

Senate Engrossed

local governments; audits; public meeting

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SENATE BILL 1074

AN ACT

AMENDING SECTIONS 9-481, 11-661 AND 15-1473, ARIZONA REVISED STATUTES;
RELATING TO GOVERNMENT AUDITS.

(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; accepting
5 audit results

6 A. The governing body of each incorporated city or town shall cause
7 an audit to be made by a certified public accountant who is currently
8 certified by the Arizona state board of accountancy or who has a limited
9 reciprocity privilege pursuant to section 32-725 and who is not an
10 employee of the city or town. Audits shall be made for each fiscal year
11 for all incorporated cities. Audits shall be made at least once for every
12 two fiscal years for all incorporated towns, and the audit shall include
13 financial transactions during both fiscal years.

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

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

28 2. A determination as to whether ARIZONA highway user revenue fund
29 monies received by the city or town pursuant to title 28, chapter 18,
30 article 2 and any other dedicated state transportation revenues received
31 by the city or town are being used solely for the authorized
32 transportation purposes.

33 C. The audit shall begin as soon as possible after the close of the
34 fiscal year, although interim auditing may be performed during the year or
35 years under audit. The audit shall be completed and the final audit
36 report shall be submitted within six months after the close of the fiscal
37 year or years audited.

38 D. At least three copies of the audit report shall be signed by the
39 auditor and filed with the city or town. The city or town shall
40 immediately do the following:

41 1. Make one copy of the report a public record that is open to the
42 public for inspection.

43 2. File one copy of the report with the auditor general pursuant to
44 section 41-1279.07, subsection C.

45 3. Submit one copy 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
3 be posted in a prominent location on the official website of the city or
4 town ~~to~~ NOT later than seven business days after the date of filing the
5 financial statements with the auditor general. The financial statements
6 must be retained and accessible in a prominent location on the official
7 website for at least sixty months. If the financial statements are not
8 filed pursuant to section 41-1279.07, the form as prescribed by subsection
9 F of this section shall be posted on the website of the city or town in
10 place of the financial statements until the financial statements are
11 filed.

12 F. If the financial statements for a city or town are not completed
13 and filed as prescribed by section 41-1279.07 on or before the adoption of
14 the city or town budget in the subsequent fiscal year, the governing body
15 shall include a form, as prescribed by the auditor general, in the
16 published budget in the subsequent fiscal year pursuant to sections
17 42-17103 and 42-17105 stating that the financial statements required to be
18 filed with the auditor general pursuant to section 41-1279.07 are pending,
19 the reasons for the delay and the estimated date of completion.

20 G. If the governing body of a city or town is required to complete
21 the form as prescribed by subsection F of this section, the governing body
22 shall send a copy of the form to the auditor general, the speaker of the
23 house of representatives and the president of the senate.

24 H. WITHIN NINETY DAYS AFTER COMPLETING AN AUDIT PURSUANT TO THIS
25 SECTION, THE GOVERNING BODY OF THE CITY OR TOWN SHALL REQUIRE THE
26 CERTIFIED PUBLIC ACCOUNTANT WHO PERFORMED THE AUDIT TO PRESENT THE AUDIT
27 RESULTS AND ANY FINDINGS TO THE GOVERNING BODY IN A REGULAR MEETING
28 WITHOUT THE USE OF A CONSENT AGENDA.

29 Sec. 2. Section 11-661, Arizona Revised Statutes, is amended to
30 read:

31 11-661. Posting of financial statements; budget; accepting
32 audit results

33 A. The financial statements required to be filed with the auditor
34 general pursuant to section 41-1279.07 must be posted in a prominent
35 location on the official website of the county ~~to~~ NOT later than seven
36 business days after the date of filing the financial statements with the
37 auditor general. The financial statements must be retained and accessible
38 in a prominent location on the official website for at least sixty
39 months. If the financial statements are not filed pursuant to section
40 41-1279.07, the form as prescribed by subsection B of this section shall
41 be posted on the website of the county in place of the financial
42 statements until the financial statements are filed.

43 B. If the financial statements for a county are not completed and
44 filed as prescribed by section 41-1279.07 on or before the adoption of the
45 county budget in the subsequent fiscal year, the board of supervisors must

1 include a form, prescribed by the auditor general, in the published budget
2 in the subsequent fiscal year pursuant to sections 42-17103 and 42-17105
3 stating that the financial statements required to be filed with the
4 auditor general pursuant to section 41-1279.07 are pending, the reasons
5 for the delay and the estimated date of completion.

6 C. If the board of supervisors of a county is required to complete
7 the form as prescribed by subsection B of this section, the board of
8 supervisors shall send a copy of the form to the auditor general, the
9 speaker of the house of representatives and the president of the senate.

10 D. WITHIN NINETY DAYS AFTER COMPLETING AN AUDIT PURSUANT TO THIS
11 SECTION, THE BOARD OF SUPERVISORS SHALL REQUIRE THE AUDITOR WHO PERFORMED
12 THE AUDIT TO PRESENT THE AUDIT RESULTS AND ANY FINDINGS TO THE BOARD IN A
13 REGULAR MEETING WITHOUT THE USE OF A CONSENT AGENDA.

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

16 15-1473. Uniform system of accounting for community college
17 districts; duties of auditor general; posting;
18 budget; accepting audit results

19 A. The auditor general shall determine the accounting systems,
20 accounting methods and accounting procedures for use by the community
21 college districts.

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

25 C. The financial statements required to be filed with the auditor
26 general pursuant to section 41-1279.07 must be posted in a prominent
27 location on the official website of the community college district ~~no~~ NOT
28 later than seven business days after the date of filing the financial
29 statements with the auditor general. The financial statements must be
30 retained and accessible in a prominent location on the official website
31 for at least sixty months. If the financial statements are not filed
32 pursuant to section 41-1279.07, the form as prescribed by subsection D of
33 this section shall be posted on the website of the community college
34 district in place of the financial statements until the financial
35 statements are filed.

36 D. If the financial statements for a community college district are
37 not completed and filed as prescribed by section 41-1279.07 on or before
38 the adoption of the community college district budget in the subsequent
39 fiscal year, the board of directors must include a form, prescribed by the
40 auditor general, in the published budget in the subsequent fiscal year
41 pursuant to section 15-1461 stating that the financial statements required
42 to be filed with the auditor general pursuant to section 41-1279.07 are
43 pending, the reasons for the delay and the estimated date of completion.

44 E. If the community college district board of directors is required
45 to complete the form as prescribed by subsection D of this section, the

1 board of directors shall send a copy of the form to the auditor general,
2 the speaker of the house of representatives and the president of the
3 senate.

4 F. WITHIN NINETY DAYS AFTER COMPLETING AN AUDIT PURSUANT TO THIS
5 SECTION, THE COMMUNITY COLLEGE DISTRICT BOARD OF DIRECTORS SHALL REQUIRE
6 THE AUDITOR WHO PERFORMED THE AUDIT TO PRESENT THE AUDIT RESULTS AND ANY
7 FINDINGS TO THE BOARD IN A REGULAR MEETING WITHOUT THE USE OF A CONSENT
8 AGENDA.