

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 SENATE BILL 1159

By: Thompson

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6 AS INTRODUCED

7 An Act relating to cities and towns; amending 11 O.S.
8 2011, Section 17-105, as last amended by Section 1,
9 Chapter 82, O.S.L. 2017 (11 O.S. Supp. 2019, Section
10 17-105), which relates to municipal finances;
11 deleting requirement for annual audit; providing
12 requirement for biennial audit; providing requirement
13 for biennial audit to be conducted in odd-numbered
14 years; amending 11 O.S. 2011, Section 17-105.1, as
15 amended by Section 1, Chapter 45, O.S.L. 2018 (11
16 O.S. Supp. 2019, Section 17-105.1), which relates to
17 filing requirements; eliminating requirement for
18 filing of annual audit; providing requirement for
19 filing of biennial audit; amending 11 O.S. 2011,
20 Section 17-113, which relates to publication of city
21 financial statements; deleting requirement for
22 publication of annual audit statements; providing
23 requirement for publication of biennial audit
24 statements; updating statutory language; and
25 providing an effective date.

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

20 SECTION 1. AMENDATORY 11 O.S. 2011, Section 17-105, as
21 last amended by Section 1, Chapter 82, O.S.L. 2017 (11 O.S. Supp.
22 2019, Section 17-105), is amended to read as follows:

23 Section 17-105. A. The governing body of each municipality
24 with an income of Twenty-five Thousand Dollars (\$25,000.00) or more
25

1 to its general fund during a fiscal year shall cause to be prepared,
2 by an independent licensed public accountant or a certified public
3 accountant, ~~an annual~~ a biennial financial statement audit to be
4 conducted in accordance with auditing standards generally accepted
5 in the United States of America and "Government Auditing Standards"
6 as issued by the Comptroller General of the United States. Such
7 audit shall be ordered within thirty (30) days of the close of each
8 odd-numbered fiscal year. Copies shall be filed with the State
9 Auditor and Inspector within six (6) months after the close of ~~the~~
10 each odd-numbered fiscal year in accordance with the provisions of
11 Sections 3022 and 3023 of Title 68 of the Oklahoma Statutes and with
12 the governing body of the municipality.

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

1 and compliance requirements to be performed in accordance with the
2 applicable attestation standards of The American Institute of
3 Certified Public Accountants. The specific procedures to be
4 performed are as follows for the fiscal ~~year~~ years:

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

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

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

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

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

19 6. Determine compliance with requirements for separate funds;
20 and

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

23 Such audit or agreed-upon-procedures engagement shall be ordered
24 within thirty (30) days of the close of each odd-numbered fiscal

1 year. Copies shall be filed with the State Auditor and Inspector
2 within six (6) months after the close of ~~the~~ each odd-numbered
3 fiscal year in accordance with the provisions of Sections 3022 and
4 3023 of Title 68 of the Oklahoma Statutes and with the governing
5 body of the municipality.

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

9 SECTION 2. AMENDATORY 11 O.S. 2011, Section 17-105.1, as
10 amended by Section 1, Chapter 45, O.S.L. 2018 (11 O.S. Supp. 2019,
11 Section 17-105.1), is amended to read as follows:

12 Section 17-105.1. An auditor shall file with the State Auditor
13 and Inspector, at the same time a certified copy of ~~an~~ a biennial
14 audit or agreed-upon-procedures report is filed as required in
15 Section 17-105 of this title, two copies of a prescribed form
16 setting forth for the fiscal ~~year~~ years audited the funds available
17 to the municipality and the use of those funds. The form shall also
18 include information relating to the duly constituted authorities of
19 the municipality and shall be on a form approved by the State
20 Auditor and Inspector. Copies of ~~said~~ the audit and the form shall
21 be made available for public inspection by the municipality and the
22 State Auditor and Inspector. The State Auditor and Inspector may
23 contract for the preparation and reporting of the information
24 submitted on the form.

1 SECTION 3. AMENDATORY 11 O.S. 2011, Section 17-113, is
2 amended to read as follows:

3 Section 17-113. Any municipality subject to the ~~annual~~ biennial
4 audit requirements of Section 17-105 of this title shall cause to be
5 published, within thirty (30) days of receipt of its ~~annual~~ biennial
6 audit report, a notice of availability of the ~~annual~~ biennial
7 audited financial statements for public inspection. All
8 publications mentioned in this section shall be made in a newspaper
9 of general circulation in the municipality. The provisions of this
10 section shall not apply to any city governed by charter where the
11 charter provides for the manner or procedure for publication of such
12 financial information.

13 SECTION 4. This act shall become effective November 1, 2020.

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