

SB 586-FN - VERSION ADOPTED BY BOTH BODIES

03/05/2026 0772s  
23Apr2026... 1500h  
06/04/2026 2121EBA

2026 SESSION

26-2110  
07/05

SENATE BILL **586-FN**

AN ACT requiring chartered public schools, school administrative units, and cities or school districts not audited under RSA 671:5 to be audited by an independent public accountant after the end of the fiscal year and requiring the results of such audits to be made available to the public.

SPONSORS: Sen. Murphy, Dist 16; Sen. Gannon, Dist 23; Sen. Pearl, Dist 17; Sen. Sullivan, Dist 18; Sen. Innis, Dist 7; Sen. Avard, Dist 12; Sen. Ward, Dist 8; Sen. Birdsell, Dist 19; Sen. Carson, Dist 14

COMMITTEE: Election Law and Municipal Affairs

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AMENDED ANALYSIS

This bill requires chartered public schools, school administrative units, and cities or school districts not audited under RSA 671:5 to be audited by an independent public accountant after the end of the fiscal year and for the results of such audits to be made available to the public.

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Explanation: Matter added to current law appears in ***bold italics***.  
Matter removed from current law appears ~~[in brackets and struckthrough.]~~  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty-Six*

AN ACT requiring chartered public schools, school administrative units, and cities or school districts not audited under RSA 671:5 to be audited by an independent public accountant after the end of the fiscal year and requiring the results of such audits to be made available to the public.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1           1    Education; District Taxes; Reports Required; Cities, School Districts, and School  
2    Administrative Units. RSA 198:4-d is repealed and reenacted to read as follows:

3           198:4-d   Reports Required; Cities, School Districts, and School Administrative Units. The  
4    governing body of each city, school district, chartered public school, and school administrative unit  
5    shall submit to the commissioner of the department of education in a searchable electronic format  
6    the following reports pursuant to rules adopted under RSA 541-A by the commissioner of revenue  
7    administration which establish the form and content of such reports:

8           I. A report filed by the governing body of each city, school district, and chartered public  
9    school shall certify the appropriations voted by the meeting of the appropriate legislative body,  
10    whether city council, mayor and council, or mayor and board of aldermen, or by each annual or  
11    special school district meeting, along with estimated revenues. This report shall be filed within 20  
12    days of the close of the meeting.

13           II. A report filed by the governing body of each city, school district, and chartered public  
14    school shall revise all the estimated revenues for the year. This report shall be filed by September 1  
15    of each year. The revised estimates by school districts for the adequate education grants calculated  
16    under RSA 198:41 shall be considered the most accurate within 5 percent of the amount estimated  
17    pursuant to RSA 198:40-a.

18           III. A financial report for each city, school district, and chartered public school shall be filed  
19    showing the summary of receipts and expenditures, according to uniform classifications, during the  
20    preceding fiscal year, and a balance sheet showing assets and liabilities at the close of the year. This  
21    report shall be submitted on or before September 1 of each year. Each statistical report submitted  
22    under this section shall include a certification signed by the chairperson of the school district's  
23    governing body or the chairperson of the board of trustees of approved public academies that states:  
24    "I certify, under the pains and penalties of perjury, to the best of my knowledge and belief, that all of  
25    the information contained in this document is true, accurate and complete."

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1           IV. The department of education and the department of revenue administration together  
2 shall develop and maintain school accounting standards which shall be used by districts, chartered  
3 public schools, and school administrative units for financial reporting purposes.

4           V. The budget committee in school districts operating under the municipal budget law shall  
5 file the budget within 20 days of the close of the annual or special meeting.

6           VI. Chartered public schools, school administrative units, and cities or school districts not  
7 audited under RSA 671:5, shall be audited by an independent public accountant in accordance with  
8 RSA 21-J:19, II.

9           VII. If a city or school district is audited under RSA 671:5, the procedures in RSA 41:31-a  
10 through 41:31-d shall be followed.

11           VIII. Audit reports created under paragraphs VI and VII shall include balance sheets; a  
12 breakdown of revenue sources; an itemized list of all employees or staff on payroll and their pay,  
13 benefits, other post-employment benefits and pension liabilities; and an itemized list of assets, debts,  
14 bonds, lease agreements, and capital improvement investment projects. The audit report for the last  
15 completed fiscal year shall be submitted to the department within 9 months of the end of the fiscal  
16 year. The commissioner of the department of education shall verify that the report appears complete  
17 within 3 months of receipt, comparing it against those submitted in prior years. The department  
18 may grant extensions as needed to address any disputed items. Deficiencies shall be corrected no  
19 later than 12 months from the date of the submission. The commissioner shall withhold state grant  
20 funding, not including RSA 198:40-a funding, allocated to any non-compliant city, school district,  
21 chartered public school, or school administrative unit until the audit or financial report is completed  
22 and submitted to the department, and any questions are answered to the commissioner's  
23 satisfaction.

24           IX. The department of education and reporting entities shall make reports filed under this  
25 section available to the public on their websites in a searchable electronic format.

26           2 Effective Date. This act shall take effect July 1, 2026.

**SB 586-FN- FISCAL NOTE**  
AS AMENDED BY THE HOUSE (AMENDMENT #2026-1500h)

AN ACT requiring chartered public schools, school administrative units, and cities or school districts not audited under RSA 671:5 to be audited by an independent public accountant after the end of the fiscal year and requiring the results of such audits to be made available to the public.

**FISCAL IMPACT:** This bill does not provide funding, nor does it authorize new positions.

<b>Estimated State Impact</b>				
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>Revenue</b>	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
<b>Expenditures*</b>	\$0	\$75,000	\$461,000	\$484,000
<i>Funding Source(s)</i>	General Fund			
<b>Appropriations*</b>	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

\*Expenditure = Cost of bill

\*Appropriation = Authorized funding to cover cost of bill

<b>Estimated Political Subdivision Impact</b>				
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>Local Revenue</b>	\$0	\$0	\$0	\$0
<b>Local Expenditures</b>	\$0	Indeterminable		

**METHODOLOGY:**

This bill requires district public school and charter public schools to complete a financial audit by April 1st each year and requires the Department of Education to withhold state grant funding until completed. Under current law and practice, the Department states districts are required to complete an audit 12 months after fiscal year close and charter schools are required to submit after 9 months. For the fiscal year ending June 2024, 55 percent of districts returned an audit within 12 months, and 58 percent of charter schools returned an audit within 9 months.

This bill allows for an extension to be granted up to 12 months after the audit due date. Therefore, the bill allows districts and chartered public schools a maximum of 21 months to submit an audit until funding is withheld. It is assumed that the bill's effective date of July 1, 2026, would impact FY 2027, which would require the audit to be submitted by April 1, 2028. The first payments would be withheld starting April 2029. It is assumed a very small number of

districts and chartered public schools would not meet this requirement. However, financial impacts would not occur, if any, until late in FY 2029.

The Department, within its existing operations, can collect audits reports, notify districts of the requirement and the deadline to submit, and withhold state funding as applicable. With existing resources, the Department states it cannot review or analyze the submitted audit reports, nor can it assist districts and chartered public schools struggling with financial reporting and monitor audit identified deficiencies. Additional resources are needed to implement all aspects of the proposed bill and effectively provide oversight of district and charter public school audit reports.

	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
Two (2) District Auditors (SOC 13-09, Starting Step 9)	\$0	\$318,000	\$334,000
One (1) Charter School Auditor (SOC 13-09, Starting Step 5)	\$0	\$143,000	\$150,000
Contract Expense	\$75,000	\$0	\$0
<b>Total</b>	<b>\$75,000</b>	<b>\$461,000</b>	<b>\$484,000</b>

Under current law school administrative units (SAUs) are not required to receive an audit. Therefore, this may create an additional cost for school districts.

**AGENCIES CONTACTED:**

Department of Education