



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 78** HLS 11RS 515

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 28, 2011	10:18 AM	Author: EDWARDS
Dept./Agy.: Education		
Subject: Auditing of school systems in academic crisis		Analyst: Alan M. Boxberger

EDUCATION ACCOUNTABILITY OR NO IMPACT See Note Page 1 of 1
Provides relative to the auditing of school systems which are academically in crisis

Current law provides that when a school system is academically in crisis, the system shall remain so until the following conditions are met:
(1) The academic performance of the students has improved sufficiently to improve the school performance sufficiently that the system is no longer defined as academically in crisis; and,
(2) All audit findings are corrected.

Proposed law retains present law except deletes the condition described in (2) above and replaces it with the following condition:
(2) The system has an unqualified audit opinion, in accordance with generally accepted accounting principles, on the annual independent audit report that is required by present law.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Under this legislation, school systems must continue conducting an annual audit as under present law. Attainment of an unqualified audit opinion will suffice to alleviate one of two conditions that must be met in order for a school system to no longer be defined as academically in crisis.

An unqualified audit finding means the financial statements presented are free of material misstatements and adhere to Generally Accepted Accounting Principles (GAAP). In general terms, it is very common for school systems to achieve an unqualified audit opinion. The result of this legislation should enable school systems labeled as academically in crisis to more easily achieve resolution of one of the two factors preventing removal of that label as they simply must receive an unqualified audit opinion as opposed to specifically correcting previous findings.

For school systems labeled academically in crisis that are administered by the recovery school district, this legislation could facilitate an easier transition back to local administration.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.