



CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION

Serving California Since 1959

April 5, 2012

To: CMTA Public Agency Members

From: Mary A. Morris, MBA, CCMT, Bylaws Chair

Subject: Proposed Bylaws Amendment – Independent Auditor

On July 22, 2011, the Board of Director approved a recommendation to amend the bylaw of the Association under Article X, Section 3. Independent Auditor. The revision will aid in managing expenses and balancing the fiscal budget while *complying with generally accepted accounting principles or GAAP*. CMTA's income is stated under \$500,000 per year, therefore to alternate an "audit" once every three years with external "review" of the Association's financial records on the subsequent two years will continue to offer scrutiny and limited assurance by an outsider of the Association's financial position.

Definitions:

Audit – provide reasonable, but not absolute, assurance that financials statements are fairly presented in accordance with GAAP.

Review – provide limited assurance that financial statements do not have any know errors or departures from the accounting rules found in GAAP.

Bylaws

Article X - Finances

SECTION 3. Independent Auditor

Each fiscal year the Board of Directors of the Association shall appoint an independent auditor who shall verify the financial transactions of the Association and render a report.

Proposed Amendment

Article X – Finance

SECTION 3. Independent Auditor

The Association shall examine and verify the financial records and a written report shall be submitted and made available to members each year. The Board of Directors of the Association shall appoint a Certified Public Accountant to perform an independent financial audit of the Association's financial position once every three years with alternate review of the books on the subsequent two years. The Board of Directors can vote at any time to conduct an audit instead of a review during review years to cover an extraordinary event such as changing year-ends, funding requirements, etc.



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The Board of Directors of CMTA has place consideration of approval of the amendment on the business session agenda for the 53rd Annual Conference at the Hyatt Regency in Sacramento, CA on Thursday April 19, 2012.