ENGROSSED SENATE
BILL NO. 888 By: Thompson of the Senate

and

Kouplen of the House

An Act relating to municipal audits; amending 11 O.S. 2011, Section 17-105, which relates to municipal audit requirements; providing exception for certain grant monies; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 11 O.S. 2011, Section 17-105, is amended to read as follows:

Section 17-105. A. The governing body of each municipality with an income of Twenty-five Thousand Dollars ($25,000.00) or more to its general fund during a fiscal year shall cause to be prepared, by an independent licensed public accountant or a certified public accountant, an annual financial statement audit to be conducted in accordance with auditing standards generally accepted in the United States of America and "Government Auditing Standards" as issued by the Comptroller General of the United States. Such audit shall be ordered within thirty (30) days of the close of each fiscal year. Copies shall be filed with the State Auditor and Inspector within six (6) months after the close of the fiscal year in accordance with

the provisions of Sections 3022 and 3023 of Title 68 of the Oklahoma Statutes and with the governing body of the municipality.

B. The governing body of each municipality with an income of Twenty-five Thousand Dollars ($25,000.00) or more to its general fund during a fiscal year and with a population of less than two thousand five hundred (2,500) as of the most recent Federal Decennial Census, and for whom an annual financial statement audit is not required by another law, regulation or contract, shall cause to be prepared, by an independent licensed public accountant or a certified public accountant, an annual financial statement audit in accordance with auditing standards generally accepted in the United States and Government Auditing Standards as issued by the Comptroller General of the United States, or an agreed-upon-procedures engagement over certain financial information and compliance requirements to be performed in accordance with the applicable attestation standards of The American Institute of Certified Public Accountants, and the fieldwork and reporting standards in Government Auditing Standards. The specific procedures to be performed are as follows for the fiscal year:

1. Prepare a schedule of changes in fund balances for each fund and determine compliance with the statutory prohibition of creating fund balance deficits;

2. Prepare a budget and actual financial schedule for the General Fund and any other significant funds listing separately each

federal fund and determine compliance with the legal level of appropriations by comparing expenditures and encumbrances to authorized appropriations;

3. Agree material bank account balances to bank statements, and trace significant reconciling items to subsequent clearance;

4. Compare uninsured deposits to fair value of pledged collateral;

5. Compare use of material-restricted revenues and resources to their restrictions;

6. Determine compliance with requirements for separate funds; and

7. Determine compliance with reserve account and debt service coverage requirements of bond indentures.

Such audit or agreed-upon-procedures engagement shall be ordered within thirty (30) days of the close of each fiscal year. Copies shall be filed with the State Auditor and Inspector within six (6) months after the close of the fiscal year in accordance with the provisions of Sections 3022 and 3023 of Title 68 of the Oklahoma Statutes and with the governing body of the municipality.

C. The municipal income requirements in subsections A and B of this section shall not include any grant monies provided to a municipality from any federal, state, or other governmental entity.

SECTION 2. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby

declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 7th day of March, 2016.

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Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____, 2016.

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Presiding Officer of the House
of Representatives