

1 State of Arkansas  
2 92nd General Assembly  
3 Regular Session, 2019  
4

# A Bill

HOUSE BILL 1934

5 By: Representative Cozart  
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## For An Act To Be Entitled

8 AN ACT TO AMEND ARKANSAS LAW CONCERNING AUDITS OF  
9 SCHOOLS; AND FOR OTHER PURPOSES.

### Subtitle

12 TO AMEND ARKANSAS LAW CONCERNING AUDITS  
13 OF SCHOOLS.  
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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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19 SECTION 1. Arkansas Code § 10-4-413(c), concerning audits of schools,  
20 is amended to read as follows:

21 ~~(e)-(1)(c)~~ Regulatory Basis.

22 ~~(A)(1)~~ For school financial audits, the financial statements  
23 shall be presented on a fund basis format with, as a minimum, the general  
24 fund and the special revenue fund presented separately and all other funds  
25 included in the audit presented in the aggregate.

26 ~~(B)(2)~~ The financial statements shall consist of the following:

27 ~~(i)(A)~~ A balance sheet;

28 ~~(ii)(B)~~ A statement of revenues, expenditures, and changes  
29 in fund balances;

30 ~~(iii)(C)~~ A comparison of the final adopted budget to the  
31 actual expenditures for the general fund of the entity and the special  
32 revenue fund of the entity; and

33 ~~(iv)(D)~~ Notes to the financial statements.

34 ~~(C)(3)~~ The report shall include a report on internal control  
35 over financial reporting and on compliance and other matters based on an  
36 audit of financial statements performed in accordance with the Government



1 Auditing Standards.

2 ~~(D)~~(4) The report shall include as supplemental information a  
3 schedule of capital assets, including:

- 4 ~~(i)~~(A) Land;
- 5 ~~(ii)~~(B) Buildings; and
- 6 ~~(iii)~~(C) Equipment.

7 ~~(E)~~(5) The State Board of Education shall promulgate rules  
8 necessary to administer the regulatory basis provided in this subsection.

9 ~~(2) Alternative Basis.~~

10 ~~(A) As an alternative to subdivision (c)(1) of this~~  
11 ~~section, the governing body of a school may adopt a resolution requiring its~~  
12 ~~annual financial audit to be performed and financial statements presented in~~  
13 ~~accordance with the guidelines prescribed by the Government Accounting~~  
14 ~~Standards Board, the American Institute of Certified Public Accountants, and~~  
15 ~~the United States Government Accountability Office, if applicable.~~

16 ~~(B) The report shall include a report on internal control~~  
17 ~~over financial reporting and on compliance and other matters based on an~~  
18 ~~audit of financial statements performed in accordance with the Government~~  
19 ~~Auditing Standards.~~

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