

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.

State of Arkansas
85th General Assembly
Regular Session, 2005

A Bill

SENATE BILL 209

By: Senator Wilkins

For An Act To Be Entitled

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

Subtitle

AN ACT TO AMEND ARKANSAS CODE § 14-58-
101 TO CLARIFY MUNICIPAL AUDIT
REQUIREMENTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 14-58-101 is amended to read as follows:
14-58-101. Audit by independent accountant.

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

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

(b) Any statutorily required audit of a municipality ~~performed by an
independent accountant~~ shall include, as a minimum ~~and as an integral part of
the annual financial report~~, a review and comments on substantial compliance
with each of the following Arkansas ~~statutes~~ laws:



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

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

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

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

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

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

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

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

(c) Municipal Audit Report.

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

(2) Regulatory Basis.

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

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

(i) A balance sheet;

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

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

(iv) Notes to financial statements.

1 (C) The report shall include as supplemental information a
2 schedule of general fixed assets, including land, buildings, and equipment.

3 (3) Alternative Basis. In the alternative to subdivision (c)(2)
4 of this section, the governing body of the municipality may adopt an annual
5 resolution requiring their audit to be performed in accordance with the
6 guidelines and format prescribed by the Governmental Accounting Standards
7 Board, the American Institute of Certified Public Accountants, and the United
8 States Government Accountability Office, if applicable.

9 (d) Municipal Agreed-Upon Procedures Report.

10 (1) As an alternative to an audit, the municipal governing body
11 may authorize an agreed-upon procedures engagement of the records and
12 accounts.

13 (2) For the purposes of this section, agreed-upon procedures
14 engagements shall be conducted in accordance with standards established by
15 the American Institute of Certified Public Accountants and subject to the
16 minimum procedures prescribed by the Legislative Auditor.

17 (e) Monitoring By The Legislative Joint Auditing Committee.

18 The Legislative Joint Auditing Committee shall monitor the reports
19 prescribed in this section to ensure that the reports meet the needs of the
20 General Assembly, the public entities, and the general public.

21
22 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
23 General Assembly of the State of Arkansas that the provisions of this act are
24 of critical importance to preserve the efficient operations of the Division
25 of Legislative Audit and provide the flexibility needed to supply the General
26 Assembly and the Legislative Joint Auditing Committee information vital and
27 necessary to fulfill their constitutional and statutory mandates. Therefore,
28 an emergency is declared to exist and this act being immediately necessary
29 for the preservation of the public peace, health, and safety shall become
30 effective on:

31 (1) The date of its approval by the Governor;

32 (2) If the bill is neither approved nor vetoed by the Governor,
33 the expiration of the period of time during which the Governor may veto the
34 bill; or

35 (3) If the bill is vetoed by the Governor and the veto is
36 overridden, the date the last house overrides the veto.