

LOCAL GOVERNMENTAL ENTITY REGISTRY

FREQUENTLY ASKED QUESTIONS

Idaho Code Section 67-1076 was amended as a result of House Bill No. 73 during the 2021 regular legislative session. The legislation outlined numerous changes, including the movement of the Local Governmental Entity Registry from the Legislative Services Office (LSO) to the State Controller's Office (SCO). The initial transition and sustainment of the portal by SCO were implemented on January 1, 2022. Today, SCO oversees, assists entities with reporting, and reports compliance of all entities required to report to the Registry to the Tax Commission.

Below are some frequently asked questions with answers that address the background of the Registry, the role of the SCO, recent changes to the Registry, and reporting requirements for local governmental entities. We hope this will be helpful to all local governmental entities as reporting and compliance deadlines approach.

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Questions about these requirements and the registry portal can be directed to the State Controller's Office by calling 208-334-3100, option 0, or emailing registry@sco.idaho.gov.

LOCAL GOVERNMENTAL ENTITY REGISTRY

WHY WAS THE REGISTRY PORTAL CREATED?

In 2014, legislators raised concerns about the public's ability to access financial information related to local governments and special districts across the state. The LSO-Audits Division routinely received calls with requests for financial statements and/or audits for local governmental entities. There was no directory of entities, no record of compliance status, nor a centralized party responsible for the collection of financial information or completed audits. The combination of the legislature and public interest resulted in a directive to conduct further research to better assess and address the issue.

In January 2014, LSO issued a report on local government financial reporting and compliance with Idaho State Code. The objectives of the report were:

- Identify the number of local governmental entities in Idaho;
- Determine how the entities are monitored, both operationally and financially;
- Determine compliance with Idaho State Code §67-1076.

There were three key findings in the report:

- No local government registry existed, which made it difficult to determine which entities are required to report financial information and submit audit reports;
- No financial information, documentation, or audits were being collected, which made it difficult to determine whether local government entities were compliant;
- No enforcement mechanism existed, which meant no local governmental entities were being held accountable for noncompliance.

There were three key recommendations in the report:

- There was a need to establish a registry to maintain a comprehensive list of all local governmental entities authorized to operate within the State of Idaho and as such are required to report;
- Require all local governmental entities to submit an approved budget;
- Amend the statute to include a notification and enforcement process for non-compliance.

In response to the findings and recommendations in LSO's special report, House Bill 560 was passed and signed by the Governor on March 26, 2014, with an effective date of January 1, 2015. The legislation required LSO to establish a central registry and reporting portal for all local government entities. The bill also stipulated penalties when local governmental entities are not compliant with the financial requirements or do not report per Idaho Code.

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WHAT IS REQUIRED UNDER I.C. 67-1076 AND 67-450B, C, and D?

Section 67-1076 outlines the administrative and financial information required of reporting entities.

Sections 67-450B, C, and D contain the audit requirements for local government entities.

ADMINISTRATIVE REQUIREMENTS

Each local governmental entity is required to provide or confirm the following information:

- The terms of membership and appointing authority for the governing board member of the local governmental entity;
- The official name, mailing address, and electronic mailing address of the entity;
- The fiscal year of the entity; and
- Except for cities and counties, the section of Idaho Code under which the entity was established, the date of establishment, the establishing entity, and the statute or statutes under which the entity operates, if different from the statute or statutes under which the entity was established.

FINANCIAL REQUIREMENTS

Each local governmental entity should report and submit reporting documentation for the following:

- The adopted budget of the entity in effect as of January 1 for the registry reporting year (i.e. 2024 approved budget should be the budget that was in effect as of January 1, 2024);
- An unaudited comparison of the budget to actual revenues and expenditures for the most recently completed fiscal year (i.e. documentation should be for the fiscal year containing January 1, 2023);
- The date of its last independent audit (if required to have an audit); and
- Any other information required by the uniform accounting manual UAM for local governmental entities (under development).
- Bonds or debt obligation information:
 - The cumulative dollar amount of all bonds or other debt obligations issued or incurred by the entity;
 - The average length of the term of all bond issuances or other debt obligations; and
 - The average interest rate of all bonds or other debt obligations.

AUDITING REQUIREMENTS

The introductory paragraphs for subsections 67-450B, C, and D address local government entities such as cities, counties, authorities, and districts, and affiliated entities such as

commissions, boards, and institutions that are charged with fiscal management responsibilities of the local governmental entity. These sections set forth the minimum audit requirements for all local governmental entities based on annual expenditures as follows:

Expense Amount	Audit Requirement
Expenses are less than \$150,000 in a single fiscal year	No audit requirement
Expenses are greater than \$150,000 but less than \$250,000 in a single fiscal year	Audit required at least every two (2) years
Expenses are greater than \$250,000 in a single fiscal year	Audit required every year

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WHY WAS ADDITIONAL LEGISLATION INTRODUCED IN THE 2021 LEGISLATIVE SESSION?

The Revenue and Taxation Committee of the Idaho Legislature brought forth House Bill 73 (2021 Regular Session) which was signed into law on March 19, 2021. HB 73 amended Idaho State Code, 67-1076, which affects all local governmental entities, the SCO, the LSO, and the State Tax Commission. This legislation tasks SCO with increasing transparency through enforcing compliance with financial reporting and audit submission requirements per Idaho State Code.

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WHAT ARE THE NEW REQUIREMENTS IN HB 73 CODIFIED IN IDAHO STATE CODE 67-1076?

There are two immediate changes you should be aware of:

1. As of January 1, 2022, the ownership of the central registry portal has transferred from the LSO to the SCO. The SCO also took responsibility for registry maintenance, entity guidance and assistance, and financial reporting compliance to the Tax Commission on or before January 15th of every year.
2. Entities are required to complete their financial reporting by December 1st of each year.

All other new reporting requirements will follow a staggered or phased approach and will not be in full implementation until January 1, 2025. SCO is currently rolling out uniform reporting templates for each local district in accordance with the requirements set forth in I.C. 67-1075.

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WHAT ARE LOCAL GOVERNMENTAL ENTITIES REQUIRED TO DO?

1. All Local governmental entities must [register in the registry portal](#).
2. Entities must complete an annual financial report in the registry by **December 1st** of each year.
3. The financial report requires confirmation or updates to administrative information, annual financial information, and supporting document submission (approved budget, unaudited financial statements, and completed audits if required).

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WHAT WILL BE IN THE REGISTRY PORTAL?

The table below contains the financial reporting requirements per Idaho Code Section 67-1076, as well as an explanation of each requirement.

ADMINISTRATIVE REQUIREMENTS

I.C. 67-1076 Requirement	Explanation
The terms of membership and appointing authority for the governing board members of the local governmental entity.	This will be for Boards/Commissions. Were they elected by voters in the county or appointed by an elected official? How long is the elected or appointed? What are the terms for the officials (2 years, 4 years, etc.)?
The official name, mailing address, and electronic mailing address of the entity.	Entities will be allowed to use a generic e-mail address such as registry@mycounty.com so more than one person would be allowed access to the account in case of employee turnover or other circumstances.
The fiscal year of the entity.	Many entities will have a fiscal year from July 1 st to June 30 th or from October 1 st to September 30 th , but some entities have other fiscal years.

FINANCIAL REQUIREMENTS

I.C. 67-1076 Requirement	Explanation
The adopted budget that was in effect as of January 1 of the current financial reporting year.	Entities are required to enter revenue and expenditure information for their fiscal year that was in effect as of January 1 of the financial reporting year. Please see the " Documentation Requirements " table for supporting documentation requirements.
The actual revenues and expenditures for the fiscal year before the financial reporting year.	See " Documentation Requirements. "
The average length of the term of all bond issuances or other debt obligations and the average interest rate of all bonds or other debt obligations.	For the bonds or other debt reported, entities must enter the original term length and the remaining term length in years.

	The interest rate will be presented in a two-decimal format such as 3.25% for all outstanding bond issuances and debt obligations.
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DOCUMENTS TO SUBMIT

I.C. 67-1076 Requirement	Explanation
Documentation of the adopted budget that was in effect as of January 1 of the current financial reporting year.	Entities can submit a summarized budget document, likely the document that was published in local newspapers or posted on the entity's website for public comment and ultimately board or commission approval. Documents must include both revenues and expenditures and show the budget period (i.e. October 1, 2022 – September 30, 2023).
Documentation of the actual revenues and expenditures for the fiscal year before the financial reporting year.	This information may be from financial reports prepared for board meetings or audits, but not yet audited. If the audit has been completed by the reporting deadline, the audited budget to actual statements can be submitted to meet this requirement. Documents must include both revenues and expenditures and show the budget period (i.e. October 1, 2021 – September 30, 2022).
Audit completed in compliance with Idaho Code Section 67-450B, 67-450C, or 67-450D for the budget in effect as of January 1 of the year before the current Registry reporting year.	Submission of the audit for the fiscal year before the financial reporting year. Audits are to be completed within 9 months of the close of the fiscal year. If the prior year's audit is not complete by the December 1 deadline to report, a letter from the auditor with an explanation of why the audit is not complete and the anticipated completion date may be used as a temporary placeholder. The auditor's letter is only considered to be in effect for the first quarter tax distribution reporting. The entity is responsible for uploading the audit as soon as it has been completed and received, or they may be marked as non-compliant for second-quarter tax distribution reporting.

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WHAT ARE THE PENALTIES FOR NON-COMPLIANT ENTITIES?

For entities that fail to comply, the following enforcement mechanisms are in place:

Ineligibility to levy for a 3% budget increase.

- Non-compliant entities are prohibited from levying for any budget increase otherwise provided by either subsection (1)(a) or (e) of section 63-802, Idaho Code.
- This is enforced for those that do not come into compliance for the prior reporting year by September 30th of the current reporting year.

Quarterly Sales Tax Distribution Withholding.

- Non-compliant entities are subject to quarterly sales tax distribution withholding per Idaho State Code 63-3638(10).
- Once an entity has been brought into compliance, the State Tax Commission shall pay any withheld sales tax distributions owed to the entity at the next quarterly distribution if a distribution was withheld for non-compliance.

Fines

- If the entity is a non-taxing district, the board of county commissioners shall convene to determine appropriate compliance measures which may include, but are not limited to:
 - Require a meeting of the board of county commissioners and the entity's governmental body wherein the board of County commissioners shall require compliance with this section by the entity.
 - Assess a non-compliance fee on the non-complying entity, not to exceed \$5,000.
 - This fee may be deducted from any taxes, fees, or assessments collected by the county on behalf of the local governmental entity, and the local governmental entity may not pass on the amount of the fee to the persons within the jurisdiction of the entity in the form of adjustments to fees or assessments.
 - , Mandate a special audit be conducted on the entity at the expense of the entity.
- Thirty (30) days after receiving a notice of non-compliance from the State Controller's Office, SCO may impose a late fee.
- The late fee may be in the amount of up to \$500 per day and is immediately payable from the local governmental entity to the State Controller's Office, for deposit in the state general fund.

Questions about these requirements and the registry portal can be addressed to the State Controller's Office by calling 208-334-3100 or emailing registry@sco.idaho.gov.

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WHAT ROLE DO THE STATE CONTROLLER'S OFFICE AND COUNTIES HAVE?

Counties must comply with the registry requirements of Idaho Code Section 67-1076 just like all other local governmental entities, but they also will be affected in different ways.

County Clerks must notify all local governmental entities within their boundaries of the requirements of Idaho Code Section 67-1076. On or before December 1st of each year, the county clerk of each county shall submit a list to the State Controller's Office of all local governmental entities in the county that are authorized to impose fees, assessments, or taxes, or that receive property tax money. This list will be compared to the registry information submitted by entities to identify and notify entities that may not have registered.

Local governmental entities may request assistance from the county to comply with the provisions of this section, but the county is under no obligation to assist them. If the county chooses to aid the local governmental entity, the county may charge the local governmental entity all reasonable fees, costs, and other expenses incurred in providing this assistance. Reasonable fees and costs include but are not limited to, labor, material, and copying costs. These fees and costs may be deducted from any distributions of taxes, fees, or assessments collected by the county on behalf of the local governmental entity.

The State Controller's Office must notify entities immediately after a due date has passed (for any of the administrative, financial, or audit requirements) if required submissions have not been received or if the information submitted is non-compliant. The local governmental entity then has thirty (30) days to submit the information or notify SCO of the time when they will be able to comply.

By no later than January 15th of any year, the State Controller's Office must notify the appropriate board of county commissioners and the Idaho State Tax Commission of an entity's failure to comply with these requirements. The board of county commissioners must then place a public notice in a newspaper of general circulation in the county indicating that the entity is noncompliant with the legal reporting requirements of this section. The county commissioners shall assess to the entity the cost of the notice, and the cost may be deducted from any distributions of taxes, fees, or assessments collected by the county on behalf of the local governmental entity. The State Controller's Office must continue to notify the Idaho State Tax Commission of non-compliance at a quarterly cadence. When an entity comes into compliance, the State Controller's Office must notify both the Idaho State Tax Commission and the Board of county commissioners.

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CHECKLIST OF ITEMS NEEDED BEFORE REGISTERING THE ENTITY

Here is a list of documents and information that will be needed to complete the registration process, more detailed explanation for each item is provided under the section: [WHAT WILL BE ON THE REGISTRY PORTAL?](#)

- **Entity establishing information.** Authorizing/operating statutes, and oversight entities (such as transportation authorities are authorized by the Idaho Transportation Department).
- **Entity contact information.** Email and physical addresses.
- **Board member information.** Appointed or elected members, term as a member (2 years, 4 years, etc.).
- **Most recent adopted budget of the entity in effect as of January 1 of the current Registry reporting year.** Acceptable forms of budget documentation must include information that the budget was approved by entity's governing authority.
 - Documentation must include the entity name.
 - Check that the fiscal year is included in the document.
 - Include budget approval.
 - Approval can be anything used to showcase that the budget was approved for the fiscal year (examples are: ordinance, resolution, meeting minutes, signatures, stamp of approval, etc.)
- **Documentation of the actual expenditures and revenues for the budget in effect as of January 1 of the year before the current Registry reporting year.** This information can come from financial reports utilized in board meetings, preliminary budgets to actual financial statements used in the audit report, or the most recent audit report itself.
 - Documentation must include the entity name
 - Check that expenditures and revenues are included in the document.
 - Check that the fiscal year is included in the document.
- **Audit for the budget in effect as of January 1 of the year before the current Registry reporting year.**
 - Check that the audit completion date is included in the portal.
 - If audit completion is pending, check that the auditor letter is attached to the "Additional Documentation" document upload section.
- **Documentation of the most recent amended budget in effect as of January 1 of the year before the current Registry reporting year.**
 - Documentation must include the entity name.
 - Check that the fiscal year is included in the document.
 - Include budget approval.
 - Approval can be anything used to showcase that the budget was approved for the fiscal year (examples are: ordinance, resolution, meeting minutes, signatures, stamp of approval, etc.)

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DOCUMENTATION REQUIREMENTS

Beginning with Registry reporting for 2022, entities must report financial information according to the following chart:

Registry Year	Budget	Audit/Actuals and Bonds/Debt Obligations	Due Date
2022	Budget in effect on January 1, 2022	Audit/actuals completed for the budget that was in effect on January 1, 2021	December 1, 2022
2023	Budget in effect on January 1, 2023	Audit/actuals completed for the budget that was in effect on January 1, 2022	December 1, 2023
2024	Budget in effect on January 1, 2024	Audit/actuals completed for the budget that was in effect on January 1, 2023	December 1, 2024
2025	Budget in effect on January 1, 2025	Audit/actuals completed for the budget that was in effect on January 1, 2024	December 1, 2025
2026	Budget in effect on January 1, 2026	Audit/actuals completed for the budget that was in effect on January 1, 2025	December 1, 2026

DOCUMENTATION EXAMPLES

Entity Type	Budget	Audit/Actuals and Bonds/Debt Obligations	Due Date
Counties, Cities	2022 budget (10/1/2021 - 9/30/2022)	2021 audit/actuals (10/1/2020 - 9/30/2021)	December 1, 2022
Self-Governing State Entities	2022 budget (7/1/2021 - 6/30/2022)	2021 audit/actuals (10/1/2020 - 9/30/2021)	December 1, 2022
Calendar Year	2022 budget (1/1/2022 - 12/31/2022)	2021 audit/actuals (1/1/2021 - 12/31/2021)	December 1, 2022

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TIMELINE FOR LOCAL GOVERNMENTAL ENTITY REGISTRY

- **January 1.** The Registry moves to a new year for reporting. All entities have until December 1st to complete their annual registry submission.
- **January 5.** SCO posts a public-facing compliance report for the previous Registry year and sends the compliance report to the board of county commissioners, county clerks, and the State Tax Commission. The Tax Commission will then release or withhold quarterly sales tax distributions based on the information provided in the compliance report.
- **April 5.** SCO sends the Tax Commission an updated quarterly compliance report for quarterly sales tax distributions. Not compliant entities still have the opportunity to become compliant and receive their sales tax distributions, which can be recovered by the next quarter-end. Additionally, those entities that came into compliance with an auditor's letter must submit their completed audit by this date. Failure to do so can result in non-compliance and will be reported as such to the Tax Commission for the following quarter.
- **July 5.** SCO sends the Tax Commission an updated quarterly compliance report for quarterly sales tax distributions. Not compliant entities still have the opportunity to become compliant and receive their sales tax distributions, which can be recovered by the next quarter-end.
- **October 5.** SCO sends the Tax Commission an updated quarterly compliance report for quarterly sales tax distributions. Not compliant entities still have the opportunity to become compliant and receive their sales tax distributions, which can be recovered by the next quarter-end. Entities that remain not compliant by this reporting date will also lose the ability to levy for the 3% property tax increase for their next budget year (I think that's correct).
- **December 1.** Deadline to update the Registry with the current year information. SCO sends out notices to non-compliant entities regularly throughout the year, with the final notice sent at this date.

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