

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.

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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7

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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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
36 consolidation; or



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

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

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

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

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

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

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/s/ Chesterfield