

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 1236 of the Regular Session**

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005  
4

*As Engrossed: S3/14/05*

**A Bill**

HOUSE BILL 2560

5 By: Representative Chesterfield  
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**For An Act To Be Entitled**

9 AN ACT TO REQUIRE A COMPREHENSIVE FINANCIAL  
10 REVIEW OF SCHOOL DISTRICTS PRIOR TO  
11 REORGANIZATION; TO PROVIDE FISCAL OVERSIGHT OF  
12 SCHOOL DISTRICTS ON THE LIST FOR CONSOLIDATION;  
13 AND FOR OTHER PURPOSES.

**Subtitle**

15 AN ACT TO REQUIRE A COMPREHENSIVE  
16 FINANCIAL REVIEW OF SCHOOL DISTRICTS  
17 PRIOR TO REORGANIZATION AND TO PROVIDE  
18 FISCAL OVERSIGHT OF SCHOOL DISTRICTS ON  
19 THE LIST FOR CONSOLIDATION.  
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21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code Title 6, Chapter 13, Subchapter 16 is amended  
25 to add an additional section to read as follows:

26 6-13-1606. Audit required.

27 (a) The Division of Legislative Audit shall conduct a comprehensive  
28 financial review of all the school district's financial matters for any  
29 school that is involved in consolidation, annexation, or otherwise  
30 reorganized by the State Board of Education.

31 (b) The comprehensive financial review shall begin no less than ten  
32 (10) days after the earlier of:

33 (1) The publication of the district's name on the  
34 consolidation and annexation list under § 6-13-1602;

35 (2) The filing of a petition for voluntary annexation or



1 consolidation; or

2 (3) The adoption of a motion by the State Board of  
3 Education to consolidate, annex, or otherwise reorganize a school district  
4 designated in academic or fiscal distress.

5 (c)(1) Beginning on the date of the publication of the consolidation  
6 list under § 6-13-1602 each year, the Department of Education shall have  
7 authority to oversee all fiscal and accounting related matters of all school  
8 districts on the consolidation list and shall require those school districts  
9 to have accurate records necessary to close all books within sixty (60) days  
10 after the end of the fiscal year.

11 (2) No contract or other debt obligation incurred by a school  
12 district for which the Department of Education has oversight authority under  
13 this section shall be valid or enforceable against a resulting school  
14 district unless the contract or other debt obligation is preapproved in  
15 writing by the Director of the Department of Education or his or her  
16 designee.

17 (d) Any school that is involved in an annexation or consolidation  
18 shall have an audit started within thirty (30) days of the completion of the  
19 closing of the books by the district.

20 (e) The Department of Education and Division of Legislative Audit  
21 shall jointly develop the scope and details of the comprehensive fiscal  
22 review consistent with the requirements of this section.

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24 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
25 General Assembly of the State of Arkansas that the provisions of this act are  
26 of critical importance to preserve the efficient operations of the schools of  
27 the State of Arkansas; that this act provides needed information regarding  
28 consolidations; and that this is immediately necessary for the efficient  
29 operations of schools. Therefore, an emergency is declared to exist and this  
30 act being immediately necessary for the preservation of the public peace,  
31 health, and safety shall become effective on:

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

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

36 (3) If the bill is vetoed by the Governor and the veto is

1 overridden, the date the last house overrides the veto.

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/s/ Chesterfield

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APPROVED: 3/24/2005

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