

## **AGENDA**

### **STATE BOARD OF EDUCATION**

March 28, 2014

Arkansas Department of Education

8:30 AM

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#### **Consent Agenda**

**C-1      Consideration for Awarding Waiver Days - Bay School District**

*Presenter: Dr. Tom W. Kimbrell*

**C-2      Consideration for Awarding Waiver Days - Newport School District**

*Presenter: Dr. Tom W. Kimbrell*

#### **Action Agenda**

**A-1      Status of Pulaski County Special School District**

*Presenter: Dr. Tom W. Kimbrell*

**A-2      Status of Helena-West Helena School District**

*Presenter: Dr. Tom W. Kimbrell*



# Approved Memos: Inclement Weather Waiver



ARKANSAS  
DEPARTMENT  
OF EDUCATION

## Version History

Title	Inclement Weather Waiver
Memo Number	COM-14-041
Memo Date	1/14/2014
Attention	Co-op Directors; Superintendents; Charter School Directors
Memo Type	Informational
Response Required	Yes
Section	Central Administration
Regulatory Authority	None
Contact Person	Deborah Coffman
Phone Number	501-683-0205
E-Mail	<a href="mailto:Deborah.Coffman@arkansas.gov">Deborah.Coffman@arkansas.gov</a>
Memo Text	<p>Many school districts in Arkansas have had to miss instructional days due to inclement weather. The state’s Standards of Accreditation require all public school districts to offer 178 instructional days of six hours instructional time each year. School districts are also required to include five make-up dates in their school calendar.</p> <p>School districts that have missed more than 10 days will be able to submit a request for a waiver for the additional days. Arkansas Department of Education staff will review the requests on a case-by-case basis and make a recommendation to the Arkansas State Board of Education, which has the authority to approve the waivers. Please reference a previous Commissioner Memo 10-131.</p> <p>Before submitting a waiver request, school districts that have missed more than 10 days should make up as many days in excess of the first 10, which must be made up, as is possible. School districts should try to use any of the following options for making up missed instructional days:</p> <ul style="list-style-type: none"><li>• Using the five inclement weather days already built into the calendar.</li><li>• Using previously scheduled teacher workdays as instructional days.</li><li>• Holding instructional days on upcoming scheduled holidays such as President’s/Bates Day, Good Friday, Memorial Day. Please review A.C.A. §6-10-106, if you plan to use Memorial Day as an alternate make up day.</li><li>• Using part or all of spring break.</li><li>• Adding days to the end of the school year.</li><li>• Other proposed options must be approved by the Department of Education.</li></ul> <p>To request a waiver, send a letter by February 28, 2014, to:</p> <p>Dr. Tom Witte, Director of Operations</p>

Dr. Tom W. Kimbrell, Commissioner  
Arkansas Department of Education  
Four Capitol Mall, Room 304A  
Little Rock, AR 72201

Please be sure to include in the letter the number of days for which a waiver is requested as well as a detailed outline of how missed days have been or will be made up. The first set of hearings for waivers will be heard at the March 13, 2014 meeting of the Arkansas State Board of Education.

Please direct any questions to Deborah Coffman at (501) 683-0205 or [Deborah.Coffman@arkansas.gov](mailto:Deborah.Coffman@arkansas.gov).

Version: 7.0  
Created at 1/14/2014 1:12 PM by Deborah Coffman (ADE)  
Last modified at 1/14/2014 1:19 PM by Deborah Coffman (ADE)

# BAY SCHOOL DISTRICT

P. O. Box 39  
700 School Street  
Bay, Arkansas 72411

(870) 781-3296

RECEIVED Box (870) 781-3712  
COMMISSIONER'S OFFICE

MAR 14 2014

DEPARTMENT OF EDUCATION

March 11, 2014

Dr. Kimbrell:

This letter is to serve as a waiver request for inclement weather days for the Bay School District. Last night Monday, March 10<sup>th</sup>, the Bay Board of Education voted 5-0 to make up 5 inclement weather days by using Spring Break. The district had already voted to use Good Friday and teacher work days for the remaining 7 days as well as additional days at the end of the year. In other words, the district has missed 12 days total and is requesting a waiver for 2 days. The district's last day is now scheduled for June 4<sup>th</sup>. If approved the district would get out on Monday, June 2<sup>nd</sup>.

I believe we have followed the guidelines to be approved for this small waiver request. The District has shown a commitment to best educational practices for students by choosing to take Spring Break. We understand that since our request was after March 7<sup>th</sup>, it will not be considered until the April meeting. We appreciate in advance the opportunity to apply for this waiver and we look forward to hearing back from you when a decision is reached.

If I can be of any further assistance, or provide anything more to help in the decision making progress, please let me know. Again, thank you for all that you do!!

Sincerely:



Chip Layne, Superintendent





# Approved Memos: Inclement Weather Waiver



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Arkansas Department of Education  
Four Capitol Mall, Room 304A  
Little Rock, AR 72201

Please be sure to include in the letter the number of days for which a waiver is requested as well as a detailed outline of how missed days have been or will be made up. The first set of hearings for waivers will be heard at the March 13, 2014 meeting of the Arkansas State Board of Education.

Please direct any questions to Deborah Coffman at (501) 683-0205 or [Deborah.Coffman@arkansas.gov](mailto:Deborah.Coffman@arkansas.gov).

Version: 7.0  
Created at 1/14/2014 1:12 PM by Deborah Coffman (ADE)  
Last modified at 1/14/2014 1:19 PM by Deborah Coffman (ADE)

# NEWPORT SCHOOL DISTRICT

406 Wilkerson Drive  
Newport, Arkansas 72112  
(870) 523-1311 • Fax (870) 523-1388

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March 7, 2014

Dr. Tom W. Kimbrell, Commissioner  
Arkansas Department of Education  
Four Capitol Mall, Room 304A  
Little Rock, AR 72201

Dear Dr. Kimbrell,

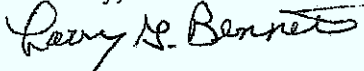
The Newport School District has missed twelve (12) days of school because of adverse weather conditions. The District will make up ten days as required. This letter is to serve as my request to have the additional two days waived as allowed in Commissioner's Memo COM-14-041.

Listed below are the days missed and the days we will assign as make up days.

<u>Day Missed</u>	<u>Make up Day</u>
Day 1: December 6, 2013	February 17, 2014 President's Day Holiday
Day 2: December 9, 2013	April 18, 2014 Good Friday Holiday
Day 3: December 10, 2013	May 26, 2014 Memorial Day Holiday
Day 4: December 11, 2013	May 27, 2014
Day 5: January 9, 2014	May 28, 2014
Day 6: February 3, 2014	May 29, 2014
Day 7: February 4, 2014	May 30, 2014
Day 8: February 5, 2014	June 2, 2014
Day 9: March 3, 2014	June 3, 2014
Day 10: March 4, 2014	June 4, 2014
Day 11: March 5, 2014	June 5, 2014 Waiver requested
Day 12: March 6, 2014	June 6, 2014 Waiver requested

Your consideration of this waiver is appreciated.

Sincerely,



Larry Bennett, PhD  
Superintendent



*"The Tradition Continues"*

March 11, 2014

Dr. Kimbrell:

This letter is to serve as a waiver request for inclement weather days for the Bay School District. Last night Monday, March 10<sup>th</sup>, the Bay Board of Education voted 5-0 to make up 5 inclement weather days by using Spring Break. The district had already voted to use Good Friday and teacher work days for the remaining 7 days as well as additional days at the end of the year. In other words, the district has missed 12 days total and is requesting a waiver for 2 days. The district's last day is now scheduled for June 4<sup>th</sup>. If approved the district would get out on Monday, June 2<sup>nd</sup>.

I believe we have followed the guidelines to be approved for this small waiver request. The District has shown a commitment to best educational practices for students by choosing to take Spring Break. We understand that since our request was after March 7<sup>th</sup>, it will not be considered until the April meeting. We appreciate in advance the opportunity to apply for this waiver and we look forward to hearing back from you when a decision is reached.

If I can be of any further assistance, or provide anything more to help in the decision making progress, please let me know. Again, thank you for all that you do!!

Sincerely:

Chip Layne, Superintendent

**Arkansas Department of Education  
Pulaski County Special School District  
Unrestricted Funds Quarterly Report  
October 1, 2013 - December 31, 2013**

1

FY14 as of December 31, 2013			
Beginning Balance <u>7/1/13</u>	<u>Revenue</u>	<u>Expenditures</u>	Ending Balance <u>12/31/13</u>
16,735,979	81,419,465	81,913,578	16,241,865
FY14 Budget			
Beginning Balance <u>7/1/13</u>	<u>Revenue</u>	<u>Expenditures</u>	Projected Balance <u>6/30/14</u>
16,735,979	173,008,152	172,511,230	17,232,901
FY13			
Beginning Balance <u>7/1/12</u>	<u>Revenue</u>	<u>Expenditures</u>	Ending Balance <u>6/30/13</u>
13,211,766	170,221,316	166,697,103	16,735,979
FY12			
Beginning Balance <u>7/1/11</u>	<u>Revenue</u>	<u>Expenditures</u>	Ending Balance <u>6/30/12</u>
2,137,948	194,039,627	182,965,810	13,211,766

(Does not include Building, Categorical, Federal, Activity and Food Service Funds)

State of Arkansas

*As Engrossed: H3/11/13*

89th General Assembly

# A Bill

Regular Session, 2013

HOUSE BILL 1770

By: Representatives Perry, D. Altes, Branscum, Carnine, Catlett, Clemmer, Collins, Copenhaver, Dale, Deffenbaugh, J. Dickinson, Eubanks, Farrer, Fielding, Hobbs, Hodges, Holcomb, Jett, Lampkin, Leding, Lowery, Magie, McCrary, Ratliff, Richey, T. Thompson, Wardlaw, D. Whitaker, Word, Wren, *E. Armstrong*

By: Senators J. Key, Bledsoe, E. Cheatham, J. Dismang, J. English, Hester, Holland, Irvin, D. Johnson, U. Lindsey, Maloch, B. Pierce, Rapert, B. Sample, Teague, R. Thompson, E. Williams, *Bookout, Caldwell, Files, J. Hutchinson, B. King, D. Sanders, G. Stubblefield, J. Woods, D. Wyatt*

## For An Act To Be Entitled

AN ACT TO EXTEND THE TIME FOR WHICH A PUBLIC SCHOOL OR SCHOOL DISTRICT MAY BE CLASSIFIED AS IN ACADEMIC, FISCAL, OR FACILITIES DISTRESS; TO ALLOW A PUBLIC SCHOOL TO BE CLASSIFIED AS IN ACADEMIC DISTRESS; TO MODIFY THE CRITERIA, SANCTIONS, AND PROCEDURES FOR A PUBLIC SCHOOL OR SCHOOL DISTRICT IN ACADEMIC, FISCAL, OR FACILITIES DISTRESS; TO PROVIDE FOR CAPACITY BUILDING AND INTERIM LEADERSHIP IN A PUBLIC SCHOOL OR SCHOOL DISTRICT IN ACADEMIC, FISCAL, OR FACILITIES DISTRESS; TO AMEND THE ARKANSAS OPPORTUNITY PUBLIC SCHOOL CHOICE ACT OF 2004; TO CLARIFY THE TERMINOLOGY OF THE ACADEMIC FACILITIES DISTRESS PROGRAM; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

## Subtitle

TO AMEND PROVISIONS OF LAW CONCERNING ACADEMIC, FISCAL, AND FACILITIES DISTRESS OF PUBLIC SCHOOLS AND SCHOOL DISTRICTS; AND TO DECLARE AN EMERGENCY.

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



1  
2 SECTION 1. Arkansas Code § 6-15-419(32), concerning the definition of  
3 "school district in academic distress" is amended to read as follows:

4 (32) "School or school district in academic distress" means any  
5 public school or school district failing to meet the minimum level of  
6 academic achievement on the state-mandated augmented, criterion-referenced,  
7 or norm-referenced assessments as required by the state board in the program;

8  
9 SECTION 2. Arkansas Code § 6-15-425 is amended to read as follows:

10 6-15-425. School improvement or academic distress.

11 ~~(a) Those public individual schools~~ A public school or school district  
12 identified by the Department of Education as failing to meet established  
13 levels of academic achievement shall be classified as being in:

14 (1) School improvement as required by the Arkansas  
15 Comprehensive Testing, Assessment, and Accountability Program, § 6-15-401, et  
16 seq., rules and regulations;

17 (2) Academic distress as required under § 6-15-428 – 6-15-431;  
18 or

19 ~~(b)(3) Those public school districts identified by the~~  
20 ~~department as failing to meet established levels of academic achievement~~  
21 ~~shall be classified as being either in school improvement or academic~~  
22 ~~distress, or both, Both,~~ Both, as required by the applicable program rules and  
23 regulations.

24  
25 SECTION 3. Arkansas Code § 6-15-428 is amended to read as follows:

26 6-15-428. Academic distress identification, notification,  
27 classification, and appeal.

28 (a) The school board president and superintendent of a school district  
29 in which the school district or a public school is identified by the  
30 Department of Education as being in academic distress shall be notified in  
31 writing by the department via certified mail, return receipt requested, and  
32 shall have a right of appeal to the State Board of Education.

33 (b) Any school district identified or in which a public school is  
34 identified in academic distress may appeal to the state board by filing a  
35 written appeal with the Commissioner of Education via certified mail, return  
36 receipt requested, within thirty (30) calendar days of receipt of the written

1 notice of academic distress status from the department.

2 (c)(1) The state board shall hear the appeal of the school district  
3 within sixty (60) days of receipt of the written appeal in the commissioner's  
4 office.

5 (2) The state board's determination shall be final except that a  
6 school district may appeal to Pulaski County Circuit Court under the Arkansas  
7 Administrative Procedure Act, § 25-15-201 et seq.

8 ~~Those school districts~~ A school district or public school  
9 identified by the department as being in academic distress shall be  
10 classified as a school district or public school in academic  
11 distress upon final determination by the state board.

12  
13 SECTION 4. Arkansas Code § 6-15-429 is amended to read as follows:

14 6-15-429. Academic distress – Required action.

15 (a) A Except as provided under subdivision (b)(3)(B) of this section  
16 and § 6-15-430(d), a public school or school district identified as in  
17 “academic distress” shall have no more than two (2) five (5) consecutive  
18 school years from the date of receipt of notice of identification from the  
19 Department of Education classification of academic distress status to be  
20 removed from academic distress status.

21 (b)(1) The State Board of Education may at any time take enforcement  
22 action on any school district in academic distress status, ~~including, but not~~  
23 ~~limited to,~~ including without limitation annexation, consolidation, or  
24 reconstitution of a school district pursuant to § 6-13-1401 et seq. and the  
25 authority of this subchapter, ~~except no.~~

26 (2) The state board may take enforcement action at any time on a  
27 public school in academic distress under this subchapter.

28 (3)(A) Except as provided under subdivision (b)(3)(B) of this  
29 section and § 6-15-430(d), a public school or school district shall not be  
30 allowed to remain in academic distress status for a time period greater than  
31 two (2) five (5) consecutive school years from the date of receipt of notice  
32 of identification classification of academic distress from the department  
33 status.

34 (B) The state board may grant additional time for a public  
35 school or school district to remove itself from academic distress by issuing  
36 a written finding supported by a majority of the state board explaining in



1 detail that the public school or school district could not remove itself from  
2 academic distress during the relevant time period due to impossibility caused  
3 by external forces beyond the control of the public school or school  
4 district.

5 (c) If a public school or school district classified as being in  
6 academic distress fails to be removed from academic distress status within  
7 the allowed ~~two-year~~ five-year time period and has not been granted  
8 additional time under subdivision (b)(3)(B) of this section, the state board  
9 shall annex, consolidate, or reconstitute the ~~academic distress public school~~  
10 or school district prior to before July 1 of the next school year ~~unless the~~  
11 ~~state board, at its discretion, issues a written finding supported by a~~  
12 ~~majority of the state board explaining in detail that the school district~~  
13 ~~could not remove itself from academic distress during the relevant time~~  
14 ~~period due to impossibility caused by external forces beyond the school~~  
15 ~~district's control.~~

16  
17 SECTION 5. Arkansas Code § 6-15-430 is amended to read as follows:

18 6-15-430. State Board of Education authority over ~~school~~ a public  
19 school or school district in academic distress.

20 (a) ~~The State Board of Education shall have the following authority~~  
21 ~~regarding any public~~ If a school district is classified as being in academic  
22 distress, the State Board of Education may:

23 (1) ~~To require the superintendent of the school district to~~  
24 ~~relinquish all authority with respect to the school district and to appoint~~  
25 ~~an individual to administratively operate the school district under the~~  
26 ~~supervision of the Commissioner of Education, with the cost to be paid from~~  
27 ~~school district funding~~ Remove permanently, reassign, or suspend on a  
28 temporary basis the superintendent of the school district and:

29 (A) Appoint an individual in place of the superintendent  
30 to administratively operate the school district under the supervision and  
31 approval of the Commissioner of Education; and

32 (B) Compensate from school district funds the individual  
33 appointed to operate the school district;

34 (2) ~~To suspend~~ Suspend or remove some or all of the current  
35 board of directors and call for the election of a new school board of  
36 directors for the school district, in which case the school district shall

1 reimburse the county board of election commissioners for election costs as  
2 otherwise required by law;

3 (3) ~~To allow~~ Require the school district to operate without ~~the~~  
4 ~~local school a~~ board of directors under the supervision of the ~~local school~~  
5 ~~district administration superintendent~~ or an ~~administration chosen~~ individual  
6 or panel appointed by the ~~Commissioner of Education~~ commissioner;

7 (4) ~~To waive~~ Waive the application of Arkansas law, with the  
8 exception of the Teacher Fair Dismissal Act of 1983, § 6-17-1501 et seq., and  
9 the Public School Employee Fair Hearing Act, § 6-17-1701 et seq., or the  
10 ~~Department of Education~~ corresponding state board rules and regulations;

11 (5) ~~To require~~ Require the annexation, consolidation, or  
12 reconstitution of the ~~public~~ school district; ~~and~~

13 (6) In the absence of a board of directors, direct the  
14 commissioner to assume all authority of the board of directors as may be  
15 necessary for the day-to-day governance of the school district;

16 (7) Return the administration of the school district to the  
17 former board of directors or to a newly elected board of directors if:

18 (A) The department certifies in writing to the state board  
19 and to the school district that the school district has corrected all issues  
20 that caused the classification of academic distress; and

21 (B) The state board determines that the school district  
22 has corrected all issues that caused the classification of academic distress;  
23 and

24 ~~(6)-(8)~~ Take any other necessary and proper action, as  
25 determined by the state board, that is allowed by law.

26 (b) If a public school is classified as being in academic distress,  
27 the state board may:

28 (1) Require the reorganization of the public school or  
29 reassignment of the administrative, instructional, or support staff of the  
30 public school;

31 (2) Require the public school to institute and fully implement a  
32 student curriculum and professional development for teachers and  
33 administrators that are based on state academic content and achievement  
34 standards, with the cost to be paid by the school district in which the  
35 public school is located;

36 (3) Require the principal of the public school to relinquish all

1 authority with respect to the public school;

2 (4) Waive the application of Arkansas law or the corresponding  
3 state board rules, with the exception of:

4 (A) The Teacher Fair Dismissal Act of 1983, § 6-17-1501 et  
5 seq.; and

6 (B) The Public School Employee Fair Hearing Act, § 6-17-  
7 1701 et seq.;

8 (5) Under The Teacher Fair Dismissal Act of 1983, § 6-17-1501 et  
9 seq., reassign or remove some or all of the licensed personnel of the public  
10 school and replace them with licensed personnel assigned or hired under the  
11 supervision of the commissioner;

12 (6) Remove the public school from the jurisdiction of the school  
13 district in which the public school is located and establish alternative  
14 public governance and supervision of the public school;

15 (7) Require closure or dissolution of the public school;

16 (8)(A) Remove permanently, reassign, or suspend on a temporary  
17 basis the superintendent of the school district in which the public school is  
18 located.

19 (B) If the state board takes an action under subdivision  
20 (b)(8)(A), it may appoint an individual in place of the superintendent to  
21 administratively operate the school district under the supervision and  
22 approval of the commissioner and compensate the appointed individual;

23 (9) Take one (1) or more of the actions under subsection (a) of  
24 this section concerning the public school district where the school is  
25 located;

26 (10) Return the administration of the school district to the  
27 former board of directors or to a newly elected board of directors if:

28 (A) The department certifies in writing to the state board  
29 and to the school district that the public school has corrected all issues  
30 that caused the classification of academic distress and that no public school  
31 within the school district is classified as being in academic distress; and

32 (B) The state board determines the public school has  
33 corrected all issues that caused the classification of academic distress and  
34 that no public school within the school district is classified as being in  
35 academic distress; and

36 (11) Take any other appropriate action allowed by law that the

1 state board determines is needed to assist and address a public school  
2 classified as being in academic distress.

3 ~~(b)(1)(c) Any~~ A student attending a public school or school district  
4 classified as being in academic distress ~~shall~~ is automatically ~~be~~ eligible  
5 and entitled pursuant to the ~~Arkansas Public School Choice Act of 1989, § 6-~~  
6 ~~18-206~~ Arkansas Opportunity Public School Choice Act of 2004, § 6-18-227, to  
7 transfer to another ~~geographically contiguous~~ public school or public school  
8 district not in academic distress during the time period that ~~a~~ the resident  
9 public school or public school district is classified as being in academic  
10 distress and, ~~therefore, not be required to file a petition by July 1 but~~  
11 ~~shall meet all other requirements and conditions of the Arkansas Public~~  
12 ~~School Choice Act of 1989, § 6-18-206.~~

13 (2) The cost of transporting the student from the resident  
14 district to the nonresident district shall be the cost of the resident  
15 district under § 6-18-227.

16 ~~(3) The nonresident district shall count the student for average~~  
17 ~~daily membership purposes.~~

18 (d) If the state board or the commissioner assumes authority over a  
19 public school district in academic distress under subsection (a) or  
20 subsection (b) of this section, the state board may pursue the following  
21 process for returning a public school district to the local control of its  
22 residents:

23 (1) During the second school year following a public school's or  
24 school district's classification of academic distress status, the state board  
25 shall determine the extent of the public school's or school district's  
26 progress toward correcting all criteria for being classified as in academic  
27 distress;

28 (2)(A) If the state board determines that sufficient progress  
29 has been made by a public school or school district in academic distress  
30 toward correcting all issues that caused the classification of academic  
31 distress, but the public school or school district has not yet resolved all  
32 issues that caused the classification of academic distress, the commissioner,  
33 with the approval of the state board, may appoint a community advisory board  
34 of either five (5) or seven (7) members to serve under the supervision and  
35 direction of the commissioner.

36 (B) The members of the community advisory board shall be

1 residents of the school district and shall serve on a voluntary basis without  
2 compensation.

3 (C) the department shall cause to be provided to the  
4 community advisory board technical assistance and training in, at a minimum,  
5 the areas required in § 6-13-629.

6 (D) The duties of a community advisory board include  
7 without limitation:

8 (i) Meeting monthly during a regularly scheduled  
9 public meeting with the state-appointed administrator regarding the progress  
10 of the public school or school district toward correcting all issues that  
11 caused the classification of academic distress;

12 (ii) Seeking community input from the residents of  
13 the school district regarding the progress of the public school or school  
14 district toward correcting all issues that caused the classification of  
15 academic distress;

16 (iii) Conducting hearings and making recommendations  
17 to the commissioner regarding personnel and student discipline matters under  
18 the appropriate district policies;

19 (iv) Working to build community capacity for the  
20 continued support of the school district; and

21 (v) Submitting quarterly reports to the commissioner  
22 and the state board regarding the progress of the public school or school  
23 district toward correcting all issues that caused the classification of  
24 academic distress.

25 (E) The members of the community advisory board shall  
26 serve at the pleasure of the commissioner until:

27 (i) The school district is returned to local control  
28 and a permanent board of directors is elected and qualified; or

29 (ii) The state board annexes, consolidates, or  
30 reconstitutes the school district under this section or under another  
31 provision of law;

32 (3)(A) By April 1 of each year following the appointment of a  
33 community advisory board under subdivision (d)(2) of this section, the state  
34 board shall determine the extent of the public school's or school district's  
35 progress toward correcting all issues that caused the classification of  
36 academic distress and shall:

1 (i) Allow the community advisory board to remain in  
2 place for one (1) additional year;

3 (ii) Return the school district to local control by  
4 calling for the election of a newly elected board of directors if:

5 (a) The department certifies in writing to the  
6 state board and to the school district that the public school or school  
7 district has corrected all issues that caused the classification of academic  
8 distress and that no public school within the school district is classified  
9 as being in academic distress; and

10 (b) The state board determines the public  
11 school or school district has corrected all issues that caused the  
12 classification of academic distress and that no public school within the  
13 school district is classified as being in academic distress; or

14 (iii) Annex, consolidate, or reconstitute the school  
15 district pursuant to this title.

16 (B) If the state board calls for an election of a new  
17 school district board of directors, the school district shall reimburse the  
18 county board of election commissioners for election costs as otherwise  
19 required by law.

20 (4) If the state board calls for an election of a new school  
21 district board of directors pursuant to subdivision (d)(3)(A)(ii) of this  
22 section, the commissioner, with the approval of the state board, may appoint  
23 an interim board of directors to govern the school district until a permanent  
24 school district board of directors is elected and qualified.

25 (A) The interim board of directors shall consist of either  
26 five (5) or seven (7) members.

27 (B) The members of the interim board of directors shall be  
28 residents of the school district and otherwise eligible to serve as school  
29 board members under applicable law.

30 (C) The members of the interim board of directors shall  
31 serve on a voluntary basis without compensation.

32 (e)(1) If, by the end of the fifth school year following the public  
33 school's or school district's classification of academic distress status, the  
34 public school or school district in academic distress has not corrected all  
35 issues that caused the classification of academic distress, the state board,  
36 after a public hearing, shall consolidate, annex, or reconstitute the school

1 district under this section.

2 (2) The state board may grant additional time for a public  
3 school or school district to remove itself from academic distress by issuing  
4 a written finding supported by a majority of the state board explaining in  
5 detail that the public school or school district could not remove itself from  
6 academic distress during the relevant time period due to impossibility caused  
7 by external forces beyond the control of the public school or school  
8 district.

9 (f) Nothing in this section shall be construed to prevent the  
10 department or the state board from taking any of the actions listed in this  
11 section at any time to address public schools and school districts in  
12 academic distress.

13  
14 SECTION 6. Arkansas Code § 6-15-431(a), concerning academic distress  
15 rules and regulations, is amended to read as follows:

16 (a) The State Board of Education shall promulgate rules and  
17 regulations as necessary to identify, evaluate, assist, and address public  
18 schools and school districts determined to be in academic distress.

19  
20 SECTION 7. Arkansas Code § 6-18-227(a)(2), concerning the Arkansas  
21 Opportunity Public School Choice Act of 2004, is amended to read as follows:

22 (2)(A) The purpose of this section is to provide enhanced  
23 opportunity for students in this state to gain the knowledge and skills  
24 necessary for postsecondary education, a technical education, or the world of  
25 work.

26 (B) The General Assembly:

27 (i) Recognizes that the Arkansas Constitution, as  
28 interpreted by the Arkansas Supreme Court in Lake View School District No. 25  
29 v. Huckabee, 351 Ark. 31 (2002), makes education a paramount duty of the  
30 state;

31 (ii) Finds that the Arkansas Constitution requires  
32 the state to provide an adequate education;

33 (iii) Further finds that a student should not be  
34 compelled against the wishes of the parent, guardian, or the student, if the  
35 student is over eighteen (18) years of age, to remain in a public school or  
36 school district designated as a level 1 school under § 6-15-2103 for two (2)

1 ~~or more consecutive years~~ classified by the State Board of Education as a  
2 public school or school district in academic distress under § 6-15-428; and

3 (iv) Shall make available a public school choice  
4 option in order to give a child the opportunity to attend a public school or  
5 school district that is ~~performing satisfactorily~~ not in academic distress.

6 ~~(C) This section shall take effect with the implementation~~  
7 ~~of school performance category levels.~~

8  
9 SECTION 8. Arkansas Code § 6-18-227(a)(4), concerning the Arkansas  
10 Opportunity Public School Choice Act of 2004, is amended to read as follows:

11 (4) A public school choice program is hereby established to  
12 enable any student to transfer from a ~~failing school to another public school~~  
13 ~~in the state~~ public school or school district classified by the state board  
14 as in academic distress to another public school or school district in the  
15 state that is not in academic distress, subject to the restrictions contained  
16 in this section.

17  
18 SECTION 9. Arkansas Code § 6-18-227(b)(1), concerning the Arkansas  
19 Opportunity Public School Choice Act of 2004, is amended to read as follows:

20 (b)(1) Upon the request of a parent, guardian, or the student, if the  
21 student is over eighteen (18) years of age, a student may transfer from his  
22 or her resident district or public school to another district or public  
23 school in accordance with the provisions of this section if:

24 (A) The resident public school or school district has been  
25 ~~designated pursuant to § 6-15-2103 as a level 1 school for two (2) or more~~  
26 ~~consecutive school years~~ classified by the state board as a public school or  
27 school district in academic distress; and

28 (B) The parent, guardian, or the student, if the student  
29 is over eighteen (18) years of age, has notified the Department of Education  
30 and both the sending and receiving school districts of the request for a  
31 transfer no later than July 30 of the first year in which the student intends  
32 to transfer.

33  
34 SECTION 10. Arkansas Code § 6-18-227(b)(3)(A) and (B), concerning the  
35 Arkansas Opportunity Public School Choice Act of 2004, is amended to read as  
36 follows:



1 (3)(A) For each student enrolled in or assigned to a public  
2 school or school district that has been classified by the state board as  
3 being in academic distress ~~designated as a level 1 school for two (2) or more~~  
4 ~~consecutive school years~~, a school district shall:

5 (i) Timely notify the parent, guardian, or the  
6 student, if the student is over eighteen (18) years of age, as soon as  
7 practicable after the designation is made, of all options available pursuant  
8 to this section; and

9 (ii) Offer the parent, guardian, or the student, if  
10 the student is over eighteen (18) years of age, an opportunity to enroll the  
11 student in any public school or school district that has not been ~~designated~~  
12 ~~by the state pursuant to § 6-15-2103 as a school performing higher than that~~  
13 ~~in which the student is currently enrolled or to which the student has been~~  
14 ~~assigned, but not less than annual performance category level 3~~ classified by  
15 the state board as being in academic distress. The opportunity to continue  
16 attending the ~~higher performing~~ public school or school district that is not  
17 in academic distress shall remain in force until the student graduates from  
18 high school.

19 (B)(i) The parent or guardian of a student enrolled in or  
20 assigned to a public school or school district that has been ~~designated as a~~  
21 ~~school in level 1 under § 6-15-2103 for two (2) or more consecutive years~~  
22 classified by the state board as being in academic distress may choose as an  
23 alternative to enroll the student in a legally allowable ~~category level 3 or~~  
24 ~~higher performing~~ public school not in academic distress that is nearest to  
25 the student's legal residence.

26 (ii) That school or school district shall accept the  
27 student and report the student for purposes of the funding pursuant to  
28 applicable state law.

29  
30 SECTION 11. Arkansas Code § 6-18-227(c)(2), concerning the Arkansas  
31 Opportunity Public School Choice Act of 2004, is amended to read as follows:

32 (2) Upon the transferring public school or school district's  
33 removal from academic distress status ~~receiving a category level 3 or higher~~  
34 ~~for its annual performance~~, the transportation costs shall no longer be the  
35 responsibility of the transferring district, and the student's transportation  
36 and the costs of the transportation shall be the responsibility of the

1 parents or the receiving school district if the receiving school district  
2 agrees to bear the transportation costs.

3  
4 SECTION 12. Arkansas Code § 6-18-227(i), concerning the Arkansas  
5 Opportunity Public School Choice Act of 2004, is amended to read as follows:

6 (i) For purposes of determining a school district's state ~~equalization~~  
7 ~~aid~~ funding, the nonresident student shall be counted as a part of the  
8 average daily membership of the district to which the student has  
9 transferred.

10  
11 SECTION 13. Arkansas Code § 6-20-1908(d) through (f), concerning the  
12 fiscal distress improvement plans, is amended to read as follows:

13 (d) ~~No~~ Except under § 6-20-1910(d), a school district shall not be  
14 allowed to remain in fiscal distress status for more than ~~two (2)~~ five (5)  
15 consecutive school years from the date that the school district was  
16 classified as being in fiscal distress status.

17 (e) Any school district classified as being in fiscal distress status  
18 shall be required to receive on-site technical evaluation and assistance from  
19 the department.

20 (f)(1) The department shall evaluate and make written recommendations  
21 to the district superintendent regarding staffing of the school district and  
22 fiscal practices of the school district.

23 (2) The written recommendations of the department shall be  
24 binding on the school district, the superintendent, and the school district  
25 board of directors.

26  
27 SECTION 14. Arkansas Code § 6-20-1908(i), concerning the fiscal  
28 distress improvement plans, is amended to read as follows:

29 (i) ~~The~~ Except under § 6-20-1910(d), the state board shall  
30 consolidate, annex, or reconstitute any school district that fails to remove  
31 itself from the classification of a school district in fiscal distress within  
32 ~~two (2)~~ five (5) consecutive school years of ~~receipt of notice of~~  
33 ~~identification~~ classification of fiscal distress status ~~by the department~~  
34 unless the state board, at its discretion, issues a written finding supported  
35 by a majority of the state board, explaining in detail that the school  
36 district could not remove itself from fiscal distress due to impossibility

1 caused by external forces beyond the school district's control.

2  
3 SECTION 15. Arkansas Code § 6-20-1909(a), concerning department fiscal  
4 distress actions, is amended to read as follows:

5 (a) In addressing school districts in fiscal distress, the ~~Department~~  
6 Commissioner of Education may:

7 ~~(1) Require the superintendent to relinquish all administrative~~  
8 ~~authority with respect to the school district; Remove permanently, reassign,~~  
9 ~~or suspend on a temporary basis the superintendent of the school district~~  
10 ~~and;~~

11 ~~(2)(A)~~ Appoint an individual in place of the superintendent to  
12 administratively operate the school district under the supervision and  
13 approval of the ~~Commissioner of Education~~ commissioner; and

14 ~~(B) to compensate~~ Compensate nondepartment agents  
15 operating the school district from school district funding;

16 (2) Suspend or remove some or all of the current board of  
17 directors and call for the election of a new board of directors for the  
18 school district, in which case the school district shall reimburse the county  
19 board of election commissioners for election costs as otherwise recognized by  
20 law;

21 ~~(3) Call for the temporary suspension of the local school board~~  
22 ~~of directors;~~

23 ~~(4)(3)~~ Require the school district to operate without a ~~local~~  
24 ~~school~~ board of directors under the supervision of the local superintendent  
25 or an individual or panel appointed by the commissioner;

26 (4) Waive the application of Arkansas law or the corresponding  
27 state board rules, with the exception of:

28 (A) The Teacher Fair Dismissal Act of 1983, § 6-17-1501 et  
29 seq.; and

30 (B) The Public School Employee Fair Hearing Act, § 6-17-  
31 1701 et seq.;

32 (5) Petition the State Board of Education for the annexation,  
33 consolidation, or reconstitution of the school district;

34 (6) In the absence of a school district board of directors,  
35 assume all authority of the board of directors as designated by the state  
36 board as may be necessary for the day-to-day governance of the school

1 district;

2 ~~(5)~~(7)(A) ~~Place~~ Return the administration of the school district  
3 ~~over~~ to the former board of directors or to a newly elected ~~school~~ board of  
4 directors; ~~or~~ if:

5 (i) The department certifies in writing to the state  
6 board and to the school district that the school district has corrected all  
7 issues that caused the classification of fiscal distress; and

8 (ii) The state board determines the school district  
9 has corrected all issues that caused the classification of fiscal distress.

10 (B) If the commissioner calls for an election of a new  
11 school district board of directors, the school district shall reimburse the  
12 county board of election commissioners for election costs as otherwise  
13 required by law;

14 (8) Otherwise reconstitute the school district; or

15 ~~(6)~~(9) Take any other action allowed by law that is deemed  
16 necessary to assist a school district in removing ~~criteria~~ the classification  
17 of fiscal distress.

18  
19 SECTION 16. Arkansas Code § 6-20-1910, concerning State Board of  
20 Education fiscal distress actions, is amended to add a new subsection to read  
21 as follows:

22 (d) If the Commissioner of Education assumes authority over a public  
23 school district in fiscal distress under subsection (a) of this section, the  
24 state board may pursue the following process for returning a public school  
25 district to the local control of its residents:

26 (1) During the second school year following a school district's  
27 classification as being in fiscal distress status, the state board shall  
28 determine the extent of the school district's progress toward correcting all  
29 issues that caused the classification of fiscal distress;

30 (2)(A) If the state board determines that sufficient progress  
31 has been made by a school district toward correcting all issues that caused  
32 the classification of fiscal distress, but the school district has not yet  
33 resolved all issues that caused the classification of fiscal distress, the  
34 commissioner, with the approval of the state board, may appoint a community  
35 advisory board of either five (5) or seven (7) members to serve under the  
36 supervision and direction of the commissioner.

1                   (B) The members of the community advisory board shall be  
2 residents of the school district and shall serve on a voluntary basis without  
3 compensation.

4                   (C) The Department of Education shall cause to be provided  
5 to the community advisory board technical assistance and training in, at a  
6 minimum, the areas required in § 6-13-629.

7                   (D) The duties of the community advisory board include  
8 without limitation:

9                   (i) Meeting monthly during a regularly scheduled  
10 public meeting with the state-appointed administrator regarding the progress  
11 of the public school or school district toward correcting all issues that  
12 caused the classification of fiscal distress;

13                   (ii) Seeking community input from the patrons of the  
14 school district regarding the progress of the public school or school  
15 district toward correcting all issues that caused the classification of  
16 fiscal distress;

17                   (iii) Conducting hearings and making recommendations  
18 to the commissioner regarding personnel and student discipline matters under  
19 the appropriate district policies;

20                   (iv) Working to build community capacity for the  
21 continued support of the school district; and

22                   (v) Submitting quarterly reports to the commissioner  
23 and the state board regarding the progress of the public school or school  
24 district toward correcting all issues that caused the classification of  
25 fiscal distress.

26                   (E) The members of the community advisory board shall  
27 serve at the pleasure of the commissioner until:

28                   (i) The school district is returned to local control  
29 and a permanent board of directors is elected and qualified; or

30                   (ii) The state board annexes, consolidates, or  
31 reconstitutes the school district under this section or under another  
32 provision of law;

33                   (3)(A) By April 1 of each year following the appointment of a  
34 community advisory board under subdivision (d)(2) of this section, the state  
35 board shall determine the extent of the school district's progress toward  
36 correcting all issues that caused the classification of fiscal distress and

1 shall:

2 (i) Allow the community advisory board to remain in  
3 place for one (1) additional year;

4 (ii) Return the school district to local control by  
5 calling for the election of a newly elected board of directors if:

6 (a) The department certifies in writing to the  
7 state board and to the school district that the school district has corrected  
8 all criteria for being placed into fiscal distress; and

9 (b) The state board determines the school  
10 district has corrected all criteria for being placed into fiscal distress; or

11 (iii) Annex, consolidate, or reconstitute the school  
12 district pursuant to this title.

13 (B) If the state board or commissioner calls for an  
14 election of a new school district board of directors, the school district  
15 shall reimburse the county board of election commissioners for election costs  
16 as otherwise required by law;

17 (4) If the state board calls for an election of a new school  
18 district board of directors pursuant to subdivision (d)(3)(A)(ii) of this  
19 section, the commissioner, with the approval of the state board, may appoint  
20 an interim board of directors to govern the school district until a permanent  
21 school district board of directors is elected and qualified.

22 (A) The interim board of directors shall consist of either  
23 five (5) or seven (7) members.

24 (B) The members of the interim board of directors shall be  
25 residents of the school district and otherwise eligible to serve as school  
26 board members under applicable law.

27 (C) The members of the interim board of directors shall  
28 serve on a voluntary basis without compensation.

29 (e)(1) If, by the end of the fifth school year following the school  
30 district's classification of fiscal distress status, the school district in  
31 fiscal distress has not corrected all issues that caused the classification  
32 of fiscal distress, the state board, after a public hearing, shall  
33 consolidate, annex, or reconstitute the school district under this section.

34 (2) The state board may grant additional time for a public  
35 school or school district to remove itself from fiscal distress by issuing a  
36 written finding supported by a majority of the state board explaining in

1 detail that the public school or school district could not remove itself from  
2 fiscal distress during the relevant time period due to impossibility caused  
3 by external forces beyond the control of the public school or school  
4 district.

5 (f) Nothing in this section shall be construed to prevent the  
6 department or the state board from taking any of the actions listed in § 6-  
7 20-1909 or this section at any time to address a school district in fiscal  
8 distress.

9  
10 SECTION 17. Arkansas Code § 6-21-803(5) and (6), concerning the  
11 definition of "facilities distress status", is amended to read as follows:

12 (5) "Facilities distress status" means a public school district  
13 ~~determined~~ identified by the Division of Public School Academic Facilities  
14 and Transportation as being in academic facilities distress status and  
15 classified by the Commission for Arkansas Public School Academic Facilities  
16 and Transportation as being in academic facilities distress status under this  
17 subchapter;

18 (6) "Facilities improvement plan" means a remedial plan  
19 developed by a school district for a public school or school district  
20 ~~identified~~ classified as being in academic facilities distress that  
21 supplements the school district's facilities master plan by:

22 (A) Identifying specific interventions and actions the  
23 public school or school district will undertake in order to correct deficient  
24 areas of practice with regard to custodial, maintenance, repair, and  
25 renovation activities with regard to academic facilities in the school  
26 district; and

27 (B) Describing how the school district will remedy those  
28 areas in which the school district is experiencing facilities distress,  
29 including the designation of the time period by which the school district  
30 will correct all deficiencies that placed the school district in facilities  
31 distress status;

32  
33 SECTION 18. Arkansas Code § 6-21-811(a) and (b), concerning the  
34 academic facilities distress program, is amended to read as follows:

35 (a) The Commission for Arkansas Public School Academic Facilities and  
36 Transportation shall ~~identify~~ classify a public school or school district as

1 being in academic facilities distress if the Division of Public School  
2 Academic Facilities and Transportation recommends and the commission concurs  
3 that the public school or school district has engaged in actions or inactions  
4 that result in any of the following:

5 (1) Any act or violation determined by the division to  
6 jeopardize any academic facility used by a public school or school district,  
7 including, but not limited to:

8 (A) Material failure to properly maintain academic  
9 facilities in accordance with this subchapter and rules adopted by the  
10 commission;

11 (B) Material violation of local, state, or federal fire,  
12 health, or safety code provisions or laws;

13 (C) Material violation of applicable building code  
14 provisions or law;

15 (D) Material failure to provide timely and accurate  
16 facilities master plans to the division;

17 (E) Material failure to comply with state law governing  
18 purchasing, bid requirements, or school-construction-related laws or rules in  
19 relation to academic facilities projects;

20 (F) Material default on any school district debt  
21 obligation; or

22 (G) Material failure to plan and progress satisfactorily  
23 toward accomplishing the priorities established by the division and the  
24 approved school district's facilities master plan; and

25 (2) Any other condition of an academic facility or facilities in  
26 a public school or school district that is determined by the division to have  
27 a detrimental impact on educational services provided by that public school  
28 or school district.

29 (b) The division shall provide written notice, via certified mail,  
30 return receipt requested, to the president of the ~~school~~ board of directors  
31 and the superintendent of the ~~public school or~~ school district identified or  
32 containing a school identified by the division as being in facilities  
33 distress.  
34

35 SECTION 19. Arkansas Code § 6-21-811(d) and (e), concerning the  
36 academic facilities distress program, is amended to read as follows:



1 (d)(1) A public school or school district ~~identified~~ classified by the  
2 commission as being in facilities distress shall develop a facilities  
3 improvement plan within thirty (30) days from the date of ~~receipt of the~~  
4 notice classification and promptly submit the facilities improvement plan to  
5 the division for review and approval.

6 (2) A public school or school district shall review and revise  
7 its facilities improvement plan on a periodic basis as determined by the  
8 division and submit the updated facilities improvement plan to the division  
9 in order for the division to determine whether the public school or school  
10 district is correcting its deficient areas of practice regarding academic  
11 facilities.

12 (3) A school district shall use facilities improvement plans as  
13 necessary to supplement and update its facilities master plan.

14 (e)(1) Every two (2) years ~~beginning February 1, 2009,~~ the division  
15 shall determine whether the progress of each school district complies with  
16 the school district's facilities master plan and shall notify the school  
17 district of any noncompliance.

18 (2) ~~Beginning on February 1, 2008, and each biennium thereafter~~  
19 Every two (2) years, the division shall review the applications made for the  
20 Academic Facilities Partnership Program established under § 6-20-2507, to  
21 identify any school district that did not apply for state funding for  
22 necessary facilities to meet adequacy requirements and shall notify the  
23 school district of any deficiencies.

24 (3) Within thirty (30) days of receiving the notice provided  
25 under subdivision (e)(1) or (e)(2) of this section, the school district shall  
26 submit a facilities improvement plan to the division for its review and  
27 approval that states how the school district will address the noncompliance  
28 issues contained in the notice.

29 (4) If the division does not approve the facilities improvement  
30 plan submitted by the school district, it shall identify the school district  
31 as being in facilities distress.

32 (5) A school district may appeal the ~~decision~~ identification of  
33 the division under this subsection to the commission pursuant to the  
34 procedures established by the commission;  
35

36 SECTION 20. Arkansas Code § 6-21-811(f)(1)(A)(ii), concerning the

1 academic facilities distress program, is amended to read as follows:

2 (ii) Thoroughly discuss and explain the sanctions  
3 and requirements that are available to the commission if the school district  
4 or a school within the district is identified classified by the commission as  
5 being in facilities distress under this section and § 6-21-812.

6  
7 SECTION 21. Arkansas Code § 6-21-811(g), concerning the academic  
8 facilities distress program, is amended to read as follows:

9 (g) When a school district is ~~identified~~ classified by the commission  
10 to be in facilities distress, the division may with the approval of the  
11 commission:

12 (1)(A) Provide on-site technical evaluation and assistance and  
13 make written recommendations to the school district superintendent regarding  
14 the care and maintenance of any academic facility in the school district.

15 (B) Any school district ~~identified~~ classified as being in  
16 facilities distress status shall accept on-site technical evaluation and  
17 assistance from the division.

18 (C) The written recommendations of the division are  
19 binding on the school district, the superintendent, and the ~~school~~ board of  
20 directors;

21 (2) ~~Require the superintendent to relinquish all administrative~~  
22 ~~authority with respect to the school district~~ Remove permanently, reassign,  
23 or suspend on a temporary basis the superintendent of the school district,  
24 and:

25 (A) Appoint an individual in place of the superintendent  
26 to administratively operate the school district under the supervision and  
27 approval of the Commissioner of Education; and

28 (B) Compensate from school district funds the individual  
29 appointed to operate the school district;

30 ~~(3)(A) Appoint an individual in place of the superintendent to~~  
31 ~~administratively operate the school district under the supervision and~~  
32 ~~approval of the Commissioner of Education, or his or her designee.~~

33 ~~(B) The division may direct the school district to~~  
34 ~~compensate from school district funds the individual appointed to operate the~~  
35 ~~school district;~~

36 ~~(4)~~ (3) Suspend or remove ~~any~~ some or all ~~members~~ of the current

1 board of directors and call for the election of a new ~~school~~ board of  
2 directors for the school district, in which case the school district shall  
3 reimburse the county board of election commissioners for election costs as  
4 otherwise required by law;

5 ~~(5)(4)~~ Require the school district to operate without a ~~local~~  
6 ~~school~~ board of directors under the supervision of the ~~local~~ superintendent  
7 or an individual or panel appointed by the commissioner;

8 ~~(6) Require the school district to operate without a local~~  
9 ~~school board of directors under the supervision of an individual or panel~~  
10 ~~appointed by the Commissioner of Education;~~

11 (5) Waive the application of Arkansas law or the corresponding  
12 state board rules and regulations, with the exception of:

13 (A) The Teacher Fair Dismissal Act of 1983, § 6-17-1501 et  
14 seq.; and

15 (B) The Public School Employee Fair Hearing Act, § 6-17-  
16 1701 et seq.;

17 (6) In the absence of a school district board of directors,  
18 direct the commissioner to assume all authority of the board of directors as  
19 may be necessary for the day-to-day governance of the school district;

20 (7)(A) Return the administration of the school district to the  
21 former board of directors or place the administration of the school district  
22 in a newly elected ~~school~~ board of directors if:

23 (i) The division certifies in writing to the  
24 commission and to the school district that the school district has corrected  
25 all issues that caused the classification of facilities distress; and

26 (ii) The commission determines the school district  
27 has corrected all issues that caused the classification of facilities  
28 distress.

29 (B) If the division calls for an election of a new school  
30 district board of directors, the school district shall reimburse the county  
31 board of election commissioners for election costs as otherwise required by  
32 law;

33 (8) Require school district staff and employees to attend  
34 training in areas of concern for the public school or school district;

35 (9)(A) Require a school district to cease all expenditures  
36 related to activities not described as part of an adequate education in § 6-

20-2302 and place money that would have been spent on the activities into an academic facilities escrow account to be released only upon approval by the division for use in conjunction with a local academic facilities project.

(B) School districts shall include a clause addressing this contingency in all contracts with personnel who are involved with activities not described as part of an adequate education;

(10) Notify the public school or school district in writing that the deficiencies regarding academic facilities shall be corrected within a time period designated by the division;

(11)(A) Petition the State Board of Education at any time for the consolidation, annexation, or reconstitution of a school district in facilities distress or take other appropriate action as allowed by this subchapter in order to secure and protect the best interest of the educational resources of the state or to provide for the best interest of students in the school district.

(B) The state board may approve the petition or take other appropriate action as allowed by this subchapter.

(C) The Except as set forth in subsection (m) or subdivision (g)(11)(D) of this section, the state board shall consolidate, annex, or reconstitute any school district that fails to remove itself from the classification of a school district in facilities distress within ~~two (2)~~ five (5) consecutive school years of ~~receipt of notice of identification classification~~ of facilities distress status ~~by the division.~~

(D) The state board may grant additional time for a public school or school district to remove itself from facilities distress by issuing a written finding supported by a majority of the state board explaining in detail that the public school or school district could not remove itself from facilities distress during the relevant time period due to impossibility caused by external forces beyond the control of the public school or school district;

(12) Correct the failure of a school district to complete its agreed plan or to pass the millage in the special election under subdivision (f)(2) of this section by contracting for and completing the necessary improvements under the agreed plan;

(13)(A) If the division recommends and the commission concurs that the academic facilities in the public school district in facilities

1     distress are inadequate to provide an adequate education, the state board may  
2     dissolve the school district and transfer students to public schools in other  
3     public school districts.

4                     (B) The state board shall assign the public school  
5     district's territory, property, and debt; and

6                     (14) Take any other action allowed by law that is deemed  
7     necessary to assist a public school or school district in ~~removing criteria~~  
8     correcting the issues that the classification of facilities distress, to  
9     secure and protect the best interest of the educational resources of the  
10    state, or to provide for the best interest of students in the school  
11    district.

12  
13     SECTION 22. Arkansas Code § 6-21-811(k)(1)(A), concerning the academic  
14     facilities distress program, is amended to read as follows:

15                     (k)(1)(A) If a school district is ~~identified~~ classified by the  
16     commission as being in facilities distress and has immediate repairs, growth,  
17     or suitability improvement issues, the division, in addition to any other  
18     remedy under this section and § 6-21-812, may provide a loan to the school  
19     district to be repaid from any funds available that are not required to  
20     provide an adequate education.

21  
22     SECTION 23. Arkansas Code § 6-21-811, concerning the academic  
23     facilities distress program, is amended to add two new subsections as  
24     follows:

25                     (m) If the division or commissioner assumes authority over a public  
26     school district in facilities distress under subsection (g) of this section,  
27     the commission may pursue the following process for returning a public school  
28     district to the local control of its residents:

29                     (1) During the second school year following a school district's  
30     classification as being in facilities distress status, the commission shall  
31     determine the extent of the school district's progress toward correcting all  
32     issues that caused the classification of facilities distress;

33                     (2)(A) If the commission determines that sufficient progress has  
34     been made by a school district toward correcting all criteria for being  
35     classified as in facilities distress, but the school district has not yet  
36     resolved all issues that caused the classification of facilities distress,

1 the commissioner, with the approval of the commission, may appoint a  
2 community advisory board of either five (5) or seven (7) members to serve  
3 under the supervision and approval of the commissioner.

4 (B) The members of the community advisory board shall be  
5 residents of the school district and shall serve on a voluntary basis without  
6 compensation.

7 (C) The Department of Education shall cause to be provided  
8 to the community advisory board technical assistance and training in, at a  
9 minimum, the areas required in § 6-13-629.

10 (D) The duties of the community advisory board include  
11 without limitation:

12 (i) Meeting monthly during a regularly scheduled  
13 public meeting with the state-appointed administrator regarding the progress  
14 of the school or school district toward correcting all issues that caused the  
15 classification of facilities distress;

16 (ii) Seeking community input from the residents of  
17 the school district regarding the progress of the school or school district  
18 toward correcting all issues that caused the classification of facilities  
19 distress;

20 (iii) Conducting hearings and making recommendations  
21 to the commissioner regarding personnel and student discipline matters as set  
22 forth in the appropriate district policies;

23 (iv) Working to build community capacity for the  
24 continued support of the school district; and

25 (v) Submitting quarterly reports to the commissioner  
26 and the commission regarding the progress of the school or school district  
27 toward correcting all issues that caused the classification of facilities  
28 distress.

29 (E) The members of the community advisory board shall  
30 serve at the pleasure of the commissioner until:

31 (i) The school district is returned to local control  
32 and a permanent school district board of directors is elected and qualified;  
33 or

34 (ii) The state board, upon petition of the  
35 commission or division annexes, consolidates or reconstitutes the school  
36 district pursuant to this title or under another provision of law;

1           (3) By April 1 of each year following the appointment of a  
2 community advisory board pursuant to subdivision (m)(2) of this section, the  
3 commission shall determine the extent of the school district's progress  
4 toward correcting all criteria for being classified as in facilities distress  
5 and shall:

6                   (A) Allow the community advisory board to remain in place  
7 for an additional year;

8                   (B) Return the school district to local control by calling  
9 for the election of a newly elected school district board of directors if:

10                   (i) The division certifies in writing to the  
11 commission and to the school district that the school district has corrected  
12 all issues that caused the classification of facilities distress; and

13                   (ii) The commission determines the school district  
14 has corrected all issues that caused the classification of facilities  
15 distress.

16                   (iii) If the division or commission calls for an  
17 election of a new school district board of directors, the school district  
18 shall reimburse the county board of election commissioners for election costs  
19 as otherwise required by law; or

20                   (C) Petition the state board for the annexation,  
21 consolidation, or reconstitution of the school district under this section;

22                   (4)(A) If the division, with the approval of the commission,  
23 calls for an election of a new school district board of directors pursuant to  
24 subdivision (g)(7) of this section, the commissioner, with the approval of  
25 the commission, may appoint an interim board of directors to govern the  
26 school district until a permanent school district board of directors is  
27 elected and qualified.

28                   (B) The interim board of directors shall consist of either  
29 five (5) or seven (7) members.

30                   (C) The members of the interim board of directors shall be  
31 residents of the school district and otherwise eligible to serve as board  
32 members under applicable law.

33                   (D) The members of the interim board of directors shall  
34 serve on a voluntary basis without compensation.

35                   (n)(1) If, by the end of the fifth school year following the school  
36 district's classification of facilities distress status, the school district

1 in facilities distress has not corrected all issues that caused the  
2 classification of facilities distress, the state board, upon petition from  
3 the commission or division and after a public hearing, shall consolidate,  
4 annex, or reconstitute the school district under this section.

5 (2) The state board may grant additional time for a public  
6 school or school district to remove itself from facilities distress by  
7 issuing a written finding supported by a majority of the state board  
8 explaining in detail that the public school or school district could not  
9 remove itself from facilities distress during the relevant time period due to  
10 impossibility caused by external forces beyond the control of the public  
11 school or school district.

12 (o) This section does not prevent the division, commission, or state  
13 board from taking any of the actions listed in this section at any time to  
14 address a public school or school district in facilities distress.

15  
16 SECTION 24. EMERGENCY CLAUSE. It is found and determined by the  
17 General Assembly of the State of Arkansas that it is the state's  
18 constitutional obligation to provide a general, suitable, and efficient free  
19 system of public schools in the state; that state oversight and intervention  
20 into distressed school districts is critical to the delivery of a  
21 constitutionally adequate education; and that the changes made in this act  
22 are immediately necessary for the state to meet this constitutional  
23 obligation. Therefore, an emergency is declared to exist, and this act being  
24 immediately necessary for the preservation of the public peace, health, and  
25 safety shall become effective on:

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

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

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

32  
33 */s/Perry*

34  
35  
36 **APPROVED: 04/04/2013**



**Arkansas Department of Education  
Pulaski County Special School District  
Unrestricted Funds Expenditure Report**

6

**Unrestricted Funds:**

1000|1001|1018|1034|1035|1068|1082|1084|1150|1218|1227|1240|1244|1246|1265|1290|1365|1373|1383|1387|1900|1903|2000|2001|2002|2003|2004|2005|2006|2007|2008|2009|2010|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2021|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2037|2038|2039|2040|2041|2042|2043|2044|2045|2046|2047|2048|2049|2050|2051|2052|2053|2054|2055|2056|2057|2058|2059|2060|2061|2062|2063|2064|2065|2066|2067|2068|2069|2070|2071|2072|2073|2082|2084|2150|2204|2213|2218|2219|2225|2227|2229|2232|2234|2240|2244|2246|2250|2255|2260|2265|2271|2290|2300|2330|2331|2340|2361|2362|2365|2373|2376|2383|2386|2387|2388|2392|2394|2396|2398|2399|2900|2901|2903|2995|4000

**Expenditures:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
61110	REG EMPLOYEES-CERTIFIED	63,288,953	58,142,751	58,036,561	23,269,422	34,767,139
61111	BUS DUTY MONITORS	347,680	9,158	12,175	752	11,423
61115	CERTIFIED ADMINISTRATORS	9,180,791	8,979,976	9,496,087	4,063,129	5,432,958
61117	STAFF DEV-CERT TEACHERS	961,907	497,075	260,990	91,407	169,583
61118	STAFF DEV-CERT ADMINIST	5,269	9,879	14,434	14,434	0
61119	DEPARTMENTAL CHAIRPERSON	55,218	50,332	50,357	26,215	24,142
61120	REG EMPLOYEES-CLASSIFIED	16,108,664	14,423,733	13,061,572	6,094,374	6,967,198
61121	STAFF DEV-CLASSIFIED	280,275	167,896	94,951	38,710	56,241
61122	CLASSIFIED CUSTODIANS	1,826,136	1,859,060	1,780,026	924,773	855,253
61123	CLASSF CAFETERIA MONITORS	500,169	265,572	276,009	128,656	147,353
61124	BUS MONITORS CLASSIFIED	50,006	38,514	37,928	12,000	25,928
61125	CLASSIFIED ADMINISTRATIVE	956,899	1,031,105	1,084,098	591,541	492,557
61126	CLASSIFIED PROFESSIONAL	5,423,762	7,035,223	9,378,937	4,024,264	5,354,673
61160	NON-CERT CAFE MANAGERS	0	0	0	0	0
61210	TEMP-CERTIFIED	140	44,516	113,557	4,959	108,598
61211	PART-TIME CERTIFIED	63,798	13,018	5,459	12,922	(7,463)
61220	TEMP-CLASSIFIED	1,386,744	762,346	1,277,552	452,118	825,434
61320	OVERTIME-CLASSIFIED	61,648	50,309	96,160	77,551	18,609
61321	OVERTIME-MAINTENANCE	12,668	19,567	0	1,415	(1,415)
61322	OVERTIME-CUSTODIANS	435	749	3,000	1,216	1,784
61340	DO NOT USE	0	0	0	0	0
61510	STIPEND-CERTIFIED	333,696	264,461	363,484	1,778,738	(1,415,254)
61511	ATTENDANCE INCENTIVE-CERT	44,203	0	0	0	0
61512	ATTEND INC-CERT ADMINIST	8,900	0	0	0	0
61520	STIPEND-CLASSIFIED	20,760	15,933	5,000	1,277,513	(1,272,513)
61521	ATTENDENCE INCENTIVE CLAS	51,520	400	0	0	0
61522	BUS DRIVER EXTRA DUTY PAY	963,862	1,021,833	1,059,002	326,662	732,340
61610	WORKSHOPS CERTIFIED	0	10,546	0	0	0
61620	WORKSHOPS CLASSIFIED	0	0	0	0	0
61710	SUBSTITUTES-CERTIFIED	1,730,898	1,622,441	0	115,963	(115,963)
61720	SUBSTITUTES-CLASSIFIED	506,387	462,582	73,926	102,679	(28,753)
61810	UNUSED SICK-CERT TEACHERS	456,431	86,124	0	(188)	188
61811	UNUSED SICK-CERT ADMIN	33,450	18,713	0	0	0
61820	UNUSED SICK-CLASS REGULAR	33,431	171,335	41,450	21,488	19,963
61830	CERT UNUSED VAC LEAVE	0	0	19,678	19,678	0
61910	SEVERANCE-CERT TEACHERS	989,942	30,583	0	0	0
61911	SEVERANCE-CERT ADMINIST	0	0	0	0	0
61920	SEVERANCE-CLASSIFIED	140,869	0	0	0	0
61942	VACATION PAY-CLASSIFIED	0	0	0	0	0
61960	UNUSED VACATION CRT	10,839	9,999	43,567	0	43,567
61961	UNUSED VACATION CLASSIFD	99,868	50,851	10,963	2,199	8,764
62110	GROUP INSUR-CERTIFIED	1,325,406	0	0	0	0
62120	GROUP INSUR-CLASSIFIED	850,164	9,103	0	0	0
62210	SOCIAL SECURITY-CERTIFIED	4,548,031	4,056,354	4,332,066	1,723,333	2,608,733
62220	SOCIAL SECURITY-CLASS	1,819,041	1,740,628	1,741,633	844,454	897,179
62260	MEDICARE-CERTIFIED	1,064,490	950,555	1,013,695	404,794	608,900
62270	MEDICARE-CLASSIFIED	425,974	407,707	405,240	198,108	207,132
62310	TEACH RET CONT-CERTIFIED	10,589,609	9,486,246	9,757,130	4,086,390	5,670,740
62320	TEACH RET CONT-CLASSIFIED	4,124,159	4,045,818	3,877,918	1,957,391	1,920,526
62410	TUITION REIMBURSE-CERT	326	0	0	0	0

**Arkansas Department of Education  
Pulaski County Special School District  
Unrestricted Funds Expenditure Report**

7

**Unrestricted Funds:**

1000|1001|1018|1034|1035|1068|1082|1084|1150|1218|1227|1240|1244|1246|1265|1290|1365|1373|1383|1387|1900|1903|2000|2001|2002|2003|2004|2005|2006|2007|2008|2009|2010|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2021|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2037|2038|2039|2040|2041|2042|2043|2044|2045|2046|2047|2048|2049|2050|2051|2052|2053|2054|2055|2056|2057|2058|2059|2060|2061|2062|2063|2064|2065|2066|2067|2068|2069|2070|2071|2072|2073|2082|2084|2150|2204|2213|2218|2219|2225|2227|2229|2232|2234|2240|2244|2246|2250|2255|2260|2265|2271|2290|2300|2330|2331|2340|2361|2362|2365|2373|2376|2383|2386|2387|2388|2392|2394|2396|2398|2399|2900|2901|2903|2995|4000

**Expenditures:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
62510	UNEMPLOYMENT COMP-CERT	268,205	226,566	200,000	37,571	162,429
62520	UNEMPLOYMENT COMP-CLASS	35,464	226,566	200,000	37,571	162,429
62610	WORKER'S COMP-CERTIFIED	432,128	133,148	174,038	65,363	108,674
62620	WORKER'S COMP-CLASSIFIED	57,258	254,791	313,050	145,179	167,871
62710	CERTIFIED B C B S	2,420,126	3,129,190	3,100,177	1,294,395	1,805,782
62711	CERTIFIED-DELTA DENTAL	58,381	0	0	0	0
62712	DELTA DENTAL-24 CERT	144,802	333,035	342,187	135,572	206,615
62713	DELTA VISION-24,CERT	19,391	44,131	44,628	17,657	26,970
62714	LINCOLN LTD-24, CERT	49,668	110,831	111,052	54,001	57,052
62715	LINCOLN STD-24, CERT	49,255	111,418	113,120	43,966	69,155
62716	LINCOLN BASIC LADD-24 CER	9,533	21,747	22,112	8,760	13,352
62720	CLASSIFIED-B C B S	1,463,499	1,954,987	1,966,527	1,027,826	938,701
62721	CLASSIFIED-DELTA DENTAL	59,305	7,618	0	2,283	(2,283)
62722	DELTA DENTAL-24 CLASS	94,669	241,293	255,814	103,886	151,929
62723	DELTA VISION-24 CLASS	12,644	31,845	33,271	13,470	19,801
62724	LINCOLN LTD-24, CLASS	15,824	39,645	41,661	20,885	20,776
62725	LINCOLN STD-24, CLASS	15,675	39,615	42,323	17,354	24,969
62726	LINCOLN BASIC LADD 24 CLA	6,100	15,397	16,092	6,500	9,592
62820	PUBLIC RETIRE CONTR-CLASS	28,217	18,707	17,742	8,183	9,559
62910	CLASSIFIED-DIST CONTRIB	0	0	0	0	0
62911	CERTIFIED-LIFE INSURANCE	16,095	0	0	0	0
62912	CLASSIFIED-LIFE INSURANCE	0	0	0	0	0
62920	CLASSIFIED-DIST CONTRIB	0	0	0	0	0
62921	CLASSIFIED-LIFE INSURANCE	11,426	76	0	0	0
<b>Salaries &amp; Benefits Totals</b>		<b>135,951,082</b>	<b>124,803,595</b>	<b>124,818,397</b>	<b>55,729,482</b>	<b>69,088,915</b>
63110	STAFF SERVICE	16,470	16,470	20,500	0	20,500
63111	SUBSTITUTE STAFF SERVICE	16,868	16,419	10,000	0	10,000
63120	MANAGEMENT SERVICE CONSUL	2,000	0	0	0	0
63210	PROF ED-INSTRUCT SER	157,256	80,236	272,208	29,844	242,364
63220	PUR SERV-CERT SUB	0	0	1,675,129	870,502	804,627
63230	CONSULTING-EDUCATIONAL	2,400	7,700	3,000	900	2,100
63310	PROF EMP TR&DEV - CERT	27,037	34,458	45,362	15,438	29,924
63320	PROF EMP TR&DEV - CLASS	39,502	24,548	51,823	1,682	50,141
63410	PUPIL SERVICES	0	24,500	41,000	12,692	28,308
63420	ENGINEERING	450	0	403	0	403
63430	ACCOUNTING	15,566	15,500	103,648	7,500	96,148
63431	AUDIT SERVICES	2,500	0	5,000	0	5,000
63441	LEGAL-LITIGATION:DEFENSE	39,787	55,849	403,383	233,782	169,601
63445	LEGAL-RESEARCH & OPINIONS	602,295	332,472	120,617	7,373	113,245
63450	MEDICAL	0	0	1,995	0	1,995
63460	INFORMATION TECHNOLOGY	88,640	58,412	0	0	0
63470	ARCHITECTURAL	0	0	1,843	0	1,843
63490	OTHER PROFESSIONAL SERVIC	121,267	92,115	109,004	45,572	63,432
63530	SFTWR SUPP	23,722	2,170	69,077	54,808	14,269
63590	OTHER TECHNICAL SERVICES	104,727	60,715	197,062	146,401	50,661
63900	OTHER PURC PROF/TECH SVS	579,637	570,110	732,740	325,191	407,549
64110	WATER/SEWER	360,869	432,453	499,694	284,792	214,902
64210	DISPOSAL/SANATATION	300,015	297,329	308,400	73,892	234,508
64230	CUSTODIAL	0	5,144	205,576	88,571	117,004
64240	LAWN CARE	386,701	333,470	479,570	428,857	50,714

**Arkansas Department of Education  
Pulaski County Special School District  
Unrestricted Funds Expenditure Report**

8

**Unrestricted Funds:**

1000|1001|1018|1034|1035|1068|1082|1084|1150|1218|1227|1240|1244|1246|1265|1290|1365|1373|1383|1387|1900|1903|2000|2001|2002|2003|2004|2005|2006|2007|2008|2009|2010|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2021|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2037|2038|2039|2040|2041|2042|2043|2044|2045|2046|2047|2048|2049|2050|2051|2052|2053|2054|2055|2056|2057|2058|2059|2060|2061|2062|2063|2064|2065|2066|2067|2068|2069|2070|2071|2072|2073|2082|2084|2150|2204|2213|2218|2219|2225|2227|2229|2232|2234|2240|2244|2246|2250|2255|2260|2265|2271|2290|2300|2330|2331|2340|2361|2362|2365|2373|2376|2383|2386|2387|2388|2392|2394|2396|2398|2399|2900|2901|2903|2995|4000

**Expenditures:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
64310	NON-TECH REPAIRS & MAINT	3,116,360	1,865,948	1,586,241	1,077,569	508,672
64312	HELMET REPAIR	0	6,092	22,060	7,826	14,234
64320	TECH REPAIRS & MAINT.	130,885	85,797	142,079	42,395	99,684
64410	RENT OF LAND/BUILDINGS	159,730	127,500	62,236	29,136	33,100
64420	RENTAL OF EQUIPMENT	570,941	699,750	744,628	340,262	404,365
64430	RENTAL/LEASE OF COMPUTERS	0	0	0	0	0
64500	CONSTRUCTION SERVICES	39,363	117,807	647,167	219,082	428,085
64900	OTHER PURC PROPERTY SVS	75,989	58,898	92,776	14,847	77,929
65190	FROM OTHER SOURCES	2,000	1,500	5,600	3,028	2,572
65210	PROPERTY INSURANCE	1,321,265	1,328,939	1,480,719	1,738,492	(257,773)
65240	FLEET INSURANCE	234,942	234,946	247,659	265,116	(17,457)
65250	ATHLETIC INSURANCE	87,024	79,427	78,927	86,556	(7,629)
65290	OTHER INSURANCE	33,434	105,208	104,682	48,619	56,063
65300	COMMUNICATIONS	0	0	0	0	0
65310	TELEPHONE EXPENSE	391,636	334,267	385,539	121,839	263,701
65320	POSTAGE EXPENSE	66,381	49,148	47,677	25,092	22,585
65330	NETWORKING/INTERNET SERV	4,212	203,995	106,059	12,706	93,352
65331	DIS I TECHNOLOGY	0	120,889	250,000	85,416	164,584
65400	ADVERTISING	89,117	95,905	136,686	57,621	79,064
65500	PRINTING & BINDING	47,627	44,533	70,384	29,599	40,785
65610	TUITION	4,011,230	3,032,007	3,000,000	966,689	2,033,311
65640	INTERM AGENCY-IN STATE	2,434,959	2,293,387	2,308,985	479,686	1,829,299
65650	INTERM AGENCY-OUT OF STATE	9,480	0	67,430	3,180	64,250
65690	OTHER TUITION	0	0	0	0	0
65810	CERT-IN DISTRICT	45,456	34,658	68,636	20,291	48,345
65820	CLASS-IN DISTRICT	12,072	15,001	41,385	12,086	29,299
65830	CERT-OUT OF DISTRICT	20,213	18,105	39,101	2,103	36,998
65840	CLASS-OUT OF DISTRICT	6,495	7,721	10,843	1,558	9,285
65850	CERT-OUT OF STATE	14,435	14,703	10,123	1,999	8,123
65860	CLASS-OUT OF STATE	1,424	4,497	5,900	5,865	35
65870	TRAVEL-NON EMPLOYEE LOCAL	5,208	24,823	38,889	491	38,398
65871	FIELD TRIPS	11,716	1,845	18,286	0	18,286
65872	ATHLETIC TRAVEL	0	0	0	0	0
65880	MEALS	0	310	0	31	(31)
65890	LODGING	0	2,051	0	244	(244)
65900	MISC PURC SVS	13,988	152,037	162,387	1,872	160,515
65910	SVS PURCHASED LOCALLY	129,900	62,450	62,450	31,225	31,225
66100	GENERAL SUPPLIES	1,899,998	2,459,103	3,469,670	1,180,987	2,288,683
66101	CUSTODIAL SUPPLIES	240,696	281,214	277,038	177,124	99,914
66105	NORM REFERENCED TESTING	1,994	3,090	3,370	421	2,949
66107	LOW VALUE EQUIP SUPPLIES	1,415	78,909	87,615	80,183	7,432
66108	FURNITURE	0	0	142,998	69,350	73,648
66110	MANDATED CLASSROOM SUPPLY	308,811	300,623	383,254	140,076	243,179
66111	MEDIA SUPPLIES	1,036	941	4,458	169	4,289
66112	MINI GRANT	5,563	182	0	0	0
66115	COPY PAPER	0	0	0	0	0
66210	NATURAL GAS	410,865	400,068	435,408	90,570	344,838
66220	ELECTRICITY	1,913,562	1,926,369	1,961,733	1,175,656	786,077
66240	OIL	27,285	28,114	27,500	11,390	16,110
66260	GASOLINE/DIESEL	2,026,531	2,108,800	2,197,943	881,594	1,316,349

**Arkansas Department of Education  
Pulaski County Special School District  
Unrestricted Funds Expenditure Report**

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**Unrestricted Funds:**

1000|1001|1018|1034|1035|1068|1082|1084|1150|1218|1227|1240|1244|1246|1265|1290|1365|1373|1383|1387|1900|1903|2000|2001|2002|2003|2004|2005|2006|2007|2008|2009|2010|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2021|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2037|2038|2039|2040|2041|2042|2043|2044|2045|2046|2047|2048|2049|2050|2051|2052|2053|2054|2055|2056|2057|2058|2059|2060|2061|2062|2063|2064|2065|2066|2067|2068|2069|2070|2071|2072|2073|2082|2084|2150|2204|2213|2218|2219|2225|2227|2229|2232|2234|2240|2244|2246|2250|2255|2260|2265|2271|2290|2300|2330|2331|2340|2361|2362|2365|2373|2376|2383|2386|2387|2388|2392|2394|2396|2398|2399|2900|2901|2903|2995|4000

**Expenditures:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
66300	FOOD	0	18,154	0	10,666	(10,666)
66410	TEXTBOOKS	1,052,924	1,005,339	1,161,769	698,151	463,618
66411	ETESTBOOKS	0	0	1,305	1,215	90
66420	LIBRARY BOOKS	125,236	116,735	127,208	37,536	89,672
66430	PERIODICALS	8,564	6,438	16,396	3,906	12,490
66440	AUDIOVISUAL MATERIALS	24,404	23,501	31,016	6,884	24,132
66500	TECHNOLOGY SUPPLIES	0	0	4,970	4,970	0
66510	SOFTWARE	37,461	13,221	27,096	14,668	12,428
66512	TABLET COMPUTERS	0	0	5,000	1,380	3,620
66520	OTHER	0	6,757	6,386	0	6,386
66527	LOW VALUE EQUIP TEC SUPPL	254,105	334,818	634,993	355,937	279,055
66600	BUILDING MATERIALS	0	143	5,500	0	5,500
66700	WAREHOUSE INVENT ADJUST	0	184,485	0	(15,395)	15,395
66900	OTHER SUPPLIES & MATERIAL	0	250	135	0	135
66910	TIRES AND TUBES	122,721	154,641	124,750	46,849	77,901
67100	LAND & IMPROVEMENTS	0	0	0	0	0
67200	BUILDING	0	0	0	64,342	(64,342)
67300	EQUIPMENT	0	0	0	0	0
67310	GENERAL EQUIPMENT\MACH	4,872	7,518	13,000	11,990	1,010
67320	VEHICLES	173,695	2,083,060	2,170,673	1,977,698	192,975
67330	FURNITURE & FIXTURES	18,339	3,631	80,115	35,885	44,230
67340	TECH RELATED HARDWARE	129,004	1,025,963	708,620	372,452	336,168
67350	TECHNOLOGY SOFTWARE	15,054	14,155	53,312	13,567	39,744
67390	OTHER EQUIPMENT	208,014	577,444	680,069	423,674	256,396
68100	DUES AND FEES	112,611	80,771	121,153	52,995	68,158
68200	JUDGMENTS AGAINST LEA	149,418	875,000	0	0	0
68300	INTEREST-REGULAR ACTIVITY	6,230,034	5,718,410	5,797,634	5,793,689	3,945
68400	INDIRECT COST	0	0	0	0	0
68600	PENALTY AND INTEREST	20,552	13,665	0	(13,665)	13,665
68700	OUT OF COURT SETTLEMENTS	250	0	0	0	0
68800	TAXES	0	0	0	0	0
68820	IMPROVEMENT TAX	0	0	20,512	1,359	19,153
68830	PROPERTY TAX	0	41,064	0	0	0
68900	MISCELLANEOUS EXPENDITURE	806	12,170	32,311	7,772	24,539
68910	STUDENT INCENTIVES	0	0	3,500	3,300	200
68999	ALLOCATED CHARGES	(42,985)	(1,433)	1,394	(7,218)	8,612
69100	REDEMPTION OF PRINCIPAL	3,369,034	3,639,204	4,058,909	4,014,588	44,321
69330	TRANSFER TO BUILDING FUND	11,584,222	4,306,174	4,904,013	0	4,904,013
69360	TO FEDERAL GRANTS FUND	0	0	0	0	0
69370	TRANSFER TO STUDENT ACT	0	0	0	0	0
69380	TRANSFER TO FOOD SERVICE	603,448	360,602	294,313	0	294,313
69400	PROG RETURN-PRIOR YEAR	0	0	213,226	97,063	116,163
69401	FUNDING RETURN	0	0	0	0	0
<b>Other Expenditure Totals</b>		<b>47,014,728</b>	<b>41,893,508</b>	<b>47,692,833</b>	<b>26,184,096</b>	<b>21,508,737</b>
<b>Overall Expenditure Totals</b>		<b>182,965,810</b>	<b>166,697,103</b>	<b>172,511,230</b>	<b>81,913,578</b>	<b>90,597,652</b>

**Arkansas Department of Education  
Pulaski County Special School District  
Unrestricted Funds Revenue Report**

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**Unrestricted Funds:**

1000|1001|1018|1034|1035|1068|1082|1084|1150|1218|1227|1240|1244|1246|1265|1290|1365|1373|1383|1387|1900|1903|2000|2001|2002|2003|2004|2005|2006|2007|2008|2009|2010|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2021|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2037|2038|2039|2040|2041|2042|2043|2044|2045|2046|2047|2048|2049|2050|2051|2052|2053|2054|2055|2056|2057|2058|2059|2060|2061|2062|2063|2064|2065|2066|2067|2068|2069|2070|2071|2072|2073|2082|2084|2150|2204|2213|2218|2219|2225|2227|2229|2232|2234|2240|2244|2246|2250|2255|2260|2265|2271|2290|2300|2330|2331|2340|2361|2362|2365|2373|2376|2383|2386|2387|2388|2392|2394|2396|2398|2399|2900|2901|2903|2995|4000

**Revenue:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in Budget and FY14 YTD
11110	PROPERTY TAXES-CURRENT	58,825,393	46,078,302	47,810,232	46,691,242	1,118,990
11115	TAX RELIEF SALES TAX	0	0	0	0	0
11120	PROPERTY TAX-40% BY 6/30	41,261,607	41,557,015	42,388,155	0	42,388,155
11140	PROPERTY TAX-DELINQUENT	5,767,740	4,863,918	4,863,918	2,693,687	2,170,231
11150	EXCESS COMMISSION	1,458,303	1,576,016	1,576,016	0	1,576,016
11160	LAND REDEMP-IN STATE SALE	800,345	672,262	672,262	435,631	236,631
11400	PENALTIES/INTEREST ON TAX	4,382	4,362	15,542	280	15,262
12800	REVENUE IN LIEU OF TAXES	25,520	14,545	14,545	13,393	1,152
13120	TUITION-SUMMER SCHOOL	20,840	30,270	0	(470)	470
13140	TUITION-DAY CARE	270,940	646,486	473,308	2,229	471,079
13190	TUITION-OTHER PROGRAMS	2,130	5,220	0	1,430	(1,430)
13195	TUITION-CYBER ACADEMY	0	0	0	0	0
14290	TRANS FEES OTHER PROGRAMS	0	0	0	0	0
15100	INTEREST ON INVESTMENTS	26,136	107,951	100,000	40,050	59,950
15900	OTHER EARNINGS INVESTMENT	758	88	0	0	0
16110	SCHOOL LUNCH PROGRAM	0	0	0	0	0
16120	SCHOOL BREAKFAST PROGRAM	0	0	0	0	0
16215	A LA CARTE INCOME	0	0	0	0	0
16220	ADULT	0	0	0	0	0
16300	SPECIAL FUNCTIONS	0	0	0	0	0
16400	PERFORMANCE BASED REIMB	0	0	0	0	0
16900	OTHER FOOD SVS REVENUE	0	0	0	0	0
16910	SALES INSIDE DISTRICT	105,000	0	32,277	22,277	10,000
17110	ATHLETICS	0	0	0	0	0
17120	OTHER SCH SPONSORED EVENT	0	0	0	0	0
17130	STDNT ORG-EVENTS & ACTIV	0	0	0	0	0
17200	SALES	0	0	0	0	0
17210	SCH SPNSRD-PICTURES,ETC	0	0	0	0	0
17220	STDNT SPON SALES - IE CANDY	0	0	0	0	0
17300	ORG MEMBERSHIP DUES/FEES	0	0	0	0	0
17310	STDNT ORG MEMBERSHIP DUES	0	0	0	0	0
17400	PUPIL FEES-LOCKERS/FINES	0	1,220	0	0	0
17500	REV FROM ENTERPRISE ACTVT	0	0	0	0	0
17510	ATHLETIC GUARANTEES	0	0	0	0	0
17590	OTHER CONTRACTED SERVICES	0	0	0	0	0
17900	OTHER STDNT ACTIVITY REV	74,744	58,228	0	17,012	(17,012)
18100	ATHLETIC	0	0	0	0	0
18900	OTHER COMMUNITY SVS ACT	0	0	0	0	0
19130	LEA BUILDGS & FACILITIES	58,662	31,361	31,361	2,597	28,764
19200	PRIVATE CONTRIBUTIONS	16,128	0	0	0	0
19300	SALES OF SUPPLIES & MATER	0	0	0	0	0
19400	TEXTBOOK SALES & RENTALS	57	0	0	0	0
19516	STAFF DEVELOPMENT	0	0	0	0	0
19600	SVS-OTHER GOVNMNT UNITS	0	0	75,000	0	75,000
19800	REFUNDS OF PRIOR YR EXPEN	135,810	92,308	0	10,995	(10,995)
19900	MISC REV FR LOCAL SOURCES	336,552	203,859	190,327	107,904	82,423

**Arkansas Department of Education  
Pulaski County Special School District  
Unrestricted Funds Revenue Report**

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**Unrestricted Funds:**

1000|1001|1018|1034|1035|1068|1082|1084|1150|1218|1227|1240|1244|1246|1265|1290|1365|1373|1383|1387|1900|1903|2000|2001|2002|2003|2004|2005|2006|2007|2008|2009|2010|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2021|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2037|2038|2039|2040|2041|2042|2043|2044|2045|2046|2047|2048|2049|2050|2051|2052|2053|2054|2055|2056|2057|2058|2059|2060|2061|2062|2063|2064|2065|2066|2067|2068|2069|2070|2071|2072|2073|2082|2084|2150|2204|2213|2218|2219|2225|2227|2229|2232|2234|2240|2244|2246|2250|2255|2260|2265|2271|2290|2300|2330|2331|2340|2361|2362|2365|2373|2376|2383|2386|2387|2388|2392|2394|2396|2398|2399|2900|2901|2903|2995|4000

**Revenue:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in Budget and FY14 YTD
19905	JAX HIGH PRINT SHOP SALES	0	0	0	0	0
19910	PACT\PASS PRESIDENT	0	0	0	0	0
19911	TEACHER PROF GROWTH-2082	0	0	0	0	0
19912	SUPP STAFF PROF GRWTH2084	0	0	0	0	0
19913	ADM PROF GROWTH-2082	0	0	0	0	0
19915	AEA PRES REIMB	0	0	0	0	0
21000	UNREST GRANTS-COUNTY	0	0	0	0	0
21100	CNTY GENERAL APPORTIONMNT	0	0	0	0	0
21200	SEVERANCE TAX	22,371	9,551	9,551	10,769	(1,218)
22000	RESTRICTED GRANTS	13,787	200	0	0	0
28000	REVENUE IN LIEU OF TAXES	0	0	0	0	0
31100	STATE EQUALIZATION AID	0	0	0	0	0
31101	FOUNDATION FUNDING	42,845,370	42,447,890	44,737,262	20,335,118	24,402,144
31102	ENHANCED EDUCATIONAL FUND	0	0	0	0	0
31103	98% TX COLLECT GUARANTEE	751,006	959,904	958,719	0	958,719
31460	DECLINING ENROLLMENT	1,129,114	1,356,539	0	0	0
31600	INCENTIVE FUNDING	0	0	0	0	0
31900	UNRESTRICTED GRANTS-OTHER	0	0	0	0	0
31910	INSURANCE/T RETIREMENT	0	0	0	0	0
32110	ADULT BASIC	0	0	0	0	0
32120	ADULT GENERAL EDUCATION	0	0	0	0	0
32130	WORKPLACE ADULT EDUCATION	0	0	0	0	0
32140	ADULT ED SPECIAL PROJECTS	0	0	0	0	0
32225	ARK EAST TECHNOLOGY GRANT	20,702	0	0	0	0
32227	COLLEGE PREP ENRICH PGM	0	0	0	0	0
32229	HIGH TECH TRAINING CENTER	0	0	0	0	0
32232	ALT LEARNING PROG GRANT	0	0	0	0	0
32250	PQE INDUCTION/MENTORING	78,356	114,300	109,600	122,000	(12,400)
32251	CWIP-CHILD WELLNESS INTER	0	0	0	0	0
32253	PATHWISE MENTOR TRAINING	1,444	0	0	0	0
32256	PROF DEV ACT 59	0	0	0	0	0
32260	FISH AND WILDLIFE FINES	0	0	0	1,867	(1,867)
32290	OTHER GRANTS& AID STATE	0	0	0	0	0
32310	HAND CHILD-SUPV/EXTEND YR	71,313	69,904	69,904	0	69,904
32314	SPECIAL ED ESY	10,360	6,660	6,660	6,808	(148)
32330	NON-HAND-RESID TREATMENT	1,166,121	1,171,445	1,171,445	268,200	903,245
32340	HAND-RESIDENT TREATMENT	1,065,652	1,029,970	1,029,970	199,380	830,590
32350	EARLY CHILDHOOD SPED	0	608,487	471,908	192,975	278,933
32355	CATASTROPHIC OCCUR. FDG.	504,058	468,540	505,000	0	505,000
32361	GIFTED/TALENT-ADVANCE PLA	15,900	16,300	17,700	17,700	0
32363	AAIMS ADV PLACE INCENTIVE	0	0	0	4,514	(4,514)
32370	ALTERNATIVE LEARNING ENV	0	0	0	0	0
32371	LIMITED ENGLISH PROFICIENC	0	0	0	0	0
32381	NATL SCH LUNCH FUNDING	0	0	0	0	0
32415	SECONDARY WORKFORCE CTRS	0	0	0	0	0
32430	WORKFORCE ED-SPEC NEEDS	26,282	15,892	2,332	0	2,332



**Arkansas Department of Education  
Pulaski County Special School District  
Unrestricted Funds Revenue Report**

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**Unrestricted Funds:**

1000|1001|1018|1034|1035|1068|1082|1084|1150|1218|1227|1240|1244|1246|1265|1290|1365|1373|1383|1387|1900|1903|2000|2001|2002|2003|2004|2005|2006|2007|2008|2009|2010|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2021|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2037|2038|2039|2040|2041|2042|2043|2044|2045|2046|2047|2048|2049|2050|2051|2052|2053|2054|2055|2056|2057|2058|2059|2060|2061|2062|2063|2064|2065|2066|2067|2068|2069|2070|2071|2072|2073|2082|2084|2150|2204|2213|2218|2219|2225|2227|2229|2232|2234|2240|2244|2246|2250|2255|2260|2265|2271|2290|2300|2330|2331|2340|2361|2362|2365|2373|2376|2383|2386|2387|2388|2392|2394|2396|2398|2399|2900|2901|2903|2995|4000

**Revenue:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in Budget and FY14 YTD
32470	TRADITIONAL APPRENTICESHIP	112,686	11,492	66,000	0	66,000
32480	WORKFORCE NEW PROG START	40,553	43,544	72,302	0	72,302
32520	MATCHING (STATE)	0	0	0	0	0
32611	DL EQT GRANT	0	0	80,000	5,000	75,000
32612	ED COOP TECHNOLOGY CTR	0	18,092	74,785	57,916	16,869
32710	AR BETTER CHANCE(ABC)GRNT	3,207,600	3,286,048	3,402,000	2,030,956	1,371,044
32727	HIPPY-ABC	222,950	207,200	236,250	132,650	103,600
32755	SMART START LITERACY	7,490	0	0	0	0
32811	PULASKI CO MAGNET REVIEW	123,333	154,167	154,167	154,167	0
32812	M TO M REVENUE	11,638,588	11,006,954	10,606,954	3,182,085	7,424,869
32813	MAGNET & M TO M TRANSPORT	2,288,032	3,403,958	3,403,958	1,833,811	1,570,147
32814	TEACHER RET/INS	7,580,124	6,793,588	6,793,587	2,449,963	4,343,625
32901	TOBACCO EXCISE TAX GRANT	0	0	0	0	0
32910	WORKER'S COMP INSURANCE	0	0	0	0	0
32912	GEN FACILITIES FUNDING	92,013	69,010	46,007	23,003	23,004
32915	DEBT SERVICE FUNDING SUPP	0	0	0	0	0
32917	DEPARTMENT OF HEALTH	0	0	0	0	0
32920	AR GAME & FISH GRANT	6,175	3,036	0	0	0
32924	FACILITIES PARTNERSHIP	0	0	0	0	0
32990	AFRICAN AMERICAN GRANT	0	0	0	0	0
41100	SCH AID-FED AFF AREA M/O	0	0	0	0	0
41200	WILDLIFE REFUGE	0	0	0	0	0
42100	FOREST RESERVE	160	0	0	0	0
42500	IMPACT AID	255,749	296,719	255,000	151,765	103,235
42900	OTHER UN/I FEDERAL-STATE	0	0	0	0	0
43118	DODEA GRANT	0	0	0	0	0
43160	ROTC	0	0	0	0	0
43181	21ST CENTURY GRANT	0	0	0	0	0
45110	ESEA CH1 COMP(R) 100-297	0	0	0	0	0
45113	ESEA CH1 STATE PGM IMPROV	0	0	0	0	0
45114	ESEA CH1 CPTL EXPENS-PRVT	0	0	0	0	0
45119	TITLE 1 ARRA CFDA #84.389	0	0	0	0	0
45121	TITLE 1 SUMMER CHALLENGE	0	0	0	0	0
45124	ESEA STAB-ARA CFDA #84.394	0	0	0	0	0
45129	EDUC JOBS FUND-ARRA	0	0	0	0	0
45140	SBMHAA HOMELESS ASSIS ACT	0	0	0	0	0
45173	DHS-CHLD CARE QUA APPRVD	0	0	0	0	0
45310	BASIC GRANT-FORMULA GRANT	0	0	0	0	0
45318	SUPP GRANTS IMP TITLE III	0	0	0	0	0
45410	DIRECT & EQUIT-SECT 322A	0	0	0	0	0
45510	FREE/REDUCED PRICE REIMB	0	0	0	0	0
45520	FREE/REDUCED BREAKFAST	0	0	0	0	0
45541	SNACK REIMBURSEMENT-DHS	0	0	0	0	0
45561	REGULAR COMMODITIES DHS	0	0	0	0	0
45613	IDEA TITLE VIB PASS THRU	0	0	0	0	0
45621	IDEA ARRA CFDA#84.391	0	0	0	0	0

**Arkansas Department of Education  
Pulaski County Special School District  
Unrestricted Funds Revenue Report**

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**Unrestricted Funds:**

1000|1001|1018|1034|1035|1068|1082|1084|1150|1218|1227|1240|1244|1246|1265|1290|1365|1373|1383|1387|1900|1903|2000|2001|2002|2003|2004|2005|2006|2007|2008|2009|2010|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2021|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2037|2038|2039|2040|2041|2042|2043|2044|2045|2046|2047|2048|2049|2050|2051|2052|2053|2054|2055|2056|2057|2058|2059|2060|2061|2062|2063|2064|2065|2066|2067|2068|2069|2070|2071|2072|2073|2082|2084|2150|2204|2213|2218|2219|2225|2227|2229|2232|2234|2240|2244|2246|2250|2255|2260|2265|2271|2290|2300|2330|2331|2340|2361|2362|2365|2373|2376|2383|2386|2387|2388|2392|2394|2396|2398|2399|2900|2901|2903|2995|4000

**Revenue:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in Budget and FY14 YTD
45630	IDEA EARLY CHILDHOOD 619	0	0	0	0	0
45679	ECH MEDICAID	0	0	0	0	0
45802	MODERNIZATION ARRA	0	0	0	0	0
45803	RENOVATION ARRA	0	0	0	0	0
45805	ED OF HOMELESS-ARRA	0	0	0	0	0
45810	SIG ARRA 1003G	0	0	0	0	0
45910	MEDICARE 6750 FY14 45650	0	0	0	0	0
45913	ARMAC-MED ADMIN CLAIMING	0	0	0	0	0
45917	MEDICAID-VISION/HEARING	0	0	0	0	0
45918	MEDICAID-AUDIOLOGY	0	0	0	0	0
45925	IMPROVING TEACHER QUALITY	0	0	0	0	0
45935	ENG LG ACQ TITLE III	0	0	0	0	0
45992	DEPT OF HERITAGE ARTS	0	0	0	0	0
51100	BONDED INDEBTEDNESS	0	0	0	0	0
51999	AUDIT ADJ PRIOR YR ERRORS	(1,138,577)	85,175	0	(406)	406
52201	TRANSFER FROM 2001	0	0	0	30,538	(30,538)
52300	TRANSFER-BUILDING FUND	9,856,316	0	0	0	0
52600	TRANSFER-FEDERAL GRANTS	0	0	0	0	0
52900	INDIRECT EXPENSE REIMBURS	377,660	253,408	385,000	0	385,000
53100	SALE OF EQUIPMENT	57,100	44,060	0	65,744	(65,744)
53200	SALE OF BLD/TRADE HOUSE	0	0	98,148	98,148	1
53400	COMPEN-LOSS FIXED ASSETS	47,252	312,079	1,000	6,540	(5,540)
56400	EXTRAORDINARY ITEMS	2,351,537	13,795	0	0	0
<b>Total Revenue</b>		<b>194,039,627</b>	<b>170,221,316</b>	<b>173,008,152</b>	<b>81,419,465</b>	<b>91,588,688</b>



PULASKI COUNTY SPECIAL SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

SECTION II - FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2011-1.

Internal Control

Criteria or specific requirement: Internal control is a process consisting of five interrelated components - *control environment, risk assessment, information and communication, control activities, and monitoring*. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, certain key weaknesses included the following: all bank reconciliations were prepared by the same employee responsible for the maintenance of accounting records, without compensating controls. Payroll checks were prepared by the same employee responsible for changes to the payroll amounts, without compensating controls. The controller was responsible for recording and depositing monies collected and maintenance of accounting records, without compensating controls.

Context: An understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures was obtained.

Effect: The District's ability to initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements, as well as the ability to safeguard District assets, was adversely affected by the identified weaknesses in the above internal control component.

Cause: District management, due to cost/benefit implications, which hindered the District's ability to adequately segregate financial accounting duties among employees, did not effectively address the deficiencies in internal control.

Recommendation: District management should adopt sound accounting policies and establish and maintain internal control that will initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements and that will safeguard District assets.

View of responsible officials and planned corrective actions: We concur with the recommendation and will implement corrective procedures to the extent possible.

PULASKI COUNTY SPECIAL SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**MATERIAL WEAKNESSES (Continued)**

**2011-2. Misstatements not Detected by Internal Control System**

Criteria or specific requirement: Financial accounting records should be accurate to ensure the preparation of reliable financial statements that are fairly presented in conformity with the regulatory basis of accounting.

Condition: The District's internal control did not prevent or detect material errors totaling \$10,690,960 in the general fund in the financial accounting records. Such records are utilized in the preparation of the District's financial statements. The primary errors noted in the financial accounting records consisted of the following:

- Unrecorded accounts payable totaling \$115,560 and payables recorded in error totaling \$49,554.
- Deferred taxes, due to a calculation error, were understated by \$322,445.
- Checking accounts totaling \$9,325,299 were incorrectly classified as investments by the District.
- Accounts receivable listing provided by the District was overstated by \$689,855.

These errors were corrected in the financial statements during the audit fieldwork.

Context: Identification of misstatements not initially detected by the District's internal control.

Effect: Misstatements were not detected by the District's internal control system.

Cause: Financial records had not been properly monitored.

Recommendation: To achieve reliable financial reporting, the District should exercise due care to ensure all applicable general ledger accounts are properly stated.

Views of responsible officials and planned corrective actions:

- A year-end process will identify and record all invoices pertaining to goods and services received by June 30. These invoices will either be paid by June 30 or recorded by the District as accounts payable.
- Due to Act 871 of 2011 the District will not record deferred revenue in future years.
- The accounts incorrectly classified as investments will be closed with the proceeds transferred to a "cash in bank" account.
- The amount erroneously coded as "accounts receivable" will be reclassified in accordance with APSCN instructions and therefore will decrease the fund balance by \$689,855.

PULASKI COUNTY SPECIAL SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**MATERIAL WEAKNESS**

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - CFDA NUMBER 84.010  
PASS-THROUGH-NUMBER 60-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2011

2011-3.

**Reporting**

Criteria or specific requirement: The District is required to budget Title I expenditures as part of the Arkansas Comprehensive School Improvement Plan (ACSIP) and submit the ACSIP to the Arkansas Department of Education (ADE). Total expenditures may not exceed the budgeted amount. Additionally, expenditures may not exceed the budgeted amounts for specific categories by more than 10 percent without prior approval from the ADE and the submission of budget amendments or adjustments. The annual financial report is compiled at the end of the fiscal year.

Condition: The District either exceeded budgeted amounts by more than the 10 percent allowance without prior approval from the ADE or expended funds from functions/objects that were not budgeted in amounts totaling \$3,055,529 from Title I (non-ARRA) funds as shown below:

<u>Function/Object</u>	<u>Unbudgeted Amounts</u>	<u>Variance in Excess of 10% Allowance</u>
Function 1511 - Before/After School Programs		\$ 811
Function 1560 - Reading	\$ 230,886	
Function 1591 - Title I Schoolwide Instruction		14,315
Function 2294 - Instructional Facilitator - Math		1,281,777
Function 2297 - Instructional Facilitator - Literacy		1,333,347
Function 3352 - Non-public School Public Service	9,415	
Function 5500 - Indirect Costs	182,610	
Object 67000 - Capital Outlay	2,352	
Object 68000 - Other Objects	16	
Totals	<u>\$ 425,279</u>	<u>\$ 2,630,250</u>

Context: Comparison of budgeted expenditures to actual expenditures as reported on the annual financial report.

Effect: The District did not expend funds from the Title I (non-ARRA) program within the approved budget categories.

Cause: Lack of management oversight in the preparation of the budget and monitoring of budgeted expenditures to actual expenditures.

Recommendation: The District should implement procedures to ensure that program expenditures do not exceed approved budget categories and contact the ADE for further guidance regarding this matter.

Views of responsible officials and planned corrective actions: A primary reason for this audit finding is that actual expenditures were coded differently in APSCN than where they were budgeted in ACSIP. The District will more closely monitor Title I expenditures to ensure correct coding of expenditures and adherence to the approved budget shown in ACSIP. APSCN budgeted expenditures will be coded identically to ACSIP budgeted expenditures in order to fully utilize the budget controls of the APSCN software. The District will also contact the ADE and comply with its direction regarding the budget variances that occurred during the 2010-2011 school year.

PULASKI COUNTY SPECIAL SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**MATERIAL WEAKNESS (Continued)**

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT - CFDA NUMBER 84.389  
PASS-THROUGH-NUMBER 80-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2011

2011-4.

**Equipment and Real Property Management**

Criteria or specific requirement: Proper records should be maintained for equipment acquired with federal awards. Additionally, the District should ensure that disposition of such equipment is in accordance with federal requirements, including the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use.

Condition: The District could not account for four of the nineteen items selected for physical inspection purchased from the Title I ARRA program. The unaccounted for items had a cost of \$9,153. Additionally, capital assets were not properly tagged, serial numbers were not properly included in the capital asset listing, and proper internal approval for disposal of capital assets was not obtained.

Context: Physical inspection of equipment recorded on subsidiary records, review of available documentation for dispositions, and interviews with Title I director and employees.

Effect: The District's capital asset subsidiary records were not accurate.

Cause: The District failed to properly account for all capital items to ensure accurate subsidiary records.

Recommendation: Proper subsidiary records should be maintained for capital assets acquired with federal awards.

Views of responsible officials and planned corrective actions: Purchase Orders will specify that all newly purchased fixed assets be delivered to the Central Warehouse where they will be inspected, tagged, and entered in the APSCN Fixed Asset System before delivery to the school or site that placed the order.

PULASKI COUNTY SPECIAL SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**SIGNIFICANT DEFICIENCY**

U. S. DEPARTMENT OF AGRICULTURE  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
CHILD NUTRITION CLUSTER (CASH ASSISTANCE PROGRAMS) - CFDA NUMBERS 10.553, 10.555, AND 10.559  
PASS-THROUGH-NUMBER 60-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2011

2011-5.

**Allowable Costs/Cost Principles**

**Criteria or specific requirement:** Office of Management and Budget (OMB) Circular A-87 requires the preparation of periodic time certifications when an employees works solely on a single federal program.

**Condition:** Although standard payroll documentation supporting the employees' work in the child nutrition programs was available for audit inspection, periodic time certifications were not prepared for any of the employees selected for testing, who worked solely with the child nutrition programs.

**Context:** Examination of documentation substantiating time worked by employees.

**Effect:** The District was unable to provide required documentation substantiating the time charged to the child nutrition programs.

**Cause:** The District was unaware of the OMB Circular A-87 requirement pertaining to periodic time certifications.

**Recommendation:** The District should prepare periodic time certifications for all applicable employees.

**Views of responsible officials and planned corrective actions:** The Food Service Director will be made aware of the time certification requirements and given responsibility for compliance. A business office employee will be responsible for the semi-annual collection and filing of time certifications for all federally funded positions.

PULASKI COUNTY SPECIAL SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
FEDERAL AWARD PROGRAMS -  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 4

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT

2010 - Finding 2010-5: ARRA - Title I Grants to Local Educational Agencies, Recovery Act - CFDA Number 84.389

Condition: Controls were not in place to approve and document the funding source from which employees are paid.

Recommendation: The District should ensure that the policy that requires an approved funding source form to be maintained in employee files should be enforced and monitored on a consistent basis.

Current Status: Corrective action was taken.

PULASKI COUNTY SPECIAL SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESS**

**2012-1. Internal Control**

**Criteria or specific requirement:** Internal control is a process consisting of five interrelated components - *control environment, risk assessment, information and communication, control activities, and monitoring*. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

**Condition:** Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, certain key weaknesses included the following: all bank reconciliations were prepared by the same employee responsible for the maintenance of accounting records, without compensating controls. Non-payroll checks were prepared by the same employee responsible for the maintenance of accounting records.

**Context:** An understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures was obtained.

**Effect:** The District's ability to initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements, as well as the ability to safeguard District assets, was adversely affected by the identified weaknesses in the above internal control component.

**Cause:** District management, due to cost/benefit implications, which hindered the District's ability to adequately segregate financial accounting duties among employees, did not effectively address the deficiencies in internal control.

**Recommendation:** District management should adopt sound accounting policies and establish and maintain internal control that will initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements and that will safeguard District assets.

**Views of responsible officials and planned corrective actions:** We concur with the recommendation and will implement corrective procedures to the extent possible.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

PULASKI COUNTY SPECIAL SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
FEDERAL AWARD PROGRAMS -  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 4

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

2011 - Finding 2011-3: Title I Grants to Local Educational Agencies - CFDA Number 84.010

Condition: The District either exceeded budgeted amounts by more than the 10 percent allowance without prior approval from the Arkansas Department of Education or expended funds from functions/objects that were not budgeted in amounts totaling \$3,055,529 from Title I (non-ARRA) funds as shown below:

<u>Function/Object</u>	<u>Unbudgeted Amounts</u>	<u>Variance in Excess of 10% Allowance</u>
Function 1511 - Before/After School Programs		\$ 811
Function 1560 - Reading	\$ 230,886	
Function 1591 - Title I Schoolwide Instruction		14,315
Function 2294 - Instructional Facilitator - Math		1,281,777
Function 2297 - Instructional Facilitator - Literacy		1,333,347
Function 3352 - Non-public School Public Service	9,415	
Function 5500 - Indirect Costs	182,610	
Object 67000 - Capital Outlay	2,352	
Object 68000 - Other Objects	16	
Totals	<u>\$ 425,279</u>	<u>\$ 2,630,250</u>

Recommendation: The District should implement procedures to ensure that program expenditures do not exceed approved budget categories and contact the Arkansas Department of Education for further guidance regarding this matter.

Current Status: Corrective action was taken.

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT

2011 - Finding 2011-4: ARRA - Title I Grants to Local Educational Agencies, Recovery Act - CFDA Number 84.389

Condition: The District could not account for four of the nineteen items selected for physical inspection purchased from the Title I ARRA program. The unaccounted for items had a cost of \$9,153. Additionally, capital assets were not properly tagged, serial numbers were not properly included in the capital asset listing, and proper internal approval for disposal of capital assets was not obtained.

Recommendation: Proper subsidiary records should be maintained for capital assets acquired with federal awards.

Current Status: Corrective action was taken.

U. S. DEPARTMENT OF AGRICULTURE  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
CHILD NUTRITION CLUSTER (CASH ASSISTANCE PROGRAMS)

2011 - Finding 2011-5: Child Nutrition Cluster (Cash Assistance Programs) - CFDA Numbers 10.553, 10.555, and 10.559

Condition: Although standard payroll documentation supporting the employees' work in the child nutrition programs was available for audit inspection, periodic time certifications were not prepared for any of the employees selected for testing, who worked solely with the child nutrition programs.

Recommendation: The District should prepare periodic time certifications for all applicable employees.

Current Status: Corrective action was taken.



## **ARKANSAS STATE BOARD OF EDUCATION**

### **Executive Summary**

Agenda Item Number:            Action Agenda-

Agenda Item:                    Continuation of Fiscal Distress Classification under authority of the state for the Pulaski County Special School District; and allowing the community advisory board to remain in place for one (1) additional year

Attachments:                    Profile  
                                        Fiscal Distress Plan  
                                        Financial Data  
                                        Audit Summary-2011  
                                        Audit Summary-2012  
                                        Act 600

Presenter:                        Mike Hernandez and Hazel Burnett

#### Background Information:

Pursuant to Ark. Code Ann. § 6-20-1905, on March 30, 2011, the Arkansas Department of Education identified the Pulaski County Special School District as a school district in fiscal distress. The Arkansas Department of Education made this identification because the Pulaski County Special School District met the following fiscal distress indicator(s) as set forth in Ark. Code Ann. § 6-20-1904: Material state or federal audit exceptions or violations.

The Pulaski County Special School District appealed the fiscal distress identification. On May 16, 2011, following a public hearing, the State Board of Education classified the Pulaski County Special School District as a school district in fiscal distress, pursuant to Ark. Code Ann. § 6-20-1906. On June 20, 2011, the Arkansas Department of Education exercised its authority under Ark. Code Ann. § 6-20-1909 to assume authority over the Pulaski County Special School District. The Arkansas Department of Education removed the Pulaski County Special superintendent and school board, and appointed an individual to administratively operate the Pulaski County Special School District under the supervision and approval of the Commissioner of Education.

Pursuant to Ark. Code Ann. § 6-20-1905, on January 19, 2012, the Pulaski County Special School District was identified by the Arkansas Department of Education as a district in fiscal distress based upon the following additional indicator: A declining balance determined to jeopardize the fiscal integrity of a school district. The Pulaski County Special School District did not appeal the fiscal distress identification. On February 13, 2012, following a public hearing, the State Board of Education classified the Pulaski County Special School District as a school district in fiscal distress, with the additional indicator, pursuant to Ark. Code Ann. § 6-20-1906.

On May 13, 2013, the State Board of Education approved the continuation of Fiscal Distress Classification under authority of the state for the Pulaski County Special School District; and approval for the Commissioner of Education to appoint a community advisory board pursuant to Act 600 of 2013.

On September 9, 2013, the State Board of Education approved the appointment of a community advisory board for the Pulaski County Special School District. Pursuant to Ark. Code Ann. § 6-20-1910, by April 1 of each year following the appointment of a community advisory board, the State Board of Education shall determine the extent of a fiscally distressed school district's progress toward correcting all issues that caused the classification of fiscal distress and shall:

- (1) Allow the community advisory board to remain in place for one (1) additional year;
- (2) Return the school district to local control by calling for the election of a newly elected board of directors if:
  - (a) The Arkansas Department of Education certifies in writing to the State Board of Education and to the school district that the school district has corrected all criteria for being placed into fiscal distress; and
  - (b) The State Board of Education determines the school district has corrected all criteria for being placed into fiscal distress; or
- (3) Annex, consolidate, or reconstitute the school district pursuant to Title 6 of the Arkansas Code.

Based upon the information presented, the Arkansas Department of Education recommends that the State Board of Education allow the community advisory board to remain in place for one (1) additional year.

**Pulaski County Special School District**  
**LEA # 6003**  
**Pulaski County**

**Classified in Fiscal Distress** May 16, 2011  
 \* Additional indicator of a declining balance added on February 13, 2012

**Fiscal Distress Indicators and Additional Concerns:**

- \* Material state or federal audit exceptions or violations
- \* A declining balance determined to jeopardize the fiscal integrity of the school district

<b>District Profile:</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
<b>Superintendent</b>	<b>Rob McGill</b>	<b>Charles Hopson</b>	<b>Jerry Guess</b>	<b>Jerry Guess</b>
4 QTR ADM	16,989	16,618	14,392	17,032
Assessment	2,302,878,392	2,352,330,997	2,468,039,116	2,525,539,079
Total Mills	40.70	40.70	40.70	40.70
Total Debt Bond/Non Bond	152,055,788	149,919,256	149,101,780	145,498,672
Per Pupil Expenditures	10,783	11,392	13,268	10,566
Personnel-Non-Fed Certified FTE	1,313.96	1,551.55	1,318.21	1,346.10
Personnel-Non-Fed Certified Clsrm FTE	1,211.27	1,447.02	1,220.29	1,250.24
Avg Salary-Non-Fed Cert FTE	55,927	48,186	58,079	48,215
Avg Salary-Non-Fed Cert Clsrm FTE	53,334	44,930	55,541	50,795
Net Legal Balance (Excl Cat & QZAB)	7,852,237	2,491,321	13,591,944	17,097,470

Total Debt includes Bonded and Non-bonded filed with ADE.  
 Data Source: Annual Statistical Reports (ASR) and State Aid Notice for school district.

**District Actions:**

The District has included the following objectives in their Fiscal Distress Improvement Plan:

**2011-12**

- Revised policy specific to board and employee travel
- Revised policy to discontinue the utilization of blanket purchase orders
- Comply with APSCN timelines for bank statement reconciliation
- Revised procedures to segregate purchasing duties within the business division with respect to fixed assets
- Monitored compliance with Board procedures to add competitive bid awards as a regular agenda item
- Segregated accounting duties in payroll to achieve reliable payroll preparation and authorization
- Segregated accounting duties in regard to receipt of funding
- Developed and implemented a district wide overtime policy
- Enforced policy of employees not working past their contracted days without prior written approval
- Developed and implemented a district wide plan to secure district assets
- Monitored compliance with IRS regulations in regard to use of district provided vehicles
- Monitored compliance with district policy in regard to voiding of outstanding checks
- Monitored compliance with districts policy in regard to cell phone usage, use of gift cards and credit cards
- Published FBI "Corruption Reporting" email and phone number on the District website
- Schedule a "Policy Workshop"
- Established a policy for budget adjustments
- Monitored and implemented corrective actions for the 2008 through 2010 audit findings
- Demonstrated a "Tone at the Top" approach to financial accountability
- Monitored all expenses to remain within budget
- Accurately projected future revenue for budget purposes
- Supervised and monitored the procedure for proper federal and local employee coding
- Supervised and monitored proper accounts receivable procedures
- Monitored compliance of coding with the Arkansas Financial Accounting Manual
- Supervised and monitored the issuance of manual checks
- Supervised and monitored the proper use of desegregation funding
- Educated employees on fiscal policies and procedures
- Conducted audits through Legislative Audit
- Submitted Fiscal Distress Plan progress statements as a Board action agenda item
- Reduced 77 licensed and classified positions through RIF

**2012-13**

- Reduced salaries for 2012-13 through attrition
- Reduced teacher salary schedule from 192 to 190 days
- Implemented a new district-wide copier bid
- Revised employee insurance package
- Changed school bell schedule
- Reduced numerous personnel benefits paid above the state minimum
- Restructured debt through a bond refunding with a lower interest rate
- Established numerous new procedures that corrected past audit findings and strengthened fiscal integrity
- Implemented corrective actions pertaining to the FY11 audit findings
- Identified cost reduction possibilities if state desegregation funding is eliminated
- Reversed the declining balance and build the legal balance to 10% of Annual Expenditures

**Pulaski County Special School District**  
**LEA # 6003**  
**Pulaski County**

**Comments:**

The District was classified in Fiscal Distress on May 16, 2011. The District began their third full year of Fiscal Distress on July 1, 2013.

On June 20, 2011, the Arkansas Department of Education took control of the Pulaski County Special School District.

On June 20, 2011, Superintendent Charles Hopson and the School Board were released from their duties.

Mr. Bobby Lester Sr. served as Interim Superintendent from June 20-30, 2011.

On July 1, 2012, Dr. Jerry Guess was hired as Superintendent.

On October 10, 2011, the PCSSD hired a Certified Public Accountant to fill the vacant Chief Financial Officer position.

On February 13, 2012, the Arkansas State Board of Education added the following indicator to the Districts Fiscal Distress classification:

\* A declining balance determined to jeopardize the fiscal integrity of the school district

On May 13, 2013, the State Board of Education approved the recommendation of the Department of Education to extend the fiscal distress classification, under authority of the state, for the 2013-14 school year and to authorize the Commissioner of Education to appoint a community advisory board pursuant to Act 600 of 2013.

On September 9, 2013 the State Board of Education approved the following individuals to serve on the Community Advisory Board for the Pulaski County Special School District:

Zone 1	Mr. Daniel Thaddeus Gray
Zone 2	Miss Tjuana Cynese Byrd
Zone 3	Mr. Ronald McDaniel
Zone 4	Mrs. Margie Anne Snider
Zone 5	Mrs. Lindsey Pierson Gustafson
Zone 6	Dr. Julian Nevon McMurray
Zone 7	Ms. Susie Porchia Marks

The attached Financial Data is for the Quarterly House and Senate Education Committee Report ending December 31, 2013.

ARKANSAS DEPARTMENT OF EDUCATION  
FISCAL DISTRESS FINANCIAL IMPROVEMENT PLAN  
PLAN YEAR 2011-2012  
Updated September 30, 2013



School District: Pulaski County Special School District

Superintendent: Dr. Jerry Guess

Phone Number: (501) 234-2001

**PART A. NARRATIVE OVERVIEW OF DISTRICT**

**Narrative Contained in Original Fiscal Distress Improvement Plan, May 26, 2011:**

The Pulaski County Special School District (PCSSD) was established in 1927 by an act of the Arkansas Legislature joining 38 independent school districts into a "special school district": Now the second largest in the state after the Little Rock School District, the PCSSD is among the 500 largest in the United States. The district contains nearly 750 square miles. PCSSD enrolls students from Little Rock, North Little Rock, Sherwood, Jacksonville, Scott, McAlmont, Maumelle, Woodson, Sweet Home, College Station and Wrightsville.

In Partnership with ADE, in 2009-10, the District completed a financial data system conversion to the Arkansas Public School Network System (APSCN) where the District's entire financial database is hosted by the State. APSCN provides a system of transparency and accountability for local, state and federal funds. During the 2010-11 school year, the district transitioned to a student information system, eSchoolPLUS, as part of a statewide deployment by ADE. This student information system will manage all student data by providing accurate, real-time, and accessible student data.

More than 1,450 certified staff and 1,650 support staff are employed by the District. PCSSD is currently operating under a court ordered desegregation plan.

The Pulaski County Special School District is comprised of one Pre-K center, 24 elementary schools, two stand-alone alternative learning environments, six middle schools and six high schools. All secondary schools are North Central accredited. PCSSD schools are fully accredited by the state of Arkansas. Nothing in this plan will violate the Standards of Accreditation.

During the current school year, the District participated in discussions with the North Central Accrediting Association and is making the commitment to become fully accredited district wide. PCSSD embarked on the development of a comprehensive district-wide strategic plan along with an ambitious facilities renovation and rebuilding plan, Vision 2020, both of which are planned to be implemented in the 2011-12 school year.

**Narrative Added with February 23, 2012, Revised Plan:**

On May 16, 2011, the Arkansas State Board of Education classified PCSSD as a school district in fiscal distress on the basis of material state or federal audit exceptions or violations. On January 19, 2012, the Arkansas Department of Education identified PCSSD as being a school district in fiscal distress on the basis of a declining balance determined to jeopardize the fiscal integrity of the school district and recommended that the State Board of Education classify PCSSD as being in Fiscal Distress based on this additional indicator. On February 13, 2012, the State Board of Education accepted the recommendation of the Department of Education and classified PCSSD as being in Fiscal Distress on the basis of a declining balance determined to jeopardize the fiscal integrity of the school district. Therefore, the district has added additional objectives to its Fiscal Distress Financial Improvement Plan. The additional objectives begin with number thirty-six (36).

ARKANSAS DEPARTMENT OF EDUCATION  
FISCAL DISTRESS FINANCIAL IMPROVEMENT PLAN  
PLAN YEAR 2011-2012

**Narrative Added with April 2012 Revised Plan:**

Objectives 36-39 submitted February 23, 2012, dealt in general terms with district plans to address the declining balance the State Board of Education determined as an additional indicator of fiscal distress. Those four objectives have been replaced with a new objective 36 that provides several specific strategies for solving the declining balance problem. Objective 37 relates to the probability of the district losing state desegregation revenue. Objective 38 explains a recent bond refunding that will generate interest savings to be used for academic facilities improvements. Objective 39 provides the strategies for correcting audit findings contained in the financial audit for the fiscal year ended June 30, 2011.

**Introduction and Summary**

1. The District has unsuccessfully negotiated with the bargaining groups for certified staff and non-certified staff. A stalemate has been reached in these negotiations.
2. A healthy budget conforming to State law requirements cannot be attained unless the stalemate with the unions is broken. Some force or authority must emerge to break the stalemate or otherwise remove this impediment toward the District's ability to comply with State law in fiscal matters. Objective 36 contains specific strategies for reducing cost for the purpose of reversing the district's declining balance. If the cost reduction requires a change to the union agreement we elected to operate under during the 2011-12 school year, the amount of net savings is followed by "PNA" (Professional Negotiations Agreement). If the stalemate with the union cannot be broken, the PNAs should not be followed in 2012-13, should be formally voided and be replaced with board approved personnel policies. Those policies will allow the administration to manage the district and direct personnel with the understanding that decisions will be made reasonably, without discrimination, and consistent with the law.
3. The District has otherwise identified unilateral cuts and expenditure reductions it can make without agreement of the unions to help restore fund balances and begin the process of returning to a sound financial footing.
4. The District must identify ways to generate revenue for facilities funding if it is to ever attain unitary status and extricate itself from federal court supervision.
5. The District continues to believe that a comprehensive settlement of the 1989 Desegregation Agreement is the most effective and efficient means to exit from fiscal distress and welcomes the resumption of meaningful settlement negotiations.



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**Background**

**Fiscal Distress Status.** On May 16, 2011, the District was classified by the State Board of Education as a District in fiscal distress. The reasons cited for the classification were:

- Material state or federal audit exceptions or violations.

The District completed a Fiscal Distress Improvement Plan and submitted it to the Department on May 26, 2011. That plan includes corrective actions for the material state and federal audit exceptions and violations and is currently being implemented. Additional actions may be needed following the completion of the 2010-2011 financial audit being conducted by the Arkansas Division of Legislative Audit. The audit was incomplete as of the date of this submission.

A January 19, 2012, letter from Kathleen Crain, Interim Assistant Commissioner, Fiscal and Administrative Services, Arkansas Department of Education, provided notice that an additional indicator of fiscal distress had been identified:

- A declining balance determined to jeopardize the fiscal integrity of a school district.  
(Ark. Code Ann. §6-20-1904(a)(1)(A))

This additional indicator was based upon a joint review of the District's finances by the Department and the District, and the administration of the District agreed with this determination. A balance decline of \$5,500,000.00 was identified for the 2010-2011 school year.

In communications with its membership, the union leadership seeks to blame this fund balance decline on the current administration. However, this balance decline was identified for the 2010-2011 school year. Dr. Guess took over the reins of the District on July 1, 2011 or the beginning of the 2011-2012 school year. The other administrators and consultants identified by the union leadership were not hired until later in the 2011-2012 school year.

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Steps Taken to Date

Act 871 provided some time for the District to carefully consider cost-cutting measures that will be necessary in 2012-2013 to balance the budget. That act provides for a one-time adjustment to the 40% pull-back in local tax revenue. This results in a one-time advancement of revenue to the District of \$15.1 million. This is not recurring revenue. Unfortunately, the union leadership has taken the position in communications with its membership that the \$15.1 million will cure the District's fiscal woes and restore healthy fund balances. Disappointingly, the union leadership fails to inform its members that this is non-recurring revenue and, therefore, its loss has a dramatic impact upon the budget for 2012-2013 and beyond.

The District believes there is a need to make significant changes. Approximately 80% of the district's budget relates to personnel cost, and no significant cost savings can occur without an effect on personnel. Beginning this year, all vacant positions are carefully evaluated before being filled. This has resulted in the reduction of 28.6 positions since the end of the 2010-2011 school year. At the same time, all areas of the organization are being reviewed to implement a Reduction in Force for 2012-2013. It is necessary to revise parts of the negotiated agreements with the Pulaski Association of Classroom Teachers (PACT) and the Pulaski Association of Support Staff (PASS) to reduce personnel costs.

Any modifications to the 1989 Desegregation Settlement Agreement also have the potential to significantly impact the financial future of the District. The State filed a motion on March 26, 2012 to immediately end funding flowing from the Settlement Agreement. The response of all three Pulaski Districts is due April 30, 2012.

The District currently receives approximately \$20,000,000.00 each year that the state classifies as desegregation related revenue. About half of these funds are in support of the Majority to Minority (M-to-M) Transfer Program and are in lieu of foundation funding. If the M-to-M program ends, the District would lose the differential between the \$10,000,000.00 of M-to-M funding it currently receives but would gain \$6,000,000.00 of foundation funding it currently does not receive for a net loss of \$4,000,000.00. The District also received about \$2,300,000.00 million for transportation related to M-to-M and Magnet School transportation. If those programs end, the transportation cost savings should be equal to the revenue loss. However, there is another \$7,300,000.00 of court awarded state revenue awarded because of the District's higher cost for employee health insurance and retirement. These funds allow the District to pay significantly more toward employee health insurance premiums than is required by law. If this funding ends, a significant reduction in the District's contribution toward health insurance may be necessary.



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Due to the discovery of declining balances and the need to plan for the eventual loss of state desegregation funding, the District is including the following additional objectives in its Fiscal Distress Improvement Plan to help build an adequate fund balance and operate within its means:

- Held discussions with representatives of PACT to lower personnel costs required by the Professional Negotiations Agreement between the District and PACT.
- Held discussions with representatives of PASS to lower personnel costs required by the Professional Negotiations Agreement between the District and PASS.
- Lower operating costs for the 2011-2012 school year.
- Lower operating costs for the 2012-2013 school year.

The District has made numerous other changes this year that range from bidding new contracts for copiers to purposely not replacing employees who left if their services could be absorbed in reasonable ways. We have trimmed budgets in communications, learning services, technology, fringe benefits and maintenance. We will change bell schedules for 2012-13, change middle school schedules from eight periods to seven, examine very carefully secondary schedules for increased efficiencies, and more efficiently staff programs and services. We are working to identify by subject area or job classification specific positions to reduce. We understand that reduction means loss of jobs, but we are optimistic that because typically an average of 125 employees retire or resign, many reductions will take place through attrition.

**The Status of Negotiations with PACT and PASS**

The administration and the union leaders never attempted to resolve the question of whether the existing union contracts were void or voidable. There were two reasons this was not necessary. First, the ADE decided early on the District would observe the language and economics of the union agreements for the 2011-12 school year; second, ADE was willing for the District to negotiate new contracts with PACT and PASS. However, the *sine qua non* for the new contracts would be that they would (1) substantially reform the language in the old agreements that hamstrung the superintendent's ability to manage the district; and (2) achieve the economic reforms necessary to balance the budget for 2012-13. The administration tried both outside and within negotiations to convince the unions this was a "win/win" situation. On the one hand, the administration would gain the freedom to manage the district, as well as the economic relief necessary to balance the budget. On the other hand, once fiscal distress was ended, the unions would still be in place as the exclusive bargaining representatives of the employees with certified and classified contracts, and its dues check-off and other union security language intact. The administration has not succeeded in convincing the unions this is a "win/win" situation for the District and the unions.

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The essence of the parties' starting positions in negotiations was: (1) The District proposed deleting all restrictive language from the agreements to be replaced by general management discretion. That discretion would be restricted by providing that the administration could not act unreasonably, in a discriminatory manner, or contrary to law. An employee believing an administration action was unreasonable, discriminatory, or illegal, would have access to the grievance procedure to challenge the administration action. (2) On economics, the District proposed \$7,000,000.00 in savings and the unions *status quo* or zero savings. The unions never agreed to bargain on the language changes, thought it did "discuss" some changes. The unions did move some on economics in the meetings. However, the parties have now clearly reached a stalemate. The union leadership refuses to move, and the District cannot move further. In short, in several meetings over a month the district reduced its proposal for annual savings by almost \$3,000,000.00, while the union agreed to cut perhaps \$700,000.00 out of a needed \$4,200,000.00. At that point the mediator suggested adjournment, and the parties agreed, but not before the union representative stated in the strongest possible terms that the unions would not discuss, much less agree to, any changes in the PACT/PASS agreements. The mediators asked the District if it would agree to meet again. The District agreed, with the qualification that the mediators satisfy themselves that the union was, in fact, willing to move substantially toward the District on economics. The mediators called, said they were so satisfied, and the District agreed to meet. The parties met. The union leadership made no move.

The district needs to identify reductions in expenses equal to \$11,000,000.00 for next year. In addition, we need to make changes to the daily operation of the district that will require that both PNAs be replaced by new contracts, or voided and replaced by personnel policies and state law. We identified savings of about \$7,000,000.00 and worked to identify contract concessions of about \$7,000,000.00 that could be considered. Property tax collections during calendar year 2011 have come in about \$2,000,000.00 more than budgeted. We expect spring tax collections to also exceed budget, but we cannot be certain of that. We have reduced our needed savings to about \$4,200,000.00 for the 2012-13 school year. During talks with PACT/PASS, we have taken some items out of current consideration. Among those are the bonus for National Board Certification, longevity pay and reducing bus driver aides by one-half. We have insisted that savings are needed, are based on defensible calculations, must be identified and must be realized.

The District has asked for meaningful suggestions from PACT/PASS. Union leadership has offered to propose no raises in salary or fringe benefits for next year. They propose to freeze professional growth increments for next year only, which would amount to \$1,400,000.00. The administration noted throughout the process that it was using the 2011-12 expenditure budget as its baseline and was adding and subtracting from that number to project 2012-13 expenditures. This \$1,400,000.00 was not shown as an added cost in the administration's projections. Therefore, forgoing that cost does not decrease the projected costs nor increase the projected ending legal balance. That is not a true savings from this year's expenses, but is an anticipated expense in next year's budget based on expected movement as professional growth classes would affect each employee's placement on the salary schedule. The union leadership has further proposed reducing all 12-month contracts (244 days) to 190 days. It is not reasonable to assume that the district could operate successfully with reductions of 54 days in those contracts. Twelve-month contracts have been reduced here by 17 days to address past fiscal distress. There are 17 "cut days" listed in the calendar as a result of cost saving efforts in the past that have affected those contracts. The union officials have further "identified" savings of \$1,000,000.00 in district office, administration and operations changes. Those are savings that we have also identified and are planning to make.



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**The Bottom Line**

The District needs to reduce expenditures to State minimum standards to survive financially. The union leadership will not agree. This road block to realizing and constructing a budget for 2012-2013 that is acceptable to the State and conforms to state law must be removed.

**Facilities**

The District currently lacks the revenue to support all of the facilities projects that need to be completed. However, the District has managed to infuse its building fund with \$8,000,000 million, which is available for immediate-needs projects to ultimately make its most needy facilities safe, warm, and dry. That work will start immediately.

The District also recently successfully completed a refunding of bonds from 2004. This refunding will generate savings of approximately \$2.5 million over the 23-year remaining life of the bonds with most of the savings occurring over the next five years. Stated another way, this will "free up" approximately \$500,000 a year in interest savings that can also be dedicated to facilities projects during the next five years.

It is important that the readers of this Plan understand an additional factor that retards the District's ability to finish its facilities task. The partnership share is determined in part by a school district's local wealth per student. That in turn is a function of the District's enrollment divided into its local tax base. Because the PCSSD has steadily lost enrollment over the past decade, its local wealth per student has been rising to artificially high levels. In other words, on paper, the District appears to be somewhat wealthy when in fact it is a district in double fiscal distress.

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The artificial increase in the local wealth per student is a function of enrollment decline. The enrollment decline is exacerbated by the proliferation of charter schools and the election of PCSSD students to attend those schools. For instance, from 2009 through the first semester of 2012, 311 students withdrew from PCSSD schools to attend Lighthouse Academy in Jacksonville. At least 66 students have withdrawn from Maumelle area schools to attend Academics Plus Charter School, during the same period of time. No doubt greater numbers transferred in earlier years. Also, at least 70 students have withdrawn from Sherwood area schools to attend LISA Academy schools the last three years.

The enrollment decline began long before charter schools proliferated and was fueled among other reasons by patrons' desires to avoid integrated schools, other desegregation requirements, elections to attend private schools, to home school or simply not relocate or locate in the Pulaski County Special School District.

All of this results or contributes to a substantial reduction in the State's contribution to facilities construction and remodeling in PCSSD and also results in reductions in State aid to PCSSD.

Whatever the State can do to help the PCSSD reverse its enrollment decline will directly and positively impact the PCSSD's ability to attain unitary status in the critical area of facilities.

If the State has suggestions for accelerating the District's ability to become unitary in the area of facilities (understanding that the ADE is currently assisting the PCSSD's efforts toward attaining this status), then those suggestions are welcome whether they take the form of loans (of which the State is now in a position to guarantee repayment in the future), guaranties, or other devices, such as the State building facilities and leasing them back to the PCSSD at attractive rates.

**The Potential for a Comprehensive Settlement**

With the State's pending motion to terminate funding, the PCSSD is optimistic that this development might reopen stalled settlement discussions. In the meantime, because it is a district in double fiscal distress, the PCSSD has no fiscal choice but to oppose the current motion which seeks an immediate, rather than phased, end to these three categories of State revenue.

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The PCSSD has always been willing to settle these issues. The PCSSD remains willing to settle these issues, but settlement necessarily must include a reasonable phase-out of the current funding in a way that allows the PCSSD or a newly reconstituted PCSSD to attain financial stability and long-term fiscal health.

All parties, including the State, must acknowledge and work toward not only a reasonable phase-out of the revenue but reasonable and sensible adjustments to the expense side of the equation. This necessarily impacts the Majority to Minority transfer program expenses as well as the stipulation Magnet school expenses. Stated another way, it is only half a loaf to propose a reasonable phase-out of revenues; corresponding reductions on the expenditure side have to occur to make any phase-out proposal meaningful. The PCSSD simply totally lacks the resources to continue to fund the M to M program or the Magnet program without the current sums received from the State.

It will take the concerted effort of all stakeholders to accomplish such a task, but the PCSSD is ready to be a leader in that regard. Perhaps the effort should be approached in segments, such as concentrating first on the M to M program adjustments or elimination, rather than seeking to tackle all of the revenue and expenditure parameters simultaneously.

Particularly problematic is the issue of sums received from the State for teacher retirement and health insurance. These revenues were not part of the original 1989 settlement agreement. Rather, they were awarded by the court presiding in the desegregation case as a judgment against the State for violating the 1989 settlement agreement. While the State claims changed circumstances to terminate all State funding, the fact is that it has not pled or described any changed circumstances justifying the elimination of teacher retirement or health insurance funding. It is a substantial sum of money to the PCSSD, and the District respectfully submits to the State authority that if litigation is inevitable and settlement an impossibility, this aspect of the current State funding may prove the most difficult and problematic for the State to escape.

Again, despite this, the PCSSD is ready, willing, and able to discuss a reasonable settlement agreement, one that provides a reasonable phase-out of revenues at least corresponding to a phase-out of corresponding expenditures.



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**Status Update: March 6, 2013**

**Material State and Federal Audit Findings**

As of March 6, 2013, the audit report is still under review by the Arkansas Division of Legislative Audit. The report is expected to be published by March 31, 2013.

**Declining Balance**

Following the May 16, 2011, State Board of Education Meeting in which the district was classified as being in Fiscal Distress for “material state or federal audit exceptions or violations”, the district reported a declining legal balance for the fiscal year ending June 30, 2011. According to the Annual Financial Report the district submitted to the Arkansas Department of Education, the district’s legal balance decreased from \$9,516,856 to \$4,087,687 during the 2010-2011 school year. In addition, the district failed to accurately record an expenditure of \$689,855 for workers compensation insurance. With that expenditure added, the district’s legal balance decreased by \$6,119,024. Therefore at its February 2012 meeting, the State Board of Education added the indicator “a declining balance determined to jeopardize the fiscal integrity of a school district” to the fiscal distress status of the school district.

The district’s 2012-2013 budget provides for an increase of approximately \$500,000 to its Legal Fund Balance. It also includes approximately \$2M budgeted for the replacement of school buses. The district had not had a systematic bus replacement plan. With a fleet of 330 buses it is necessary to purchase 25-30 per year in order to maintain an average bus age of 12 years. As of March 6, 2013, the administration believes it is on track to achieve the budgeted ending Legal Balance of \$14.7M. This does include the one-time increase of \$15.1M to fund balance that occurred during the 2011-2012 school year due to Act 871 of 2011. (See “Steps Taken to Date” on page 4 above.) If property tax collections between March and June of 2013 match the amount budgeted, the district’s declining balance trend should be corrected. However, the district will still be short of its stated objective of having a Legal Balance equal to 10% of annual expenditures. Also, as explained below under “Union Contracts” and under “Desegregation Settlement” there is some pending litigation with some major financial ramifications. The outcome of that litigation is not likely to be known until after the completion of the 2013-2014 budget.

**Facilities**

The district maintains approximately 3.6M square feet of facilities spread over 730 square miles. The facilities vary in age and condition and the district has been unable to devote sufficient resources to bring many of these facilities up to an acceptable state of condition. Prior to the 2009-2010 school year, the district had made several year-end transfers from its Operating Fund to its Building Fund for the purpose of making facility improvements. After recently spending approximately \$7.4M of the Building Fund on a wide-range of projects that addressed “warm, safe and dry” issues, the Building Fund now has a balance of \$9.5M. Of this amount, \$3.7 million was derived from the legally required transfer of bond refund savings and the remainder was from a 2008-2009 transfer from the district’s Operating Fund.

The administration has identified \$4.1M of additional high priority “warm, safe and dry” issues and plans to begin those projects soon. The administration is also considering the refunding of two more bond issues (refinance at lower interest rate) that are expected to provide the Building Fund with another \$9M over the next three years. Once these funds are expended, there will be no recurring revenue stream for Building Fund projects without a complete restructuring and extending of all debt and/or a debt service millage increase. Because of the district’s negligible Facilities Wealth Index, the district qualifies for very little State Partnership Funding for facility additions and improvements. (See previous discussion of Facilities above.)

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**Union Contracts**

PACT and PASS have filed a notice of appeal from the dismissal of their claims against the State. The record in the case has not yet been lodged with the appellate court, but when it is the court will establish a briefing schedule for the appeal. If the district is required to reinstitute the union contracts retro-actively to the 2012-2013 school year, the district would be obligated to pay approximately \$4M more in personnel cost for that year. It would also be required to budget an additional \$5.7M for 2013-2014 and an additional \$6.7M for 2014-2015.

**Desegregation Settlement**

The District has proposed a hearing schedule for August and September, 2013. The district court is being asked to separately take up the district's unitary status in special education, one race classes, secondary gifted and talented and staff and personnel. An order addressing the proposed hearing schedule is expected in the near future.

The district submitted a comprehensive status report on February 1, 2013 addressing progress within and tasks remaining to be accomplished in the nine areas remaining for compliance with Plan 2000, its desegregation plan.

The district earlier submitted a response to the state motion to terminate desegregation funding by opposing it, but suggesting that if the court felt the need to modify the 1989 consent decree that it seriously consider redirecting funds toward facilities issues and the creation of a separate Jacksonville school district.

Assuming the approximately \$20M of funding for majority to minority transfer students, magnet and majority to minority transportation and health and retirement employer costs were to be eliminated, the net loss to the district would be approximately \$14M per year. This assumes a gain of approximately \$6M if majority to minority transfer students received remain in PCSSD and start generating state foundation funding.



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**Status Update: September 30, 2013**

**Material State and Federal Audit Findings**

The audit for the year ended June 30, 2012, was published following the district's status update dated March 6, 2013. A material weakness relating to the segregation of financial accounting duties was noted in that audit. There were also five Management Letter findings listed. Corrective action has been taken with all of these findings. Completely addressing the segregation of duties may take additional time and additional personnel. Also, more time may be needed to ensure that all fixed assets are properly tagged and serial numbers included in the capital asset listing. The Division of Legislative Audit began auditing the year ended June 30, 2013, September 19, 2013.

**Declining Balance**

The district ended the 2012-2013 school year with a Legal Fund Balance equal to 10.4% of annual expenditures. The budget for the 2013-2014 school year shows an ending Legal Balance equal to 10.1% of budgeted annual expenditures. The district has met objective number 36: "Reverse the declining balance identified by ADE to jeopardize the fiscal integrity of the school district and build a legal balance equal to 10% of annual expenditures." Some of the specific strategies intended to address that objective had a three-year implementation plan and therefore are still on-going. The outcome of pending litigation, discussed below, could have a material effect on the district's future balances.

**Union Contracts**

In September 2013 the Arkansas Supreme Court upheld a lower court ruling that the Commissioner of Education had the statutory authority to terminate the union contracts.

**Desegregation Settlement**

The state's motion to end desegregation payments will be heard in federal court December 9, 2013. The district's share is approximately \$20.8M per year. Assuming the district retains its M-to-M students and its Little Rock Magnet School students, the net loss of funding would be about \$14M. If these funds are withdrawn, the district would have to eliminate all costs paid with state desegregation revenue. This might have to occur over more than one year and therefore a negative impact on the district's fund balance would be likely.



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**PART B: PLAN OBJECTIVES-Status Update as of March 6, 2013**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 1	Monitor corrective actions of material state or federal audit exceptions or violations	Superintendent, Board, and All Administrators	Monitor implementation of adequate corrective actions for 2007-08, 2008-09 and 2009-10 identified audit findings and deficiencies as listed in Hudson Cisne's audits	Monitor	Monthly School Board Meetings  Audit Exit Conference for FY12 on 2/14/13- No Material Findings	N/A	N/A	Yes	
Objective 2	Promote commitment to financial prudence and consistency with policies and procedures	Superintendent, Board and All Administrators	Demonstrate a "tone at the top" promoting commitment to financial prudence through the adoption and implementation of sound policies and procedures	Policy adoption or revisions	On-going	N/A	N/A	Yes	

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**PART B: PLAN OBJECTIVES**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 3	Supervision and Monitoring of district budget	Superintendent, Board and All Administrators	Monitor all expenses to remain within budget	Monitor	On-going	N/A	N/A	Yes	
Objective 4	Supervision and Monitoring of local, state, and federal revenue	Superintendent, Board and All Administrators	Monitor local, state, and federal funding sources to project increases, decreases, or cuts in revenue that affect the annual budget and make the recommended budget revisions	Monitor	On-going	N/A	N/A	Yes	
Objective 5	Strengthen Internal Controls	Superintendent, Board and All Administrators	Monitor implementation and proper management of fiscal oversight responsibility and safeguards to prevent, and timely detect, misappropriation of funds, potential waste and abuse of District assets	Monitor	On-going	N/A	N/A	Yes	

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	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 6	Supervision and Monitoring of all local, in-state and out-of-state travel	Superintendent, Board and All Administrators	Monitor compliance with policy revisions specific to Board and employee travel and adherence to procedures for completing required documentation	Board Policy Adopted  Policy DKC Business Procedure 7:01, 7:02 & 7:03	On-going	N/A	N/A	Yes	
Objective 7	Supervision and Monitoring of Purchasing policies and procedures	Chief Financial Officer, Director of Purchasing and Coordinator of Purchasing	Revised Business Procedure 03.02 8/01/2012	Board Policy Adopted Board Policy DJ	On-going	N/A	N/A	Yes	
Objective 8	Timely reconciliation of monthly bank statements	Chief financial Officer, Director of Accounting and Auditing and Coordinator of Accounting and Auditing	Reconcile School Activity Bank Accounts Each Month in Business Office rather than school. Maintain zero unexplained variance.	Monitor	April 30, 2013 Operating Fund bank accounts have been reconciled to zero variance . Goal is to have all 36 Activity Fund and all 36 Food Service Fund accounts up to date with zero variances by April 30, 2013.	N/A	N/A	Yes	

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	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 9	Segregate Fixed Asset duties	Chief Financial Officer, Director of Purchasing and Coordinator of Purchasing	Purchasing duties will be segregated within the Business division with respect to fixed assets	Monitor	On-going	N/A	N/A	Yes	
Objective 10	Supervision and Monitoring of Competitive Bid Awards	Chief Financial Officer, Director of Purchasing and Coordinator of Purchasing	Monitor compliance with Board procedures to add competitive bid awards(s) as a regular agenda item	Monitor and adjust board policy Board Policy DJE	Monthly School Board Meetings as needed	N/A	N/A	Yes	
Objective 11	Segregate Payroll duties	Chief Financial Officer, Director of Accounting and Auditing and Coordinator of Accounting and Auditing	Accounting duties in payroll will be segregated within the department to achieve reliable payroll preparation and authorization	Monitor	On-going	N/A	N/A	Yes	

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**PART B: PLAN OBJECTIVES**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 12	Segregate Accounting duties	Chief Financial Officer, Director of Accounting and Auditing and Coordinator of Accounting and Auditing	Accounting duties will be segregated within the department to provide accountability and assurance in regard to receipt of funding	Monitor	On-going	N/A	N/A	Yes	
Objection 13	Supervision and monitoring of employee overtime	Chief Executive Officer(CEO) and Director of Human Resources	Amend and implement a district wide over-time procedure	Monitor	Procedure 12:04 Amended February 2013 Policy will be proposed to Classified PPC March 2013	N/A	N/A	Yes	
Objective 14	Supervision and monitoring of employee contracts	Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	Employee(s) will not work past their contracted days without prior written authorization from the CEO, Human Resources and CFO of Business Affairs	Monitor	On-going	N/A	N/A	Yes	



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**PART B: PLAN OBJECTIVES**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 15	Supervision and monitoring of coding on local funded employees	Chief Executive Officer, Director of Human Resources	Monitor implementation of Human Resources procedures to approve and document the funding source(s) from which employees are paid from	Monitor	On-going	N/A	N/A	Yes	
Objective 16	Supervision and Monitoring of coding on Federally funded employees	Chief Executive Officer, Director of Human Resources	Monitor implementation of Human Resources procedures to approve and document the funding source(s) from which employees are paid from	Monitor	On-going	N/A	N/A	Yes	
Objective 17	Supervision and monitoring of security for District properties	Chief Operations Officer and Director of Security	Development and implementation of a district wide plan to secure district assets	Monitor	March 31, 2013	N/A	N/A		No

ARKANSAS DEPARTMENT OF EDUCATION  
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**PART B: PLAN OBJECTIVES**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 18	Supervision and Monitoring of Accounts Receivable	Chief Financial Officer, Director of Accounting and Auditing, Coordinator of Accounting and Auditing, and Budget Managers	Monitor compliance of coding with Business Division procedures regarding payments due to the District	Monitor	On-going	N/A	N/A	Yes	
Objective 19	Supervision and Monitoring of Compliance with the Arkansas Financial Accounting Manual	Chief Financial Officer, Director of Accounting and Auditing, Coordinator of Accounting and Auditing and Budget Managers	Monitor compliance of coding with the Arkansas Financial Accounting Manual	Monitor	On-going	N/A	N/A	Yes	
Objective 20	Supervision and Monitoring of timely voiding of stale outstanding checks	Chief Financial Officer, Director of Accounting and Auditing, coordinator of Accounting and Auditing	Monitor compliance with District in regard to voiding of outstanding checks	Monitor	On-going Procedure 05:03 8/1/2012	N/A	N/A	Yes	
Objective 21	Supervision and Monitoring of District provided vehicles	Chief Operations Officer, Chief Financial Officer, and Director of Accounting and Auditing	Monitor compliance with IRS regulations in regard to use of District provided vehicles	Monitor	On-going	N/A	N/A	Yes	

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**PART B: PLAN OBJECTIVES**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 22	Supervision and Monitoring of Gift Card issuance	Chief Financial Officer, Budget Managers and Director of Accounting and Auditing	Comply with the District's Purchasing Policies and Procedures	Monitor	On-going	N/A	N/A	Yes	
Objective 23	Supervision and Monitoring of Warehouse Inventory	Chief Operations Officer, chief Financial Officer and Director of Accounting and Auditing	Combine Purchasing and Warehouse Operations with Director and staff located at warehouse	Monitor	On-going	N/A	N/A	Yes	
Objective 24	Supervision and Monitoring of the issuance of manual checks	Chief Financial Officer, Director of Accounting and Auditing, Budget Managers, Coordinator of Accounting and Auditing	Monitor compliance with APSCN procedures in regard to the issuance of manual checks	Monitor	On-going	N/A	N/A	Yes	
Objective 25	Supervision and Monitoring of District provided cell phones	Chief Financial Officer, Coordinator of Purchasing and Director of Purchasing	Monitor compliance with District procedure in regard to cell phone usage	Monitor	March 31, 2013 Procedure 07:06	N/A	N/A	Yes	
Objective 26	Supervision and Monitoring of timely payment of accounts payables	All Administrators	Provide vendors with specific information needed for timely payment of invoices. Investigate reasons for late payments and take corrective action.	Monitor	On-going	N/A	N/A	Yes	



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**PART B: PLAN OBJECTIVES**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 27	Supervision and Monitoring of desegregation funding	CFO and Assistant Superintendent for Equity and Pupil Services	Monitor expenditures related to desegregation funding	Monitor	On-going	N/A	N/A	Yes	
Objective 28	Educate employees on fiscal policies and procedures	Superintendent, Board, and All Administrators	Educate employees on fiscal policies and procedures	Monitor	On-going	N/A	N/A	Yes	
Objective 29	Supervision and Monitoring of District issued credit cards	Chief Financial Officer. Budget Managers, Director of Purchasing and Coordinator of Purchasing	Monitor the use of District provided credit cards and compliance with District credit card policy	Monitor	On-going	N/A	N/A	Yes	
Objective 30	Quarterly Audits	Legislative Audit	Quarterly Audits by Legislative Audit	Monitor	Quarterly TBD by Legislative Audit FY11 & FY12 Financial Audits Completed	N/A	N/A	Yes	
Objective 31	Supervision and Monitoring of reports charging Fraud and Abuse pertaining to district resources	Superintendent and Division Leaders	Publish FBI "Corruption Reporting" email and phone number on District web site	Monitor	March 1, 2013	N/A	N/A	Yes	

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**PART B: PLAN OBJECTIVES**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 32	Supervision and Monitoring of Fiscal Distress Improvement Plan	Superintendent and Division Leaders	Submit Fiscal Distress Plan progress statements as an action agenda item under the section of miscellaneous reports on the Board Agenda	Monitor	March 12, 2013	N/A	N/A	Yes	
Objective 33	Supervision and Monitoring of Budget Adjustments	Superintendent and Division Leaders	Establish a policy for budget adjustments	Policy adoption or revisions Board Policy DB	March 12, 2013	N/A	N/A	<span style="background-color: green; color: white;">Yes</span>	
Objective 34	Supervision and Monitoring of Board Policies	Superintendent and Division Leaders	Superintendent's Cabinet to review ASBA model policies and recommend changes to PCSSD Board Policies	Monitor	On-going	N/A	N/A	Yes	
Objective 35	Supervision and Monitoring of the finance, payroll and technology departments	Superintendent and Division Leaders	Research information on restructuring financial, payroll and technology	Monitor	On-going	N/A	N/A	Yes	
Objective 36	Reduction of Personnel Costs required by PACT-PNA	Superintendent, Division Leaders and Board	Exhibit 1	Approve Revised Contract	Begins 2-22-12	Various	Exhibit 1		No
Objective 37	Reduction of Personnel Costs required by PASS-PNA	Superintendent, Division Leaders and Board	Exhibit 2	Approved Revised Contract	Begins 2-22-12	Various	Exhibit 2		No

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**PART B: PLAN OBJECTIVES**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective-38	Lowering Operating Costs for 2011-2012	Superintendent, Division Leaders	Exhibit 3	Monitor	On-going	N/A	Exhibit 3		No
Objective-39	Lower Operating Costs for 2011-2013	Superintendent, Division Leaders	Exhibit 4	Approve Budget	On-going	N/A	Exhibit 4		No
Objective 36	Reverse the declining balance identified by ADE to jeopardize the fiscal integrity of the school district and build a legal balance equal to 10% of annual expenditures	Superintendent, Division Leaders	Various-See Below Strategies		June 30, 2014	Operating		Yes	
			Implement new district-wide copier bid	Approve Contract	June 2012	Operating	\$141,228	Strategy Accomplished	
		Superintendent, Division Leaders	Revise Employee Insurance Package	Approve Insurance Package	April 2012	Operating	\$1,500,000	Strategy Accomplished	
		Superintendent, Division Leaders	Change school bell schedule	Approve New Bell Schedule	August 2012	Operating	\$401,124	Strategy Accomplished	

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**PART B: PLAN OBJECTIVES**

	Plan Objective	Responsible Party	Specific Strategy	Board Action	Date of Action	Funding Sources	Amount of Net Savings	Objective Yes	Met No
		Superintendent, Division Leaders	Do not fill vacant positions 2011-2012	Approve Budget	July 2011 – June 2012	Operating	\$775,328	Strategy Accomplished	
		Superintendent, Division Leaders	Reduction in Force – 77 positions	Approve Budget	April 2012 – May 2012	Operating	\$3,850,000	Strategy Accomplished	
		Superintendent, Division Leaders	Reduce Teacher Salary Schedule from 192 to 190 Days	Approve	July 2012	Operating	\$795,000 PNA	Strategy Accomplished	
		Superintendent, Division Leaders	Reduce amount paid to teachers for non-instructional duties	Approve Budget and Relative Policies	July 2012	Operating	\$376,857 PNA	Strategy Accomplished	
		Superintendent, Division Leaders	Eliminate Attendance Incentive Pay for all employees (amounts paid end of each semester and end of each year, not amount	Approve Budget and Relative Policies	July 2012	Operating	\$102,615 PNA	Strategy Accomplished	
		Superintendent, Division Leaders	Add Unused Sick Leave Pay to Support Staff to Match Benefit Provided Certified Personnel	Approve Budget and Relative Policies	July 2012	Operating	(\$154,038) PNA	Strategy Accomplished	
		Superintendent, Division Leaders	Eliminate Bereavement Leave (1)	Approve Budget and Relative Policies	July 2012	Operating	\$30,000 PNA	Strategy Accomplished	





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**PART B: PLAN OBJECTIVES**

	Plan Objective	Responsible Party	Specific Strategy	Board Action	Date of Action	Funding Sources	Amount of Net Savings	Objective Yes	Met No
		Superintendent, Division Leaders	Phase out Placement on Salary Schedule Based on District Courses	Approve Budget and Relative Policies	July 2012- June 2015 Policy in place that will implement 3-yr phase-out	Operating	\$2,800,383 PNA		Strategy will not be complete until end of 3-year phase out during 2014-15 school year
		Superintendent, Division Leaders	Phase out Professional Growth Contracts – Certified Personnel	Approve Budget and Relative Policies	July 2012- June 2015 Policy in place that will implement 3-yr phase-out	Operating	\$1,200,000 PNA		Strategy will not be complete until end of 3-year phase out during 2014-15 school year
		Superintendent, Division Leaders	Phase out Staff Development Compensation – Support Staff	Approve Budget and Relative Policies	July 2012- June 2015 Policy in place that will implement 3-yr phase-out	Operating	\$344,622 PNA		Strategy will not be complete until end of 3-year phase out during 2014-15 school year
		Superintendent, Division Leaders	Eliminate Severance Pay	Approve Budget and Relative Policies	July 2012	Operating	\$805,083 PNA	Strategy Accomplished	
		Superintendent, Division Leaders	Change Accrued Leave to Sick Leave as Defined by Arkansas Law	Approve Budget and Relative Policies	July 2012	Operating	\$218,970 PNA	Strategy Accomplished	
		Superintendent, Division Leaders	Establish the Authority Of The Administration To Manage The District Personnel Reasonably, Without Discrimination, And Consistent With Law	Approve Relative Policies	July 2012	N/A	N/A	Strategy Accomplished	

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**PART B: PLAN OBJECTIVES**

	<b>Plan Objective</b>	<b>Responsible Party</b>	<b>Specific Strategy</b>	<b>Board Action</b>	<b>Date of Action</b>	<b>Funding Sources</b>	<b>Amount of Net Savings</b>	<b>Objective Yes</b>	<b>Met No</b>
Objective 37	Identify cost reduction possibilities in the event state desegregation funding is eliminated	Superintendent, Division Leaders	During the 2012-2013 budget process, code specific expenditures that could be eliminated to the desegregation fund and source of fund codes	Approve	May 31, 2013	N/A	N/A		No-Have not identified  cuts sufficient to offset 100% loss of deseg funds
Objective 38	Refund Bond Issue Dated November 1, 2004	Superintendent, Chief Financial Officer and Board	Issue new bonds in the amount of \$21,860,000 to refund 11-1-2004 issue at lower interest rate	Approve	April 2012	Debt Service Mills	\$2,528,185 over 23 years restricted to academic facilities projects	Yes	
Objective 39	Implement corrective actions pertaining to FY11 audit findings	Chief Financial Officer	Various-See Below Strategies	Approve	May 31, 2013	N/A	N/A	 Strategy Accomplished	
		Chief Financial Officer	Audit Finding 2011-1 Segregate accounting duties to the extent possible.	Approve	February 2013	N/A	N/A	Strategy Accomplished	
		Chief Financial Officer	Audit Finding 2011-2 Develop and implement a process that will identify and record all accounts payable at year end	Approve	June 2012	N/A	N/A	Strategy Accomplished	

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	Plan Objective	Responsible Party	Specific Strategy	Board Action	Date of Action	Funding Sources	Amount of Net Savings	Objective Yes	Met No
			Audit Finding 2011-2 Close bank accounts that were incorrectly classified as "investments" and transfer the proceeds to a "cash in bank" account	Approve	March 2012	N/A	N/A	Strategy Accomplished	
			Audit Finding 2011-2 Properly record amount the \$689,855 paid for workers compensation insurance	Approve	April 2012	N/A	N/A	Strategy Accomplished	
			Audit Finding 2011-3 Monitor Federal Title 1 expenditures to ensure they comply with the approved ACSIP budget	Approve	June 2012	N/A	N/A	Strategy Accomplished	
			Audit Finding 2011-4 Have all newly purchased Fixed Assets delivered to a central location for proper tagging prior to delivery to final destination.	Approve	July 2012	N/A	N/A	Strategy Accomplished	

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	Plan Objective	Responsible Party	Specific Strategy	Board Action	Date of Action	Funding Sources	Amount of Net Savings	Objective Yes	Met No
			Audit Finding 2011-5 Give a business office employee or program administrator responsibility for the collection and filing of required time certifications for federally funded positions.	Approve	June 2012	N/A	N/A	Strategy Accomplished	
			Management Letter #1 Notify vendors in writing regarding district procurement policies and require invoices and statements to be mailed to central office.	Approve	June 2012 Second Letter Mailed February 2013	N/A	N/A	Strategy Accomplished	
			Management Letter #1 Within APSCN, clearly indicate the vendor numbers that should no longer be used.	Approve	June 2012	N/A	N/A	Strategy Accomplished	



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	Plan Objective	Responsible Party	Specific Strategy	Board Action	Date of Action	Funding Sources	Amount of Net Savings	Objective Yes	Met No
			Management Letter #2 Standardize the insurance products available through payroll deduction and utilize PlanSource software to keep APSCN payroll records in sync with vendor records.	Approve	April 2012	N/A	N/A	Strategy Accomplished	
			Management Letter #2 Change the stated work week to provide more payroll processing and review time without the need for overtime. Investigate timekeeping software that could decrease the payroll keying time.	Approve	June 2012	N/A	N/A	Strategy Accomplished	
			Management Letter #3 Report lease-purchase and all other financing agreements to ADE as required.	Approve	December 2012	N/A	N/A	Strategy Accomplished	

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	Plan Objective	Responsible Party	Specific Strategy	Board Action	Date of Action	Funding Sources	Amount of Net Savings	Objective Yes	Met No
			Management Letter #4 Continually monitor to ensure sufficient collateral covering district bank deposits.	Approve	February 2013	N/A	N/A	Strategy Accomplished	
			Management Letter # 5 Obtain board approval prior to the disposal of district assets.	Approve	April 2012 Policy DN Procedure 06:05	N/A	N/A	Strategy Accomplished	
			Management Letter #6 Strengthen the internal controls and business procedures related to activity funds and provide training to school personnel.	Monitor	July-August 2012 Procedure 01:01	N/A	N/A	Strategy Accomplished	
			Supplemental Finding #1 District's Chief Technology and Information Officer will document a Disaster Recovery Plan by June 30, 2012.	Monitor	May 2013	N/A	N/A	Strategy Accomplished	
			Supplemental Finding #3 All receipts will be recorded in the period received, or in the case of direct deposits, upon proof of receipt.	Monitor	April 2012	N/A	N/A	Strategy Accomplished	

ARKANSAS DEPARTMENT OF EDUCATION  
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	Plan Objective	Responsible Party	Specific Strategy	Board Action	Date of Action	Funding Sources	Amount of Net Savings	Objective Yes	Met No
			Supplemental Finding #4 New Employees will be required to return signed contracts prior to beginning work.	Monitor	July 2012	N/A	N/A	Strategy Accomplished	
			Supplemental Finding #5 Employee reimbursed district \$13 for tip and alcohol claimed and paid by the district for travel. Travel receipts will be more closely monitored to prevent future payments for tips and alcohol.	Monitor	April 2012	N/A	N/A	Strategy Accomplished	
			Supplemental Finding #6 A receipt will be written for all funds received and/or direct deposited into the district's bank account. A separate receipt will be issued to each payer.	Monitor	April 2012	N/A	N/A	Strategy Accomplished	

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	Plan Objective	Responsible Party	Specific Strategy	Board Action	Date of Action	Funding Sources	Amount of Net Savings	Objective Yes	Met No
			Supplemental Finding #7 The district's bank will provide check images each month on a CD.	Monitor	April 2012	N/A	N/A	Strategy Accomplished	
			Supplemental Finding #8 The district will work to clear bank reconciliation variances that have occurred over a prolonged period of time. The bank reconciliation process will be completed by about the 10 <sup>th</sup> of each month with the goal of zero variance by June 30, 2013.	Monitor	June 2012 Prior year variances have been cleared. See objective #8	N/A	N/A	Strategy Accomplished	
			Supplemental Finding #9 Reviewers of free and reduced lunch applications will be cautioned to pay particular attention to the stated frequency of income shown on applications.	Monitor	April 2012	N/A	N/A	Strategy Accomplished	

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	Plan Objective	Responsible Party	Specific Strategy	Board Action	Date of Action	Funding Sources	Amount of Net Savings	Objective Yes	Met No
			Supplemental Finding #10 The district will further investigate possible rebates earned by its participation in the USC purchasing cooperative and attempt to collect all earned amounts.	Monitor	June 2012	N/A	N/A	Strategy Accomplished	
			Supplemental Finding # 10 The district will follow-up with USABLE regarding Legislative Audit's request for a list of all refund checks issued to either PCSSD or employees of PCSSD.	Monitor	April 2012	N/A	N/A	Strategy Accomplished	
			Supplemental Finding #11 The district will develop policies and procedures for the purpose of providing sufficient controls and accountability on the use of FuelMan Credit Cards.	Monitor	February 2013	N/A	N/A	Strategy Accomplished	

State of Arkansas

*As Engrossed: H3/11/13*

89th General Assembly

# A Bill

Regular Session, 2013

HOUSE BILL 1770

By: Representatives Perry, D. Altes, Branscum, Carnine, Catlett, Clemmer, Collins, Copenhaver, Dale, Deffenbaugh, J. Dickinson, Eubanks, Farrer, Fielding, Hobbs, Hodges, Holcomb, Jett, Lampkin, Leding, Lowery, Magie, McCrary, Ratliff, Richey, T. Thompson, Wardlaw, D. Whitaker, Word, Wren, *E. Armstrong*

By: Senators J. Key, Bledsoe, E. Cheatham, J. Dismang, J. English, Hester, Holland, Irvin, D. Johnson, U. Lindsey, Maloch, B. Pierce, Rapert, B. Sample, Teague, R. Thompson, E. Williams, *Bookout, Caldwell, Files, J. Hutchinson, B. King, D. Sanders, G. Stubblefield, J. Woods, D. Wyatt*

## For An Act To Be Entitled

AN ACT TO EXTEND THE TIME FOR WHICH A PUBLIC SCHOOL OR SCHOOL DISTRICT MAY BE CLASSIFIED AS IN ACADEMIC, FISCAL, OR FACILITIES DISTRESS; TO ALLOW A PUBLIC SCHOOL TO BE CLASSIFIED AS IN ACADEMIC DISTRESS; TO MODIFY THE CRITERIA, SANCTIONS, AND PROCEDURES FOR A PUBLIC SCHOOL OR SCHOOL DISTRICT IN ACADEMIC, FISCAL, OR FACILITIES DISTRESS; TO PROVIDE FOR CAPACITY BUILDING AND INTERIM LEADERSHIP IN A PUBLIC SCHOOL OR SCHOOL DISTRICT IN ACADEMIC, FISCAL, OR FACILITIES DISTRESS; TO AMEND THE ARKANSAS OPPORTUNITY PUBLIC SCHOOL CHOICE ACT OF 2004; TO CLARIFY THE TERMINOLOGY OF THE ACADEMIC FACILITIES DISTRESS PROGRAM; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

## Subtitle

TO AMEND PROVISIONS OF LAW CONCERNING ACADEMIC, FISCAL, AND FACILITIES DISTRESS OF PUBLIC SCHOOLS AND SCHOOL DISTRICTS; AND TO DECLARE AN EMERGENCY.

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



1  
2 SECTION 1. Arkansas Code § 6-15-419(32), concerning the definition of  
3 "school district in academic distress" is amended to read as follows:

4 (32) "School or school district in academic distress" means any  
5 public school or school district failing to meet the minimum level of  
6 academic achievement on the state-mandated augmented, criterion-referenced,  
7 or norm-referenced assessments as required by the state board in the program;

8  
9 SECTION 2. Arkansas Code § 6-15-425 is amended to read as follows:

10 6-15-425. School improvement or academic distress.

11 ~~(a) Those public individual schools~~ A public school or school district  
12 identified by the Department of Education as failing to meet established  
13 levels of academic achievement shall be classified as being in:

14 (1) school School improvement as required by the Arkansas  
15 Comprehensive Testing, Assessment, and Accountability Program, § 6-15-401, et  
16 seq., rules and regulations;

17 (2) Academic distress as required under § 6-15-428 – 6-15-431;  
18 or

19 ~~(b)(3) Those public school districts identified by the~~  
20 ~~department as failing to meet established levels of academic achievement~~  
21 ~~shall be classified as being either in school improvement or academic~~  
22 ~~distress, or both, Both,~~ Both, as required by the applicable program rules and  
23 regulations.

24  
25 SECTION 3. Arkansas Code § 6-15-428 is amended to read as follows:

26 6-15-428. Academic distress identification, notification,  
27 classification, and appeal.

28 (a) The school board president and superintendent of a school district  
29 in which the school district or a public school is identified by the  
30 Department of Education as being in academic distress shall be notified in  
31 writing by the department via certified mail, return receipt requested, and  
32 shall have a right of appeal to the State Board of Education.

33 (b) Any school district identified or in which a public school is  
34 identified in academic distress may appeal to the state board by filing a  
35 written appeal with the Commissioner of Education via certified mail, return  
36 receipt requested, within thirty (30) calendar days of receipt of the written



1 notice of academic distress status from the department.

2 (c)(1) The state board shall hear the appeal of the school district  
3 within sixty (60) days of receipt of the written appeal in the commissioner's  
4 office.

5 (2) The state board's determination shall be final except that a  
6 school district may appeal to Pulaski County Circuit Court under the Arkansas  
7 Administrative Procedure Act, § 25-15-201 et seq.

8 ~~Those school districts~~ A school district or public school  
9 identified by the department as being in academic distress shall be  
10 classified as a school district or public school in academic  
11 distress upon final determination by the state board.

12  
13 SECTION 4. Arkansas Code § 6-15-429 is amended to read as follows:

14 6-15-429. Academic distress – Required action.

15 (a) A Except as provided under subdivision (b)(3)(B) of this section  
16 and § 6-15-430(d), a public school or school district identified as in  
17 "academic distress" shall have no more than ~~two (2)~~ five (5) consecutive  
18 school years from the date of ~~receipt of notice of identification from the~~  
19 ~~Department of Education~~ classification of academic distress status to be  
20 removed from academic distress status.

21 (b)(1) The State Board of Education may at any time take enforcement  
22 action on any school district in academic distress status, ~~including, but not~~  
23 ~~limited to,~~ including without limitation annexation, consolidation, or  
24 reconstitution of a school district pursuant to § 6-13-1401 et seq. and the  
25 authority of this subchapter, ~~except no.~~

26 (2) The state board may take enforcement action at any time on a  
27 public school in academic distress under this subchapter.

28 (3)(A) Except as provided under subdivision (b)(3)(B) of this  
29 section and § 6-15-430(d), a public school or school district shall not be  
30 allowed to remain in academic distress status for a time period greater than  
31 ~~two (2)~~ five (5) consecutive school years from the date of ~~receipt of notice~~  
32 ~~of identification~~ classification of academic distress ~~from the department~~  
33 status.

34 (B) The state board may grant additional time for a public  
35 school or school district to remove itself from academic distress by issuing  
36 a written finding supported by a majority of the state board explaining in



1 detail that the public school or school district could not remove itself from  
2 academic distress during the relevant time period due to impossibility caused  
3 by external forces beyond the control of the public school or school  
4 district.

5 (c) If a public school or school district classified as being in  
6 academic distress fails to be removed from academic distress status within  
7 the allowed ~~two-year~~ five-year time period and has not been granted  
8 additional time under subdivision (b)(3)(B) of this section, the state board  
9 shall annex, consolidate, or reconstitute the ~~academic distress public school~~  
10 or school district prior to before July 1 of the next school year ~~unless the~~  
11 ~~state board, at its discretion, issues a written finding supported by a~~  
12 ~~majority of the state board explaining in detail that the school district~~  
13 ~~could not remove itself from academic distress during the relevant time~~  
14 ~~period due to impossibility caused by external forces beyond the school~~  
15 ~~district's control.~~

16  
17 SECTION 5. Arkansas Code § 6-15-430 is amended to read as follows:

18 6-15-430. State Board of Education authority over ~~school~~ a public  
19 school or school district in academic distress.

20 (a) ~~The State Board of Education shall have the following authority~~  
21 ~~regarding any public~~ If a school district is classified as being in academic  
22 distress, the State Board of Education may:

23 (1) ~~To require the superintendent of the school district to~~  
24 ~~relinquish all authority with respect to the school district and to appoint~~  
25 ~~an individual to administratively operate the school district under the~~  
26 ~~supervision of the Commissioner of Education, with the cost to be paid from~~  
27 ~~school district funding~~ Remove permanently, reassign, or suspend on a  
28 temporary basis the superintendent of the school district and:

29 (A) Appoint an individual in place of the superintendent  
30 to administratively operate the school district under the supervision and  
31 approval of the Commissioner of Education; and

32 (B) Compensate from school district funds the individual  
33 appointed to operate the school district;

34 (2) ~~To suspend~~ Suspend or remove some or all of the current  
35 board of directors and call for the election of a new school board of  
36 directors for the school district, in which case the school district shall

1 reimburse the county board of election commissioners for election costs as  
2 otherwise required by law;

3 (3) ~~To allow~~ Require the school district to operate without the  
4 ~~local school a~~ board of directors under the supervision of the ~~local school~~  
5 ~~district administration superintendent~~ or an ~~administration chosen~~ individual  
6 or panel appointed by the ~~Commissioner of Education~~ commissioner;

7 (4) ~~To waive~~ Waive the application of Arkansas law, with the  
8 exception of the Teacher Fair Dismissal Act of 1983, § 6-17-1501 et seq., and  
9 the Public School Employee Fair Hearing Act, § 6-17-1701 et seq., or the  
10 ~~Department of Education~~ corresponding state board rules and regulations;

11 (5) ~~To require~~ Require the annexation, consolidation, or  
12 reconstitution of the ~~public~~ school district; ~~and~~

13 (6) In the absence of a board of directors, direct the  
14 commissioner to assume all authority of the board of directors as may be  
15 necessary for the day-to-day governance of the school district;

16 (7) Return the administration of the school district to the  
17 former board of directors or to a newly elected board of directors if:

18 (A) The department certifies in writing to the state board  
19 and to the school district that the school district has corrected all issues  
20 that caused the classification of academic distress; and

21 (B) The state board determines that the school district  
22 has corrected all issues that caused the classification of academic distress;  
23 and

24 ~~(6)-(8)~~ Take any other necessary and proper action, as  
25 determined by the state board, that is allowed by law.

26 (b) If a public school is classified as being in academic distress,  
27 the state board may:

28 (1) Require the reorganization of the public school or  
29 reassignment of the administrative, instructional, or support staff of the  
30 public school;

31 (2) Require the public school to institute and fully implement a  
32 student curriculum and professional development for teachers and  
33 administrators that are based on state academic content and achievement  
34 standards, with the cost to be paid by the school district in which the  
35 public school is located;

36 (3) Require the principal of the public school to relinquish all

1 authority with respect to the public school;

2 (4) Waive the application of Arkansas law or the corresponding  
3 state board rules, with the exception of:

4 (A) The Teacher Fair Dismissal Act of 1983, § 6-17-1501 et  
5 seq.; and

6 (B) The Public School Employee Fair Hearing Act, § 6-17-  
7 1701 et seq.;

8 (5) Under The Teacher Fair Dismissal Act of 1983, § 6-17-1501 et  
9 seq., reassign or remove some or all of the licensed personnel of the public  
10 school and replace them with licensed personnel assigned or hired under the  
11 supervision of the commissioner;

12 (6) Remove the public school from the jurisdiction of the school  
13 district in which the public school is located and establish alternative  
14 public governance and supervision of the public school;

15 (7) Require closure or dissolution of the public school;

16 (8)(A) Remove permanently, reassign, or suspend on a temporary  
17 basis the superintendent of the school district in which the public school is  
18 located.

19 (B) If the state board takes an action under subdivision  
20 (b)(8)(A), it may appoint an individual in place of the superintendent to  
21 administratively operate the school district under the supervision and  
22 approval of the commissioner and compensate the appointed individual;

23 (9) Take one (1) or more of the actions under subsection (a) of  
24 this section concerning the public school district where the school is  
25 located;

26 (10) Return the administration of the school district to the  
27 former board of directors or to a newly elected board of directors if:

28 (A) The department certifies in writing to the state board  
29 and to the school district that the public school has corrected all issues  
30 that caused the classification of academic distress and that no public school  
31 within the school district is classified as being in academic distress; and

32 (B) The state board determines the public school has  
33 corrected all issues that caused the classification of academic distress and  
34 that no public school within the school district is classified as being in  
35 academic distress; and

36 (11) Take any other appropriate action allowed by law that the

1 state board determines is needed to assist and address a public school  
2 classified as being in academic distress.

3 ~~(b)(1)(c) Any A~~ student attending a public school or school district  
4 classified as being in academic distress ~~shall~~ is automatically ~~be~~ eligible  
5 and entitled pursuant to the ~~Arkansas Public School Choice Act of 1989, § 6-~~  
6 ~~18-206~~ Arkansas Opportunity Public School Choice Act of 2004, § 6-18-227, to  
7 transfer to another ~~geographically contiguous~~ public school or public school  
8 district not in academic distress during the time period that ~~a~~ the resident  
9 public school or public school district is classified as being in academic  
10 distress and, ~~therefore, not be required to file a petition by July 1 but~~  
11 ~~shall meet all other requirements and conditions of the Arkansas Public~~  
12 ~~School Choice Act of 1989, § 6-18-206.~~

13 (2) The cost of transporting the student from the resident  
14 district to the nonresident district shall be the cost of the resident  
15 district under § 6-18-227.

16 ~~(3) The nonresident district shall count the student for average~~  
17 ~~daily membership purposes.~~

18 (d) If the state board or the commissioner assumes authority over a  
19 public school district in academic distress under subsection (a) or  
20 subsection (b) of this section, the state board may pursue the following  
21 process for returning a public school district to the local control of its  
22 residents:

23 (1) During the second school year following a public school's or  
24 school district's classification of academic distress status, the state board  
25 shall determine the extent of the public school's or school district's  
26 progress toward correcting all criteria for being classified as in academic  
27 distress;

28 (2)(A) If the state board determines that sufficient progress  
29 has been made by a public school or school district in academic distress  
30 toward correcting all issues that caused the classification of academic  
31 distress, but the public school or school district has not yet resolved all  
32 issues that caused the classification of academic distress, the commissioner,  
33 with the approval of the state board, may appoint a community advisory board  
34 of either five (5) or seven (7) members to serve under the supervision and  
35 direction of the commissioner.

36 (B) The members of the community advisory board shall be

1 residents of the school district and shall serve on a voluntary basis without  
2 compensation.

3 (C) the department shall cause to be provided to the  
4 community advisory board technical assistance and training in, at a minimum,  
5 the areas required in § 6-13-629.

6 (D) The duties of a community advisory board include  
7 without limitation:

8 (i) Meeting monthly during a regularly scheduled  
9 public meeting with the state-appointed administrator regarding the progress  
10 of the public school or school district toward correcting all issues that  
11 caused the classification of academic distress;

12 (ii) Seeking community input from the residents of  
13 the school district regarding the progress of the public school or school  
14 district toward correcting all issues that caused the classification of  
15 academic distress;

16 (iii) Conducting hearings and making recommendations  
17 to the commissioner regarding personnel and student discipline matters under  
18 the appropriate district policies;

19 (iv) Working to build community capacity for the  
20 continued support of the school district; and

21 (v) Submitting quarterly reports to the commissioner  
22 and the state board regarding the progress of the public school or school  
23 district toward correcting all issues that caused the classification of  
24 academic distress.

25 (E) The members of the community advisory board shall  
26 serve at the pleasure of the commissioner until:

27 (i) The school district is returned to local control  
28 and a permanent board of directors is elected and qualified; or

29 (ii) The state board annexes, consolidates, or  
30 reconstitutes the school district under this section or under another  
31 provision of law;

32 (3)(A) By April 1 of each year following the appointment of a  
33 community advisory board under subdivision (d)(2) of this section, the state  
34 board shall determine the extent of the public school's or school district's  
35 progress toward correcting all issues that caused the classification of  
36 academic distress and shall:

1 (i) Allow the community advisory board to remain in  
2 place for one (1) additional year;

3 (ii) Return the school district to local control by  
4 calling for the election of a newly elected board of directors if:

5 (a) The department certifies in writing to the  
6 state board and to the school district that the public school or school  
7 district has corrected all issues that caused the classification of academic  
8 distress and that no public school within the school district is classified  
9 as being in academic distress; and

10 (b) The state board determines the public  
11 school or school district has corrected all issues that caused the  
12 classification of academic distress and that no public school within the  
13 school district is classified as being in academic distress; or

14 (iii) Annex, consolidate, or reconstitute the school  
15 district pursuant to this title.

16 (B) If the state board calls for an election of a new  
17 school district board of directors, the school district shall reimburse the  
18 county board of election commissioners for election costs as otherwise  
19 required by law.

20 (4) If the state board calls for an election of a new school  
21 district board of directors pursuant to subdivision (d)(3)(A)(ii) of this  
22 section, the commissioner, with the approval of the state board, may appoint  
23 an interim board of directors to govern the school district until a permanent  
24 school district board of directors is elected and qualified.

25 (A) The interim board of directors shall consist of either  
26 five (5) or seven (7) members.

27 (B) The members of the interim board of directors shall be  
28 residents of the school district and otherwise eligible to serve as school  
29 board members under applicable law.

30 (C) The members of the interim board of directors shall  
31 serve on a voluntary basis without compensation.

32 (e)(1) If, by the end of the fifth school year following the public  
33 school's or school district's classification of academic distress status, the  
34 public school or school district in academic distress has not corrected all  
35 issues that caused the classification of academic distress, the state board,  
36 after a public hearing, shall consolidate, annex, or reconstitute the school

1 district under this section.

2 (2) The state board may grant additional time for a public  
3 school or school district to remove itself from academic distress by issuing  
4 a written finding supported by a majority of the state board explaining in  
5 detail that the public school or school district could not remove itself from  
6 academic distress during the relevant time period due to impossibility caused  
7 by external forces beyond the control of the public school or school  
8 district.

9 (f) Nothing in this section shall be construed to prevent the  
10 department or the state board from taking any of the actions listed in this  
11 section at any time to address public schools and school districts in  
12 academic distress.

13  
14 SECTION 6. Arkansas Code § 6-15-431(a), concerning academic distress  
15 rules and regulations, is amended to read as follows:

16 (a) The State Board of Education shall promulgate rules and  
17 regulations as necessary to identify, evaluate, assist, and address public  
18 schools and school districts determined to be in academic distress.

19  
20 SECTION 7. Arkansas Code § 6-18-227(a)(2), concerning the Arkansas  
21 Opportunity Public School Choice Act of 2004, is amended to read as follows:

22 (2)(A) The purpose of this section is to provide enhanced  
23 opportunity for students in this state to gain the knowledge and skills  
24 necessary for postsecondary education, a technical education, or the world of  
25 work.

26 (B) The General Assembly:

27 (i) Recognizes that the Arkansas Constitution, as  
28 interpreted by the Arkansas Supreme Court in Lake View School District No. 25  
29 v. Huckabee, 351 Ark. 31 (2002), makes education a paramount duty of the  
30 state;

31 (ii) Finds that the Arkansas Constitution requires  
32 the state to provide an adequate education;

33 (iii) Further finds that a student should not be  
34 compelled against the wishes of the parent, guardian, or the student, if the  
35 student is over eighteen (18) years of age, to remain in a public school or  
36 school district designated as a level 1 school under § 6-15-2103 for two (2)



1 ~~or more consecutive years~~ classified by the State Board of Education as a  
2 public school or school district in academic distress under § 6-15-428; and

3 (iv) Shall make available a public school choice  
4 option in order to give a child the opportunity to attend a public school or  
5 school district that is ~~performing satisfactorily~~ not in academic distress.

6 ~~(C) This section shall take effect with the implementation~~  
7 ~~of school performance category levels.~~

8  
9 SECTION 8. Arkansas Code § 6-18-227(a)(4), concerning the Arkansas  
10 Opportunity Public School Choice Act of 2004, is amended to read as follows:

11 (4) A public school choice program is hereby established to  
12 enable any student to transfer from a ~~failing school to another public school~~  
13 ~~in the state~~ public school or school district classified by the state board  
14 as in academic distress to another public school or school district in the  
15 state that is not in academic distress, subject to the restrictions contained  
16 in this section.

17  
18 SECTION 9. Arkansas Code § 6-18-227(b)(1), concerning the Arkansas  
19 Opportunity Public School Choice Act of 2004, is amended to read as follows:

20 (b)(1) Upon the request of a parent, guardian, or the student, if the  
21 student is over eighteen (18) years of age, a student may transfer from his  
22 or her resident district or public school to another district or public  
23 school in accordance with the provisions of this section if:

24 (A) The resident public school or school district has been  
25 ~~designated pursuant to § 6-15-2103 as a level 1 school for two (2) or more~~  
26 ~~consecutive school years~~ classified by the state board as a public school or  
27 school district in academic distress; and

28 (B) The parent, guardian, or the student, if the student  
29 is over eighteen (18) years of age, has notified the Department of Education  
30 and both the sending and receiving school districts of the request for a  
31 transfer no later than July 30 of the first year in which the student intends  
32 to transfer.

33  
34 SECTION 10. Arkansas Code § 6-18-227(b)(3)(A) and (B), concerning the  
35 Arkansas Opportunity Public School Choice Act of 2004, is amended to read as  
36 follows:

1 (3)(A) For each student enrolled in or assigned to a public  
2 school or school district that has been classified by the state board as  
3 being in academic distress ~~designated as a level 1 school for two (2) or more~~  
4 ~~consecutive school years~~, a school district shall:

5 (i) Timely notify the parent, guardian, or the  
6 student, if the student is over eighteen (18) years of age, as soon as  
7 practicable after the designation is made, of all options available pursuant  
8 to this section; and

9 (ii) Offer the parent, guardian, or the student, if  
10 the student is over eighteen (18) years of age, an opportunity to enroll the  
11 student in any public school or school district that has not been ~~designated~~  
12 ~~by the state pursuant to § 6-15-2103 as a school performing higher than that~~  
13 ~~in which the student is currently enrolled or to which the student has been~~  
14 ~~assigned, but not less than annual performance category level 3~~ classified by  
15 the state board as being in academic distress. The opportunity to continue  
16 attending the ~~higher performing~~ public school or school district that is not  
17 in academic distress shall remain in force until the student graduates from  
18 high school.

19 (B)(i) The parent or guardian of a student enrolled in or  
20 assigned to a public school or school district that has been ~~designated as a~~  
21 ~~school in level 1 under § 6-15-2103 for two (2) or more consecutive years~~  
22 classified by the state board as being in academic distress may choose as an  
23 alternative to enroll the student in a legally allowable ~~category level 3 or~~  
24 ~~higher performing~~ public school not in academic distress that is nearest to  
25 the student's legal residence.

26 (ii) That school or school district shall accept the  
27 student and report the student for purposes of the funding pursuant to  
28 applicable state law.

29  
30 SECTION 11. Arkansas Code § 6-18-227(c)(2), concerning the Arkansas  
31 Opportunity Public School Choice Act of 2004, is amended to read as follows:

32 (2) Upon the transferring public school or school district's  
33 removal from academic distress status ~~receiving a category level 3 or higher~~  
34 ~~for its annual performance~~, the transportation costs shall no longer be the  
35 responsibility of the transferring district, and the student's transportation  
36 and the costs of the transportation shall be the responsibility of the

1 parents or the receiving school district if the receiving school district  
2 agrees to bear the transportation costs.

3  
4 SECTION 12. Arkansas Code § 6-18-227(i), concerning the Arkansas  
5 Opportunity Public School Choice Act of 2004, is amended to read as follows:

6 (i) For purposes of determining a school district's state ~~equalization~~  
7 ~~aid~~ funding, the nonresident student shall be counted as a part of the  
8 average daily membership of the district to which the student has  
9 transferred.

10  
11 SECTION 13. Arkansas Code § 6-20-1908(d) through (f), concerning the  
12 fiscal distress improvement plans, is amended to read as follows:

13 (d) ~~No~~ Except under § 6-20-1910(d), a school district shall not be  
14 allowed to remain in fiscal distress status for more than ~~two (2)~~ five (5)  
15 consecutive school years from the date that the school district was  
16 classified as being in fiscal distress status.

17 (e) Any school district classified as being in fiscal distress status  
18 shall be required to receive on-site technical evaluation and assistance from  
19 the department.

20 (f)(1) The department shall evaluate and make written recommendations  
21 to the district superintendent regarding staffing of the school district and  
22 fiscal practices of the school district.

23 (2) The written recommendations of the department shall be  
24 binding on the school district, the superintendent, and the school district  
25 board of directors.

26  
27 SECTION 14. Arkansas Code § 6-20-1908(i), concerning the fiscal  
28 distress improvement plans, is amended to read as follows:

29 (i) ~~The~~ Except under § 6-20-1910(d), the state board shall  
30 consolidate, annex, or reconstitute any school district that fails to remove  
31 itself from the classification of a school district in fiscal distress within  
32 ~~two (2)~~ five (5) consecutive school years of ~~receipt of notice of~~  
33 ~~identification~~ classification of fiscal distress status ~~by the department~~  
34 unless the state board, at its discretion, issues a written finding supported  
35 by a majority of the state board, explaining in detail that the school  
36 district could not remove itself from fiscal distress due to impossibility

1 caused by external forces beyond the school district's control.

2  
3 SECTION 15. Arkansas Code § 6-20-1909(a), concerning department fiscal  
4 distress actions, is amended to read as follows:

5 (a) In addressing school districts in fiscal distress, the ~~Department~~  
6 Commissioner of Education may:

7 ~~(1) Require the superintendent to relinquish all administrative~~  
8 ~~authority with respect to the school district; Remove permanently, reassign,~~  
9 ~~or suspend on a temporary basis the superintendent of the school district~~  
10 ~~and;~~

11 ~~(2)(A)~~ Appoint an individual in place of the superintendent to  
12 administratively operate the school district under the supervision and  
13 approval of the ~~Commissioner of Education~~ commissioner; and

14 ~~(B) to compensate~~ Compensate nondepartment agents  
15 operating the school district from school district funding;

16 (2) Suspend or remove some or all of the current board of  
17 directors and call for the election of a new board of directors for the  
18 school district, in which case the school district shall reimburse the county  
19 board of election commissioners for election costs as otherwise recognized by  
20 law;

21 ~~(3) Call for the temporary suspension of the local school board~~  
22 ~~of directors;~~

23 ~~(4)(3)~~ Require the school district to operate without a ~~local~~  
24 ~~school~~ board of directors under the supervision of the local superintendent  
25 or an individual or panel appointed by the commissioner;

26 (4) Waive the application of Arkansas law or the corresponding  
27 state board rules, with the exception of:

28 (A) The Teacher Fair Dismissal Act of 1983, § 6-17-1501 et  
29 seq.; and

30 (B) The Public School Employee Fair Hearing Act, § 6-17-  
31 1701 et seq.;

32 (5) Petition the State Board of Education for the annexation,  
33 consolidation, or reconstitution of the school district;

34 (6) In the absence of a school district board of directors,  
35 assume all authority of the board of directors as designated by the state  
36 board as may be necessary for the day-to-day governance of the school

1 district;

2 ~~(5)-(7)(A)~~ Place Return the administration of the school district  
3 ~~over~~ to the former board of directors or to a newly elected ~~school~~ board of  
4 directors; ~~or~~ if:

5 (i) The department certifies in writing to the state  
6 board and to the school district that the school district has corrected all  
7 issues that caused the classification of fiscal distress; and

8 (ii) The state board determines the school district  
9 has corrected all issues that caused the classification of fiscal distress.

10 (B) If the commissioner calls for an election of a new  
11 school district board of directors, the school district shall reimburse the  
12 county board of election commissioners for election costs as otherwise  
13 required by law;

14 (8) Otherwise reconstitute the school district; or

15 ~~(6)-(9)~~ Take any other action allowed by law that is deemed  
16 necessary to assist a school district in removing ~~criteria~~ the classification  
17 of fiscal distress.

18  
19 SECTION 16. Arkansas Code § 6-20-1910, concerning State Board of  
20 Education fiscal distress actions, is amended to add a new subsection to read  
21 as follows:

22 (d) If the Commissioner of Education assumes authority over a public  
23 school district in fiscal distress under subsection (a) of this section, the  
24 state board may pursue the following process for returning a public school  
25 district to the local control of its residents:

26 (1) During the second school year following a school district's  
27 classification as being in fiscal distress status, the state board shall  
28 determine the extent of the school district's progress toward correcting all  
29 issues that caused the classification of fiscal distress;

30 (2)(A) If the state board determines that sufficient progress  
31 has been made by a school district toward correcting all issues that caused  
32 the classification of fiscal distress, but the school district has not yet  
33 resolved all issues that caused the classification of fiscal distress, the  
34 commissioner, with the approval of the state board, may appoint a community  
35 advisory board of either five (5) or seven (7) members to serve under the  
36 supervision and direction of the commissioner.

1                   (B) The members of the community advisory board shall be  
2 residents of the school district and shall serve on a voluntary basis without  
3 compensation.

4                   (C) The Department of Education shall cause to be provided  
5 to the community advisory board technical assistance and training in, at a  
6 minimum, the areas required in § 6-13-629.

7                   (D) The duties of the community advisory board include  
8 without limitation:

9                   (i) Meeting monthly during a regularly scheduled  
10 public meeting with the state-appointed administrator regarding the progress  
11 of the public school or school district toward correcting all issues that  
12 caused the classification of fiscal distress;

13                   (ii) Seeking community input from the patrons of the  
14 school district regarding the progress of the public school or school  
15 district toward correcting all issues that caused the classification of  
16 fiscal distress;

17                   (iii) Conducting hearings and making recommendations  
18 to the commissioner regarding personnel and student discipline matters under  
19 the appropriate district policies;

20                   (iv) Working to build community capacity for the  
21 continued support of the school district; and

22                   (v) Submitting quarterly reports to the commissioner  
23 and the state board regarding the progress of the public school or school  
24 district toward correcting all issues that caused the classification of  
25 fiscal distress.

26                   (E) The members of the community advisory board shall  
27 serve at the pleasure of the commissioner until:

28                   (i) The school district is returned to local control  
29 and a permanent board of directors is elected and qualified; or

30                   (ii) The state board annexes, consolidates, or  
31 reconstitutes the school district under this section or under another  
32 provision of law;

33                   (3)(A) By April 1 of each year following the appointment of a  
34 community advisory board under subdivision (d)(2) of this section, the state  
35 board shall determine the extent of the school district's progress toward  
36 correcting all issues that caused the classification of fiscal distress and

1 shall:

2 (i) Allow the community advisory board to remain in  
3 place for one (1) additional year;

4 (ii) Return the school district to local control by  
5 calling for the election of a newly elected board of directors if:

6 (a) The department certifies in writing to the  
7 state board and to the school district that the school district has corrected  
8 all criteria for being placed into fiscal distress; and

9 (b) The state board determines the school  
10 district has corrected all criteria for being placed into fiscal distress; or

11 (iii) Annex, consolidate, or reconstitute the school  
12 district pursuant to this title.

13 (B) If the state board or commissioner calls for an  
14 election of a new school district board of directors, the school district  
15 shall reimburse the county board of election commissioners for election costs  
16 as otherwise required by law;

17 (4) If the state board calls for an election of a new school  
18 district board of directors pursuant to subdivision (d)(3)(A)(ii) of this  
19 section, the commissioner, with the approval of the state board, may appoint  
20 an interim board of directors to govern the school district until a permanent  
21 school district board of directors is elected and qualified.

22 (A) The interim board of directors shall consist of either  
23 five (5) or seven (7) members.

24 (B) The members of the interim board of directors shall be  
25 residents of the school district and otherwise eligible to serve as school  
26 board members under applicable law.

27 (C) The members of the interim board of directors shall  
28 serve on a voluntary basis without compensation.

29 (e)(1) If, by the end of the fifth school year following the school  
30 district's classification of fiscal distress status, the school district in  
31 fiscal distress has not corrected all issues that caused the classification  
32 of fiscal distress, the state board, after a public hearing, shall  
33 consolidate, annex, or reconstitute the school district under this section.

34 (2) The state board may grant additional time for a public  
35 school or school district to remove itself from fiscal distress by issuing a  
36 written finding supported by a majority of the state board explaining in



1 detail that the public school or school district could not remove itself from  
2 fiscal distress during the relevant time period due to impossibility caused  
3 by external forces beyond the control of the public school or school  
4 district.

5 (f) Nothing in this section shall be construed to prevent the  
6 department or the state board from taking any of the actions listed in § 6-  
7 20-1909 or this section at any time to address a school district in fiscal  
8 distress.

9  
10 SECTION 17. Arkansas Code § 6-21-803(5) and (6), concerning the  
11 definition of "facilities distress status", is amended to read as follows:

12 (5) "Facilities distress status" means a public school district  
13 ~~determined~~ identified by the Division of Public School Academic Facilities  
14 and Transportation as being in academic facilities distress status and  
15 classified by the Commission for Arkansas Public School Academic Facilities  
16 and Transportation as being in academic facilities distress status under this  
17 subchapter;

18 (6) "Facilities improvement plan" means a remedial plan  
19 developed by a school district for a public school or school district  
20 ~~identified~~ classified as being in academic facilities distress that  
21 supplements the school district's facilities master plan by:

22 (A) Identifying specific interventions and actions the  
23 public school or school district will undertake in order to correct deficient  
24 areas of practice with regard to custodial, maintenance, repair, and  
25 renovation activities with regard to academic facilities in the school  
26 district; and

27 (B) Describing how the school district will remedy those  
28 areas in which the school district is experiencing facilities distress,  
29 including the designation of the time period by which the school district  
30 will correct all deficiencies that placed the school district in facilities  
31 distress status;

32  
33 SECTION 18. Arkansas Code § 6-21-811(a) and (b), concerning the  
34 academic facilities distress program, is amended to read as follows:

35 (a) The Commission for Arkansas Public School Academic Facilities and  
36 Transportation shall ~~identify~~ classify a public school or school district as

1 being in academic facilities distress if the Division of Public School  
2 Academic Facilities and Transportation recommends and the commission concurs  
3 that the public school or school district has engaged in actions or inactions  
4 that result in any of the following:

5 (1) Any act or violation determined by the division to  
6 jeopardize any academic facility used by a public school or school district,  
7 including, but not limited to:

8 (A) Material failure to properly maintain academic  
9 facilities in accordance with this subchapter and rules adopted by the  
10 commission;

11 (B) Material violation of local, state, or federal fire,  
12 health, or safety code provisions or laws;

13 (C) Material violation of applicable building code  
14 provisions or law;

15 (D) Material failure to provide timely and accurate  
16 facilities master plans to the division;

17 (E) Material failure to comply with state law governing  
18 purchasing, bid requirements, or school-construction-related laws or rules in  
19 relation to academic facilities projects;

20 (F) Material default on any school district debt  
21 obligation; or

22 (G) Material failure to plan and progress satisfactorily  
23 toward accomplishing the priorities established by the division and the  
24 approved school district's facilities master plan; and

25 (2) Any other condition of an academic facility or facilities in  
26 a public school or school district that is determined by the division to have  
27 a detrimental impact on educational services provided by that public school  
28 or school district.

29 (b) The division shall provide written notice, via certified mail,  
30 return receipt requested, to the president of the ~~school~~ board of directors  
31 and the superintendent of the ~~public school or~~ school district identified or  
32 containing a school identified by the division as being in facilities  
33 distress.  
34

35 SECTION 19. Arkansas Code § 6-21-811(d) and (e), concerning the  
36 academic facilities distress program, is amended to read as follows:

1 (d)(1) A public school or school district ~~identified~~ classified by the  
2 commission as being in facilities distress shall develop a facilities  
3 improvement plan within thirty (30) days from the date of ~~receipt of the~~  
4 notice classification and promptly submit the facilities improvement plan to  
5 the division for review and approval.

6 (2) A public school or school district shall review and revise  
7 its facilities improvement plan on a periodic basis as determined by the  
8 division and submit the updated facilities improvement plan to the division  
9 in order for the division to determine whether the public school or school  
10 district is correcting its deficient areas of practice regarding academic  
11 facilities.

12 (3) A school district shall use facilities improvement plans as  
13 necessary to supplement and update its facilities master plan.

14 (e)(1) Every two (2) years ~~beginning February 1, 2009,~~ the division  
15 shall determine whether the progress of each school district complies with  
16 the school district's facilities master plan and shall notify the school  
17 district of any noncompliance.

18 (2) ~~Beginning on February 1, 2008, and each biennium thereafter~~  
19 Every two (2) years, the division shall review the applications made for the  
20 Academic Facilities Partnership Program established under § 6-20-2507, to  
21 identify any school district that did not apply for state funding for  
22 necessary facilities to meet adequacy requirements and shall notify the  
23 school district of any deficiencies.

24 (3) Within thirty (30) days of receiving the notice provided  
25 under subdivision (e)(1) or (e)(2) of this section, the school district shall  
26 submit a facilities improvement plan to the division for its review and  
27 approval that states how the school district will address the noncompliance  
28 issues contained in the notice.

29 (4) If the division does not approve the facilities improvement  
30 plan submitted by the school district, it shall identify the school district  
31 as being in facilities distress.

32 (5) A school district may appeal the ~~decision~~ identification of  
33 the division under this subsection to the commission pursuant to the  
34 procedures established by the commission;  
35

36 SECTION 20. Arkansas Code § 6-21-811(f)(1)(A)(ii), concerning the

1 academic facilities distress program, is amended to read as follows:

2 (ii) Thoroughly discuss and explain the sanctions  
3 and requirements that are available to the commission if the school district  
4 or a school within the district is identified classified by the commission as  
5 being in facilities distress under this section and § 6-21-812.

6  
7 SECTION 21. Arkansas Code § 6-21-811(g), concerning the academic  
8 facilities distress program, is amended to read as follows:

9 (g) When a school district is identified classified by the commission  
10 to be in facilities distress, the division may with the approval of the  
11 commission:

12 (1)(A) Provide on-site technical evaluation and assistance and  
13 make written recommendations to the school district superintendent regarding  
14 the care and maintenance of any academic facility in the school district.

15 (B) Any school district identified classified as being in  
16 facilities distress status shall accept on-site technical evaluation and  
17 assistance from the division.

18 (C) The written recommendations of the division are  
19 binding on the school district, the superintendent, and the ~~school~~ board of  
20 directors;

21 (2) ~~Require the superintendent to relinquish all administrative~~  
22 ~~authority with respect to the school district~~ Remove permanently, reassign,  
23 or suspend on a temporary basis the superintendent of the school district,  
24 and:

25 (A) Appoint an individual in place of the superintendent  
26 to administratively operate the school district under the supervision and  
27 approval of the Commissioner of Education; and

28 (B) Compensate from school district funds the individual  
29 appointed to operate the school district;

30 ~~(3)(A) Appoint an individual in place of the superintendent to~~  
31 ~~administratively operate the school district under the supervision and~~  
32 ~~approval of the Commissioner of Education, or his or her designee.~~

33 ~~(B) The division may direct the school district to~~  
34 ~~compensate from school district funds the individual appointed to operate the~~  
35 ~~school district;~~

36 ~~(4)~~(3) Suspend or remove any some or all ~~members~~ of the current

1 board of directors and call for the election of a new ~~school~~ board of  
2 directors for the school district, in which case the school district shall  
3 reimburse the county board of election commissioners for election costs as  
4 otherwise required by law;

5 ~~(5)(4)~~ Require the school district to operate without a ~~local~~  
6 ~~school~~ board of directors under the supervision of the ~~local~~ superintendent  
7 or an individual or panel appointed by the commissioner;

8 ~~(6) Require the school district to operate without a local~~  
9 ~~school board of directors under the supervision of an individual or panel~~  
10 ~~appointed by the Commissioner of Education;~~

11 (5) Waive the application of Arkansas law or the corresponding  
12 state board rules and regulations, with the exception of:

13 (A) The Teacher Fair Dismissal Act of 1983, § 6-17-1501 et  
14 seq.; and

15 (B) The Public School Employee Fair Hearing Act, § 6-17-  
16 1701 et seq.;

17 (6) In the absence of a school district board of directors,  
18 direct the commissioner to assume all authority of the board of directors as  
19 may be necessary for the day-to-day governance of the school district;

20 (7)(A) Return the administration of the school district to the  
21 former board of directors or place the administration of the school district  
22 in a newly elected ~~school~~ board of directors if:

23 (i) The division certifies in writing to the  
24 commission and to the school district that the school district has corrected  
25 all issues that caused the classification of facilities distress; and

26 (ii) The commission determines the school district  
27 has corrected all issues that caused the classification of facilities  
28 distress.

29 (B) If the division calls for an election of a new school  
30 district board of directors, the school district shall reimburse the county  
31 board of election commissioners for election costs as otherwise required by  
32 law;

33 (8) Require school district staff and employees to attend  
34 training in areas of concern for the public school or school district;

35 (9)(A) Require a school district to cease all expenditures  
36 related to activities not described as part of an adequate education in § 6-

20-2302 and place money that would have been spent on the activities into an academic facilities escrow account to be released only upon approval by the division for use in conjunction with a local academic facilities project.

(B) School districts shall include a clause addressing this contingency in all contracts with personnel who are involved with activities not described as part of an adequate education;

(10) Notify the public school or school district in writing that the deficiencies regarding academic facilities shall be corrected within a time period designated by the division;

(11)(A) Petition the State Board of Education at any time for the consolidation, annexation, or reconstitution of a school district in facilities distress or take other appropriate action as allowed by this subchapter in order to secure and protect the best interest of the educational resources of the state or to provide for the best interest of students in the school district.

(B) The state board may approve the petition or take other appropriate action as allowed by this subchapter.

(C) The Except as set forth in subsection (m) or subdivision (g)(11)(D) of this section, the state board shall consolidate, annex, or reconstitute any school district that fails to remove itself from the classification of a school district in facilities distress within ~~two (2)~~ five (5) consecutive school years of ~~receipt of notice of identification classification~~ of facilities distress status ~~by the division~~.

(D) The state board may grant additional time for a public school or school district to remove itself from facilities distress by issuing a written finding supported by a majority of the state board explaining in detail that the public school or school district could not remove itself from facilities distress during the relevant time period due to impossibility caused by external forces beyond the control of the public school or school district;

(12) Correct the failure of a school district to complete its agreed plan or to pass the millage in the special election under subdivision (f)(2) of this section by contracting for and completing the necessary improvements under the agreed plan;

(13)(A) If the division recommends and the commission concurs that the academic facilities in the public school district in facilities

1     distress are inadequate to provide an adequate education, the state board may  
2     dissolve the school district and transfer students to public schools in other  
3     public school districts.

4                     (B) The state board shall assign the public school  
5     district's territory, property, and debt; and

6                     (14) Take any other action allowed by law that is deemed  
7     necessary to assist a public school or school district in ~~removing criteria~~  
8     correcting the issues that the classification of facilities distress, to  
9     secure and protect the best interest of the educational resources of the  
10    state, or to provide for the best interest of students in the school  
11    district.

12  
13     SECTION 22. Arkansas Code § 6-21-811(k)(1)(A), concerning the academic  
14     facilities distress program, is amended to read as follows:

15                     (k)(1)(A) If a school district is ~~identified~~ classified by the  
16     commission as being in facilities distress and has immediate repairs, growth,  
17     or suitability improvement issues, the division, in addition to any other  
18     remedy under this section and § 6-21-812, may provide a loan to the school  
19     district to be repaid from any funds available that are not required to  
20     provide an adequate education.

21  
22     SECTION 23. Arkansas Code § 6-21-811, concerning the academic  
23     facilities distress program, is amended to add two new subsections as  
24     follows:

25                     (m) If the division or commissioner assumes authority over a public  
26     school district in facilities distress under subsection (g) of this section,  
27     the commission may pursue the following process for returning a public school  
28     district to the local control of its residents:

29                     (1) During the second school year following a school district's  
30     classification as being in facilities distress status, the commission shall  
31     determine the extent of the school district's progress toward correcting all  
32     issues that caused the classification of facilities distress;

33                     (2)(A) If the commission determines that sufficient progress has  
34     been made by a school district toward correcting all criteria for being  
35     classified as in facilities distress, but the school district has not yet  
36     resolved all issues that caused the classification of facilities distress,



1 the commissioner, with the approval of the commission, may appoint a  
2 community advisory board of either five (5) or seven (7) members to serve  
3 under the supervision and approval of the commissioner.

4 (B) The members of the community advisory board shall be  
5 residents of the school district and shall serve on a voluntary basis without  
6 compensation.

7 (C) The Department of Education shall cause to be provided  
8 to the community advisory board technical assistance and training in, at a  
9 minimum, the areas required in § 6-13-629.

10 (D) The duties of the community advisory board include  
11 without limitation:

12 (i) Meeting monthly during a regularly scheduled  
13 public meeting with the state-appointed administrator regarding the progress  
14 of the school or school district toward correcting all issues that caused the  
15 classification of facilities distress;

16 (ii) Seeking community input from the residents of  
17 the school district regarding the progress of the school or school district  
18 toward correcting all issues that caused the classification of facilities  
19 distress;

20 (iii) Conducting hearings and making recommendations  
21 to the commissioner regarding personnel and student discipline matters as set  
22 forth in the appropriate district policies;

23 (iv) Working to build community capacity for the  
24 continued support of the school district; and

25 (v) Submitting quarterly reports to the commissioner  
26 and the commission regarding the progress of the school or school district  
27 toward correcting all issues that caused the classification of facilities  
28 distress.

29 (E) The members of the community advisory board shall  
30 serve at the pleasure of the commissioner until:

31 (i) The school district is returned to local control  
32 and a permanent school district board of directors is elected and qualified;  
33 or

34 (ii) The state board, upon petition of the  
35 commission or division annexes, consolidates or reconstitutes the school  
36 district pursuant to this title or under another provision of law;

1           (3) By April 1 of each year following the appointment of a  
2 community advisory board pursuant to subdivision (m)(2) of this section, the  
3 commission shall determine the extent of the school district's progress  
4 toward correcting all criteria for being classified as in facilities distress  
5 and shall:

6                   (A) Allow the community advisory board to remain in place  
7 for an additional year;

8                   (B) Return the school district to local control by calling  
9 for the election of a newly elected school district board of directors if:

10                   (i) The division certifies in writing to the  
11 commission and to the school district that the school district has corrected  
12 all issues that caused the classification of facilities distress; and

13                   (ii) The commission determines the school district  
14 has corrected all issues that caused the classification of facilities  
15 distress.

16                   (iii) If the division or commission calls for an  
17 election of a new school district board of directors, the school district  
18 shall reimburse the county board of election commissioners for election costs  
19 as otherwise required by law; or

20                   (C) Petition the state board for the annexation,  
21 consolidation, or reconstitution of the school district under this section;

22                   (4)(A) If the division, with the approval of the commission,  
23 calls for an election of a new school district board of directors pursuant to  
24 subdivision (g)(7) of this section, the commissioner, with the approval of  
25 the commission, may appoint an interim board of directors to govern the  
26 school district until a permanent school district board of directors is  
27 elected and qualified.

28                   (B) The interim board of directors shall consist of either  
29 five (5) or seven (7) members.

30                   (C) The members of the interim board of directors shall be  
31 residents of the school district and otherwise eligible to serve as board  
32 members under applicable law.

33                   (D) The members of the interim board of directors shall  
34 serve on a voluntary basis without compensation.

35                   (n)(1) If, by the end of the fifth school year following the school  
36 district's classification of facilities distress status, the school district

1 in facilities distress has not corrected all issues that caused the  
2 classification of facilities distress, the state board, upon petition from  
3 the commission or division and after a public hearing, shall consolidate,  
4 annex, or reconstitute the school district under this section.

5 (2) The state board may grant additional time for a public  
6 school or school district to remove itself from facilities distress by  
7 issuing a written finding supported by a majority of the state board  
8 explaining in detail that the public school or school district could not  
9 remove itself from facilities distress during the relevant time period due to  
10 impossibility caused by external forces beyond the control of the public  
11 school or school district.

12 (o) This section does not prevent the division, commission, or state  
13 board from taking any of the actions listed in this section at any time to  
14 address a public school or school district in facilities distress.

15  
16 SECTION 24. EMERGENCY CLAUSE. It is found and determined by the  
17 General Assembly of the State of Arkansas that it is the state's  
18 constitutional obligation to provide a general, suitable, and efficient free  
19 system of public schools in the state; that state oversight and intervention  
20 into distressed school districts is critical to the delivery of a  
21 constitutionally adequate education; and that the changes made in this act  
22 are immediately necessary for the state to meet this constitutional  
23 obligation. Therefore, an emergency is declared to exist, and this act being  
24 immediately necessary for the preservation of the public peace, health, and  
25 safety shall become effective on:

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

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

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

32  
33 */s/Perry*  
34  
35  
36

APPROVED: 04/04/2013

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

SECTION II - FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2011-1. Internal Control

Criteria or specific requirement: Internal control is a process consisting of five interrelated components - *control environment, risk assessment, information and communication, control activities, and monitoring*. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, certain key weaknesses included the following: the same employee was responsible for receiving and depositing monies collected, maintenance of accounting records, and preparation of journal entries, without compensating controls. Non-payroll checks were prepared by the same employee responsible for the maintenance of accounting records and such employee has unrestricted access to the District's signature stamp. Payroll checks were prepared by the same employee responsible for changes to the payroll amounts, without compensating controls.

Context: An understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures was obtained.

Effect: The District's ability to initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements, as well as the ability to safeguard District assets, was adversely affected by the identified weaknesses in the above internal control component.

Cause: District management, due to cost/benefit implications, which hindered the District's ability to adequately segregate financial accounting duties among employees, did not effectively address the deficiencies in internal control.

Recommendation: District management should adopt sound accounting policies and establish and maintain internal control that will initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements and that will safeguard District assets.

Views of responsible officials and planned corrective actions: We concur with the recommendation and will implement corrective procedures to the extent possible.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

2011-2. Misstatements not Detected by Internal Control System

Criteria or specific requirement: Financial accounting records should be accurate to ensure the preparation of reliable financial statements that are fairly presented in conformity with the regulatory basis of accounting.

Condition: The District's internal control did not prevent or detect material errors in the financial accounting records. Such records are utilized in the preparation of the District's financial statements. The District did not record accounts payable and accounts receivable of \$306,298 and \$486,745, respectively, in the special revenue fund. Additionally, expenditures of \$139,856 were incorrectly recorded as food service operations instead of operations and maintenance of plant services in the other aggregate funds. The financial statements were corrected during the audit fieldwork.

Context: Identification of misstatements not initially detected by the District's internal control.

Effect: Misstatements were not detected by the District's internal control system.

Cause: Financial records had not been properly monitored.

Recommendation: To achieve reliable financial reporting, the District should exercise due care to ensure all applicable general ledger accounts are properly stated.

Views of responsible officials and planned corrective actions: Actions have been taken to aid the District in its efforts to prevent and detect material errors in its financial accounting records in a timely manner.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESSES

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - CFDA NUMBER 84.010  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2011

2011- 3. Reporting

Criteria or specific requirement: The District is required to budget Title I expenditures as part of the Arkansas Comprehensive School Improvement Plan (ACSIP) and submit the ACSIP to the Arkansas Department of Education (ADE). Expenditures may not exceed the total budgeted expenditures and may not exceed the budgeted amounts for specific categories by more than 10 percent without prior approval from the ADE and the submission of budget amendments or adjustments. Additionally, the annual financial report is compiled at the end of the fiscal year for the program.

Condition: The District exceeded the following functions and object by more than the 10 percent allowed:

Function/Object	Expended amount exceeding 10 percent
Function 1591 - Title I Schoolwide Instruction	\$ 206,008
Function 2170 - Parental Involvement	17,709
Function 2220 - Library/Media Services	24,658
Function 2240 - Academic Student Assessment	26,799
Function 2294 - Instructional Facilitator, Math	40,970
Function 2610 - Operation of Buildings	187
Object 66000 - Supplies and Materials	25,657
Total	<u>\$ 341,988</u>

Context: Comparison of budgeted expenditures to actual expenditures as reported on the annual financial report.

Effect: Expenditures in various functions and objects exceeded the budgeted amounts by more than 10 percent without prior approval.

Cause: Lack of management oversight in the preparation of the budget and monitoring of budgeted expenditures to actual expenditures.

Recommendation: The District should implement procedures to ensure costs are incurred within the applicable budget categories and contact ADE for further guidance regarding this matter.

Views of responsible officials and planned corrective actions: The District has taken steps including communicating with the specific personnel who direct/coordinate the affected programs to take the necessary actions to ensure expenditures are within the function and object as required.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I, PART A CLUSTER - CFDA NUMBERS 84.010 AND 84.389  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2011

**2011-4. Equipment and Real Property Management**

Criteria or specific requirement: Proper records should be maintained for equipment acquired with federal awards. Additionally, the District should ensure that disposition of such equipment is in accordance with federal requirements, including the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use.

Condition: The District could not account for seventeen of twenty-seven equipment items for the Title I program with an initial cost of \$22,522.

Context: Observation of equipment recorded on subsidiary records, review of available documentation for dispositions, and interview of Title I coordinator and employees.

Effect: The District's equipment subsidiary records were not accurate.

Cause: The District failed to properly account for all equipment items to ensure accurate equipment subsidiary records.

Recommendation: The District should properly account for all equipment items purchased with federal awards.

Views of responsible officials and planned corrective actions: The District has taken steps to ensure increased accountability of its equipment which include randomly checking and the physical viewing of randomly selected equipment periodically during the school year.

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - CFDA NUMBER 84.010  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2011

**2011-5. Allowable Costs/Cost Principles**

Criteria or specific requirement: Office of Management and Budget (OMB) Circular No. A-87 establishes principles and standards for determining allowable costs from federal awards.

Condition: The District did not provide documentation for one invoice totaling \$5,902.

Questioned Costs: Total questioned costs for federal program was \$5,902.

Context: Examination of eight invoices pertaining to Title I expenditures.

Effect: The District was unable to provide documents to substantiate the payment of \$5,902.

Cause: Lack of management oversight and controls over program expenditures.

Recommendation: The District should maintain documentation to support all payments.

Views of responsible officials and planned corrective actions: The District has established and implemented procedures and regulations regarding the developing and maintaining of appropriate and adequate documentation for all expenditures. These actions/procedures are monitored by Central Office administration.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**SIGNIFICANT DEFICIENCIES**

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I, PART A CLUSTER - CFDA NUMBERS 84.010 AND 84.389  
SPECIAL EDUCATION CLUSTER (IDEA) - CFDA NUMBERS 84.027 AND 84.391  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2011

**2011-6. Procurement and Suspension and Debarment**

**Criteria or specific requirement:** In accordance with 34 CFR 80.35 and part 85, the District must not make or permit any applicable transaction to any vendor which is suspended or debarred or otherwise excluded from participation in federal assistance programs. The District is required to verify the vendor is not suspended or debarred or otherwise excluded. This verification can be accomplished by (a) checking the *Excluded Parties List System (EPLS)*, (b) collecting a certification from the vendor, or (c) adding a clause or condition to the applicable transaction with the vendor. Additionally, the Arkansas Department of Education issued a memorandum to all school districts on December 17, 2009 stipulating verification procedures to be followed regarding suspension and debarment when federal funds are utilized for applicable transactions.

**Condition:** The District failed to establish internal controls to ensure vendors were not suspended or debarred, thus increasing the risk of the District doing business with prohibited parties. Although goods and services had been properly received or rendered, the District did not verify that applicable vendors had not been suspended or debarred by the Federal Government. However, no vendors with which the District conducted business were identified during the audit period as suspended or debarred parties. A similar finding was reported in the previous audit.

**Context:** Examination of controls related to the procurement and suspension and debarment and the examination of procurement contracts that were equal to or exceeded \$25,000.

**Effect:** Without adequate internal controls, payments could be made to suspended or debarred vendors with federal funds, which could require repayment to the grantor.

**Cause:** Lack of internal controls and adequate management oversight.

**Recommendation:** Establish an internal control system to ensure applicable transactions are not conducted with suspended or debarred parties.

**Views of responsible officials and planned corrective actions:** Necessary actions have been taken to ensure that all vendors who do business with the District have not been suspended/debarred by the Federal Government.



HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
SPECIAL EDUCATION - GRANTS TO STATES - CFDA NUMBER 84.027  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2011

2011-7. Equipment and Real Property Management

Criteria or specific requirement: Proper records should be maintained for equipment acquired with federal awards. Additionally, the District should ensure that disposition of such equipment is in accordance with federal requirements including the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use.

Condition: The District could not account for one of eleven equipment items for the special education program with an initial cost of \$1,477.

Context: Observation of equipment recorded on subsidiary records, review of available documentation for dispositions, and interview of special education director and employees.

Effect: The District's equipment subsidiary records were not accurate.

Cause: The District failed to properly account for all equipment items to ensure accurate equipment subsidiary records.

Recommendation: The District should properly account for all equipment items purchased with federal awards.

Views of responsible officials and planned corrective actions: The District has taken actions to ensure proper accounting of equipment purchases which include random monitoring and periodical physical viewing of the equipment purchases.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**NONCOMPLIANCE (FEDERAL PROGRAM NOT AUDITED AS A MAJOR PROGRAM)**

U. S. DEPARTMENT OF AGRICULTURE  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
CHILD NUTRITION CLUSTER (CASH ASSISTANCE PROGRAMS) - CFDA NUMBERS 10.553 AND 10.555  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2011

**2011-8. Reporting**

Criteria or specific requirement: The Arkansas Department of Education, Child Nutrition Unit (ADE, CNU) requires school districts to submit monthly claims for reimbursement for meals served to all students based on eligibility status.

Condition: A Coordinated Review Effort was completed by ADE, CNU in March 2011. The review noted the District was utilizing an inaccurate method of counting the number of lunches served (tray counting). As a result of this review, the District refunded \$92,729 to ADE, CNU on July 13, 2011 for overclaims incurred in the months of November 2010, December 2010, and January 2011.

As part of our audit, we examined the March 2011 through June 2011 claims for reimbursement and daily record forms and observed the following discrepancies:

- a. March 2011 - 4 free lunches were over claimed.
- b. April 2011 - 92 free breakfasts were over claimed; 3 reduced price breakfasts were over claimed; 5 paid breakfasts were over claimed; and 42 reduced price lunches exceeded the maximum allowable lunches.
- c. May 2011 - 369 free breakfasts were under claimed; 74 reduced price breakfasts were over claimed; and 295 paid breakfasts were over claimed.
- d. June 2011 - 22 free breakfasts were over claimed; 1 reduced price breakfast was over claimed; 1 free breakfast was over claimed; 30 free lunches were under claimed; 1 reduced price lunch was under claimed; and 3 paid lunches were under claimed.

These discrepancies resulted in a net underclaim of \$233.

Additionally, we noted on the claims for reimbursement, the maximum number of students eligible for free and reduced price meals should agree for the breakfast and lunch components; however, all four months differed.

Context: Our examination of claims for reimbursement disclosed numerous errors still exist.

Effect: Meals were not properly reported on the applicable claims for reimbursement.

Cause: Lack of internal controls and management oversight resulted in the reporting errors.

Recommendation: We recommend the District contact ADE, CNU to resolve this matter.

Views of responsible officials and planned corrective actions: The stated findings have been reviewed. Corrective actions including implementing a system which accurately reflects the number of students served and their status; also, the District replaced the Food Service Director who was responsible for the overall operation of the Child Nutrition Program.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
FEDERAL AWARD PROGRAMS -  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 4

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I, PART A CLUSTER  
SPECIAL EDUCATION CLUSTER (IDEA)  
STATE FISCAL STABILIZATION FUND CLUSTER

2010 - Finding 2010-3: Title I, Part A Cluster - CFDA Numbers 84.010 and 84.389, Special Education Cluster (IDEA) - CFDA Numbers 84.027 and 84.391, and State Fiscal Stabilization Fund Cluster - CFDA Numbers 84.394 and 84.397

Condition: The District failed to establish internal controls to ensure vendors were not suspended or debarred, thus increasing the risk of the District doing business with prohibited parties. Although goods and services had been properly received or rendered, the District did not verify that applicable vendors had not been suspended or debarred by the Federal Government. However, no vendors with which the District conducted business were identified during the audit period as suspended or debarred parties.

Recommendation: Establish an internal control system to ensure applicable transactions are not conducted with suspended or debarred parties.

Current Status: Exceptions were observed during the current audit period for the Title I, Part A Cluster and Special Education Cluster (IDEA). See Finding No. 2011-6 at Schedule 3.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESSES**

**2012-1. Internal Control**

Criteria or specific requirement: Internal control is a process consisting of five interrelated components - *control environment, risk assessment, information and communication, control activities, and monitoring*. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, the same employee was responsible for receiving and depositing monies collected, maintenance of accounting records, and preparation of journal entries, without compensating controls. Non-payroll checks were prepared by the same employee responsible for the maintenance of accounting records and such employee had unrestricted access to the District's signature stamp. Payroll checks were prepared by the same employee responsible for changes to the payroll accounts, without compensating controls.

Context: An understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures was obtained.

Effect: The District's ability to initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements, as well as the ability to safeguard District assets, was adversely affected by the identified weaknesses in the above internal control component.

Cause: District management, due to cost/benefit implications, which hindered the District's ability to adequately segregate financial accounting duties among employees, did not effectively address the deficiencies in internal control.

Recommendation: District management should adopt sound accounting policies and establish and maintain internal control that will initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements that will safeguard District assets.

Views of responsible officials and planned corrective actions: We concur with the recommendation and will implement corrective procedures to the extent possible.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS  
(CONTINUED)**

**MATERIAL WEAKNESSES (CONTINUED)**

**2012-2. Misstatements not Detected by Internal Control System**

Criteria or specific requirement: Financial accounting records should be accurate to ensure the preparation of reliable financial statements that are fairly presented in conformity with the regulatory basis of accounting.

Condition: The District's internal control did not prevent or detect material errors in the financial accounting records. Such records are utilized in the preparation of the District's financial statements. We noted the District did not record accounts payable of \$179,083 in the other aggregate funds. The financial statements were corrected during the audit fieldwork. A similar finding was reported in the previous audit.

Context: Identification of misstatements not initially detected by the District's internal control.

Effect: Misstatements were not detected by the District's internal control system.

Cause: Financial records had not been properly monitored.

Recommendation: To achieve reliable financial reporting, the District should exercise due care to ensure all applicable general ledger accounts are properly stated.

Views of responsible officials and planned corrective actions: Financial personnel are being trained in using the software program - Cognos. Accessing these reports will give accounting personnel a quick view of all prior year payables.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**MATERIAL WEAKNESS**

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - CFDA NUMBER 84.010  
SPECIAL EDUCATION - GRANTS TO STATES - CFDA NUMBER 84.027  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2012

2012-3. Equipment and Real Property Management

Criteria or specific requirement: Proper records should be maintained for equipment acquired with federal awards. Additionally, the District should ensure that disposition of such equipment is in accordance with federal requirements including the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use.

Condition: The District could not account for nineteen of forty Title I program equipment items and three of thirteen Special Education equipment items costing \$25,139 and \$3,601, respectively. A similar finding was reported in the previous audit.

Context: Observation of equipment recorded on subsidiary records and interviews of Federal Programs Coordinator, Special Education Supervisor, and employees.

Effect: The District's equipment subsidiary records were not accurate.

Cause: The District failed to properly account for all equipment items to ensure accurate equipment subsidiary records.

Recommendation: The District should properly account for all equipment items purchased with federal awards.

Views of responsible officials and planned corrective actions: The District is in the process of aligning the sites inventory with the District's inventory master listing. Completing this process will result in an accurate accounting and location of equipment in the District.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 3

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

SIGNIFICANT DEFICIENCIES

U. S. DEPARTMENT OF AGRICULTURE  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
CHILD NUTRITION CLUSTER (CASH ASSISTANCE PROGRAMS) - CFDA NUMBERS 10.553 AND 10.555  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2012

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I, PART A CLUSTER - CFDA NUMBERS 84.010 AND 84.389  
SCHOOL IMPROVEMENT GRANTS - CFDA NUMBER 84.377  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2012

2012-4. Procurement and Suspension and Debarment

Criteria or specific requirement: In accordance with 34 CFR 80.35 of the Uniform Administrative Requirements for Grants and Cooperative Agreements to States and Local Governments and 34 CFR part 85, Government-wide Debarment and Suspension (Nonprocurement), the District must not make or permit any applicable transaction to any vendor which is suspended or debarred or otherwise excluded from participation in federal assistance programs. The District is required to verify the vendor is not suspended or debarred or otherwise excluded. This verification can be accomplished by (a) checking the *Excluded Parties List System (EPLS)*, (b) collecting a certification from the vendor, or (c) adding a clause or condition to the applicable transaction with the vendor. Additionally, the Arkansas Department of Education (ADE) issued a memorandum to all school districts on December 17, 2009, stipulating verification procedures to be followed regarding suspension and debarment when federal funds are utilized for applicable transactions.

Condition: The District failed to establish internal controls, including retention of verification documentation, to ensure vendors were not suspended or debarred, thus increasing the risk of the District doing business with prohibited parties. The goods and services had been properly received or rendered, and District personnel indicated the *EPLS* website was used to verify that applicable vendors had not been suspended or debarred by the Federal Government; however, supporting documentation was not maintained of the *EPLS* website verification as required by ADE Commissioner's Memo FIN-10-047. No vendors with which the District conducted business were identified during the audit period as suspended or debarred parties. A similar finding was reported in the previous two audits.

Context: Examination of controls related to the procurement and suspension and debarment and the examination of procurement contracts that were equal to or exceeded \$25,000.

Effect: Without adequate internal controls, including retention of verification documentation, payments could be made to suspended or debarred vendors with federal funds, which could require repayment to the grantor.

Cause: Lack of internal controls, verification documentation, and adequate management oversight.

Recommendation: Establish an internal control system, including retention of verification documentation, to ensure applicable transactions are not conducted with suspended or debarred parties.

Views of responsible officials and planned corrective actions: Supporting documentation will be maintained to verify suspended/debarred vendors.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 3

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - CFDA NUMBER 84.010  
SPECIAL EDUCATION CLUSTER (IDEA) - CFDA NUMBERS 84.027 AND 84.391  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2012

2012-5. Allowable Costs/Cost Principles

Criteria or specific requirement: Costs charged to a federal program must be allowable per the applicable cost principles. Indirect costs claimed must be calculated in accordance with a prescribed formula.

Condition: The District claimed indirect costs in excess of the allowable amounts by \$95,753 for Title I, \$14,623 for Special Education, and \$469 for the Special Education ARRA program.

Questioned costs: The amount of questioned costs for Title I was \$95,753 and \$15,092 for the Special Education Cluster.

Context: An examination of Title I and Special Education (non-ARRA and ARRA) disbursements disclosed the District claimed costs in excess of the allowable amounts by \$95,753, \$14,623, and \$469, respectively.

Effect: The District claimed excessive indirect costs of \$95,753 for Title I, \$14,623 for Special Education, and \$469 for Special Education ARRA.

Cause: Lack of internal controls and management oversight regarding indirect costs contributed to the claiming of excessive costs.

Recommendation: The District should contact the Arkansas Department of Education to resolve this issue.

Views of responsible officials and planned corrective actions: The District will take the necessary action(s) to ensure the correct rate is used when calculating indirect cost.



HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**SIGNIFICANT DEFICIENCIES (CONTINUED)**

U. S. DEPARTMENT OF AGRICULTURE  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
CHILD NUTRITION CLUSTER (CASH ASSISTANCE PROGRAMS) - CFDA NUMBERS 10.553 AND 10.555  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2012

**2012-6. Allowable Costs/Cost Principles**

Criteria or specific requirement: Office of Management and Budget (OMB) Circular A-87 requires the preparation of periodic time certifications when an employee works solely on a single federal program.

Condition: Although standard payroll documentation supporting the employees' work in the applicable program was available for audit inspection, periodic time certifications were not prepared for the District's child nutrition employees who worked solely on a single federal program.

Context: Examination of documentation substantiating time worked by employees.

Effect: The District was unable to provide required documentation substantiating the time charged to the child nutrition program.

Cause: There was no management oversight in the District's preparation of periodic time certifications for the child nutrition program.

Recommendation: The District should prepare periodic time certifications for all applicable employees.

Views of responsible officials and planned corrective actions: The Food Service Director was new to the position. She did not know time certification forms were required for full-time employees. The Director was given correct instruction regarding time certification forms. Time certification forms for food service employees have been implemented.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**NONCOMPLIANCE (FEDERAL PROGRAM NOT AUDITED AS A MAJOR PROGRAM)**

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF CAREER EDUCATION  
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES - CFDA NUMBER 84.048  
PASS-THROUGH NUMBER 54-03  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2012

**2012-7. Allowable Costs/Cost Principles**

Criteria or specific requirement: Office of Management and Budget (OMB) Circular A-87 requires the District to provide adequate supporting documentation for federal award expenditures, to maintain proper records of equipment purchased with federal funds, and to implement the use of this equipment.

Condition: The Arkansas Department of Career Education conducted a monitoring visit in September 2011. This review noted that the District did not provide adequate supporting documentation for twenty-one transactions, failed to implement the use of ten equipment items, and could not locate three equipment items. As a result of these findings, the District reimbursed the Arkansas Department of Career Education \$26,956.

Context: Arkansas Department of Career Education's monitoring visit.

Effect: The District had unallowable expenditures.

Cause: Lack of internal controls and management oversight resulted in unallowable expenditures.

Recommendation: The District should maintain proper documentation for all expenditures, properly utilize purchased equipment within the program, and properly account for such equipment.

Views of responsible officials and planned corrective actions: This finding has been addressed.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
FEDERAL AWARD PROGRAMS -  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 4

U.S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

2011 - Finding 2011-3: Title Grants to Local Educational Agencies - CFDA Number 84.010

Condition: The District exceeded the following functions and object by more than the 10 percent allowed:

Function/Object	Expended Amount Exceeding 10%
Function 1591 - Title I Schoolwide Instruction	\$ 206,008
Function 2170 - Parental Involvement	17,709
Function 2220 - Library/Media Services	24,658
Function 2240 - Academic Student Assessment	26,799
Function 2294 - Instructional Facilitator, Math	40,970
Function 2610 - Operation of Buildings	187
Object 66000 - Supplies and Materials	25,657
Total	\$ 341,988

Recommendation: The District should implement procedures to ensure costs are incurred within the applicable budget categories and contact ADE for further guidance regarding this matter.

Current Status: Corrective action was taken.

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I, PART A CLUSTER

2011 - Finding 2011-4: Title I Part A Cluster - CFDA Numbers 84.010 and 84.389

Condition: The District could not account for seventeen of twenty-seven equipment items for the Title I program with an initial cost of \$22,522.

Recommendation: The District should properly account for all federal equipment items purchased with federal awards.

Current Status: Exceptions were observed in the current audit period. See finding 2012-3 at Schedule 3.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
FEDERAL AWARD PROGRAMS -  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 4

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES  
(CONTINUED)

2011 - Finding 2011-5: Title I Grants to Local Educational Agencies - CFDA Numbers 84.010

Condition: The District did not provide documentation for one invoice totaling \$5,902.

Recommendation: The District should maintain documentation to support all payments.

Current Status: Corrective action was taken.

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
TITLE I, PART A CLUSTER  
SPECIAL EDUCATION CLUSTER (IDEA)

2011 - Finding 2011-6: Title I, Part A Cluster - CFDA Numbers 84.010 and 84.389 and Special Education Cluster (IDEA) - CFDA Numbers 84.027 and 84.391

Condition: The District failed to establish internal controls to ensure vendors were not suspended or debarred, thus increasing the risk of the District doing business with prohibited parties. Although goods and services had been properly received or rendered, the District did not verify that applicable vendors had not been suspended or debarred by the Federal Government. However, no vendors with which the District conducted business were identified during the audit period as suspended or debarred parties. A similar finding was reported in the previous audit.

Recommendation: Establish an internal control system to ensure applicable transactions are not conducted with suspended or debarred parties.

Current Status: Corrective action was taken for the Special Education Cluster (IDEA). Exceptions were observed in the current audit period for Title I, Part A Cluster. See finding 2012-4 at Schedule 3.

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
SPECIAL EDUCATION - GRANTS TO STATES

2011 - Finding 2011-7: Special Education - Grants to States - CFDA Number 84.027

Condition: The District could not account for one of eleven equipment items for the special education program with an initial cost of \$1,477.

Recommendation: The District should properly account for all equipment items purchased with federal awards.

Current Status: Exceptions were observed in the current audit period. See finding 2012-3 at Schedule 3.

HELENA-WEST HELENA SCHOOL DISTRICT NO. 2  
PHILLIPS COUNTY, ARKANSAS  
FEDERAL AWARD PROGRAMS -  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 4

U.S. DEPARTMENT OF AGRICULTURE  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
CHILD NUTRITION CLUSTER

2011 - Finding 2011-8: Child Nutrition Cluster (Cash Assistance Programs) - CFDA Numbers 10.553 and 10.555

Condition: A Coordinated Review Effort was completed by the Arkansas Department of Education, Child Nutrition Unit (ADE CNU) in March 2011. The review noted the District was utilizing an inaccurate method of counting the number of children served (tray counting). As a result of this review, the District refunded \$92,729 to ADE, CNU on July 13, 2011 for overclaims incurred in the months of November 2010, December 2010, and January 2011.

As part of our audit, we examined the March 2011 through June 2011 claims for reimbursement and daily record forms and observed the following discrepancies:

- a. March 2011 - 4 lunches were over claimed.
- b. April 2011 - 92 free breakfasts were over claimed; 3 reduced price breakfasts were over claimed; 5 paid breakfasts were over claimed; and 42 reduced price lunches exceeded the maximum allowable lunches.
- c. May 2011 - 369 free breakfasts were under claimed; 74 reduced breakfasts were over claimed; and 295 paid breakfasts were over claimed.
- d. June 2011 - 22 free breakfasts were over claimed; 1 reduced price breakfast was over claimed; 1 free breakfast was over claimed; 30 free lunches were under claimed; 1 reduced price lunch was under claimed; and 3 paid lunches were under claimed.

These discrepancies resulted in a net underclaim of \$233.

Additionally, we noted on the claims for reimbursement, the maximum number of students eligible for free and reduced price meals should agree for the breakfast and lunch components; however, all four months differed.

Current Status: Corrective action was taken.

## **ARKANSAS STATE BOARD OF EDUCATION**

### **Executive Summary**

Agenda Item Number:           Action Agenda-

Agenda Item:                   Continuation of Fiscal Distress Classification under authority of the state for the Helena-West Helena School District; and allowing the community advisory board to remain in place for one (1) additional year

Attachments:                  Profile  
                                      Fiscal Distress Plan  
                                      Financial Data  
                                      Audit Summary-2011  
                                      Audit Summary-2012  
                                      Act 600

Presenter:                     Mike Hernandez and Hazel Burnett

#### Background Information:

Pursuant to Ark. Code Ann. § 6-20-1905, on July 20, 2010, the Arkansas Department of Education identified the Helena-West Helena School District as a school district in fiscal distress. The Arkansas Department of Education made this identification because the Helena-West Helena School District met the following fiscal distress indicator(s) as set forth in Ark. Code Ann. § 6-20-1904: (1) A declining balance determined to jeopardize the fiscal integrity of the school district. (2) Material state or federal audit exceptions or violations.

The Helena-West Helena School District did not appeal the fiscal distress identification. On September 30, 2010, following a public hearing, the State Board of Education classified the Helena-West Helena School District as a school district in fiscal distress, pursuant to Ark. Code Ann. § 6-20-1906. On June 20, 2011, the Arkansas Department of Education exercised its authority under Ark. Code Ann. § 6-20-1909 to assume authority over the Helena-West Helena School District. The Arkansas Department of Education removed the Helena-West Helena superintendent and school board, and appointed an individual to administratively operate the Helena-West Helena School District under the supervision and approval of the Commissioner of Education.

On May 13, 2013, the State Board of Education approved the continuation of Fiscal Distress Classification under authority of the state for the Helena-West Helena School District; and approval for the Commissioner of Education to appoint a community advisory board pursuant to Act 600 of 2013.

On September 9, 2013, the State Board of Education approved the appointment of a community advisory board for the Helena-West Helena School District. Pursuant to Ark. Code Ann. § 6-20-1910, by April 1 of each year following the appointment of a community advisory board, the State Board of Education shall determine the extent of a fiscally distressed school district's progress toward correcting all issues that caused the classification of fiscal distress and shall:

- (1) Allow the community advisory board to remain in place for one (1) additional year;
- (2) Return the school district to local control by calling for the election of a newly elected board of directors if:
  - (a) The Arkansas Department of Education certifies in writing to the State Board of Education and to the school district that the school district has corrected all criteria for being placed into fiscal distress; and
  - (b) The State Board of Education determines the school district has corrected all criteria for being placed into fiscal distress; or
- (3) Annex, consolidate, or reconstitute the school district pursuant to Title 6 of the Arkansas Code.

Based upon the information presented, the Arkansas Department of Education recommends that the State Board of Education allow the community advisory board to remain in place for one (1) additional year.

# Helena-West Helena School District

## Fiscal Distress District Improvement Plan

When focusing on the fiscal status of the district, the administration noted the stated areas of concern:

### **Areas of Concern**

- The district operates too many campuses
- The district is overstaffed for number of student served
- The district has Audit Findings to be addressed
- Decrease in Revenue
- Facilities require upgrading and repairs

### **Analysis of Why Problem Areas Occurred**

- The failure to align the use of campuses to students served
- The failure to reduce staff when experiencing a significant loss of students
- Inadequate monitoring/supervision and adherence to adopted policies and procedures
- The failure to adjust expenditures within available revenue
- Lack of maintenance and repair to facilities; the former Facilities Master Plan did not address warm, safe and dry issues.



# Helena-West Helena School District

## Fiscal Distress District Improvement Plan

The Helena-West Helena School District is located in Eastern Arkansas (Phillips County); its size is 120 square miles. To provide transportation for its students, the district contracts with Durham Bus Services for the transportation of its students. Durham operates twenty-five daily routes with three of these being special needs routes.

The distance of the routes range from a high 39.5 miles to a low of 5.5 miles (both ways). Twelve of the twenty five buses used on a daily route are owned by Helena-West Helena School District.

On June 20, 2011, the Commissioner of Education removed the Helena-West Helena Board of Directors and the Superintendent. The State assumed control of the school district by appointing Suzann McCommon as the CEO and Ulicious Reed, the COO of the District.

At the present time, the district serves its K-12 students by using six sites located on five campuses. This configuration does not lend itself to effectiveness and efficient use of the district's personnel nor resources. The current assessment valuation of the District is \$113,701.999 with the millage rate being 34.10 (25.0 mills = M & O; 9.10 mills = debt service). The school district has an annual bonded debt payment of \$683,102.25. It has no non-bonded debt payment, no post-dated warrants, and no current short term cash flow agreements. However, the district has a lease agreement for the transporting of its K-12 students with Durham Bus Service. For the 2011-2012 school year the agreement will cost approximately \$900,000.00 for daily student transportation plus additional charges for fuel and any repair which exceeds \$500.

The district also has a lease agreement for copy machines which cost approximately \$17,000.00 per month or \$204,000.00 per year.

In September 2010, the Helena-West Helena School District was classified as being in fiscal distress by the State Board of Education. The reasons for the classification were:

- Declining balance determined to jeopardize the fiscal integrity of the school district.
- Material state or federal audit exceptions or violations.

The district three quarter (K-12) student's enrollment average for 2009-2010 school year was 2,315; it was 2,242 for the 2010-2011 school year. This year the district's two quarter K-12 enrollment is 1876. The decrease of revenue for the 2012-2013 school year is projected at \$1,147,086 based on the two quarter average of 1876 thus making it necessary to address the loss in revenue and overstaffing immediately.

The Helena-West Helena School District because of the Reduction in Force that became necessary during the 2010-2011 and 2011-2012 school years has incurred an unemployment debt of approximately \$375,000.00 which is now due.

A similar amount will be due next year.

# Helena-West Helena School District

## Fiscal District Improvement Plan

Plan Objective	Responsible Party	Specific Strategy	Board Action	Date Of Action	Funding Sources	Amount Of Net Savings	Objective Met Yes No
Objective 1	Administration	RIF up to thirty (30) staff members	March 2012	April 30, 2012	Teacher Salary Fund and Operating	\$1,191,850.00	X
Objective 2	Administration	Move four (4) teachers from foundation dollars to allowable categorical funds	June 2012	July 1, 2012	Categorical Funds	\$169,400.00	X
Objective 3	Administration	To reduce operating expenditures	March 2012	June 3, 2012	Operating Fund	\$60,000	X
* Objective 4	Administration	(a) Provide training for needed staff (b) Establish internal controls and increased monitoring of all financial transactions	March 2012	March 2012 and on-going	N/A	N/A	X
Objective 5	Administration	Refunding of Bonds to generate saving due to the exceptional low interest rates; use the funds generated by the savings to pay for repairs on Miller and Central campus	April 2012	May 1, 2012	Debt Services Funds and Operating Fund	Projected Savings from refunding of bonds: \$625,000 Cost of repairs (Miller and Central) \$615,000 Net Savings: \$10,000	X

**Arkansas Department of Education  
Helena-West Helena School District  
Unrestricted Funds Quarterly Report  
October 1, 2013 - December 31, 2013**

FY14 as of December 31, 2013			
Beginning Balance <u>7/1/13</u>	<u>Revenue</u>	<u>Expenditures</u>	Ending Balance <u>12/31/13</u>
6,849,080	6,012,856	5,257,735	7,673,587
FY14 Budget			
Beginning Balance <u>7/1/13</u>	<u>Revenue</u>	<u>Expenditures</u>	Projected Balance <u>6/30/14</u>
6,849,080	13,405,748	13,908,631	6,346,197
FY13			
Beginning Balance <u>7/1/12</u>	<u>Revenue</u>	<u>Expenditures</u>	Ending Balance <u>6/30/13</u>
5,253,924	15,187,845	13,592,690	6,849,080
FY12			
Beginning Balance <u>7/1/11</u>	<u>Revenue</u>	<u>Expenditures</u>	Ending Balance <u>6/30/12</u>
3,511,492	16,309,510	14,567,078	5,253,924

(Does not include Building, Categorical, Federal, Activity and Food Service Funds)

**Arkansas Department of Education  
Helena-West Helena School District  
Unrestricted Funds Expenditure Report**

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**Unrestricted Funds:**

1000|1015|1017|1218|1229|1232|1240|1246|1290|1365|1372|2000|2001|2003|2004|2005|2006|2007|2008|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2038|2039|2040|2041|2044|2045|2047|2048|2050|2055|2056|2095|2096|2097|2098|2099|2101|2103|2111|2115|2116|2120|2125|2133|2150|2155|2160|2161|2213|2214|2215|2218|2219|2220|2225|2227|2229|2230|2232|2233|2234|2235|2237|2240|2245|2246|2250|2255|2260|2261|2263|2271|2277|2280|2290|2310|2325|2340|2365|2366|2368|2369|2372|2390|2392|2394|2395|2399|2765|4000|4001|4395

**Expenditures:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
61000	SALARY-PRSNL SVS	0	0	0	0	0
61110	CERT SALARY	5,556,857	5,269,572	5,783,156	2,142,132	3,641,024
61111	CERT SAL N-CON	79,101	85,946	84,428	40,501	43,927
61120	CLS SALARY	1,358,000	1,471,053	1,424,904	617,940	806,963
61121	CLS SAL N-CON	87,429	129,038	116,853	72,922	43,931
61210	TEMP-CERTIFIED	0	0	0	0	0
61220	TEMP-CLASSIFIED	3,909	3,937	4,500	0	4,500
61300	OVERTIME	0	0	0	0	0
61310	PAY FOR PREP/LUNCH PERIOD	0	0	0	0	0
61320	OVERTIME	0	0	7,300	0	7,300
61510	ADD COMPENSATION	0	0	0	0	0
61520	ADD COMPENSATION	0	0	0	0	0
61610	WORKSHOPS	0	0	0	0	0
61620	WORKSHOPS	0	0	0	0	0
61710	CERT SUBSTITUTES	142,367	131,737	128,720	17,034	111,686
61720	CLS SUBSTITUTES	7,765	66,304	65,728	57,144	8,585
61810	CERT UNUSED SICK	37,775	13,025	18,825	5,450	13,375
61820	CLS UNUSED SICK	7,850	3,350	4,000	0	4,000
61920	CLS SEVERANCE	0	0	0	0	0
61960	UNUSED VACATION CRT	0	0	0	0	0
61961	UNUSED VACATION CLS	0	0	0	0	0
62100	GRP INSURANCE	0	0	0	0	0
62110	CERT GROUP INS	0	0	0	0	0
62120	CLS GROUP INS	0	0	0	0	0
62200	CLS SOC SEC	0	0	0	0	0
62210	CERT SOC SEC	369,309	314,254	348,370	127,801	220,569
62220	CLS SOC SEC	90,915	103,526	135,433	44,697	90,736
62260	CERT MEDICARE	86,994	73,381	82,609	29,889	52,720
62270	CLS MEDICARE	21,263	24,213	75,846	10,454	65,392
62300	TEACH RET.CONTRIBUTORY	0	0	0	0	0
62310	CERT TCH RET-CONT	889,501	755,673	821,828	304,931	516,897
62320	CLS TCH RET - CONT	205,302	232,758	254,307	101,151	153,155
62500	UNEMPLY-COMP	0	0	0	0	0
62510	CERT UNEMPLOY COMP	199,129	165,852	153,500	68,470	85,030
62520	CLS UNEMPLOY COMP	199,129	237,811	183,950	57,007	126,943
62600	WK COMPENSATION	0	0	0	0	0
62610	CERT WKR'S COMP	17,502	21,043	60,000	0	60,000
62620	CLS WKR'S COMP	17,502	28,058	55,150	0	55,150
62700	HLT BENEFITS	0	0	0	0	0
62710	CERT HEALTH BENEFITS	212,220	133,082	305,694	62,132	243,562
62720	CLS HEALTH BENEFITS	68,311	59,727	130,897	28,579	102,318
62800	PUB.RET-CONTRIBUTIONS	0	0	0	0	0
62810	CERT PUB RET CONT.	0	0	0	0	0
62820	CLS PUB RET CONT	3,699	3,848	4,499	1,901	2,599
62900	OTHER BENEFITS	0	0	0	0	0

**Arkansas Department of Education  
Helena-West Helena School District  
Unrestricted Funds Expenditure Report**

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**Unrestricted Funds:**

1000|1015|1017|1218|1229|1232|1240|1246|1290|1365|1372|2000|2001|2003|2004|2005|2006|2007|2008|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2038|2039|2040|2041|2044|2045|2047|2048|2050|2055|2056|2095|2096|2097|2098|2099|2101|2103|2111|2115|2116|2120|2125|2133|2150|2155|2160|2161|2213|2214|2215|2218|2219|2220|2225|2227|2229|2230|2232|2233|2234|2235|2237|2240|2245|2246|2250|2255|2260|2261|2263|2271|2277|2280|2290|2310|2325|2340|2365|2366|2368|2369|2372|2390|2392|2394|2395|2399|2765|4000|4001|4395

**Expenditures:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
62910	OTHER BENEFITS-CERTIFIED	0	0	0	0	0
62920	OTHER BENEFITS-CLASSIFIED	0	0	0	0	0
<b>Salaries &amp; Benefits Totals</b>		<b>9,661,825</b>	<b>9,327,188</b>	<b>10,250,497</b>	<b>3,790,135</b>	<b>6,460,362</b>
63000	PURC SVS-PROF & TECHNICAL	0	0	0	0	0
63100	OFFICIAL/ADMINISTRATIVE	0	0	0	0	0
63110	STAFF SERVICES	0	0	0	0	0
63120	MANAGEMENT SERVICES	0	0	0	0	0
63130	BOARD OF ED SERVICES	3,973	4,363	5,000	4,277	723
63200	PROFESSIONAL-EDUCATIONAL	0	0	0	0	0
63210	INSTRUCTIONAL	4,134	2,523	2,800	2,671	129
63220	INST PGRM-IMPROVEMENT SVS	0	0	0	0	0
63230	CONSULTING	9,954	6,000	7,200	14,350	(7,150)
63300	OTHER PROFESSIONAL	0	0	0	0	0
63310	TRAINING/DEVEL. SVCS-CRT	1,554	4,402	10,047	3,175	6,872
63320	TRAINING/DEVEL. SVCS-CLS	1,955	2,609	4,795	1,710	3,085
63340	LEGAL	0	0	0	0	0
63370	ARCHITECTURAL	0	0	0	0	0
63400	TECHNICAL	0	0	0	0	0
63410	DATA PROCESSING SERVICES	0	0	0	0	0
63420	STATISTICAL SERVICES	0	0	0	0	0
63430	ACCOUNTING	0	0	0	0	0
63440	LEGAL	0	1,966	5,000	0	5,000
63441	LEGAL	55,350	37,734	40,000	40,784	(784)
63445	LEGAL-RESEARCH & OPINIONS	0	0	0	0	0
63450	MEDICAL	253	2,368	2,700	0	2,700
63470	ARCHITECTURAL	0	0	0	0	0
63490	OTHER PROF.SERV	17,255	0	0	0	0
63590	OTHER TECH SERVICES	0	0	0	0	0
63900	OTHER PURC PROF/TECH SVS	445,136	729,038	469,514	151,910	317,604
63910	TECHNOLOGY	0	0	0	0	0
64000	PURCHASED PROPERTY SVS	0	0	0	0	0
64110	WATER/SEWER	98,904	40,056	87,500	22,055	65,445
64210	DISPOSAL/SANATATION	11,105	65,388	63,100	17,730	45,370
64230	CUSTODIAL	0	0	0	0	0
64240	LAWN CARE	0	0	0	0	0
64310	NON-TECHNOL-REPAIRS&MAINT	15,397	18,519	18,825	0	18,825
64320	TECHNOLOGY-RELATED REPAIR	69	0	0	0	0
64410	LAND & BLDGS	163	0	0	0	0
64420	EQUIP & VEHICLES	0	1,426	5,450	110	5,340
64430	RENTAL OF COMPUTERS	207,986	209,369	196,470	99,894	96,575
64500	CONSTRUCTION SERVICES	0	222,069	223,000	0	223,000

**Arkansas Department of Education  
Helena-West Helena School District  
Unrestricted Funds Expenditure Report**

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**Unrestricted Funds:**

1000|1015|1017|1218|1229|1232|1240|1246|1290|1365|1372|2000|2001|2003|2004|2005|2006|2007|2008|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2038|2039|2040|2041|2044|2045|2047|2048|2050|2055|2056|2095|2096|2097|2098|2099|2101|2103|2111|2115|2116|2120|2125|2133|2150|2155|2160|2161|2213|2214|2215|2218|2219|2220|2225|2227|2229|2230|2232|2233|2234|2235|2237|2240|2245|2246|2250|2255|2260|2261|2263|2271|2277|2280|2290|2310|2325|2340|2365|2366|2368|2369|2372|2390|2392|2394|2395|2399|2765|4000|4001|4395

**Expenditures:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
64900	OTHER PURC PROPERTY SVS	0	0	0	0	0
65000	OTHR PURCH.SERVICES	0	0	0	0	0
65100	STUDENT TRANSPORTATION	0	0	0	0	0
65190	PUPIL TRANSPORTATION	738,945	3,555	2,321	0	2,321
65210	PROPERTY INSURANCE	409,450	65,936	250,000	159,701	90,299
65220	LIABILITY INSURANCE	0	0	0	0	0
65240	FLEET INSURANCE	21,906	29,630	36,700	0	36,700
65250	ACCIDENT INS FOR STUDENTS	41,774	58,297	27,982	4,982	23,000
65290	OTHER INSURANCE	0	552	2,350	0	2,350
65300	COMMUNICATIONS	0	0	0	0	0
65310	TELEPHONE	57,532	78,408	113,000	41,858	71,142
65320	POSTAGE	12,313	9,475	10,700	5,259	5,441
65330	NETWORKING/INTERNET	1,173	1,699	17,585	675	16,909
65400	ADVERTISING	12,277	3,034	34,670	4,377	30,293
65500	PRINTING & BINDING	5,555	0	0	0	0
65600	TUITION	0	0	0	0	0
65610	TO LEA'S WITHIN STATE	2,500	0	0	0	0
65640	INTERM AGENCY-IN STATE	0	0	0	0	0
65690	OTHER TUITION	0	0	0	0	0
65700	FOOD SVS MANAGEMENT	0	0	0	0	0
65800	TRAVEL	0	0	0	0	0
65810	TRVL-CERT-IN DISTRICT	444	0	0	0	0
65820	TRVL-CLS IN DISTRICT	15,190	11,151	10,108	2,791	7,317
65830	TRVL CERT-OUT DISTRICT	2,187	1,742	2,376	770	1,605
65840	TRVL CLS OUT DISTRICT	968	900	2,859	1,226	1,633
65850	TRVL CERT OUT STATE	0	0	500	0	500
65860	TRVL CLS OUT STATE	0	0	0	0	0
65870	TRAVEL NON-EMPLOYE	9,553	2,333	1,968	1,874	94
65880	MEALS	5,059	13,472	20,000	1,394	18,606
65890	LODGING	3,967	9,225	15,694	7,327	8,367
65900	MISC PURC SVS	11,290	22,250	25,000	0	25,000
65910	SVS PURCHASED LOCALLY	0	0	0	0	0
65930	PURC-OTHER LEA OUT STATE	0	0	0	0	0
66100	GEN SUPPLIES	248,313	400,238	329,786	235,130	94,656
66107	GENERAL SUPPLIES-LOW VALU	1,498	0	2,000	0	2,000
66210	NAT.GAS	121,998	102,824	129,000	14,320	114,680
66220	ELECTRICITY	386,015	351,904	298,000	173,841	124,159
66230	BOTTLED GAS	0	0	0	0	0
66260	GASOLINE/DIESEL	140,325	110,002	93,787	47,465	46,322
66300	FOOD	0	971	1,200	0	1,200
66400	BOOKS & PERIODICALS	0	0	0	0	0
66410	TEXTBOOKS	175,055	6,331	133,912	161,857	(27,945)
66420	LIBRARY BOOKS	1,931	991	1,600	0	1,600
66430	PERIODICALS	216	2,539	3,425	0	3,425
66440	AUDIOVISUAL MATERIALS	0	0	0	0	0
66500	TECHN SUPPLIES	34,105	21,675	33,635	48,928	(15,293)
66507	TECHNOLOGY	0	0	0	0	0
66510	SOFTWARE	0	0	0	0	0

**Arkansas Department of Education  
Helena-West Helena School District  
Unrestricted Funds Expenditure Report**

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**Unrestricted Funds:**

1000|1015|1017|1218|1229|1232|1240|1246|1290|1365|1372|2000|2001|2003|2004|2005|2006|2007|2008|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2038|2039|2040|2041|2044|2045|2047|2048|2050|2055|2056|2095|2096|2097|2098|2099|2101|2103|2111|2115|2116|2120|2125|2133|2150|2155|2160|2161|2213|2214|2215|2218|2219|2220|2225|2227|2229|2230|2232|2233|2234|2235|2237|2240|2245|2246|2250|2255|2260|2261|2263|2271|2277|2280|2290|2310|2325|2340|2365|2366|2368|2369|2372|2390|2392|2394|2395|2399|2765|4000|4001|4395

**Expenditures:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
66520	OTHER	1,036	0	0	0	0
66527	TECHNOLOGY SUPPLIES	0	0	0	0	0
66529	TECHNOLOGY SUPPLIES OTHER	59,235	0	0	0	0
66600	BUILDING MATERIALS	0	0	0	0	0
66900	OTHER SUPPLIES & MATERIAL	0	0	0	0	0
67100	LAND & IMPROVEMENTS	0	0	0	0	0
67300	EQUIPMENT	0	0	0	0	0
67310	MACHINERY	8,344	0	4,293	4,293	0
67320	VEHICLES	897	183,390	150,000	3,526	146,474
67330	FURNITURE & FIXTURES	0	0	3,999	4,419	(420)
67340	TECHNOLOGY RELATED HARDWA	76,856	17,241	20,000	17,670	2,330
67350	TECHNOLOGY SOFTWARE	213,892	6,915	10,000	19,688	(9,688)
67390	OTHER EQUIPMENT	0	31,629	38,375	32,075	6,300
67400	INFRASTRUCTURE	0	0	0	28,284	(28,284)
67500	TECHN EQUIP	0	0	0	0	0
67900	DEP ACT	0	0	0	0	0
68100	DUES AND FEES	61,792	143,272	12,609	4,231	8,378
68200	JUDGMENTS AGAINST LEA	0	0	0	0	0
68300	INTEREST	289,003	84,225	112,300	55,775	56,525
68400	INDIRECT COST	0	0	0	0	0
68800	TAXES	0	0	0	0	0
68810	TAX ON RESALE ITEMS	0	13	0	0	0
68830	PROPERTY TAX	0	0	0	0	0
68900	MISC EXPENDITURES	0	0	0	0	0
68901	CONSTANT VARIANCE PD 9-11	(79,549)	0	0	0	0
68999	ALLOCATED CHARGES	0	0	0	0	0
69100	REDEMPTION OF PRINCIPAL	470,000	0	565,000	0	565,000
69330	TO BUILDING FUND	442,065	993,998	0	0	0
69360	TO FEDERAL GRANTS FUND	0	0	0	25,200	(25,200)
69400	PROGRAM FUNDING RETURN	26,956	147,854	0	0	0
69500	TRANSITS	0	0	0	0	0
69900	LOAN PAYMENT	0	0	0	0	0
<b>Other Expenditure Totals</b>		<b>4,905,252</b>	<b>4,265,502</b>	<b>3,658,134</b>	<b>1,467,600</b>	<b>2,190,534</b>
<b>Overall Expenditure Totals</b>		<b>14,567,078</b>	<b>13,592,690</b>	<b>13,908,631</b>	<b>5,257,735</b>	<b>8,650,896</b>

**Arkansas Department of Education  
Helena-West Helena School District  
Unrestricted Funds Revenue Report**

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**Unrestricted Funds:**

1000|1015|1017|1218|1229|1232|1240|1246|1290|1365|1372|2000|2001|2003|2004|2005|2006|2007|2008|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2038|2039|2040|2041|2044|2045|2047|2048|2050|2055|2056|2095|2096|2097|2098|2099|2101|2103|2111|2115|2116|2120|2125|2133|2150|2155|2160|2161|2213|2214|2215|2218|2219|2220|2225|2227|2229|2230|2232|2233|2234|2235|2237|2240|2245|2246|2250|2255|2260|2261|2263|2271|2277|2280|2290|2310|2325|2340|2365|2366|2368|2369|2372|2390|2392|2394|2395|2399|2765|4000|4001|4395

**Revenue:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
10000	REVENUE FROM LOCAL SOURCE	0	0	0	0	0
11110	PROPERTY TAXES-CURRENT	2,024,413	2,237,563	2,372,563	2,222,118	150,445
11115	PROP.TAX RELIEF SALES TAX	0	0	0	0	0
11120	PROPERTY TAX-40% BY 6/30	311,647	1,434,838	1,913,907	0	1,913,907
11125	TAX REL.40% 1/1-12/31	1,032,328	38,282	42,382	0	42,382
11130	PROPERTY TX-40% 7/1-12/31	0	0	0	0	0
11135	TAX REL.40% REC.JUL-DEC.	0	0	0	0	0
11140	PROPERTY TAX-DELINQUENT	193,825	284,627	299,627	52,145	247,482
11150	EXCESS COMMISSION	0	7,020	9,500	0	9,500
11160	LAND REDEMP-IN STATE SALE	225,073	153,945	178,574	9,655	168,919
11400	PENALTIES/INTEREST ON TAX	0	0	0	0	0
11900	OTHER TAXES	0	0	0	0	0
12100	REVENUE IN LIEU OF TAXES	0	0	0	0	0
12800	REVENUE IN LIEU OF TAXES	29,953	15,892	7,900	14,866	(6,966)
12900	OTHER LOCAL NON-LEA REVEN	0	0	0	0	0
13120	SUMMER SCHOOL	0	0	0	0	0
13190	OTHER PROGRAMS	0	0	0	0	0
13210	REGULAR DAY SCHOOL	0	0	0	0	0
13320	SUMMER SCHOOL	0	0	0	0	0
14190	OTHER PROGRAMS	0	0	0	0	0
14900	TRANS FEES-OTHER SOURCES	0	0	0	0	0
15100	INTEREST ON INVESTMENTS	25,748	14,418	7,000	8,186	(1,186)
16210	STUDENT	0	0	0	0	0
16220	ADULT	0	0	0	0	0
16300	SPECIAL FUNCTIONS/CONT. ME	0	0	0	0	0
16400	CHILD NUTRITION	0	0	0	0	0
16900	OTHER FOOD SVS REVENUE	0	0	0	0	0
17110	ADMISSIONS ATHLETICS	0	0	0	0	0
17130	STDNT ORG-EVENTS & ACTIV	0	0	0	0	0
17500	REV.FROM ENTERPRISE ACTIV	0	0	0	0	0
17900	OTHER STDNT ACTIVITY REV	0	0	0	0	0
19000	OTHER REV-LOCAL SOURCES	0	0	0	0	0
19120	OTHER RENT-LAND OWNED LEA	0	0	0	0	0
19130	RENT LEA BUILDINGS & FACI	1,493	5,000	6,000	3,000	3,000
19200	PRIVATE CONTRIBUTIONS	235,805	124,897	201,058	27,480	173,578
19211	BEECHCREST SAVE THE CHILD	0	0	0	0	0
19215	SAVE THE CHILDREN	0	0	0	0	0
19216	WESTSIDE SAVE THE CHILDRE	0	0	0	0	0
19217	WOODRUFF SAVE THE CHILD	0	0	0	0	0
19300	SALES OF SUPPLIES & MATER	0	0	0	0	0
19550	TRANSITS-FLOW THRU MONEY	0	0	0	0	0
19800	REFUNDS OF PRIOR YR EXPEN	2,003	17,752	9,000	52,902	(43,902)
19900	MISC REV FR LOCAL SOURCES	6,349	15,386	5,000	28,094	(23,094)
19910	SBC E-RATE	0	0	0	0	0
19920	EVEN START/WALMART	0	0	0	0	0
19925	WOODRUFF/WALMART	0	0	0	0	0
19950	ARK SCIENCE & TECH GRANT	0	0	0	0	0
19955	MOCKINGBIRD FOUNDATION	0	0	0	0	0
21100	CNTY GENERAL APPORTIONMNT	0	0	0	0	0
21200	SEVERANCE TAX	0	0	0	0	0
21900	OTHER REV FR COUNTY	0	0	0	0	0



**Arkansas Department of Education  
Helena-West Helena School District  
Unrestricted Funds Revenue Report**

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**Unrestricted Funds:**

1000|1015|1017|1218|1229|1232|1240|1246|1290|1365|1372|2000|2001|2003|2004|2005|2006|2007|2008|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2038|2039|2040|2041|2044|2045|2047|2048|2050|2055|2056|2095|2096|2097|2098|2099|2101|2103|2111|2115|2116|2120|2125|2133|2150|2155|2160|2161|2213|2214|2215|2218|2219|2220|2225|2227|2229|2230|2232|2233|2234|2235|2237|2240|2245|2246|2250|2255|2260|2261|2263|2271|2277|2280|2290|2310|2325|2340|2365|2366|2368|2369|2372|2390|2392|2394|2395|2399|2765|4000|4001|4395

**Revenue:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
31100	STATE EQUALIZATION FUNDIN	0	0	0	0	0
31101	STATE FOUNDATION FUNDS	10,914,166	8,734,208	7,307,786	3,321,720	3,986,066
31102	ENHANCED EDUCATIONAL FUND	0	0	0	0	0
31103	URT 98% TAX COLL. RATE	109,841	119,651	0	0	0
31150	STATE EQUALIZATION	0	0	0	0	0
31200	STATE APPORTIONMENT	0	0	0	0	0
31400	TRANSPORTATION AID	0	0	0	0	0
31450	STUDENT GROWTH FUNDING	0	0	0	0	0
31460	DECLINING ENROLLMENT FUND	224,225	1,080,556	773,809	0	773,809
31600	INCENTIVE FUNDING	0	0	0	0	0
31620	SUPPLEMENTAL MILEAGE INCE	142,281	106,711	71,141	35,570	35,571
31650	REVENUE LOSS FUNDING	0	0	0	0	0
31900	OTHER	0	0	0	0	0
32100	ADULT EDUCATION	0	0	0	0	0
32110	ADULT BASIC	0	0	0	0	0
32120	ADULT GENERAL EDUCATION	0	0	0	0	0
32214	COMPUTER BASED ED PGM	0	0	0	0	0
32217	RESTRUCTURING	0	0	0	0	0
32219	EISENHOWER MATH/SCIENCE	0	0	0	0	0
32220	CURRICULUM FRAMEWORKS-236	0	0	0	0	0
32224	ISOLATED GRANTS	0	0	0	0	0
32227	COLLEGE PREP ENRICH PGM	0	0	0	0	0
32229	NATIONAL BOARD OF PROF TE	0	0	0	0	0
32230	PARENTS AS TEACHERS	0	0	0	0	0
32232	ALTERNATIVE LEARNING PROG	0	0	0	0	0
32233	JUVENILE DETENTION CENTER	0	0	0	0	0
32234	DISTANT LEARNING	0	0	0	0	0
32235	TECH. IMPROVEMENT GRANT	0	0	0	0	0
32237	MATCH MATH & SCIENCE	0	0	0	0	0
32245	ARK PATHWISE MENTORING	0	0	0	0	0
32250	PQE INDUCTION/QUALITY ENH	(1,289)	12,000	0	6,400	(6,400)
32251	CWIP GRANT	0	0	0	0	0
32256	PROFESSIONAL DEVELOPMENT	0	0	0	0	0
32260	ACT 799 AR GAME AND FISH	0	0	0	0	0
32310	HAND CHILD-SUPV/EXTEND YR	7,905	6,705	0	0	0
32320	G & T-AEGIS PGM	0	0	0	0	0
32330	NON-HAND-RESID TREATMENT	0	0	0	0	0
32340	HAND-RESIDENT TREATMENT	0	0	0	0	0
32350	EARLY CHLD/MEDICAID MATCH	0	0	0	0	0
32361	IMP&INSTR GIFTED&TALENTED	2,245	200	0	150	(150)
32370	ALTERNATIVE LEARNING PROG	0	0	0	0	0
32372	RES.CENT.JUVENILE DETENTI	0	0	0	0	0
32380	AID TO HUMAN DEVELOP CNTR	0	0	0	0	0
32381	NATIONAL SCHOOL LUNCH ACT	0	0	0	0	0
32400	WORKFORCE EDUCATION	0	0	0	0	0
32415	SECONDARY WORKFORCE CENTE	0	0	0	0	0
32445	WKPL-TECH PREP CORE 11/12	0	0	0	0	0
32460	YOUTH APPRENTICESHIP	0	0	0	0	0
32520	MATCHING (STATE)	0	0	0	0	0
32700	EARLY CHILDHOOD PROGRAMS	0	0	0	0	0
32710	AR BETTER CHANCE(ABC)GRNT	351,000	277,025	98,000	116,900	(18,900)

**Arkansas Department of Education  
Helena-West Helena School District  
Unrestricted Funds Revenue Report**

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**Unrestricted Funds:**

1000|1015|1017|1218|1229|1232|1240|1246|1290|1365|1372|2000|2001|2003|2004|2005|2006|2007|2008|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2038|2039|2040|2041|2044|2045|2047|2048|2050|2055|2056|2095|2096|2097|2098|2099|2101|2103|2111|2115|2116|2120|2125|2133|2150|2155|2160|2161|2213|2214|2215|2218|2219|2220|2225|2227|2229|2230|2232|2233|2234|2235|2237|2240|2245|2246|2250|2255|2260|2261|2263|2271|2277|2280|2290|2310|2325|2340|2365|2366|2368|2369|2372|2390|2392|2394|2395|2399|2765|4000|4001|4395

**Revenue:**

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
32715	POVERTY INDEX FUNDING	0	0	0	0	0
32726	DHS/DCCECE EVEN START SUP	0	0	0	0	0
32821	SPECIAL OLYMPICS	0	0	0	0	0
32900	OTHER NON-INSTR.PROGRAMS	0	0	0	0	0
32910	WORKER'S COMP INSURANCE	0	0	0	0	0
32912	GENEREAL FACILITIES	32,793	24,595	16,396	8,198	8,198
32915	DEBT SERVICE FUNDING SUPP	179,204	119,315	86,105	43,052	43,053
32920	GAME AND FISH	0	1,949	0	1,976	(1,976)
32990	OTHER STATE	0	0	0	0	0
32993	GREATER GRADUATION	0	0	0	0	0
41300	REV IN LIEU OF TAXES	745	37,095	0	0	0
42100	FOREST RESERVE	17,509	3,090	0	0	0
42500	IMPACT AID	0	0	0	0	0
42900	OTHER UN/I FEDERAL-STATE	0	0	0	0	0
43160	ROTC	0	0	0	0	0
43181	21st CENTURY GRANT	0	0	0	0	0
45110	ESEA CH1 COMP 100-297	0	0	0	0	0
45113	ESEA CH1 STATE PGM IMPROV	0	0	0	0	0
45114	ESEA CH1 CPTL EXPENS-PRVT	0	0	0	0	0
45119	TITLE 1 STIMULUS	0	0	0	0	0
45124	ARRA STABILIZATION	0	0	0	0	0
45129	EDUCATION JOBS FUND	0	0	0	0	0
45310	VOC BASIC GRNT-ENTITLEMNT	0	0	0	0	0
45318	VOC-SUPP GRNTS-IMPROV ACT	0	0	0	0	0
45510	FREE AND REDUCED LUNCH	0	0	0	0	0
45520	FREE AND REDUCED BREAKFAS	0	0	0	0	0
45540	AFTER SCHOOL SNACKS	0	0	0	0	0
45561	REGULAR COMMODITIES	0	0	0	0	0
45611	BRILLE INSTRUCTORS	0	0	0	0	0
45613	VI B PASS THROUGH	0	0	0	0	0
45621	IDEA-ARRA	0	0	0	0	0
45802	MODERNIZATION STABILIZATIO	0	0	0	0	0
45810	TITLE 1 ARRA	0	0	0	0	0
45910	MEDICARE CATASTROPHIC COV	0	0	0	0	0
45913	ARMAC/NURSES-HEAR-VISION	0	0	0	0	0
45925	TITLE IIA(IMP. TEA.QUALITY)	0	0	0	0	0
45940	WOMENS ED EQUITY ACT	0	0	0	0	0
45977	REAP RURAL & LOW INCOME	0	0	0	0	0
51100	BONDED INDEBTEDNESS	7,484	0	0	0	0
51900	NONCASH RECEIPT	0	0	0	0	0
51999	AUDIT ADJUSTMENT FOR PRIOR YEAR CODING ERRORS	0	0	0	50,776	
52000	INTERFUND TRANSFERS	0	0	0	0	0
52300	TRANS FROM BUILDING FUND	0	0	0	0	0
52600	TRANS FROM FEDERAL GRANTS	0	0	0	0	0
52700	TRANS FROM STUDENT ACTVTY	0	0	0	0	0
52800	TRANS FROM FOOD SERVICE	0	0	0	0	0
52900	INDIRECT COST	215,202	33,823	0	0	0
52950	INTERFUND TRANSFER/CD	0	0	0	0	0
53100	SALE OF EQUIPMENT	800	0	0	0	0
53400	COMPEN-LOSS FIXED ASSETS	16,762	281,302	0	9,668	(9,668)

Arkansas Department of Education  
Helena-West Helena School District  
Unrestricted Funds Revenue Report

Unrestricted Funds:  
1000|1015|1017|1218|1229|1232|1240|1246|1290|1365|1372|2000|2001|2003|2004|2005|2006|2007|2008|2011|2012|2013|2014|2015|2016|2017|2018|2019|2020|2022|2023|2024|2025|2026|2027|2028|2029|2030|2031|2032|2033|2034|2035|2036|2038|2039|2040|2041|2044|2045|2047|2048|2050|2055|2056|2095|2096|2097|2098|2099|2101|2103|2111|2115|2116|2120|2125|2133|2150|2155|2160|2161|2213|2214|2215|2218|2219|2220|2225|2227|2229|2230|2232|2233|2234|2235|2237|2240|2245|2246|2250|2255|2260|2261|2263|2271|2277|2280|2290|2310|2325|2340|2365|2366|2368|2369|2372|2390|2392|2394|2395|2399|2765|4000|4001|4395

Revenue:

Account	Account Description	FY12	FY13	FY14 Budget	FY14 YTD as of 12/31/13	Variance in FY14 Budget and FY14 YTD
Total Revenue		16,309,510	15,187,845	13,405,748	6,012,856	7,443,668

**Helena-West Helena School District**  
**LEA # 5403**  
**Phillips County**

**Classified in Fiscal Distress:**

September 13, 2010

**Fiscal Distress Indicators and Additional Concerns:**

\* A declining balance determined to jeopardize the fiscal integrity of the school district

\* Material audit exceptions or violations

<b>District Profile:</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
<b>Superintendent</b>	<b>Willie Williams</b>	<b>Willie Williams</b>	<b>Suzann McCommon</b>
4 QTR ADM	2,312	2,233	1,886
Assessment	112,772,244	113,701,999	125,831,037
Total Mills	34.10	34.10	34.10
Total Debt Bond/Non Bond	7,750,000	7,300,000	7,060,000
Per Pupil Expenditures	13,268	11,638	12,724
Personnel-Non-Fed Certified FTE	229.59	132.62	175.46
Personnel-Non-Fed Certified Clsrm FTE	200.17	101.89	163.15
Avg Salary-Non-Fed Cert Clsrm FTE	44,799	54,170	43,583
Avg Salary-Non-Fed Cert FTE	48,126	50,561	40,858
Net Legal Balance (Excl Cat & QZAB)	1,809,446	3,600,597	5,318,384

Total Debt includes Bonded and Non-bonded filed with ADE.

Data Source: Annual Statistical Reports (ASR) and State Aid Notice for school district.

**District Actions:**

The District has included the following objectives in their Fiscal Distress Improvement Plan:

**2010-11**

- Reduced (RIF) 3 administrative office staff
- Reclassified licensed and classified salaries from operating to ARRA funds
- Reclassified licensed and classified salaries from operating to Declining Enrollment funds
- Reclassified licensed and classified salaries from operating to NSLA funds
- Reduced licensed and classified salaries through attrition and reassignment
- Monitored all expenditures
- Eliminated Saturday School Detention Program
- Eliminated custodial/maintenance uniforms
- Eliminated After School Discipline Program

**2011-12**

- The District reduced 27 licensed positions through RIF and attrition
- The District reduced 54 classified position through RIF and attrition
- Reduced salary and utility costs by transferring kindergarten students to three other schools
- Reduced operating costs by utilizing NSLA funds more efficiently
- Eliminated operating cost of After School tutorial
- Monitored and implemented corrective actions for the 2011 audit findings

**2012-13**

- Reduced 30 employees through RIF
- Reclassified salaries of 4 licensed positions from Operating to Categorical and Federal funds
- Reduced expenses through consolidation of campuses
- Refunded district bonds to a lower interest rate



2012-13
<b>Suzann McCommon</b>
1,651
132,059,051
34.10
7,060,000
12,289
137.09
125.46
41,052
46,441
6,863,335



**Helena-West Helena School District**  
**LEA # 5403**  
**Phillips County**

**Comments:**

The District was classified in Fiscal Distress on September 13, 2010. The 2013-14 is the third full year of Fiscal Distress.

On June 20, 2011, the Arkansas Department of Education took control of the Helena-West Helena School District. On June 20, 2011, Superintendent Willie Williams and the School Board were released.

The following appointments were made on June 20, 2011:

Suzann McCommon- Chief Executive Officer  
Ulicious Reed- Chief Operating Officer

District had a prior classification with Fiscal Distress program.

- Classified - April 11, 2005
- Reconstitution (State takeover) - September 8, 2005
- Removed - April 21, 2008

The Helena-West Helena School District's general operating ending balance of \$3,500,000. The District has approximately \$2.7 million in salaries from general operating funds to American Red Cross.

For the 2012-13 school year, the District has consolidated campuses from five to three. As of Oct. 1, 2012, there were 1,655 students.

On May 13, 2013, the State Board of Education approved the recommendation of the District's classification, under authority of the state, for the 2013-14 school year and to authorize a community advisory board pursuant to Act 600 of 2013.

On September 9, 2013, the State Board of Education approved the following individuals for the Helena-West Helena School District:

Zone 1	Dr. Steven Floyd Murray
Zone 2	Mr. Doug Friedlander
Zone 3	Mr. Marvin Jarrett
Zone 4	Mr. Lynn D. Boone
Zone 5	Mrs. Bettye W. Hendrix
Zone 6	Vacant
Zone 7	Mr. Nathan Bagley

The attached Financial Data is for the Quarterly House and Senate Education Committee.

[REDACTED]  
school year began their

W. Helena School District.

ed from their duties.

11,492 on June 30, 2011 included the reclassification of  
overly and Reinvestment Act (ARRA) funds.

ee due to declining enrollment. The District's enrollment

e Department of Education to extend the fiscal distress  
ize the Commissioner of Education to appoint a

als to serve on the Community Advisory Board for the

nittee Report ending December 31, 2013.