

The Senate Finance Committee offered the following substitute to HB 1012:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 82 of Title 36 of the Official Code of Georgia Annotated, relating to
2 bonds, so as to change certain provisions regarding the contents of certain bond reports; to
3 provide for additional performance audit requirements with respect to general obligation
4 bonds and revenue bonds; to provide for a definition; to provide for power, duties, and
5 authority of the inspector general; to provide an effective date; to repeal conflicting laws; and
6 for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

8 Chapter 82 of Title 36 of the Official Code of Georgia Annotated, relating to bonds, is
9 amended in Code Section 36-82-10, relating to reporting requirements regarding bonds, by
10 striking subsection (b) and inserting in its place a new subsection (b) to read as follows:
11

12 "(b) A political subdivision which issues general obligation bonds, revenue bonds, or any
13 other bonds, notes, certificates of participation, or other such obligations of that political
14 subdivision in an amount exceeding \$1 million, shall file a report with the Department of
15 Community Affairs which contains the following:

- 16 (1) Name of issuer;
- 17 (2) Whether the issue is a new issue or a refinancing or refunding;
- 18 (3) Total amount issued;
- 19 (4) Term of issue;
- 20 (5) Detailed description of purpose or purposes;
- 21 (5.1) Whether the issue is a general obligation bond, revenue bond, or other bond, note,
22 certificate of participation, or other obligation;
- 23 (6) Name of underwriter;
- 24 (7) ~~Underwriting costs~~ Proceeds used for bond issuance costs, including underwriters'
25 discount as reported on Line 24 of the United States Department of Treasury's Internal
26 Revenue Service Form 8038-G;

- 1 (8) Name of bond counsel;
 2 (9) Interest rate; and
 3 (10) True or net interest costs.

4 Such information shall be reported to the Department of Community Affairs in accordance
 5 with Code Section 36-81-8."

6 **SECTION 2.**

7 Said chapter is further amended by striking the Reserved designation of Article 4 and
 8 inserting in its place a new Article 4 to read as follows:

9 "ARTICLE 4

10 36-82-100.

11 (a) As used in this Code section, the term 'bonds' means any revenue or general obligation
 12 bonds issued under this chapter.

13 (b) When bonds are issued by a county, municipality, or local authority in the amount of
 14 \$5 million or more, the expenditure of bond proceeds shall be subject to an ongoing
 15 performance audit or performance review as provided in this Code section; but this Code
 16 section shall not apply if such bond issue is below \$5 million.

17 (c) Each county, municipality, or local authority expending bond proceeds shall provide
 18 for a continuing performance audit or performance review of the expenditure of such funds.
 19 The county, municipality, or local authority shall contract with a certified public accountant
 20 or with an outside auditor, consultant, or other provider accredited or certified in the field
 21 of performance audits or performance reviews. Such accountant, auditor, consultant, or
 22 other provider shall only be qualified to perform the audit and review functions under this
 23 Code section if such accountant, auditor, consultant, or other provider has significant
 24 experience and competence in conducting comprehensive audits and reviews in
 25 conformance with generally accepted government auditing standards. The performance
 26 audit or performance review contract shall:

27 (1) Include a goal of ensuring to the maximum extent possible that the bond funds are
 28 expended efficiently and economically, so as to secure to the county, municipality, or
 29 local authority the maximum possible benefit from the bond funds;

30 (2) Provide for the issuance of periodic public reports, made accessible through
 31 electronic or printed format, or both, at a location advertised in the legal organ not less
 32 often than once annually, with respect to the extent to which expenditures are meeting the
 33 goal specified in paragraph (1) of this subsection; and

1 (3) Provide for the issuance of periodic public recommendations, made accessible
2 through electronic or printed format, or both, at a location advertised in the legal organ
3 not less often than once annually, for improvements in meeting the goal specified in
4 paragraph (1) of this subsection.

5 (d) The auditor, consultant, or other provider to carry out the performance audit or
6 performance review shall be selected through a public request for proposals process. The
7 reasonable cost of the performance audit or performance review shall be paid from the
8 proceeds of the bonds unless a specific waiver of public accountability is included in a
9 legal advertisement in bold print which expressly states that no performance audit or
10 performance review shall be conducted with respect to such bond issue.

11 (e) On and after the effective date of this Code section, the expenditure of bond proceeds
12 shall be under the jurisdiction of and subject to review by the inspector general of this state
13 with respect to any claim of fraud, waste, abuse, or mismanagement of funds.

14 (f) This Code section shall apply with respect to any bonds which are subject to the
15 requirements of subsection (b) of this Code section which are issued after the effective date
16 of this Code section until the proceeds of such bond issue have been expended."

17 SECTION 3.

18 This Act shall become effective upon its approval by the Governor or upon its becoming law
19 without such approval.

20 SECTION 4.

21 All laws and parts of laws in conflict with this Act are repealed.