13 commission are vested. The joint contract may provide for the creation by the
14 board of an executive committee of the board to which the powers and duties of
15 the board may be delegated as the board or state statute shall specify;

16 (3) The number of directors, the manner of their appointment, terms of
17 office and compensation, if any, and the procedure for filling vacancies on the
18 board. Each contracting municipality, public water supply district, and sewer
19 district shall have the power to appoint one member and an alternate to the
20 board of directors and shall be entitled to remove that member and alternate at
21 will;

22 (4) The manner of selection of the officers of the commission and their
23 duties;

24 (5) The voting requirements for action by the board, but, unless
25 specifically provided otherwise, a majority of directors shall constitute a quorum
26 and a majority of the quorum shall be necessary for any action taken by the
27 board;

28 (6) The duties of the board which shall include the obligation to comply
29 or to cause compliance with this section and the laws of the state and, in
30 addition, with each and every term, provision and covenant in the joint contract
31 creating the commission on its part to be kept or performed;

32 (7) The manner in which additional municipalities, public water supply
33 districts, and sewer districts may become parties to the joint contract;

34 (8) The manner of financing the commission and of establishing and
35 maintaining a budget and annual audit for the commission;

36 (9) The ownership interests of the contracting municipality electric
37 cooperative associations, municipally owned or public utilities in a project or the
38 manner of determining such ownership interest, which ownership interest shall
39 be subject to any mortgage of a project pursuant to section 393.735;

40 (10) Provisions for the disposition, division or distribution of any property
41 or assets of the commission on dissolution; and

42 (11) The term of the joint contract, which may be a definite period or until
43 rescinded or terminated, and the method, if any, by which the joint contract may
44 be rescinded or terminated so long as the commission has no bonds outstanding,
45 unless provision for full payment of such bonds, by escrow or otherwise, has been
46 made pursuant to the terms of the bonds or the resolution, trust indenture or
47 security instrument securing the bonds.

48 3. A commission shall, if the joint contract so provides, be the successor
49 to any nonprofit corporation, agency, or another entity theretofore organized by
50 the contracting municipalities to provide the same function, service or facility,
51 and the commission shall be entitled to all rights and privileges and shall assume

52 all obligations and liabilities of such other entity under existing contracts to
53 which such other entity is a party.

54 **4. Before any city of the third or fourth class may become a**
55 **contracting municipality or participating municipality under sections**
56 **393.700 to 393.770, it shall first, by ordinance, submit the proposition**
57 **for such action to the voters of said city after having held at least one**
58 **advertised public hearing to provide full disclosure of the proposal in**
59 **question and it shall require a majority of the votes cast to be in favor**
60 **of the proposition before any authority shall exist for the city to enter**
61 **into any such contract or participate in any such project.**

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Bill

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