

HB17 ENROLLED



1 HB17
2 RBXAWYM-2
3 By Representative Lamb
4 RFD: County and Municipal Government
5 First Read: 13-Jan-26
6 PFD: 25-Jun-25



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1 Enrolled, An Act,

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4 Relating to municipal audits; to amend Section
5 11-43-85, Code of Alabama 1975, to revise the annual
6 expenditure threshold amounts that trigger municipal audits.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

10 "§11-43-85

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

13 (b) (1) In a municipality with annual expenditures of
14 ~~three~~five hundred thousand dollars ~~(\$300,000)~~(\$500,000) or
15 more, the mayor or city manager shall provide for and cause to
16 be made an annual audit of the financial affairs and
17 transactions of all funds and activities of the municipality
18 by an independent public accountant for each fiscal year of
19 the municipality.

20 (2) Except as provided in subdivision (3), in a
21 municipality with annual expenditures of less than ~~three~~five
22 hundred thousand dollars ~~(\$300,000)~~(\$500,000), the mayor or
23 city manager shall provide for and cause to be made a biennial
24 audit of the financial affairs and transactions of all funds
25 and activities of the municipality by an independent public
26 accountant for each fiscal year of the municipality. The audit
27 conducted pursuant to this subdivision shall include each
28 fiscal year since the preceding audit.



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29 (3) In a municipality with annual expenditures of less
30 than ~~one~~three hundred thousand dollars ~~(\$100,000)~~(\$300,000),
31 the city council may elect to provide for and direct the mayor
32 or city manager to cause to be made, in lieu of the biennial
33 audit required under subdivision (b)(2), an annual report that
34 complies with procedures established by the Department of
35 Examiners of Public Accounts. The annual report shall be
36 provided to the Department of Examiners of Public Accounts and
37 shall constitute an annual audit report. The report shall
38 include all of the following:

- 39 a. Proof and reconciliation of cash.
- 40 b. Confirmation of cash balances.
- 41 c. A list of all bank balances.
- 42 d. A statement of cash receipts and cash disbursements.
- 43 e. A statement of compliance with state law.
- 44 f. A report of agreed upon procedures.
- 45 g. A report of motor fuel excise taxes collected and
46 the distribution and use of those proceeds.

47 (c) A municipal audit under this section shall be
48 conducted in accordance with generally accepted auditing
49 standards in a format prescribed by the Department of
50 Examiners of Public Accounts.

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

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

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57 completion of the report and shall be spread upon the minutes
58 of the council."

59 Section 2. This act shall become effective on October
60 1, 2026.



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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 20-Jan-26.

John Treadwell
Clerk

Senate **07-Apr-26**

Passed