

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.
Act 2230 of the Regular Session

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

A Bill

HOUSE BILL 2734

5 By: Representative Rainey
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For An Act To Be Entitled

9 AN ACT TO ASSIST RESULTING SCHOOL DISTRICTS WITH
10 DEBT RELIEF RESULTING FROM A CONSOLIDATION
11 REQUIRED BY LAW; AND FOR OTHER PURPOSES.
12

Subtitle

13 AN ACT TO ASSIST RESULTING SCHOOL
14 DISTRICTS WITH DEBT RELIEF RESULTING
15 FROM A CONSOLIDATION REQUIRED BY LAW.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code Title 6, Chapter 13, Subchapter 16 is amended
22 to add an additional section to read as follows:

23 6-13-1606. Financial relief for debts acquired as a result of
24 involuntary consolidations.

25 (a) As used in this section:

26 (1) "Accounts payable" means a debt owed by a school district on
27 June 30 immediately prior to consolidation, excluding bonded indebtedness or
28 other long-term debt;

29 (2) "Act 60 school district" means a school district that was on
30 the consolidation list under § 6-13-1602 and was involuntarily consolidated
31 under § 6-13-1603(a)(3);

32 (3) "Available funding" means funds that are available to a
33 school district for paying accounts payable or are reasonably expected to be
34 collected and available for payment of accounts payable;

35 (4) "Excess accounts payable" means accounts payable of an Act



1 60 school district that exceed available funding; and

2 (5) "Improper expenditure exceptions" means an erroneous
3 expenditure of federal or state funds that are noted as an audit exception
4 and have been determined by the Department of Education to require an
5 expenditure of funds by the resulting school district to be correct.

6 (b) If on July 1, 2004, or thereafter, the State Board of Education
7 required an involuntary consolidation under § 6-13-1603(a)(3) and the
8 resulting district assumed excess accounts payable or improper expenditure
9 exceptions incurred by the Act 60 school district before the July 1
10 consolidation date that would have caused deficit spending if paid from the
11 funds of the Act 60 district, the Department of Education shall provide
12 supplemental funding to the resulting district.

13 (c)(1) The amount of the supplemental funding provided under
14 subsection (b) of this section shall be equal to the amount of the excess
15 accounts payable and improper expenditure exceptions assumed by the resulting
16 school district.

17 (2)(A) The amount of accounts payable, excess accounts payable,
18 improper expenditure exceptions, and available funding shall be determined by
19 the Department of Education based on information provided in a final audit
20 and other verifiable fiscal information available to the Department of
21 Education.

22 (B) The audit of an Act 60 school district required under
23 this section shall be completed within the time under § 6-20-1801(d) for
24 school districts in fiscal distress.

25 (3) No supplemental funding shall be paid under this section
26 until after completion of a final audit by the Division of Legislative Audit
27 or a private certified public accountant that may conduct school district
28 audits under § 6-20-1801.

29 (d)(1) Beginning on the date of the publication of the consolidation
30 list under § 6-13-1602 each year, the Department of Education shall have
31 authority to oversee all fiscal and accounting related matters of all school
32 districts on the consolidation list and shall require these school districts
33 have accurate records necessary to close all books within sixty (60) days of
34 the end of the fiscal year.

35 (2) No contract or other debt obligation incurred by a school
36 district for which the Department of Education has oversight authority under

1 this section shall be valid or enforceable against a resulting school
2 district unless the contract or other debt obligation is preapproved in
3 writing by the Director of the Department of Education or his or her
4 designee.

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6 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
7 General Assembly of the State of Arkansas that some school districts that
8 were required to consolidate under Act 60 of the Second Extraordinary Session
9 of the Eighty-Fourth General Assembly were forced to incur unfair financial
10 burdens created by other districts; that to provide the necessary resources
11 to their students the districts need additional funding to cover those debts;
12 and that this act is immediately necessary because school districts must
13 incur much of the financial burden prior to the end of the fiscal year.
14 Therefore, an emergency is declared to exist and this act being immediately
15 necessary for the preservation of the public peace, health, and safety shall
16 become effective on:

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

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

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

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27 APPROVED: 4/13/2005

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