**ARIZONA STATE SENATE**  
*Fifty-Sixth Legislature, Second Regular Session*  

**FACT SHEET FOR H.B. 2160**

domestic water improvement districts; reviews

**Purpose**

Exempts a domestic water improvement district that serves a total population of fewer than 10,000 residents from requirements related to the submission of annual reports and budgets and the auditing of the reports.

**Background**

A *domestic water improvement district* is a county improvement district that is formed for the purpose of constructing or improving a domestic water delivery system or purchasing an existing domestic water delivery system and, if necessary, making improvements to the system or a converted district (*A.R.S. § 48-1011)*.

Each non-exempt special taxing district (special district) must submit an annual report to the clerk of the county board of supervisors (county BOS) of each county in which the district is located that contains outlined information, including the revenues and expenditures, boundary changes, and membership and meeting schedule of the governing board and officers of the special district (*A.R.S. § 48-251)*.

Each non-exempt special district must submit the annual budget most recently adopted by the special district to the county BOS and the county treasurer (*A.R.S. § 48-252)*.

Each non-exempt county that is required to make an annual report must have its reports audited in accordance with generally accepted government auditing standards and outlined requirements regarding audit frequency and who may perform the audit (*A.R.S. § 48-253)*.

Municipal improvement districts, county improvement districts, agricultural improvement districts, multi-county water conservation districts, groundwater replenishment districts and active management area water districts are exempt from the requirements related to the submission of annual reports and budgets and the auditing of the reports. Fire districts are exempt from the requirement related to the submission of annual budgets (*A.R.S. §§ 48-251; 48-252; and 48-253)*.

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

**Provisions**

1. Adds a domestic water improvement district that serves a total population of fewer than 10,000 residents to the list of districts exempt from:  
   a) submitting an annual report to the clerk of the county BOS of each county in which the district is located;
b) submitting the most recently adopted budget to the county BOS and the county treasurer;
   and

c) having its reports audited in accordance with generally accepted government auditing standards.

2. Makes technical changes.

3. Becomes effective on the general effective date.

House Action

NREW  1/23/24   DP  9-0-0-0
3rd Read  2/22/24  58-0-1-0-1

Prepared by Senate Research
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RA/SDR/slp