

REFERENCE TITLE: political subdivisions; financial audit reports

State of Arizona  
Senate  
Fifty-second Legislature  
First Regular Session  
2015

## **SB 1066**

Introduced by  
Senator Pierce

AN ACT

AMENDING SECTION 9-481, ARIZONA REVISED STATUTES; AMENDING TITLE 11, CHAPTER 4, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 11-661; AMENDING SECTIONS 15-1473 AND 42-17103, ARIZONA REVISED STATUTES; RELATING TO POLITICAL SUBDIVISION FINANCIAL REPORTING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 9-481, Arizona Revised Statutes, is amended to  
3 read:

4 9-481. Audits of cities and towns; posting; budget

5 A. The governing body of each incorporated city or town shall cause an  
6 audit to be made by a certified public accountant or public accountant who is  
7 currently licensed by the Arizona state board of accountancy and who is not  
8 an employee of the city or town. Audits shall be made for each fiscal year  
9 for all incorporated cities. Audits shall be made at least once for every  
10 two fiscal years for all incorporated towns, and the audit shall include  
11 financial transactions during both fiscal years.

12 B. The audit and the audit report shall include all of the accounts  
13 and funds of the city or town, including operating, special, utility, debt,  
14 trust, ~~AND~~ pension, and all other money or property for which the city or  
15 town, or any department or officer of the city or town, is responsible either  
16 directly or indirectly. The audits shall be made in accordance with  
17 generally accepted auditing standards. The consequent audit report shall  
18 contain financial statements that are in conformity with generally accepted  
19 municipal accounting principles and shall set forth the financial position  
20 and results of the operations for each fund and account of the city or town.  
21 The audit report shall also include the following:

22 1. The professional opinion of the accountant or accountants with  
23 respect to the financial statements or, if an opinion cannot be expressed, a  
24 declaration of the reasons an opinion cannot be expressed.

25 2. ~~Beginning with fiscal year 2003-2004,~~ A determination as to whether  
26 highway user revenue fund monies received by the city or town pursuant to  
27 title 28, chapter 18, article 2 and any other dedicated state transportation  
28 revenues received by the city or town are being used solely for the  
29 authorized transportation purposes.

30 C. The audit shall begin as soon as possible after the close of the  
31 fiscal year, although interim auditing may be performed during the year or  
32 years under audit. The audit shall be completed and the final audit report  
33 shall be submitted ~~within six months after the close of the fiscal year or~~  
34 ~~years audited~~ PURSUANT TO SECTION 41-1279.07, SUBSECTION C.

35 D. ~~Not less than three~~ AT LEAST FOUR copies of the audit report shall  
36 be signed by the auditor and filed with the city or town. The city or town  
37 shall immediately DO THE FOLLOWING:

38 1. Make one copy of the report a public record ~~which shall be~~ THAT IS  
39 open to the public for inspection. ~~and~~

40 2. FILE ONE COPY OF THE REPORT WITH THE AUDITOR GENERAL PURSUANT TO  
41 SECTION 41-1279.07, SUBSECTION C.

42 3. SUBMIT one copy ~~shall be deposited with the Arizona state library,~~  
43 ~~archives and public records~~ OF THE REPORT TO THE SECRETARY OF STATE.

1 E. THE FINANCIAL STATEMENTS REQUIRED TO BE FILED WITH THE AUDITOR  
2 GENERAL PURSUANT TO SECTION 41-1279.07, INCLUDING THE AUDIT REPORT, MUST BE  
3 POSTED IN A PROMINENT LOCATION ON THE OFFICIAL WEBSITE OF THE CITY OR TOWN NO  
4 LATER THAN SEVEN BUSINESS DAYS AFTER THE DATE OF FILING THE FINANCIAL  
5 STATEMENTS WITH THE AUDITOR GENERAL. THE FINANCIAL STATEMENTS MUST BE  
6 RETAINED AND ACCESSIBLE IN A PROMINENT LOCATION ON THE OFFICIAL WEBSITE FOR  
7 AT LEAST SIXTY MONTHS.

8 F. IF THE GOVERNING BODY OF A CITY OR TOWN FAILS TO FILE ITS FINANCIAL  
9 STATEMENTS AS PRESCRIBED BY SECTION 41-1279.07 WITHIN TEN MONTHS AFTER THE  
10 CLOSE OF THE FISCAL YEAR, THE GOVERNING BODY SHALL INCLUDE A FORM, AS  
11 PRESCRIBED BY THE AUDITOR GENERAL, IN THE PUBLISHED BUDGET IN THE SUBSEQUENT  
12 FISCAL YEAR PURSUANT TO SECTION 42-17103 STATING THAT THE GOVERNING BODY  
13 FAILED TO COMPLY WITH THE REQUIREMENTS OF SECTION 41-1279.07.

14 G. IF THE GOVERNING BODY OF A CITY OR TOWN FAILS TO FILE ITS FINANCIAL  
15 STATEMENTS AS PRESCRIBED BY SECTION 41-1279.07 WITHIN EIGHTEEN MONTHS AFTER  
16 THE CLOSE OF THE FISCAL YEAR, THE GOVERNING BODY MAY NOT ADOPT A GENERAL FUND  
17 BUDGET IN THE SUBSEQUENT FISCAL YEAR THAT EXCEEDS THE AMOUNT BUDGETED IN THE  
18 CURRENT FISCAL YEAR.

19 Sec. 2. Title 11, chapter 4, article 3, Arizona Revised Statutes, is  
20 amended by adding section 11-661, to read:

21 11-661. Posting of financial statements; budget

22 A. THE FINANCIAL STATEMENTS REQUIRED TO BE FILED WITH THE AUDITOR  
23 GENERAL PURSUANT TO SECTION 41-1279.07 MUST BE POSTED IN A PROMINENT LOCATION  
24 ON THE OFFICIAL WEBSITE OF THE COUNTY NO LATER THAN SEVEN BUSINESS DAYS AFTER  
25 THE DATE OF FILING THE FINANCIAL STATEMENTS WITH THE AUDITOR GENERAL. THE  
26 FINANCIAL STATEMENTS MUST BE RETAINED AND ACCESSIBLE IN A PROMINENT LOCATION  
27 ON THE OFFICIAL WEBSITE FOR AT LEAST SIXTY MONTHS.

28 B. IF THE BOARD OF SUPERVISORS OF A COUNTY FAILS TO FILE ITS FINANCIAL  
29 STATEMENTS AS PRESCRIBED BY SECTION 41-1279.07 WITHIN TEN MONTHS AFTER THE  
30 CLOSE OF THE FISCAL YEAR, THE BOARD OF SUPERVISORS MUST INCLUDE A FORM,  
31 PRESCRIBED BY THE AUDITOR GENERAL, IN THE PUBLISHED BUDGET IN THE SUBSEQUENT  
32 FISCAL YEAR PURSUANT TO SECTION 42-17103 STATING THAT THE BOARD OF  
33 SUPERVISORS FAILED TO COMPLY WITH THE REQUIREMENTS OF SECTION 41-1279.07.

34 C. IF THE BOARD OF SUPERVISORS OF A COUNTY FAILS TO FILE ITS FINANCIAL  
35 STATEMENTS AS PRESCRIBED BY SECTION 41-1279.07 WITHIN EIGHTEEN MONTHS AFTER  
36 THE CLOSE OF THE FISCAL YEAR, THE BOARD OF SUPERVISORS MAY NOT ADOPT A  
37 GENERAL FUND BUDGET IN THE SUBSEQUENT FISCAL YEAR THAT EXCEEDS THE AMOUNT  
38 BUDGETED IN THE CURRENT FISCAL YEAR.

39 Sec. 3. Section 15-1473, Arizona Revised Statutes, is amended to read:

40 15-1473. Uniform system of accounting for community college  
41 districts; duties of auditor general; posting;  
42 budget

43 A. The auditor general shall determine the accounting systems,  
44 accounting methods and accounting procedures for use by the community college  
45 districts.

1 B. The auditor general, in conjunction with the community college  
2 districts, shall prescribe a uniform system of accounting as provided in  
3 section 41-1279.21 for use by all community college districts.

4 C. THE FINANCIAL STATEMENTS REQUIRED TO BE FILED WITH THE AUDITOR  
5 GENERAL PURSUANT TO SECTION 41-1279.07 MUST BE POSTED IN A PROMINENT LOCATION  
6 ON THE OFFICIAL WEBSITE OF THE COMMUNITY COLLEGE DISTRICT NO LATER THAN SEVEN  
7 BUSINESS DAYS AFTER THE DATE OF FILING THE FINANCIAL STATEMENTS WITH THE  
8 AUDITOR GENERAL. THE FINANCIAL STATEMENTS MUST BE RETAINED AND ACCESSIBLE IN  
9 A PROMINENT LOCATION ON THE OFFICIAL WEBSITE FOR AT LEAST SIXTY MONTHS.

10 D. IF THE COMMUNITY COLLEGE DISTRICT BOARD OF DIRECTORS FAILS TO FILE  
11 ITS FINANCIAL STATEMENTS AS PRESCRIBED BY SECTION 41-1279.07 WITHIN TEN  
12 MONTHS AFTER THE CLOSE OF THE FISCAL YEAR, THE BOARD OF DIRECTORS MUST  
13 INCLUDE A FORM, PRESCRIBED BY THE AUDITOR GENERAL, IN THE PUBLISHED BUDGET IN  
14 THE SUBSEQUENT FISCAL YEAR PURSUANT TO SECTION 15-1461 STATING THAT THE BOARD  
15 OF DIRECTORS FAILED TO COMPLY WITH THE REQUIREMENTS OF SECTION 41-1279.07.

16 E. IF THE COMMUNITY COLLEGE DISTRICT BOARD OF DIRECTORS FAILS TO FILE  
17 ITS FINANCIAL STATEMENTS AS PRESCRIBED BY SECTION 41-1279.07 WITHIN EIGHTEEN  
18 MONTHS AFTER THE CLOSE OF THE FISCAL YEAR, THE BOARD OF DIRECTORS MAY NOT  
19 ADOPT A GENERAL FUND BUDGET IN THE SUBSEQUENT FISCAL YEAR THAT EXCEEDS THE  
20 AMOUNT BUDGETED IN THE CURRENT FISCAL YEAR.

21 Sec. 4. Section 42-17103, Arizona Revised Statutes, is amended to  
22 read:

23 42-17103. Public access to estimates of revenues and expenses;  
24 notice of public hearing; access to adopted budget

25 A. The governing body of each county, city or town shall publish the  
26 estimates of revenues and expenses, or a summary of the estimates of revenues  
27 and expenses, and a notice of a public hearing of the governing body to hear  
28 taxpayers and make tax levies at designated times and places. The summary  
29 shall set forth the total estimated revenues and expenditures by fund type,  
30 truth in taxation calculations and primary and secondary property tax levies  
31 for all districts. A complete copy of the estimates of revenues and expenses  
32 shall be made available at the city, town or county libraries and city, town  
33 or county administrative offices and shall be posted in a prominent location  
34 on the official ~~websites, or on a website of an association of cities and~~  
35 ~~towns for cities and towns that do not have official websites,~~ WEBSITE OF THE  
36 CITY, TOWN OR COUNTY no later than seven business days after the estimates of  
37 revenues and expenses are initially presented before the governing body. A  
38 complete copy of the budget finally adopted under section 42-17105 shall be  
39 posted in a prominent location on the official websites no later than seven  
40 business days after final adoption.

41 B. Beginning with fiscal year 2011-2012, both the estimates of  
42 revenues and expenses initially presented before the governing body and the  
43 budget finally adopted under section 42-17105 shall be retained and  
44 accessible in a prominent location on the official ~~websites, or on a website~~  
45 ~~of an association of cities and towns for cities and towns that do not have~~

1 ~~official websites,~~ WEBSITE OF THE CITY, TOWN OR COUNTY for at least sixty  
2 months.

3 C. The summary of estimates and notice, together with the library  
4 addresses and websites where the complete copy of estimates may be found,  
5 shall be published once a week for at least two consecutive weeks after the  
6 estimates are tentatively adopted in the official newspaper of the county,  
7 city or town, if there is one, and, if not, in a newspaper of general  
8 circulation in the county, city or town.

9 D. If a truth in taxation notice and hearing is required under section  
10 42-17107, the governing body may combine the notice under this section with  
11 the truth in taxation notice.