

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 ENGROSSED SENATE
5 BILL NO. 354

By: Holt of the Senate

and

Osburn (Mike) of the House

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10 An Act relating to cities and towns; amending 11 O.S.
11 2011, Section 17-105, as amended by Section 1,
12 Chapter 211, O.S.L. 2016 (11 O.S. Supp. 2016, Section
13 17-105), which relates to municipal finances; and
14 modifying certain procedures related to auditing
15 requirements.

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

17 SECTION 1. AMENDATORY 11 O.S. 2011, Section 17-105, as
18 amended by Section 1, Chapter 211, O.S.L. 2016 (11 O.S. Supp. 2016,
19 Section 17-105), is amended to read as follows:

20 Section 17-105. A. The governing body of each municipality
21 with an income of Twenty-five Thousand Dollars (\$25,000.00) or more
22 to its general fund during a fiscal year shall cause to be prepared,
23 by an independent licensed public accountant or a certified public
24 accountant, an annual financial statement audit to be conducted in

1 accordance with auditing standards generally accepted in the United
2 States of America and "Government Auditing Standards" as issued by
3 the Comptroller General of the United States. Such audit shall be
4 ordered within thirty (30) days of the close of each fiscal year.
5 Copies shall be filed with the State Auditor and Inspector within
6 six (6) months after the close of the fiscal year in accordance with
7 the provisions of Sections 3022 and 3023 of Title 68 of the Oklahoma
8 Statutes and with the governing body of the municipality.

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

1 ~~standards in Government Auditing Standards.~~ The specific procedures
2 to be performed are as follows for the fiscal year:

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

6 2. Prepare a budget and actual financial schedule for the
7 General Fund and any other significant funds listing separately each
8 federal fund and determine compliance with the legal level of
9 appropriations by comparing expenditures and encumbrances to
10 authorized appropriations;

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

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

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

17 6. Determine compliance with requirements for separate funds;
18 and

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

21 Such audit or agreed-upon-procedures engagement shall be ordered
22 within thirty (30) days of the close of each fiscal year. Copies
23 shall be filed with the State Auditor and Inspector within six (6)
24 months after the close of the fiscal year in accordance with the

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

3 C. The municipal income requirements in subsections A and B of
4 this section shall not include any grant monies provided to a
5 municipality from any federal, state, or other governmental entity.
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7 COMMITTEE REPORT BY: COMMITTEE ON GOVERNMENT MODERNIZATION, dated
8 04/05/2017 - DO PASS.
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