

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

As Engrossed: H2/24/11

A Bill

HOUSE BILL 1441

5 By: Representative Mauch
6 By: Senator Fletcher
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING AUDITS OF CERTAIN
10 ENTITIES THAT PROVIDE WATER OR SEWAGE SERVICES; AND
11 FOR OTHER PURPOSES.
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Subtitle

15 TO AMEND THE LAW CONCERNING AUDITS OF
16 CERTAIN ENTITIES THAT PROVIDE WATER OR
17 SEWAGE SERVICES.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 14-234-119 is amended to read as follows:
23 14-234-119. Annual audits and procedures.

24 *(a)(1) Any county, municipality, improvement district, or not-for-*
25 *profit association or entity receiving fees from customers for providing*
26 *~~water or~~ sewage services shall obtain an annual financial audit of the system*
27 *if the system has at least five hundred (500) service connections during any*
28 *fiscal year.*

29 *(2) Any county, municipality, improvement district, or not-for-*
30 *profit association or entity receiving fees from customers for providing*
31 *water services shall obtain an annual financial audit of the system if the*
32 *system has at least seven hundred fifty (750) service connections during any*
33 *fiscal year.*

34 *(b)(1)(A) Any county, municipality, improvement district, or not-for-*
35 *profit association or entity receiving fees from customers for providing*
36 *~~water or~~ sewage services and having at least one hundred (100) but less than*



1 *five hundred (500) service connections during any fiscal year shall obtain an*
2 *annual audit or an annual report of agreed-upon procedures.*

3 *(B) Any county, municipality, improvement district, or*
4 *not-for-profit association or entity receiving fees from customers for*
5 *providing water services and having at least one hundred (100) but less than*
6 *seven hundred fifty (750) service connections during any fiscal year shall*
7 *obtain an annual audit or an annual report of agreed-upon procedures.*

8 (2) The agreed-upon procedures and format of the report shall be
9 prescribed by the Legislative Auditor and shall include at a minimum:

- 10 (A) Proof and reconciliation of cash;
- 11 (B) Confirmation of cash balances;
- 12 (C) A statement of assets and liabilities on a cash basis;
- 13 (D) A statement of cash receipts and cash disbursements;
- 14 (E) A test of water and sewer revenues tracing deposits to
- 15 source documents; and
- 16 (F) A report of agreed-upon procedures.

17 (c) ~~Such~~ The audits or agreed-upon procedures reports shall be
18 completed within one (1) year following each system's fiscal year end.

19 (d) Each ~~such~~ entity shall choose and employ accountants who are
20 licensed and in good standing with the Arkansas State Board of Public
21 Accountancy.

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23 /s/Mauch

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26 **APPROVED: 03/23/2011**