

2023-2024 Bill H. 4300 98.9. (TREAS: Penalties for Non-Reporting)

If a municipality fails to submit the audited financial statements required under Section 14-1-208 of the 1976 Code to the State Treasurer within thirteen months of the end of their fiscal year, the State Treasurer must withhold all state payments to that municipality until the required audited financial statement is received.

If the State Treasurer receives an audit report from either a county or municipality that contains a significant finding related to court fine reports or remittances to the Office of State Treasurer, the requirements of Proviso 117.48 shall be followed if an amount due is specified, otherwise the State Treasurer shall withhold twenty-five percent of all state payments to the county or municipality until the estimated deficiency has been satisfied.

If a county or municipality is more than ninety days delinquent in remitting a monthly court fines report, the State Treasurer shall withhold twenty-five percent of state funding for that county or municipality until all monthly reports are current.

After ninety days, any funds held by the Office of State Treasurer will be made available to the State Auditor to conduct an audit of the entity for the purpose of determining an amount due to the Office of State Treasurer, if any.

The penalty provisions in this proviso are suspended during Fiscal Year 2023-2024 for municipalities. The State Treasurer is authorized and directed to release all funds withheld from municipalities in the prior two fiscal years due to a municipality not submitting the required audited financial statements or submitting financial information to the Revenue and Fiscal Affairs Office as required by Section 6-1-50 of the 1976 Code.

Section [4-9-150](#). County audits.

The council shall provide for an independent annual audit of all financial records and transactions of the county and any agency funded in whole by county funds and may provide for more frequent audits as it considers necessary. Special audits may be provided for any agency receiving county funds as the county governing body considers necessary. The audits must be made by a certified public accountant or public accountant or firm of these accountants who have no personal interest, direct or indirect, in the fiscal affairs of the county government or any of its officers. The council may, without requiring competitive bids, designate the accountant or firm annually or for a period not exceeding three years. The designation for any particular fiscal year must be made no later than thirty days after the beginning of the fiscal year. The report of the audit must be made available for public inspection. A copy of the report of the audit must be submitted to the State Treasurer no later than January first each year following the close of the books of the previous fiscal year. Upon a showing of proper cause, as determined by the State Treasurer, the State Treasurer shall grant a county an extension of ninety days. To be considered, a request for extension must be signed by the chair of the council before the deadline for filing.

If the report is not filed with the State Treasurer by January first, or within the time extended for filing the report, funds distributed by the State Treasurer to the county in the current fiscal year

must be withheld pending receipt of a copy of the report.

Section [5-7-240](#). Municipal audits.

(A) The council of each municipality having total recurring revenues at or above the threshold in Section 5-7-240(D) shall provide for an annual audit of financial statements. The council may, without requiring competitive bids, designate a certified public accountant or public accounting firm annually or for a period not exceeding four years, provided, that the designation for any particular fiscal year shall be made no later than thirty days after the beginning of such fiscal year.

(B) The council of each municipality having total recurring revenues below the threshold in Section 5-7-240(D) may elect to provide for either an audit of financial statements or a compilation of financial statements in lieu of an audit as follows:

- (1) annually for municipalities that have a court system; or
- (2) at least once every three years for municipalities that do not have a court system.

(C) The audit or compilation must be performed by an independent certified public accountant or a firm of certified public accountants. The report of the audit or compilation shall be made available for public inspection. Financial statements of municipalities with a court system must include the requirements of Section 14-1-208.

A municipality that exceeds the threshold in the current fiscal year but was below the threshold in the previous fiscal year must begin submitting audited financial statements annually beginning no later than the fiscal year following the year in which its total revenues exceed the threshold.

(D) Beginning with the municipality fiscal year which begins after January 1, 2024, the reporting threshold is \$500,000 of the total recurring revenue of a municipality. As soon as practicable at the beginning of each subsequent calendar year, the Revenue and Fiscal Affairs Office must determine the increase or decrease in the ratio of the Consumer Price Index to the index as of December 31 of the previous year and the threshold must be increased accordingly. If the average of the twelve-month consumer price index experiences a negative percentage, the average is deemed to be zero. For purposes of this subsection, "Consumer Price Index" means the Consumer Price Index for All Urban Consumers as published by the United States Department of Labor, Bureau of Labor Statistics.

Section [14-1-208](#). Municipals that hold court.

(2) For municipalities required to provide for an annual audit of financial statements pursuant to Section 5-7-240, the Uniform Supplemental Schedule Form must be included in the external auditor's report as required by generally accepted auditing standards when information accompanies the basic financial statements in auditor submitted documents.

(3) For municipalities allowed to provide for a compilation of financial statements pursuant to Section 5-7-240, the Uniform Supplement Schedule Form must be included in the compilation report as supplemental information. In addition, the municipality is required to engage the external accountant to perform agreed upon procedures related to the supplemental schedule as

established annually by the Office of the State Treasurer and approved by the Office of the State Auditor.

(4) Within thirty days of issuance of the audited or compiled financial statement, the municipality must submit to the State Treasurer a copy of the audited or compiled financial statement and a statement of the actual cost associated with the preparation of the Uniform Supplemental Schedule Form required in this section and, if applicable, the agreed upon procedures. Upon submission to the State Treasurer, the municipality may retain and pay from the fines and assessments collected pursuant to this section the actual expense charged by the external auditor or accountant associated with the Uniform Supplemental Schedule Form required in this subsection, not to exceed two thousand dollars each year.