

LEGISLATIVE BILL 152

Approved by the Governor March 25, 1977

Introduced by Dworak, 22

AN ACT to amend section 19-2904, Reissue Revised Statutes of Nebraska, 1943, and section 19-2903, Revised Statutes Supplement, 1976, relating to municipal audits; to provide for cash basis and accrual basis accounting as prescribed; to revise the requirements regarding the contents of audits; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 19-2903, Revised Statutes Supplement, 1976, be amended to read as follows:

19-2903. The municipal authorities of each municipality shall cause an audit of the municipality's accounts to be made by a recognized independent and qualified accountant as expeditiously as possible following the close of the fiscal year for such municipality and to cover all financial transactions and affairs of the municipality for such preceding fiscal year. Such audit shall be made on a cash or accrual method at the discretion of the municipality. Such audit shall be completed and the annual audit report made by such accountant shall be submitted within six months after the close of the fiscal year in any event, unless an extension of time shall be granted by a written resolution adopted by the municipal authorities; Provided, that all villages may file an unaudited statement of cash receipts and disbursements annually in lieu of an annual audit. Such unaudited statement shall be filed with the Auditor of Public Accounts in a form prescribed by him. The accountant making the audit and the person preparing the unaudited statement of cash receipts and disbursements shall submit not less than three copies of the audit report or unaudited statement to the municipal authorities of the municipality. The Auditor of Public Accounts may require an audit of any village's account based upon information contained in its unaudited statement and may specify the period within which such audit must be performed. If a municipality, except a village having a population of less than eight hundred inhabitants, owns or operates any type of public utility or other enterprise which substantially generates its own revenue, that phase of the affairs of such municipality shall be audited separately from the other functions of such municipality and the result shall appear separately in the annual audit report made by the

accountant to the municipality and such audit shall be on an accrual basis and shall contain statements and materials which conform to generally accepted accounting principles; Provided, any municipality operating its utilities through a board of public works may provide for an entirely separate audit, on an accrual basis, of such operations and report and by a different accountant than the one making the general audit.

Sec. 2. That section 19-2904, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

19-2904. The annual audit report shall ~~contain statements and materials that are in conformity with generally accepted municipal accounting principles, and~~ shall set forth, insofar as possible, the financial position and results of financial operations for each fund or group of accounts of the municipality. When the accrual method is selected for the annual audit report, such report shall be in accordance with generally accepted accounting principles. The annual audit report shall also include the professional opinion of the accountant with respect to the financial statements, or, if an opinion cannot be expressed, a declaration that the accountant is unable to express such an opinion with an explanation of the reasons why he can not do so.

Sec. 3. That original section 19-2904, Reissue Revised Statutes of Nebraska, 1943, and section 19-2903, Revised Statutes Supplement, 1976, are repealed.