

Fiscal Distress in Arkansas School Districts

Indicators

Indicators of “Fiscal Distress”

- Declining balance to jeopardize fiscal integrity of a school district—Unless the result of a capital expenditure.
- Act or violation to jeopardize fiscal integrity
- Any other fiscal condition of a school district deemed to have a material detrimental negative impact on the continuation of educational services by that school district.

Potential “acts or violations”

- Material failure to...
 - Properly maintain school facilities
 - Violation of local, state, or federal fire, health or safety code provisions
 - Violation of local, state, or federal construction code provisions or law
 - Material state or federal audit exceptions
 - Failure to provide timely and accurate legally-required financial reports to ADE, Division of Legislative Audit, General Assembly or IRS

Potential “acts or violations”

■ Materially...

- Insufficient funds to cover payroll, salary, employment benefits or legal tax obligations
- Failure to meet legally binding minimum teacher salary schedule obligations
- Failure to comply with state law governing purchasing or bid requirements
- Default on any school district debt obligations
- Discrepancies between budgeted and actual school district expenditures

Potential “acts or violations”

- Materially....
 - Failure to comply with audit requirements of 6-20-301
 - Failure to comply with any provision of the Arkansas Code that specifically places a school district in fiscal distress based on noncompliance.

ADE Can Support

For more information, please contact:

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Fiscal Services and Support

MISSION

The **Fiscal Services and Support Unit** partners with school districts, charter schools and co-ops to maintain fiscal stability while providing all students an opportunity to learn and achieve their fullest potential.

PURPOSE

The unit identifies districts in fiscal distress, assesses their financial condition, addresses areas of fiscal concern, and assists in determining how to bring the district back to fiscal stability. Intervention and professional consultation is provided when there are early indicators that could possibly lead to fiscal distress status.