

HB414 INTRODUCED



1 HB414
2 84TW82F-1
3 By Representatives Lamb, Underwood, Faulkner, Kirkland,
4 Brinyark, Woods, Stringer, Treadaway, Shirey, Fidler, Givens,
5 Bolton, Clouse, Stadthagen
6 RFD: County and Municipal Government
7 First Read: 06-Mar-25



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SYNOPSIS:

Under existing law, a municipality with annual expenditures of at least \$300,000 must undergo annual audits.

This bill would require a municipality with annual expenditures of at least \$500,000 to undergo annual audits.

Under existing law, a municipality with annual expenditures less than \$300,000 but at least \$100,00 must undergo biennial audits.

This bill would require a municipality with annual expenditures less than \$500,000 but greater than \$300,000 to undergo biennial audits.

Under existing law, a municipality with annual expenditures less than \$100,000 must undergo a biennial audit or, in lieu of an audit, submit an annual report to the Department of Examiners of Public Accounts.

This bill would require a municipality with annual expenditures less than \$300,000 to undergo a biennial audit or, in lieu of an audit, to submit an annual report to the Department of Examiners of Public Accounts.

A BILL



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29 TO BE ENTITLED

30 AN ACT

31
32 Relating to municipal audits; to amend Section
33 11-43-85, Code of Alabama 1975, to further provide for
34 municipal audits.

35 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

36 Section 1. Section 11-43-85, Code of Alabama 1975, is
37 amended to read as follows:

38 "§11-43-85

39 (a) This section shall be known and may be cited as the
40 Municipal Audit Clarification Act.

41 (b) (1) In a municipality with annual expenditures of
42 ~~three~~-five hundred thousand dollars ~~(\$300,000)~~-(\$500,000) or
43 more, the mayor or city manager shall provide for and cause to
44 be made an annual audit of the financial affairs and
45 transactions of all funds and activities of the municipality
46 by an independent public accountant for each fiscal year of
47 the municipality.

48 (2) Except as provided in subdivision (3), in a
49 municipality with annual expenditures of less than ~~three~~-five
50 hundred thousand dollars ~~(\$300,000)~~-(\$500,000), the mayor or
51 city manager shall provide for and cause to be made a biennial
52 audit of the financial affairs and transactions of all funds
53 and activities of the municipality by an independent public
54 accountant for each fiscal year of the municipality. The audit
55 conducted pursuant to this subdivision shall include each
56 fiscal year since the preceding audit.



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57 (3) In a municipality with annual expenditures of less
58 than ~~one~~three hundred thousand dollars ~~(\$100,000)~~ (\$300,000),
59 the city council may elect to provide for and direct the mayor
60 or city manager to cause to be made, in lieu of the biennial
61 audit required under subdivision (b)(2), an annual report that
62 complies with procedures established by the Department of
63 Examiners of Public Accounts. The annual report shall be
64 provided to the Department of Examiners of Public Accounts and
65 shall constitute an annual audit report. The report shall
66 include all of the following:

- 67 a. Proof and reconciliation of cash.
- 68 b. Confirmation of cash balances.
- 69 c. A list of all bank balances.
- 70 d. A statement of cash receipts and cash disbursements.
- 71 e. A statement of compliance with state law.
- 72 f. A report of agreed upon procedures.
- 73 g. A report of motor fuel excise taxes collected and
74 the distribution and use of those proceeds.

75 (c) A municipal audit under this section shall be
76 conducted in accordance with generally accepted auditing
77 standards in a format prescribed by the Department of
78 Examiners of Public Accounts.

79 (d)(1) A municipal audit or annual report under this
80 section shall be provided to the Department of Examiners of
81 Public Accounts in accordance with Section 41-5A-12.1.

82 (2) In addition to the requirements of subdivision (1),
83 a municipal audit report under subdivision (b)(3) shall be
84 submitted to the city council at its first meeting after



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85 completion of the report and shall be spread upon the minutes
86 of the council."

87 Section 2. This act shall become effective on October
88 1, 2025.