

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.

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

# A Bill

HOUSE BILL 2734

4  
5 By: Representative Rainey  
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## For An Act To Be Entitled

8  
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

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14 AN ACT TO ASSIST RESULTING SCHOOL  
15 DISTRICTS WITH DEBT RELIEF RESULTING  
16 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  
36 60 school district that exceed available funding; and



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

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

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

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

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

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

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

34           (2) No contract or other debt obligation incurred by a school  
 35 district for which the Department of Education has oversight authority under  
 36 this section shall be valid or enforceable against a resulting school

1 district unless the contract or other debt obligation is preapproved in  
2 writing by the Director of the Department of Education or his or her  
3 designee.

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

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

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

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

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