

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.  
Act 499 of the Regular Session

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005

# A Bill

SENATE BILL 209

4  
5 By: Senator Wilkins  
6  
7

## For An Act To Be Entitled

8  
9 AN ACT TO AMEND ARKANSAS CODE § 14-58-101 TO  
10 CLARIFY MUNICIPAL AUDIT REQUIREMENTS; AND FOR  
11 OTHER PURPOSES.  
12

## Subtitle

13  
14 AN ACT TO AMEND ARKANSAS CODE § 14-58-  
15 101 TO CLARIFY MUNICIPAL AUDIT  
16 REQUIREMENTS.  
17  
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Arkansas Code § 14-58-101 is amended to read as follows:

22 14-58-101. Audit by independent accountant.

23 (a)~~(1)~~ The audit or agreed upon procedures engagement of every  
24 ~~municipal corporation~~ municipality shall be made by the Division of  
25 Legislative Audit or other independent persons licensed and in good standing  
26 to practice accounting by the Arkansas State Board of Public Accountancy, to  
27 be selected by the governing body of the municipality.

28 ~~(2) "Independence", for purposes of this section will be defined~~  
29 ~~as not being otherwise in the service of the municipality and being without~~  
30 ~~bias with respect to the municipality and having an impartiality that~~  
31 ~~recognizes fairness to all that might rely upon the independent auditor's~~  
32 ~~report.~~

33 (b) Any statutorily required audit of a municipality ~~performed by an~~  
34 ~~independent accountant~~ shall include, as a minimum and as an integral part of  
35 ~~the annual financial report~~, a review and comments on substantial compliance



1 with each of the following Arkansas ~~statutes~~ laws:

2 (1) Municipal Accounting Law, § 14-59-101 et seq.;

3 (2) ~~Municipal court and police department~~ District courts and  
4 city courts, §§ 16-10-201 – 16-10-210;

5 ~~(3) Bonding of municipal officers and employees, §§ 19-1-401 –~~  
6 ~~19-1-405;~~

7 ~~(4)(3) Improvement contract over ten thousand dollars (\$10,000)~~  
8 contracts, §§ 22-9-202 – 22-9-204;

9 ~~(5)(4) Budgets, purchases, and over two thousand dollars~~  
10 ~~(\$2,000);~~ payments of claims, etc., §§ 14-58-201 – 14-58-203, 14-58-301 – 14-  
11 58-308;

12 ~~(6)(5) Investment of public funds, §§ 19-1-501 – 19-1-504; and~~

13 ~~(7)(6) Deposit of public funds, §§ 19-8-101 – 19-8-107.~~

14 ~~(c) The governing body of the municipality shall require the~~  
15 ~~independent accountant to conduct the audit and present the annual financial~~  
16 ~~report in conformity with the guidelines and format prescribed by the~~  
17 ~~Governmental Accounting Standards Board, the American Institute of Certified~~  
18 ~~Public Accountants, and the United States General Accounting Office, if~~  
19 ~~applicable.~~

20 (c) Municipal Audit Report.

21 (1) For the purposes of this section, an audit shall be planned,  
22 conducted, and the results of the work reported in accordance with generally  
23 accepted government auditing standards, if applicable.

24 (2) Regulatory Basis.

25 (A) The financial statements of municipalities shall be  
26 presented on a fund basis with, as a minimum, the general fund and the street  
27 fund presented separately and all other funds included in the audit presented  
28 in the aggregate.

29 (B) The financial statements shall consist of the  
30 following:

31 (i) A balance sheet;

32 (ii) A statement of revenues (receipts),  
33 expenditures (disbursements), and changes in fund equity (balances);

34 (iii) A comparison of the final adopted budget to  
35 the actual expenditures for the general fund and street fund of the entity;  
36 and



1 Governor and the veto is overridden, the date the last house overrides the  
2 veto. APPROVED: 3/02/2005