



# Arkansas Department of Education

Johnny Key, Commissioner

*Transforming Arkansas to lead the nation in student-focused education*

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## **State Assumes Authority of Earle School District**

**LITTLE ROCK** — Because of significant findings that jeopardize the fiscal integrity of the district, the state assumed authority of the Earle School District effective today.

Noting substantial audit violations and unallowable expenses over the last two academic years, the State Board of Education, under Arkansas Code Ann. § 6-20-1904, classified the district as being in fiscal distress on October 12, 2017. The district did not appeal the designation.

The Arkansas Department of Education conducted a comprehensive on-site fiscal review October 24 and 25, 2017, which revealed additional fiscal issues. Records reflect close to \$2 million in improper expenditures of state and federal funds beginning in the 2015-2016 school year. Corrections to the 2017-2018 budget were not made, resulting in unallowable expenditures continuing into the 2017-2018 school year.

Further issues identified by the ADE review in October include the following:

- Inaction to implement ADE guidance to correct the district's budget and improper spending practices;
- Poor fiscal management procedures;
- Improper reporting of activity funds;
- Current expenditures that exceeded revenues;
- Inaccurate fund balances;
- Nonpayment to vendors;
- Outstanding debts; and
- Issues with payroll and employee contracts.

As a result of these issues, ADE Commissioner Johnny Key exercised the authority granted under Arkansas Code Ann. § 6-20-1901 *et seq.* to assume authority over the district.

"Our main priority is to ensure the students in the Earle School District receive a quality education," Key said. "While we never want to exercise the right to assume authority of a school district, this action is necessary in light of the serious lack of financial stability and academic oversight and ongoing risk of improper spending of taxpayer dollars. Our immediate objective is to stabilize the finances and management of the district so every student in the district has the ability to learn and thrive in a sound educational environment."

Superintendent Rickey Nicks has resigned. Key named Dr. Richard Wilde, with the ADE School Improvement Unit, as district superintendent. Wilde will report directly to Key. Key suspended the authority of the Earle School District Board of Directors; however, Key has offered the board the opportunity to remain in place in an advisory capacity to the new superintendent. Parents and the community are encouraged to remain engaged with district staff.

Legislative Audit will begin conducting an audit of the district's finances.

In addition to fiscal issues, ADE noted multiple violations of Standards of Accreditation involving student transcripts, teacher assignments and special education teacher certification.

"Ongoing input and guidance from parents and the community is essential during this transition," Key said. "I want every student and parent to know that buses will continue to run and school will be in session as we work to restore fiscal integrity in the district."

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