

REFERENCE TITLE: school districts; budgets; financial reports

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HB 2421

Introduced by
Representatives Yee, Dial, Gowan, Seel, Stevens: Burges, Forese, Harper,
Judd, Montenegro, Urie, Vogt

AN ACT

AMENDING SECTIONS 15-904 AND 15-905, ARIZONA REVISED STATUTES; RELATING TO
SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-904, Arizona Revised Statutes, is amended to
3 read:

4 15-904. School district annual financial report; publication;
5 summary

6 A. The governing board of each school district shall publish an annual
7 financial report for the prior fiscal year by November 15. The auditor
8 general in conjunction with the department of education shall prescribe the
9 format of the financial report to be used by school districts. The financial
10 report shall contain budgeted and actual expenditures for the preceding
11 fiscal year and shall be prepared and distributed by October 15 by the school
12 district with a copy to the county school superintendent. A copy of the
13 annual financial report shall be submitted electronically by the school
14 district to the superintendent of public instruction by October 15. The
15 annual financial report shall be approved by the county school superintendent
16 in an electronic procedure as prescribed by the department of education. **ON**
17 **OR BEFORE OCTOBER 15, THE GOVERNING BOARD SHALL PROMINENTLY DISPLAY THE**
18 **ANNUAL FINANCIAL REPORT FOR THE PREVIOUS FISCAL YEAR ON THE SCHOOL DISTRICT'S**
19 **OFFICIAL WEBSITE AND SHALL MAINTAIN THESE REPORTS ON THE WEBSITE FOR AT LEAST**
20 **THREE CONSECUTIVE FISCAL YEARS.** School districts that are subject to section
21 15-914.01 are not required to send a copy to the county school
22 superintendent.

23 B. In addition to the information required in subsection A of this
24 section, the annual financial report shall contain detailed information on
25 the school district budgeted and actual expenditures from the bond building
26 fund, the soft capital allocation fund, the deficiencies correction fund, the
27 building renewal fund and the new school facilities fund, including but not
28 limited to information on classified salaries, employee benefits, interest
29 and fiscal charges, capital lease agreements, land and improvements,
30 buildings and improvements, furniture and equipment, technology and vehicles
31 and transportation equipment for pupils. **THE ANNUAL FINANCIAL REPORT SHALL**
32 **ALSO CONTAIN DETAILED INFORMATION ON HOW THE MONIES APPROVED AT THE MOST**
33 **RECENT OVERRIDE ELECTION CONDUCTED BY THE SCHOOL DISTRICT HAVE BEEN SPENT.**
34 The information shall specify whether the expenditures are for school
35 district renovation or for new construction, the cost per square foot, ~~and~~
36 land acquisition costs, as appropriate.

37 C. Except as provided in subsection D of this section, the governing
38 board shall publish, by November 15, the annual financial report for the
39 school district either in a newspaper of general circulation within the
40 school district, by electronic transmission of the information to the
41 department of education for posting on the department's website or in the
42 official newspaper of the county as defined in section 11-255, or the
43 governing board may mail the annual financial report for the school district
44 to each household in the school district. If the governing board chooses to
45 transmit the report electronically to the department of education, the school

1 district shall provide a link on the school district's website to the report
2 on the department's website. If the governing board chooses to publish the
3 report in a newspaper, the size of the newspaper print shall be at least
4 eight-point type. The cost of publication or mailing shall be a charge
5 against the school district. The publisher's affidavit of publication shall
6 be filed by the governing board of the school district with the
7 superintendent of public instruction within thirty days after publication.

8 D. The governing board may publish or mail a summary of the annual
9 financial report in the same manner as provided in subsection C of this
10 section. The auditor general in conjunction with the department of education
11 shall prescribe the form of the summary of the annual financial report for
12 use by the governing boards.

13 E. The superintendent of public instruction shall compile the
14 financial reports of the school districts, including expenditure data for
15 federal and state projects, and shall report to the governor and the
16 legislature on or before January 15 of each year as provided in section
17 15-255.

18 Sec. 2. Section 15-905, Arizona Revised Statutes, is amended to read:

19 15-905. School district budgets; notice; adoption; aggregate
20 budget limit; summary; adjustments; impact aid fund;
21 definition

22 A. Not later than July 5 of each year or no later than the publication
23 of notice of the public hearing and board meeting as required by this
24 section, the governing board of each school district shall prepare and
25 furnish to the superintendent of public instruction and the county school
26 superintendent, unless waived by the county school superintendent, a proposed
27 budget in electronic format for the budget year, which shall contain the
28 information and be in the form as provided by the department of education.
29 The proposed budget shall include the following:

30 1. The total amount of revenues from all sources that was necessary to
31 meet the school district's budget for the current year.

32 2. The total amount of revenues by source that will be necessary to
33 meet the proposed budget of the school district, excluding property taxes.
34 The governing board shall prepare the proposed budget and a summary of the
35 proposed budget. Both documents shall be kept on file at the school district
36 office and shall be made available to the public upon request. **NOT LATER
37 THAN JULY 5 OF EACH YEAR OR NO LATER THAN THE PUBLICATION OF NOTICE OF THE
38 PUBLIC HEARING AND BOARD MEETING REQUIRED BY THIS SUBSECTION, THE GOVERNING
39 BOARD SHALL PROMINENTLY DISPLAY THE PROPOSED BUDGET ON THE SCHOOL DISTRICT'S
40 OFFICIAL WEBSITE AND SHALL MAINTAIN THESE PROPOSED BUDGETS ON THE WEBSITE FOR
41 AT LEAST THREE CONSECUTIVE FISCAL YEARS.** The auditor general in conjunction
42 with the department of education shall prescribe the form of the summary of
43 the proposed budget for use by governing boards. School district governing
44 boards may include in the proposed budget any items or amounts which are
45 authorized by legislation filed with the secretary of state and which will

1 become effective during the budget year. If subsequent events prevent the
2 legislation from becoming effective, school district governing boards must
3 reduce their budgets by the amounts budgeted pursuant to the legislation
4 which did not become effective.

5 B. The governing board of each school district shall prepare a notice
6 fixing a time not later than July 15 and designating a public place within
7 each school district at which a public hearing and board meeting shall be
8 held. The governing board shall present the proposed budget for
9 consideration of the residents and the taxpayers of the school district at
10 such hearing and meeting.

11 C. The governing board of each school district shall publish or mail,
12 prior to the hearing and meeting, a copy of the proposed budget or the
13 summary of the proposed budget and, in addition, a notice of the public
14 hearing and board meeting no later than ten days prior to the meeting. The
15 proposed budget and the summary of the proposed budget shall contain the
16 percentage of increase or decrease in each budget category of the proposed
17 budget as compared to each category of the budget for the current year.
18 Notification shall be either by publication in a newspaper of general
19 circulation within the school district in which the size of the newspaper
20 print shall be at least eight-point type, by electronic transmission of the
21 information to the department of education for posting on the department's
22 website or by mailing the information to each household in the school
23 district. The cost of publication, website posting or mailing shall be a
24 charge against the school district. The publisher's affidavit of publication
25 shall be filed by the governing board with the superintendent of public
26 instruction within thirty days after publication. If the budget or proposed
27 budget and notice are posted on a website maintained by the department of
28 education or mailed, the board shall file an affidavit with the
29 superintendent of public instruction within thirty days after the mailing or
30 the date that the information is posted on the website. If a truth in
31 taxation notice and hearing is required under section 15-905.01, the
32 governing board may combine the notice and hearing under this section with
33 the truth in taxation notice and hearing.

34 D. At the time and place fixed in the notice, the governing board
35 shall hold the public hearing and present the proposed budget to the persons
36 attending the hearing. Upon request of any person, the governing board shall
37 explain the budget, and any resident or taxpayer of the school district may
38 protest the inclusion of any item. A governing board member who has a
39 substantial interest, as defined in section 38-502, in a specific item in the
40 school district budget shall refrain from voting on the specific item. A
41 governing board member may participate without creating a conflict of
42 interest in adoption of a final budget even though the member may have
43 substantial interest in specific items included in the budget.

44 E. Immediately following the public hearing the president shall call
45 to order the governing board meeting for the purpose of adopting the budget.

1 The governing board shall adopt the budget, which shall not exceed the
2 general budget limit, the unrestricted capital budget limit or the soft
3 capital allocation limit, making such deductions as it sees fit but making no
4 additions to the proposed budget total for maintenance and operations or
5 capital outlay, and shall enter the budget as adopted in its minutes. Not
6 later than July 18, the budget as finally adopted shall be filed by the
7 governing board with the county school superintendent who shall immediately
8 transmit a copy to the board of supervisors. Not later than July 18, the
9 budget as finally adopted shall be submitted electronically to the
10 superintendent of public instruction. **NOT LATER THAN JULY 18, THE GOVERNING**
11 **BOARD SHALL PROMINENTLY DISPLAY THE BUDGET AS FINALLY ADOPTED ON THE SCHOOL**
12 **DISTRICT'S OFFICIAL WEBSITE AND SHALL MAINTAIN THESE BUDGETS AS FINALLY**
13 **ADOPTED ON THE WEBSITE FOR AT LEAST THREE CONSECUTIVE FISCAL YEARS.** On or
14 before October 30, the superintendent of public instruction shall review the
15 budget and notify the governing board if the budget is in excess of the
16 general budget limit, the unrestricted capital budget limit or the soft
17 capital allocation limit. The governing board shall revise the budget as
18 follows:

19 1. If the governing board receives notification that the budget
20 exceeds the general budget limit, the unrestricted capital budget limit or
21 the soft capital allocation limit by one per cent of the general budget limit
22 or one hundred thousand dollars, whichever is less, it shall adopt on or
23 before December 15, after it gives notice and holds a public meeting in a
24 similar manner as provided in subsections C and D of this section, a revised
25 budget for the current year, which shall not exceed the general budget limit,
26 the unrestricted capital budget limit or the soft capital allocation limit.

27 2. If the governing board receives notification that the budget
28 exceeds the general budget limit, the unrestricted capital budget limit or
29 the soft capital allocation limit by less than the amount prescribed in
30 paragraph 1 of this subsection, the governing board shall adjust the budget
31 and expenditures so as not to exceed the general budget limit, the
32 unrestricted capital budget limit or the soft capital allocation limit for
33 the current year.

34 3. On or before December 18, the governing board shall file the
35 revised budget it adopts with the county school superintendent who shall
36 immediately transmit a copy to the board of supervisors. Not later than
37 December 18, the budget as revised shall be submitted electronically to the
38 superintendent of public instruction. School districts that are subject to
39 section 15-914.01 are not required to send a copy of revised budgets to the
40 county school superintendent. Procedures for adjusting expenditures or
41 revising the budget shall be as prescribed in the uniform system of financial
42 records.

43 F. The governing board of each school district may budget for
44 expenditures within the school district budget as follows:

1 1. Amounts within the general budget limit, as provided in section
2 15-947, subsection C, may only be budgeted in the following sections of the
3 budget:

4 (a) The maintenance and operation section.

5 (b) The capital outlay section.

6 2. Amounts within the unrestricted capital budget limit, as provided
7 in section 15-947, subsection D, may only be budgeted in the unrestricted
8 capital outlay subsection of the budget. Monies received pursuant to the
9 unrestricted capital budget limit shall be placed in the unrestricted capital
10 outlay fund. The monies in the fund are not subject to reversion.

11 3. The soft capital allocation limit, as provided in section 15-947,
12 subsection E, may only be budgeted in the soft capital allocation subsection
13 of the budget.

14 G. The governing board may authorize the expenditure of monies
15 budgeted within the maintenance and operation section of the budget for any
16 subsection within the section in excess of amounts specified in the adopted
17 budget only by action taken at a public meeting of the governing board and if
18 the expenditures for all subsections of the section do not exceed the amount
19 budgeted as provided in this section

20 H. The aggregate budget limit is the sum of the following:

21 1. The general budget limit as determined in section 15-947 for the
22 budget year.

23 2. The unrestricted capital budget limit as determined in section
24 15-947 for the budget year.

25 3. The soft capital allocation limit for the budget year as determined
26 in section 15-947.

27 4. Federal assistance, excluding title VIII of the elementary and
28 secondary education act of 1965 monies.

29 I. School districts which overestimated tuition revenues as provided
30 in section 15-947, subsection C, paragraph 2 shall adjust the general budget
31 limit and expenditures based upon tuition revenues for attendance of
32 nonresident pupils during the current fiscal year. School districts which
33 underestimated tuition revenues may adjust their budgets prior to May 15
34 based upon tuition revenues for attendance of nonresident pupils during the
35 current fiscal year. School districts which overestimated revenues as
36 provided in section 15-947, subsection C, paragraph 2, subdivision (a), items
37 (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit
38 and expenditures based on actual revenues during the current fiscal year.
39 School districts which underestimated such revenues may adjust their budgets
40 before May 15 based on actual revenues during the current fiscal year.
41 Procedures for completing adjustments shall be as prescribed in the uniform
42 system of financial records. Not later than May 18, the budget as adjusted
43 shall be submitted electronically to the superintendent of public
44 instruction.

1 J. A common school district not within a high school district whose
 2 estimated tuition charge for high school pupils exceeds the actual tuition
 3 charge for high school pupils shall adjust the general budget limit and
 4 expenditures based on the actual tuition charge. Not later than May 18, the
 5 budget as adjusted shall be submitted electronically to the superintendent of
 6 public instruction. A common school district not within a high school
 7 district whose estimated tuition charge for high school pupils is less than
 8 the actual tuition charge for high school pupils may adjust its budget before
 9 May 15 based on the actual tuition charge. Procedures for completing
 10 adjustments shall be as prescribed in the uniform system of financial
 11 records. If the adjusted general budget limit requires an adjustment of
 12 state aid and if the adjustment to state aid is not made in the current year,
 13 the superintendent of public instruction shall adjust by August 15 of the
 14 succeeding fiscal year the apportionment of state aid to the school district
 15 to correct any overpayment or underpayment of state aid received during the
 16 current year.

17 K. The governing board may include title VIII of the elementary and
 18 secondary education act of 1965 assistance allocated for children with
 19 disabilities, children with specific learning disabilities, children residing
 20 on Indian lands and children residing within the boundaries of an
 21 accommodation school that is located on a military reservation and that is
 22 classified as a heavily impacted local educational agency pursuant to 20
 23 United States Code section 7703 which is in addition to basic assistance when
 24 determining the general budget limit as prescribed in section 15-947,
 25 subsection C. The increase in the general budget limit for children residing
 26 within the boundaries of an accommodation school that is located on a
 27 military reservation and that is classified as a heavily impacted local
 28 education agency shall equal the dollar amount calculated pursuant to 20
 29 United States Code section 7703(b)(2). The governing board may adjust before
 30 May 15 the budget for the current year based on any adjustments which result
 31 in increases over the amount estimated by the superintendent of public
 32 instruction for title VIII of the elementary and secondary education act of
 33 1965 assistance for such pupils for the fiscal year preceding the current
 34 year. The governing board shall adjust before May 15 the budget for the
 35 current year based on any adjustments which result in decreases in the amount
 36 estimated by the superintendent of public instruction for title VIII of the
 37 elementary and secondary education act of 1965 assistance for such pupils for
 38 the fiscal year preceding the current year. Not later than May 18, the
 39 budget as adjusted shall be submitted electronically to the superintendent of
 40 public instruction. Procedures for complying with this subsection shall be
 41 as prescribed in the uniform system of financial records.

42 L. The department of education shall notify the state board of
 43 education if expenditures by any school district exceed the general budget
 44 limit prescribed in section 15-947, subsection C, the unrestricted capital
 45 budget limit, the soft capital allocation limit prescribed in section 15-947,

1 subsection E, the school plant fund limits prescribed in section 15-1102,
2 subsection B, the maintenance and operation section of the budget or the
3 capital outlay section of the budget. If the expenditures of any school
4 district exceed these limits or sections of the budget without authorization
5 as provided in section 15-907, and if the state board of education determines
6 that the equalization assistance for education received by the school
7 district as provided in section 15-971 does not conform with statutory
8 requirements, the state board of education shall reduce the state aid for
9 equalization assistance for education for the school district computed as
10 provided in section 15-971 during the fiscal year subsequent to the fiscal
11 year in which the excess equalization assistance for education was received
12 by an amount equal to the excess equalization assistance for education,
13 except that in case of hardship to the school district, the superintendent of
14 public instruction may approve reductions partly in the first subsequent year
15 and partly in the second subsequent year. If the state board of education
16 determines that the equalization assistance for education received by the
17 school district conforms with statutory requirements, the state board of
18 education shall not reduce the district's equalization assistance for
19 education pursuant to this subsection but the district shall reduce the
20 budget limits as required in subsection M of this section. A school district
21 that disagrees with the department of education's determination regarding an
22 excess expenditure under this subsection may request a hearing before the
23 state board of education.

24 M. The governing board of a school district shall reduce the general
25 budget limit, the unrestricted capital budget limit or the soft capital
26 allocation limit for the year subsequent to the year in which the
27 expenditures were in excess of the applicable limit or section of the budget
28 by the amount determined in subsection L of this section, except that in case
29 of hardship to the school district, the superintendent of public instruction
30 may approve reductions partly in the first subsequent year and partly in the
31 second subsequent year. The reduction in the limit is applicable to each
32 school district which has exceeded the general budget limit, the unrestricted
33 capital budget limit, the soft capital allocation limit or a section of the
34 budget even if the reduction exceeds the state aid for equalization
35 assistance for education for the school district.

36 N. Except as provided in section 15-916, no expenditure shall be made
37 by any school district for a purpose not included in the budget or in excess
38 of the aggregate budget limit prescribed in this section, except that if no
39 budget has been adopted, from July 1 to July 15 the governing board may make
40 expenditures if the total of the expenditures does not exceed ten per cent of
41 the prior year's aggregate budget limit. Any expenditures made from July 1
42 to July 15 and prior to the adoption of the budget shall be included in the
43 total expenditures for the current year. No expenditure shall be made and no
44 debt, obligation or liability shall be incurred or created in any year for
45 any purpose itemized in the budget in excess of the amount specified for the

1 item irrespective of whether the school district at any time has received or
2 has on hand funds in excess of those required to meet the expenditures,
3 debts, obligations and liabilities provided for under the budget except
4 expenditures from cash controlled funds as defined by the uniform system of
5 financial records and except as provided in section 15-907 and subsection G
6 of this section. This subsection does not prohibit any school district from
7 prepaying insurance premiums or magazine subscriptions, or from prepaying any
8 item which is normally prepaid in order to procure the service or to receive
9 a discounted price for the service, as prescribed by the uniform system of
10 financial records.

11 0. The governing board of a school district which is classified as a
12 heavily impacted school district having twenty per cent or more pupils
13 pursuant to 20 United States Code section 238(d)1(A) may determine its
14 eligibility to increase the amount that may be included in determining the
15 general budget limit as provided in subsection K of this section and may
16 increase the amount as follows:

17 1. For fiscal year 1988-1989:

18 (a) Multiply one thousand ninety-four dollars by the number of
19 children with disabilities or children with specific learning disabilities,
20 excluding children who also reside on Indian lands, reported to the division
21 of impact aid, United States department of education in the district's
22 application for fiscal year 1987-1988.

23 (b) Multiply five hundred forty-seven dollars by the number of
24 children residing on Indian lands, excluding children who have disabilities
25 or also have specific learning disabilities, reported to the division of
26 impact aid, United States department of education in the district's
27 application for fiscal year 1987-1988.

28 (c) Multiply one thousand nine hundred fourteen dollars by the number
29 of children residing on Indian lands who have disabilities or also have
30 specific learning disabilities reported to the division of impact aid, United
31 States department of education in the district's application for fiscal year
32 1987-1988.

33 (d) Add the amounts determined in subdivisions (a) through (c).

34 (e) If the amount of title VIII of the elementary and secondary
35 education act of 1965 assistance as provided in subsection K of this section
36 is less than the sum determined in subdivision (d) of this paragraph, the
37 district is eligible to use the provisions of this subsection.

38 2. For budget years after 1988-1989, use the provisions of paragraph 1
39 of this subsection, but increase each dollar amount by the growth rate for
40 that year as prescribed by law, subject to appropriation and use the number
41 of children reported in the appropriate category for the current fiscal year.

42 3. If the district is eligible to use the provisions of this
43 subsection, subtract the amount of title VIII of the elementary and secondary
44 education act of 1965 assistance determined in subsection K of this section
45 from the sum determined in paragraph 1, subdivision (d) of this subsection.

1 The difference is the increase in the amount that may be included in
2 determining the general budget limit as provided in subsection K of this
3 section, if including this amount does not increase the district's primary
4 tax rate for the budget year. If the amount of title VIII of the elementary
5 and secondary education act of 1965 assistance determined in subsection K of
6 this section is adjusted for the current year, the increase determined in
7 this paragraph shall be recomputed using the adjusted amount and the
8 recomputed increase shall be reported to the department of education by May
9 15 on a form prescribed by the department of education.

10 4. If a district uses the provisions of this subsection, the district
11 is not required to adjust its budget for the current year based on
12 adjustments in the estimated amount of title VIII of the elementary and
13 secondary education act of 1965 assistance as provided in subsection K of
14 this section.

15 P. A school district, except for an accommodation school, which
16 applies for title VIII of the elementary and secondary education act of 1965
17 assistance during the current year may budget an amount for title VIII of the
18 elementary and secondary education act of 1965 administrative costs for the
19 budget year. The amount budgeted for title VIII of the elementary and
20 secondary education act of 1965 administrative costs is exempt from the
21 revenue control limit and may not exceed an amount determined for the
22 budgeted year as follows:

23 1. Determine the minimum cost. The minimum cost for fiscal year
24 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year
25 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior
26 year increased by the growth rate as prescribed by law, subject to
27 appropriation.

28 2. Determine the hourly rate. The hourly rate for fiscal year
29 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and
30 thereafter, the hourly rate is the hourly rate for the prior year increased
31 by the growth rate as prescribed by law, subject to appropriation.

32 3. Determine the title VIII of the elementary and secondary education
33 act of 1965 revenues available by subtracting the amount of title VIII of the
34 elementary and secondary education act of 1965 assistance used to increase
35 the general budget limit as provided in subsections K and O of this section
36 for the current fiscal year from the total amount of title VIII of the
37 elementary and secondary education act of 1965 revenues received in the
38 current fiscal year.

39 4. Determine the total number of administrative hours as follows:

40 (a) Determine the sum of the following:

41 (i) 1.00 hours for each high impact pupil who is not disabled or does
42 not have specific learning disabilities.

43 (ii) 1.25 hours for each high impact pupil who is disabled or has
44 specific learning disabilities.

1 (iii) 0.25 hours for each low impact pupil who is not disabled or does
2 not have specific learning disabilities.

3 (iv) 0.31 hours for each low impact pupil who is disabled or has
4 specific learning disabilities.

5 (b) For the purposes of this paragraph:

6 (i) "High impact pupil" means a pupil who resides on Indian lands or a
7 pupil who resides on federal property or in low rent housing and whose parent
8 is employed on federal property or low rent housing property or is on active
9 duty in uniformed service, as provided in title VIII of the elementary and
10 secondary education act of 1965, section 8003(a) (20 United States Code
11 section 7703) and as reported in the application for title VIII of the
12 elementary and secondary education act of 1965 assistance in the current
13 year.

14 (ii) "Low impact pupil" means a pupil who resides on nonfederal
15 property and has a parent who is employed on federal property or low rent
16 housing property or is on active duty in a uniformed service or a pupil who
17 resides on federal property or in low rent housing and who does not have a
18 parent who is employed on federal property or low rent housing property or is
19 on active duty in uniformed service, as provided in title VIII of the
20 elementary and secondary education act of 1965, section 8003(a) (20 United
21 States Code section 7703) and as reported in the application for title VIII
22 of the elementary and secondary education act of 1965 assistance in the
23 current year.

24 5. Multiply the total number of administrative hours determined in
25 paragraph 4 of this subsection by the hourly rate determined in paragraph 2
26 of this subsection.

27 6. Determine the greater of the minimum cost determined in paragraph 1
28 of this subsection or the product determined in paragraph 5 of this
29 subsection.

30 7. Add to the amount determined in paragraph 6 of this subsection the
31 amount, if any, to be expended by the school district in the budget year
32 through an intergovernmental agreement with other school districts or the
33 department of education to provide title VIII of the elementary and secondary
34 education act of 1965 technical assistance to participating districts.

35 8. Determine the lesser of the amount determined in paragraph 7 of
36 this subsection or the revenues available as determined in paragraph 3 of
37 this subsection.

38 9. The amount determined in paragraph 8 of this subsection is the
39 maximum amount which may be budgeted for title VIII of the elementary and
40 secondary education act of 1965 administrative costs for the budget year as
41 provided in this subsection.

42 10. If the governing board underestimated the amount that may be
43 budgeted for title VIII of the elementary and secondary education act of
44 1965, section 8007 administrative costs for the current year, the board may
45 adjust the general budget limit and the budget before May 15. If the

1 governing board overestimated the amount that may be budgeted for title VIII
2 of the elementary and secondary education act of 1965 administrative costs
3 for the current year, the board shall adjust the general budget limit and the
4 budget before May 15.

5 Q. If a school district governing board has adopted a budget for a
6 fiscal year based on forms and instructions provided by the auditor general
7 and the department of education for that fiscal year and if, as a result of
8 the enactment or nonenactment of proposed legislation after May 1 of the
9 previous fiscal year, the budget is based on incorrect limits, does not
10 include items authorized by law or does not otherwise conform with law, the
11 governing board may revise its budget at a public hearing on or before
12 September 15 to conform with the law. Not later than September 18, the
13 budget as adjusted shall be submitted electronically to the superintendent of
14 public instruction. If the governing board does not revise the budget on or
15 before September 15 and if the budget includes any items not authorized by
16 law or if the budget exceeds any limits, the governing board shall adjust or
17 revise the budget as provided in subsection E of this section.

18 R. Notwithstanding any other law, if a school district receives
19 assistance pursuant to title VIII of the elementary and secondary education
20 act of 1965, the school district shall establish a local level fund
21 designated as the impact aid fund and deposit the impact aid monies received
22 in the fund. The school district shall separately account for monies in the
23 fund and shall not combine monies in the fund with any other source of local,
24 state or federal assistance. Monies in the fund shall be expended pursuant
25 to federal law only for the purposes allowed by this title. The school
26 district shall account for monies in the fund according to the uniform system
27 of financial records as prescribed by the auditor general. The
28 superintendent of public instruction shall separately account for monies in
29 each school district's impact aid fund, if an impact aid fund is established,
30 in the annual report required by section 15-255. Monies in the fund are
31 considered federal monies and are not subject to legislative appropriation.

32 S. For the purposes of this section, "title VIII of the elementary and
33 secondary education act of 1965 assistance" means, for the current year, an
34 amount equal to the final determination of title VIII of the elementary and
35 secondary education act of 1965 assistance for the fiscal year preceding the
36 current year as confirmed by the division of impact aid, United States
37 department of education or, if a final determination has not been made, the
38 amount estimated by the superintendent of public instruction as confirmed by
39 the division of impact aid, United States department of education and, for
40 the budget year, an amount equal to the determination of title VIII of the
41 elementary and secondary education act of 1965 assistance for the fiscal year
42 preceding the budget year as estimated by the superintendent of public
43 instruction.