

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session**

Part I: Measure Information

Bill Request #:	1964	Bill #:	SB 192/SCS 1
Document ID #:	6647	Sponsor:	Sen. Amanda Mays Bledsoe
Bill Title:	AN ACT relating to municipal financial reporting.		

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local

Office(s) Impacted: City governments

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Other Fiscal Statement(s) that may exist: Actuarial Analysis Corrections Impact
 Health Benefit Mandate State Employee Health Plan

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

Section 1 of SB 192/SCS 1 specifies that cities receiving and expending from all sources and for all purposes less than \$15,000,000 may choose to conform with the cash or the modified cash basis of accounting.

Section 2 allows cities bringing in or expending less than \$500,000 to perform an agreed-upon procedures engagement for the fifth fiscal year in which the city remains in that fiscal category, and require cities conducting an audit to contract with an auditor to examine the basic financial statements that include financial statements prepared under the basis of accounting used by the city. The measure also requires each city to publish an advertisement containing a budget-to-actual comparison schedule for the general fund and remove the publication requirement for copies be available at no cost.

Section 3 amends KRS 424.220 to make conforming amendments and require a city to publish a financial statement within 30, rather than 90 days after submission to the Department for Local Government; exempt from the publication requirements officers of

cities that have completed an audit under KRS 91A.040 and cities that have completed an agreed-upon procedures engagement.

Section 4 creates a new section of KRS Chapter 91A to allow cities to complete an agreed-upon procedures engagement with the Auditor of Public Accounts or a certified public accountant rather than an audit if the city meets certain requirements.

SB 192/SCS 1 establishes standards for the agreed-upon procedures engagement process and establishes reporting, advertising and access requirements and directs that the Department for Local Government may permit a city to use this process under certain circumstances when the city has not completed and reported an audit for 2 or more fiscal years.

The fiscal impact of SB 192/SCS 1 to local governments is indeterminate, but expected to be positive. Cities impacted by SB 192/SCS 1 will have a less expensive means of showing fiscal accountability through the preparation of agreed-upon procedures engagements rather than full-blown audits.

The Kentucky League of Cities was contacted to provide input on SB 192/SCS 1. This local mandated will be updated upon receiving their comments.

Data Source(s): LRC Staff

Preparer: BW **Reviewer:** JB (MDA) **Date:** 2/26/26