

State of Arizona
House of Representatives
Fifty-second Legislature
First Regular Session
2015

HOUSE BILL 2479

AN ACT

AMENDING SECTIONS 15-304, 15-905, 15-1103, 15-1122 AND 15-1126, ARIZONA
REVISED STATUTES; RELATING TO SCHOOL MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-304, Arizona Revised Statutes, is amended to
3 read:

4 15-304. Warrants; limitations; definition

5 A. The county school superintendent, on the voucher of the governing
6 board of a school district, shall draw the county school superintendent's
7 warrant on the county treasurer for all necessary expenses against the school
8 fund of the district. The warrants shall be drawn in the order in which the
9 vouchers are filed in the county school superintendent's office. **IN LIEU OF**
10 **DRAWING WARRANTS, THE COUNTY SCHOOL SUPERINTENDENT MAY ISSUE AN ELECTRONIC**
11 **TRANSFER PURSUANT TO SECTION 11-493 FOR EXPENDITURES AUTHORIZED BY THIS**
12 **SECTION.** Unless notified by the department of education pursuant to section
13 15-107, a warrant shall not be drawn for an expenditure from the maintenance
14 and operation, capital outlay, adjacent ways and federal and state grant
15 funds for a purpose not included in the budget of the school district or for
16 an expenditure in excess of the amount budgeted and not previously expended,
17 except for expenditures authorized by the board of supervisors as provided in
18 section 15-907. The county school superintendent shall not draw a warrant
19 for an expenditure from any school district fund except the maintenance and
20 operation, capital outlay or adjacent ways fund or federal and state grant
21 funds unless sufficient cash is available in the fund according to the
22 records of the county school superintendent. The county school
23 superintendent may only draw a warrant for an expenditure from a federal or
24 state grant fund when sufficient cash is not available in the grant fund if
25 the county treasurer maintains the two accounts as provided in section
26 15-996, paragraph 1 and if the county school superintendent determines that
27 the expenditures are included in the budget section of the approved grant
28 application. Warrants may be processed through an electronic payment system.

29 B. A county school superintendent, within two business days, shall
30 provide written notice to the department of education, if, in the county
31 school superintendent's judgment, a school district has committed an
32 overexpenditure as defined in section 15-107.

33 C. The state board of education shall require a county school
34 superintendent who fails to comply with the notification requirements of
35 subsection B of this section to complete professional development training.
36 The state board of education may also require the employees of a county
37 school superintendent who are involved in school district finances and
38 budgeting to complete professional development training. The professional
39 development training shall be selected from a list approved by the state
40 board of education, and the cost of the professional development training
41 shall be paid by the county school superintendent. County school
42 superintendents and employees of the county school superintendent who are
43 involved in district finances and budgeting shall complete at least twelve
44 hours of professional development training within one hundred twenty days
45 after the decision of the state board of education to require professional

1 development training of the county school superintendent and the employees of
2 the county school superintendent who are involved in district finances and
3 budgeting.

4 D. A county school superintendent who fails to complete the
5 professional development training within the time prescribed in subsection C
6 of this section is guilty of nonfeasance in office, and the state board of
7 education shall forward a complaint to the attorney general. The attorney
8 general may bring an action in superior court against a county school
9 superintendent for failure to comply with the professional development
10 training requirements prescribed in subsection C of this section. If a court
11 determines that a county school superintendent failed to comply with the
12 professional development training requirements prescribed in subsection C of
13 this section, the court shall issue an order removing the county school
14 superintendent from office.

15 E. A county school superintendent who fails to comply with the
16 notification requirements of subsection B of this section more than once is
17 guilty of unprofessional conduct. The attorney general may commence an
18 action in superior court to enforce this subsection against any county school
19 superintendent who violates the notification requirements of subsection B of
20 this section more than once. If the court determines that a county school
21 superintendent is guilty of unprofessional conduct, the court shall issue an
22 order directing the removal of the county school superintendent from office.

23 F. Any vacancy in the office of county school superintendent shall be
24 filled in the manner prescribed by section 11-251.

25 G. For the purposes of this section, "voucher" means a summary cover
26 sheet and either copies of the invoices of the expenditure or a listing of
27 the invoice detail.

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

29 15-905. School district budgets; notice; adoption; aggregate
30 budget limit; summary; adjustments; impact aid fund;
31 definition

32 A. Not later than July 5 of each year or no later than the publication
33 of notice of the public hearing and board meeting as required by this
34 section, the governing board of each school district shall prepare and
35 furnish to the superintendent of public instruction and the county school
36 superintendent, unless waived by the county school superintendent, a proposed
37 budget in electronic format for the budget year, which shall contain the
38 information and be in the form as provided by the department of education.
39 The proposed budget shall include the following:

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

42 2. The total amount of revenues by source that will be necessary to
43 meet the proposed budget of the school district, excluding property taxes.
44 The governing board shall prepare the proposed budget and a summary of the
45 proposed budget. Both documents shall be kept on file at the school district

1 office and shall be made available to the public on request. Not later than
2 July 5 of each year or not later than the publication of notice of the public
3 hearing and board meeting required by this subsection, the governing board
4 shall submit the proposed budget to the department of education, which shall
5 prominently display this information about that school district on the
6 website maintained by the department. If the school district maintains a
7 website, the school district shall post a link to the website of the
8 department of education where this information about the school district is
9 posted. The auditor general in conjunction with the department of education
10 shall prescribe the form of the summary of the proposed budget for use by
11 governing boards. School district governing boards may include in the
12 proposed budget any items or amounts that are authorized by legislation filed
13 with the secretary of state and that will become effective during the budget
14 year. If subsequent events prevent the legislation from becoming effective,
15 school district governing boards must reduce their budgets by the amounts
16 budgeted pursuant to the legislation that did not become effective.

17 B. The governing board of each school district shall prepare a notice
18 fixing a time not later than July 15 and designating a public place within
19 each school district at which a public hearing and board meeting shall be
20 held. The governing board shall present the proposed budget for
21 consideration of the residents and the taxpayers of the school district at
22 that hearing and meeting.

23 C. The governing board of each school district shall publish or mail,
24 before the hearing and meeting, a copy of the proposed budget or the summary
25 of the proposed budget and a notice of the public hearing and board meeting
26 no later than ten days before the meeting. The proposed budget and the
27 summary of the proposed budget shall contain the percentage of increase or
28 decrease in each budget category of the proposed budget as compared to each
29 category of the budget for the current year. Notification shall be either by
30 publication in a newspaper of general circulation within the school district
31 in which the size of the newspaper print shall be at least eight-point type,
32 by electronic transmission of the information to the department of education
33 for posting on the department's website or by mailing the information to each
34 household in the school district. The cost of publication, website posting
35 or mailing shall be a charge against the school district. The publisher's
36 affidavit of publication shall be filed by the governing board with the
37 superintendent of public instruction within thirty days after publication.
38 If the budget or proposed budget and notice are posted on a website
39 maintained by the department of education or mailed, the board shall file an
40 affidavit with the superintendent of public instruction within thirty days
41 after the mailing or the date that the information is posted on the website.
42 If a truth in taxation notice and hearing is required under section
43 15-905.01, the governing board may combine the notice and hearing under this
44 section with the truth in taxation notice and hearing.

1 D. At the time and place fixed in the notice, the governing board
2 shall hold the public hearing and present the proposed budget to the persons
3 attending the hearing. On request of any person, the governing board shall
4 explain the budget, and any resident or taxpayer of the school district may
5 protest the inclusion of any item. A governing board member who has a
6 substantial interest, as defined in section 38-502, in a specific item in the
7 school district budget shall refrain from voting on the specific item. A
8 governing board member may participate without creating a conflict of
9 interest in adoption of a final budget even though the member may have
10 substantial interest in specific items included in the budget.

11 E. Immediately following the public hearing the president shall call
12 to order the governing board meeting for the purpose of adopting the budget.
13 The governing board shall adopt the budget, which shall not exceed the
14 general budget limit or the unrestricted capital budget limit, making such
15 deductions as it sees fit but making no additions to the proposed budget
16 total for maintenance and operations or capital outlay, and shall enter the
17 budget as adopted in its minutes. Not later than July 18, the budget as
18 finally adopted shall be filed by the governing board with the county school
19 superintendent who shall immediately transmit a copy to the board of
20 supervisors. Not later than July 18, the budget as finally adopted shall be
21 submitted electronically to the superintendent of public instruction. Not
22 later than July 18, the governing board shall submit the budget as finally
23 adopted to the department of education, which shall prominently display this
24 information about that school district on the website maintained by the
25 department. If the school district maintains a website, the school district
26 shall post a link to the website of the department of education where this
27 information about the school district is posted. On or before October 30,
28 the superintendent of public instruction shall review the budget and notify
29 the governing board if the budget is in excess of the general budget limit or
30 the unrestricted capital budget limit. The governing board shall revise the
31 budget as follows:

32 1. If the governing board receives notification that the budget
33 exceeds the general budget limit or the unrestricted capital budget limit by
34 one ~~per cent~~ PERCENT of the general budget limit ~~or one hundred thousand~~
35 ~~dollars, whichever is less~~, it shall adopt on or before December 15, after it
36 gives notice and holds a public meeting in a similar manner as provided in
37 ~~subsections C and~~ SUBSECTION D of this section, a revised budget for the
38 current year, which shall not exceed the general budget limit or the
39 unrestricted capital budget limit.

40 2. If the governing board receives notification that the budget
41 exceeds the general budget limit or the unrestricted capital budget limit by
42 less than the amount prescribed in paragraph 1 of this subsection, the
43 governing board shall adjust the budget and expenditures so as not to exceed
44 the general budget limit or the unrestricted capital budget limit for the
45 current year.

1 3. On or before December 18, the governing board shall file the
2 revised budget it adopts with the county school superintendent who shall
3 immediately transmit a copy to the board of supervisors. Not later than
4 December 18, the budget as revised shall be submitted electronically to the
5 superintendent of public instruction. School districts that are subject to
6 section 15-914.01 are not required to send a copy of revised budgets to the
7 county school superintendent. Procedures for adjusting expenditures or
8 revising the budget shall be as prescribed in the uniform system of financial
9 records.

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

12 1. Amounts within the general budget limit, as provided in section
13 15-947, subsection C, may only be budgeted in the following sections of the
14 budget:

15 (a) The maintenance and operation section.

16 (b) The capital outlay section.

17 2. Amounts within the unrestricted capital budget limit, as provided
18 in section 15-947, subsection D, may only be budgeted in the unrestricted
19 capital outlay subsection of the budget. Monies received pursuant to the
20 unrestricted capital budget limit shall be placed in the unrestricted capital
21 outlay fund. The monies in the fund are not subject to reversion.

22 G. The governing board may authorize the expenditure of monies
23 budgeted within the maintenance and operation section of the budget for any
24 subsection within the section in excess of amounts specified in the adopted
25 budget only by action taken at a public meeting of the governing board and if
26 the expenditures for all subsections of the section do not exceed the amount
27 budgeted as provided in this section.

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

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

31 2. The unrestricted capital budget limit as determined in section
32 15-947 for the budget year.

33 3. Federal assistance, excluding title VIII of the elementary and
34 secondary education act of 1965 monies.

35 I. School districts that overestimated tuition revenues as provided in
36 section 15-947, subsection C, paragraph 2 shall adjust the general budget
37 limit and expenditures based on tuition revenues for attendance of
38 nonresident pupils during the current fiscal year. School districts that
39 underestimated tuition revenues may adjust their budgets before May 15 based
40 on tuition revenues for attendance of nonresident pupils during the current
41 fiscal year. School districts that overestimated revenues as provided in
42 section 15-947, subsection C, paragraph 2, subdivision (a), items (iii), (iv)
43 and (v) and subdivision (c) shall adjust the general budget limit and
44 expenditures based on actual revenues during the current fiscal year. School
45 districts that underestimated such revenues may adjust their budgets before

1 May 15 based on actual revenues during the current fiscal year. Procedures
2 for completing adjustments shall be as prescribed in the uniform system of
3 financial records. Not later than May 18, the budget as adjusted shall be
4 submitted electronically to the superintendent of public instruction.

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

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

1 L. The department of education shall notify the state board of
2 education if expenditures by any school district exceed the general budget
3 limit prescribed in section 15-947, subsection C, the unrestricted capital
4 budget limit, the school plant fund limits prescribed in section 15-1102,
5 subsection B, the maintenance and operation section of the budget or the
6 capital outlay section of the budget. If the expenditures of any school
7 district exceed these limits or sections of the budget without authorization
8 as provided in section 15-907, and if the state board of education determines
9 that the equalization assistance for education received by the school
10 district as provided in section 15-971 does not conform with statutory
11 requirements, the state board of education shall reduce the state aid for
12 equalization assistance for education for the school district computed as
13 provided in section 15-971 during the fiscal year subsequent to the fiscal
14 year in which the excess equalization assistance for education was received
15 by an amount equal to the excess equalization assistance for education,
16 except that in case of hardship to the school district, the superintendent of
17 public instruction may approve reductions partly in the first subsequent year
18 and partly in the second subsequent year. If the state board of education
19 determines that the equalization assistance for education received by the
20 school district conforms with statutory requirements, the state board of
21 education shall not reduce the district's equalization assistance for
22 education pursuant to this subsection but the district shall reduce the
23 budget limits as required in subsection M of this section. A school district
24 that disagrees with the department of education's determination regarding an
25 excess expenditure under this subsection may request a hearing before the
26 state board of education.

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

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

1 shall be made and no debt, obligation or liability shall be incurred or
2 created in any year for any purpose itemized in the budget in excess of the
3 amount specified for the item irrespective of whether the school district at
4 any time has received or has on hand funds in excess of those required to
5 meet the expenditures, debts, obligations and liabilities provided for under
6 the budget except expenditures from cash controlled funds as defined by the
7 uniform system of financial records and except as provided in section 15-907
8 and subsection G of this section. This subsection does not prohibit any
9 school district from prepaying insurance premiums, magazine subscriptions or
10 officiating services, or from prepaying any item that is normally prepaid in
11 order to procure the service or to receive a discounted price for the
12 service, as prescribed by the uniform system of financial records.

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

19 1. For fiscal year 1988-1989:

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

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

30 (c) Multiply one thousand nine hundred fourteen dollars by the number
31 of children residing on Indian lands who have disabilities or also have
32 specific learning disabilities reported to the division of impact aid, United
33 States department of education in the district's application for fiscal year
34 1987-1988.

35 (d) Add the amounts determined in subdivisions (a) through (c) of this
36 paragraph.

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

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

1 3. If the district is eligible to use the provisions of this
2 subsection, subtract the amount of title VIII of the elementary and secondary
3 education act of 1965 assistance determined in subsection K of this section
4 from the sum determined in paragraph 1, subdivision (d) of this subsection.
5 The difference is the increase in the amount that may be included in
6 determining the general budget limit as provided in subsection K of this
7 section, if including this amount does not increase the district's primary
8 tax rate for the budget year. If the amount of title VIII of the elementary
9 and secondary education act of 1965 assistance determined in subsection K of
10 this section is adjusted for the current year, the increase determined in
11 this paragraph shall be recomputed using the adjusted amount and the
12 recomputed increase shall be reported to the department of education by May
13 15 on a form prescribed by the department of education.

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

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

27 1. Determine the minimum cost. The minimum cost for fiscal year
28 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year
29 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior
30 year increased by the growth rate as prescribed by law, subject to
31 appropriation.

32 2. Determine the hourly rate. The hourly rate for fiscal year
33 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and
34 thereafter, the hourly rate is the hourly rate for the prior year increased
35 by the growth rate as prescribed by law, subject to appropriation.

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

43 4. Determine the total number of administrative hours as follows:
44 (a) Determine the sum of the following:

1 (i) 1.00 hours for each high impact pupil who is not a person with a
2 disability or does not have specific learning disabilities.

3 (ii) 1.25 hours for each high impact pupil who is a person with a
4 disability or has specific learning disabilities.

5 (iii) 0.25 hours for each low impact pupil who is not a person with a
6 disability or does not have specific learning disabilities.

7 (iv) 0.31 hours for each low impact pupil who is a person with a
8 disability or has specific learning disabilities.

9 (b) For the purposes of this paragraph:

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

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

28 5. Multiply the total number of administrative hours determined in
29 paragraph 4 of this subsection by the hourly rate determined in paragraph 2
30 of this subsection.

31 6. Determine the greater of the minimum cost determined in paragraph 1
32 of this subsection or the product determined in paragraph 5 of this
33 subsection.

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

39 8. Determine the lesser of the amount determined in paragraph 7 of
40 this subsection or the revenues available as determined in paragraph 3 of
41 this subsection.

42 9. The amount determined in paragraph 8 of this subsection is the
43 maximum amount that may be budgeted for title VIII of the elementary and
44 secondary education act of 1965 administrative costs for the budget year as
45 provided in this subsection.

1 10. If the governing board underestimated the amount that may be
2 budgeted for title VIII of the elementary and secondary education act of
3 1965, section 8007 administrative costs for the current year, the board may
4 adjust the general budget limit and the budget before May 15. If the
5 governing board overestimated the amount that may be budgeted for title VIII
6 of the elementary and secondary education act of 1965 administrative costs
7 for the current year, the board shall adjust the general budget limit and the
8 budget before May 15.

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

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

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

1 preceding the budget year as estimated by the superintendent of public
2 instruction.

3 Sec. 3. Section 15-1103, Arizona Revised Statutes, is amended to read:
4 15-1103. Insurance proceeds fund; disposition of proceeds

5 A. Monies received for and derived from insurance losses shall be
6 deposited with the county treasurer who shall credit the deposits to the
7 insurance proceeds fund of the respective school district. The insurance
8 proceeds fund of a school district is a continuing fund not subject to
9 reversion.

10 B. The governing board, or the superintendent or chief administrative
11 officer with the approval of the governing board, may apply the proceeds from
12 insurance recoveries to the payment of any outstanding bonded indebtedness of
13 the school district ~~which~~ THAT is payable from the levy of taxes ~~upon~~ ON
14 property within the school district.

15 C. The governing board, or the superintendent or chief administrative
16 officer with the approval of the governing board, may apply the proceeds of
17 insurance recoveries to construct, acquire, improve, repair or furnish school
18 ~~buildings~~ PROPERTY ~~after notice and a hearing~~.

19 Sec. 4. Section 15-1122, Arizona Revised Statutes, is amended to read:
20 15-1122. Student activities treasurer; assistant student

21 activities treasurer; administration of student
22 activities monies

23 A. The governing board of any school district having student
24 activities monies shall establish a student activities fund and appoint a
25 student activities treasurer. The student activities treasurer shall deposit
26 the student activities monies in a bank account designated the student
27 activities account ~~OR IN AN ACCOUNT WITH THE COUNTY TREASURER PURSUANT TO~~
28 ~~SECTION 15-996 THAT IS DESIGNATED AS OTHER MONIES~~. In school districts ~~which~~
29 THAT have multiple schools the governing board may designate an assistant
30 student activities treasurer for each school. Each assistant student
31 activities treasurer shall deposit student activities monies in the school
32 district's student activities bank account, ~~IN THE ACCOUNT WITH THE COUNTY~~
33 ~~TREASURER~~ or in student activities bank accounts established separately for
34 each school. Disbursements from the student activities accounts shall be by
35 check, signed by two persons, one of whom shall be either the student
36 activities treasurer or an assistant student activities treasurer and one of
37 whom shall be any other person authorized to sign by the governing board.
38 ~~FOR SCHOOL DISTRICTS THAT DO NOT ASSUME ACCOUNTING RESPONSIBILITY PURSUANT TO~~
39 ~~SECTION 15-914.01, DISBURSEMENTS MAY BE MADE BY COUNTY WARRANTS ISSUED~~
40 ~~PURSUANT TO SECTION 15-304 AND DESIGNATED AS OTHER MONIES~~. The governing
41 board may appoint more than one person to act as cosigner with the student
42 activities treasurer or assistant student activities treasurer. Any
43 disbursement shall be authorized by or on behalf of the student members of
44 the particular club or organization as provided in the uniform system of
45 financial records. The student activities treasurer and assistant student

1 activities treasurers shall give bonds in an amount determined by the
2 governing board, and the cost of bond premiums shall be a charge against the
3 school district.

4 B. Accounts showing the balances due the respective student
5 organizations as provided in section 15-1121 shall be kept by the student
6 activities treasurer and assistant student activities treasurers and shall be
7 open to inspection by officers of the student bodies concerned.

8 Sec. 5. Section 15-1126, Arizona Revised Statutes, is amended to read:
9 15-1126. Accounting; deposit; disposition of monies

10 A. Auxiliary operations fund monies shall be accounted for in
11 accordance with the requirements of the uniform system of financial records.

12 B. Auxiliary operations fund monies shall be deposited after
13 authorization by the governing board in a bank account designated as the
14 auxiliary operations fund **OR IN AN ACCOUNT WITH THE COUNTY TREASURER PURSUANT**
15 **TO SECTION 15-996 THAT IS DESIGNATED AS OTHER MONIES.** Disbursements from the
16 fund shall be authorized by the governing board. Disbursements shall be made
17 by check signed by two employees of the school district designated by the
18 governing board. **FOR SCHOOL DISTRICTS THAT DO NOT ASSUME ACCOUNTING**
19 **RESPONSIBILITY PURSUANT TO SECTION 15-914.01, DISBURSEMENTS MAY BE MADE BY**
20 **COUNTY WARRANTS ISSUED PURSUANT TO SECTION 15-304 AND DESIGNATED AS OTHER**
21 **MONIES.** Persons authorized by the governing board to sign checks shall give
22 a bond in an amount determined by the governing board, and the cost of bond
23 premiums may be a charge against the fund.

24 C. Auxiliary operations fund monies may be invested and reinvested by
25 the governing board of a school district. All monies earned by investment
26 shall be credited to the auxiliary operations fund of the school district.

27 D. The governing board may establish an imprest petty cash fund at
28 each school within the school district for activities ~~which~~ **THAT** require
29 immediate cash outlays for postage, freight, express, parcel post, travel or
30 other minor disbursements, but not including salaries or wages, ~~which~~ **AND**
31 **THAT** are proper as ultimate expenditures from the school district auxiliary
32 operations fund. Imprest petty cash funds established by the governing board
33 shall be funded from the school district auxiliary operations fund in an
34 amount to be determined by the governing board.

35 E. The governing board may establish a revolving fund bank account for
36 each school within the school district for necessary current expenditures in
37 connection with school bookstore and athletic activities. The revolving
38 funds shall be funded from the auxiliary operations fund in an amount to be
39 determined by the governing board. The school shall return the monies in the
40 revolving fund bank account at the end of each fiscal year to the credit of
41 the school district auxiliary operations fund.