

# HOUSE BILL 623

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9lr2106  
CF SB 448

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By: **Allegany County Delegation**

Introduced and read first time: February 6, 2009

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Local School Systems - Biannual Financial Status Report Requirement -**  
3 **Repeal**

4 FOR the purpose of repealing the requirement that a local superintendent of schools or  
5 chief executive officer of a local school system file a certain biannual report on  
6 the financial status of a local school system; requiring a certain local school  
7 system that has a certain financial deficit to include certain information in a  
8 certain annual audit; and generally relating to reporting requirements for local  
9 school systems.

10 BY repealing and reenacting, with amendments,  
11 Article - Education  
12 Section 5-114  
13 Annotated Code of Maryland  
14 (2008 Replacement Volume)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Education**

18 5-114.

19 (a) In this section, "deficit" means a negative fund balance in the General  
20 Fund of 1% or more of General Fund revenue at the end of the fiscal year.

21 (b) The State Superintendent and the Department shall[:

22 (1) Monitor] **MONITOR** the financial status of each local school  
23 system[; and

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   (2) Report on a biannual basis the financial status of each local school  
2 system to the Governor and, in accordance with § 2–1246 of the State Government  
3 Article, the General Assembly].

4           [(c) A local superintendent or chief executive officer of a local school system  
5 shall:

6                   (1) File a biannual report on the financial status of the local school  
7 system with the Superintendent and county governing body on or before April 30 and  
8 December 31 of each fiscal year; and

9                   (2) Attest to the accuracy of each biannual report when the report is  
10 submitted to the Superintendent and county governing body.]

11           [(d)] (C) If a local school system does not file the annual audit results in a  
12 timely manner with the State Superintendent as required by § 5–109 of this subtitle,  
13 the State Superintendent shall:

14                   (1) Immediately notify:

15                           (i) The Department of Legislative Services;

16                           (ii) The county governing body; and

17                           (iii) The local board and local superintendent or chief executive  
18 officer of the local school system; and

19                   (2) Order that the audit report be filed within 10 days.

20           [(e)] (D) (1) A local school system may not carry a deficit as reported in  
21 the annual audit under § 5–109 of this subtitle.

22                   (2) If a local school system has a deficit, the State Superintendent  
23 shall immediately notify the Governor, the General Assembly, the Department of  
24 Legislative Services, and county governing body and shall require the local school  
25 system to:

26                           (i) Develop and submit for approval a corrective action cost  
27 containment plan within 15 days;

28                           (ii) File monthly status reports with the State Superintendent  
29 and county governing body demonstrating actions taken to close the deficit and the  
30 effect of the actions taken on the deficit; and

31                           (iii) Include information on the corrective action cost  
32 containment plan, actions taken to close the deficit, and status of the deficit in the

1 [biannual financial status reports] **ANNUAL AUDIT UNDER § 5-109 OF THIS**  
2 **SUBTITLE** filed with the State Superintendent and county governing body.

3 (3) The State Superintendent shall include information on any local  
4 school system deficit, corrective action cost containment plan, actions taken to close a  
5 local school system deficit, and status of any local school system deficit in a quarterly  
6 report to the Governor and the General Assembly, in accordance with § 2-1246 of the  
7 State Government Article.

8 (4) If a local school system has a deficit:

9 (i) The Office of Legislative Audits may request any financial  
10 information pertaining to the deficit and the corrective action cost containment plan;  
11 and

12 (ii) The local superintendent or chief executive officer of a local  
13 school system shall provide the requested information.

14 [(f)] (E) If a local school system fails to comply with the requirements of  
15 this section, the State Superintendent, with the approval of the State Board of  
16 Education, shall notify the State Comptroller, who shall withhold 10% of the next  
17 installment and each subsequent installment due the local school system from the  
18 General State School Fund until the State Superintendent notifies the Comptroller  
19 that the local school system is in full compliance with the requirements of this section.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 July 1, 2009.