

Stricken language would be deleted from and underlined language would be added to present law.
Act 28 of the 1st Extraordinary Session

1 State of Arkansas
2 85th General Assembly
3 First Extraordinary Session, 2006
4

As Engrossed: S4/4/06
A Bill

Call Item 16

SENATE BILL 7

5 *By: Education Committee - Senate*
6 *By: Representatives Elliott, Pickett*
7
8

9 **For An Act To Be Entitled**

10 AN ACT CONCERNING UNIFORM REPORTING REQUIREMENTS
11 FOR SCHOOL DISTRICT FUND BALANCES; AND FOR OTHER
12 PURPOSES.
13

14 **Subtitle**

15 AN ACT CONCERNING UNIFORM REPORTING
16 REQUIREMENTS FOR SCHOOL DISTRICT FUND
17 BALANCES.
18
19

20 WHEREAS, the Public School Funding Act of 2003, the Public School
21 Academic Facilities Program of 2005, and Act 108 of the 2nd Extraordinary
22 Session of 2003 have improved and stabilized funding for public school
23 districts; and
24

25 WHEREAS, the Public School Funding Act of 2003 ensures that school
26 districts have sufficient state aid to provide every student with an equal
27 opportunity to obtain an adequate education, eliminating the need for school
28 districts to retain large fund balances for maintenance and operation due to
29 uncertainty regarding future funding; and
30

31 WHEREAS, Act 108 of the 2nd Extraordinary Session of 2003 ensures that
32 education will be funded first and provides a "doomsday" provision to require
33 transfers from other state agencies if the state experiences an unexpected
34 shortfall, again eliminating a need for school districts to carry large fund
35 balances; and
36



1 WHEREAS, the Public School Academic Facilities Program of 2005 provides
2 that public school districts may apply for state aid to assist with
3 construction of academic facilities, minimizing the need for many public
4 school districts to carry forward large balances in their building funds; and
5

6 WHEREAS, current financial reporting systems do not provide needed
7 information on the fund balances maintained by public school districts,
8 including, but not limited to, the source of the funds and the reason the
9 public school district elected to preserve the funding in its fund balances
10 as opposed to expending the sums on educational needs,
11

12 NOW THEREFORE,

13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
14

15 SECTION 1. Arkansas Code § 6-20-2202(d)(1), concerning budget and
16 expenditure reports provided to the Department of Education, is amended to
17 read as follows:

18 (d)(1)(A) The ex officio financial secretary of each school district,
19 open-enrollment charter school, and education service cooperative shall keep
20 a record of the following information ~~daily expenditures and receipts of the~~
21 ~~school district, open enrollment charter school, or education service~~
22 ~~cooperative~~ in a format required by the department-;

23 (i) The daily expenditures and receipts of the
24 school district, open-enrollment charter school, or education service
25 cooperative; and

26 (ii)(a) Information on fund balances maintained by
27 the school district, open-enrollment charter school, or education service
28 cooperative, including, but not limited to, the:

29 (1) Sources of the funds maintained as
30 fund balances, to the extent practicable;

31 (2) Reasons for maintaining, instead of
32 spending, the fund balances;

33 (3)(A) Amount of funds transferred
34 between various funds during the past year.

35 (B) The school district, open-
36 enrollment charter school, and education service cooperative shall identify

1 the funds transferred between and the amount of funds transferred; and
 2 (4) Amount of fund balances dedicated
 3 for the construction, maintenance, or repair of academic or athletic
 4 facilities.

5 (b) The department shall promulgate rules
 6 which require reporting of fund balances sufficient to verify whether funds
 7 allocated for educational purposes, including, but not limited to, student
 8 academic needs and the maintenance and operation of public school district
 9 facilities, are used for their intended purpose or retained by the district
 10 in its fund balances.

11 (B) An annual ~~record~~ report summarizing the information
 12 required in subdivision (d)(1)(A) in a format required by the department
 13 shall be filed by September 15 of each year with the department.

14
 15 SECTION 2. Arkansas Code Title 6, Chapter 20, Subchapter 22 is amended
 16 to add an additional section to read as follows:

17 6-20-2209. Study of improved reporting systems.

18 (a)(1) The General Assembly finds that ensuring the provision of an
 19 adequate and equitable education to the children of the State of Arkansas
 20 requires prompt and reliable information on school finances, including, but
 21 not limited to, reports on school district expenditures and school district
 22 fund balances and interfund transfers.

23 (2) The General Assembly further finds that current financial
 24 accounting and reporting systems do not promptly provide crucial information
 25 necessary to make informed decisions on matters pertaining to public
 26 education in this state.

27 (b) On or before November 1, 2006, the House Interim Committee on
 28 Education, the Senate Interim Committee on Education, and the Department of
 29 Education shall jointly study potential upgrades in public school district
 30 financial accounting and reporting systems that would result in prompt
 31 availability of crucial information, including, but not limited to:

32 (1) The cost to the state of any potential upgrades;

33 (2) The time necessary to implement any upgrades; and

34 (3)(A) A definition of the term "unallocated balances" which
 35 will ensure uniform treatment of fund balances throughout public school
 36 districts.

