

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

SENATE BILL 1126

AN ACT

AMENDING TITLE 15, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-117; AMENDING SECTIONS 15-304, 15-823, 15-905, 15-1103, 15-1122 AND 15-1126, ARIZONA REVISED STATUTES; RELATING TO EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 15, chapter 1, article 1, Arizona Revised Statutes,
3 is amended by adding section 15-117, to read:

4 15-117. Daily organized physical activity; policies

5 A. EACH SCHOOL DISTRICT GOVERNING BOARD AND CHARTER SCHOOL GOVERNING
6 BODY OF A SCHOOL THAT PROVIDES INSTRUCTION TO PUPILS IN KINDERGARTEN PROGRAMS
7 AND GRADES ONE THROUGH FIVE MAY ADOPT POLICIES TO REQUIRE PUPILS IN
8 KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH FIVE TO ENGAGE IN DAILY
9 ORGANIZED PHYSICAL ACTIVITY OUTSIDE OR INSIDE THE CLASSROOM.

10 B. PHYSICAL EDUCATION CLASSES MAY BE USED TO SATISFY POLICIES ADOPTED
11 PURSUANT TO SUBSECTION A OF THIS SECTION.

12 C. UNSTRUCTURED RECESS TIME THAT OCCURS IMMEDIATELY BEFORE OR AFTER
13 LUNCH PERIODS DOES NOT SATISFY POLICIES ADOPTED PURSUANT TO SUBSECTION A OF
14 THIS SECTION.

15 D. THIS SECTION DOES NOT APPLY TO PUPILS WHO ARE ENROLLED IN ARIZONA
16 ONLINE INSTRUCTION PURSUANT TO SECTION 15-808.

17 E. ANY COSTS INCURRED FROM POLICIES ADOPTED PURSUANT TO SUBSECTION A
18 OF THIS SECTION MAY NOT BE OFFSET BY DISBURSEMENTS OF STUDENT ACTIVITIES
19 MONIES OR AUXILIARY OPERATIONS FUND MONIES DEPOSITED IN AN ACCOUNT PURSUANT
20 TO SECTION 15-1122 OR 15-1126.

21 F. THE POLICIES ADOPTED PURSUANT TO SUBSECTION A OF THIS SECTION MAY
22 NOT DISRUPT K-3 READING PROGRAMS.

23 G. INSTRUCTION OBTAINED AT AN ACADEMY PURSUANT TO SECTION 15-823 MAY
24 NOT BE USED TO SATISFY THE POLICIES ADOPTED PURSUANT TO SUBSECTION A OF THIS
25 SECTION.

26 Sec. 2. Section 15-304, Arizona Revised Statutes, is amended to read:

27 15-304. Warrants; limitations; definition

28 A. The county school superintendent, on the voucher of the governing
29 board of a school district, shall draw the county school superintendent's
30 warrant on the county treasurer for all necessary expenses against the school
31 fund of the district. The warrants shall be drawn in the order in which the
32 vouchers are filed in the county school superintendent's office. **IN LIEU OF**
33 **DRAWING WARRANTS, THE COUNTY SCHOOL SUPERINTENDENT MAY ISSUE AN ELECTRONIC**
34 **TRANSFER PURSUANT TO SECTION 11-493 FOR EXPENDITURES AUTHORIZED BY THIS**
35 **SECTION.** Unless notified by the department of education pursuant to section
36 15-107, a warrant shall not be drawn for an expenditure from the maintenance
37 and operation, capital outlay, adjacent ways and federal and state grant
38 funds for a purpose not included in the budget of the school district or for
39 an expenditure in excess of the amount budgeted and not previously expended,
40 except for expenditures authorized by the board of supervisors as provided in
41 section 15-907. The county school superintendent shall not draw a warrant
42 for an expenditure from any school district fund except the maintenance and
43 operation, capital outlay or adjacent ways fund or federal and state grant
44 funds unless sufficient cash is available in the fund according to the
45 records of the county school superintendent. The county school

1 superintendent may only draw a warrant for an expenditure from a federal or
2 state grant fund when sufficient cash is not available in the grant fund if
3 the county treasurer maintains the two accounts as provided in section
4 15-996, paragraph 1 and if the county school superintendent determines that
5 the expenditures are included in the budget section of the approved grant
6 application. Warrants may be processed through an electronic payment system.

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

11 C. The state board of education shall require a county school
12 superintendent who fails to comply with the notification requirements of
13 subsection B of this section to complete professional development training.
14 The state board of education may also require the employees of a county
15 school superintendent who are involved in school district finances and
16 budgeting to complete professional development training. The professional
17 development training shall be selected from a list approved by the state
18 board of education, and the cost of the professional development training
19 shall be paid by the county school superintendent. County school
20 superintendents and employees of the county school superintendent who are
21 involved in district finances and budgeting shall complete at least twelve
22 hours of professional development training within one hundred twenty days
23 after the decision of the state board of education to require professional
24 development training of the county school superintendent and the employees of
25 the county school superintendent who are involved in district finances and
26 budgeting.

27 D. A county school superintendent who fails to complete the
28 professional development training within the time prescribed in subsection C
29 of this section is guilty of nonfeasance in office, and the state board of
30 education shall forward a complaint to the attorney general. The attorney
31 general may bring an action in superior court against a county school
32 superintendent for failure to comply with the professional development
33 training requirements prescribed in subsection C of this section. If a court
34 determines that a county school superintendent failed to comply with the
35 professional development training requirements prescribed in subsection C of
36 this section, the court shall issue an order removing the county school
37 superintendent from office.

38 E. A county school superintendent who fails to comply with the
39 notification requirements of subsection B of this section more than once is
40 guilty of unprofessional conduct. The attorney general may commence an
41 action in superior court to enforce this subsection against any county school
42 superintendent who violates the notification requirements of subsection B of
43 this section more than once. If the court determines that a county school
44 superintendent is guilty of unprofessional conduct, the court shall issue an
45 order directing the removal of the county school superintendent from office.

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

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

6 Sec. 3. Section 15-823, Arizona Revised Statutes, is amended to read:
7 15-823. Admission; residents of other school districts;
8 nonresidents of this state; tuition

9 A. Except as provided in subsections B, C, D, E, ~~and~~ F AND G of this
10 section, children of nonresidents of this state may be admitted upon payment
11 of a reasonable tuition fixed by the governing board.

12 B. The governing board shall admit children of nonresident teaching
13 and research faculty of community college districts and state universities
14 and children of nonresident graduate or undergraduate students of community
15 college districts and state universities whose parent's presence at the
16 district or university is of international, national, state or local benefit
17 without payment of tuition.

18 C. The governing board shall admit children who are residents of the
19 United States but who are nonresidents of this state without payment of
20 tuition if evidence indicates that the child's physical, mental, moral or
21 emotional health is best served by placement with a grandparent, brother,
22 sister, stepbrother, stepsister, aunt or uncle who is a resident within the
23 school district, unless the governing board determines that the placement is
24 solely for the purpose of obtaining an education in this state without
25 payment of tuition.

26 D. The governing board may admit nonresident foreign students who are
27 in exchange programs without payment of tuition or as it may otherwise
28 prescribe.

29 E. The governing board may admit children who are residents of the
30 United States without payment of tuition if evidence indicates that because
31 the parents are homeless or the child is abandoned, as defined in section
32 8-201, the child's physical, mental, moral or emotional health is best served
33 by placement with a person who does not have legal custody of the child and
34 who is a resident within the school district, unless the governing board
35 determines that the placement is solely for the purpose of obtaining an
36 education in this state without payment of tuition.

37 F. The governing board may admit children who are residents of the
38 United States, but who are nonresidents of this state, without payment of
39 tuition if all of the following conditions exist:

40 1. The child is a member of a federally recognized Indian tribe.

41 2. The child resides on Indian lands that are under the jurisdiction
42 of the tribe of which the child is a member.

43 3. The area in the boundaries of the reservation where the child
44 resides is located both in this state and in another state of the United
45 States.

1 4. The governing board enters into an intergovernmental agreement with
2 the governing board of the school district in another state in which the
3 nonresident child resides. The intergovernmental agreement shall specify the
4 number of nonresident children admitted in this state and the number of
5 resident children that are admitted by the governing board in another state.

6 G. THE GOVERNING BOARD MAY ADMIT CHILDREN WHO ARE RESIDENTS OF THE
7 UNITED STATES, BUT WHO ARE NONRESIDENTS OF THIS STATE, WITHOUT PAYMENT OF
8 TUITION IF ALL OF THE FOLLOWING CONDITIONS EXIST:

9 1. THE CHILD IS ENROLLED IN A YEAR-ROUND RESIDENTIAL BOARDING ACADEMY
10 LOCATED IN THIS STATE SPECIALIZING IN INTENSIVE INSTRUCTION AND SKILL
11 DEVELOPMENT IN SPORTS, MUSIC OR ACTING.

12 2. THE CHILD'S PARENTS HAVE EXECUTED A CURRENT NOTARIZED GUARDIANSHIP
13 AGREEMENT COVERING THE CHILD WHILE ENROLLED AT THE ACADEMY, WHICH IS A
14 CONDITION OF ENROLLMENT AT THE ACADEMY AND AUTHORIZES ACADEMY REPRESENTATIVES
15 TO ACT ON THE CHILD'S PARENT'S OR LEGAL GUARDIAN'S BEHALF IN MAKING ALL
16 DECISIONS ON A DAILY BASIS AS TO THE CHILD'S ACTIVITIES AND NEEDS FOR
17 MEDICAL, EDUCATIONAL AND OTHER PERSONAL ISSUES.

18 ~~G.~~ H. The governing board shall charge reasonable tuition for the
19 number of nonresident pupils who reside in another state and who are admitted
20 by a governing board in this state pursuant to subsection F of this section
21 that ~~exceed~~ EXCEEDS the number of resident pupils from this state who are
22 admitted into a school district by the other state.

23 ~~H.~~ I. The governing board of a school district shall pay reasonable
24 tuition for the number of resident pupils who reside in that school district
25 and who are admitted by a school district in another state pursuant to
26 subsection F of this section that ~~exceed~~ EXCEEDS the number of nonresident
27 pupils from that other state who are admitted by the governing board into
28 that school district in this state.

29 ~~I.~~ J. Children admitted under this section shall be counted or not
30 counted as resident pupils as prescribed in section 15-824, subsection D.

31 ~~J.~~ K. Except as provided in subsection I of this section, a school
32 district or a charter school shall not include pupils who are not residents
33 of this state in the district's or charter school's student count and shall
34 not obtain state funding for those pupils.

35 Sec. 4. Section 15-905, Arizona Revised Statutes, is amended to read:

36 15-905. School district budgets; notice; adoption; aggregate
37 budget limit; summary; adjustments; impact aid fund;
38 definition

39 A. Not later than July 5 of each year or no later than the publication
40 of notice of the public hearing and board meeting as required by this
41 section, the governing board of each school district shall prepare and
42 furnish to the superintendent of public instruction and the county school
43 superintendent, unless waived by the county school superintendent, a proposed
44 budget in electronic format for the budget year, which shall contain the

1 information and be in the form as provided by the department of education.

2 The proposed budget shall include the following:

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

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

25 B. The governing board of each school district shall prepare a notice
26 fixing a time not later than July 15 and designating a public place within
27 each school district at which a public hearing and board meeting shall be
28 held. The governing board shall present the proposed budget for
29 consideration of the residents and the taxpayers of the school district at
30 that hearing and meeting.

31 C. The governing board of each school district shall publish or mail,
32 before the hearing and meeting, a copy of the proposed budget or the summary
33 of the proposed budget and a notice of the public hearing and board meeting
34 no later than ten days before the meeting. The proposed budget and the
35 summary of the proposed budget shall contain the percentage of increase or
36 decrease in each budget category of the proposed budget as compared to each
37 category of the budget for the current year. Notification shall be either by
38 publication in a newspaper of general circulation within the school district
39 in which the size of the newspaper print shall be at least eight-point type,
40 by electronic transmission of the information to the department of education
41 for posting on the department's website or by mailing the information to each
42 household in the school district. The cost of publication, website posting
43 or mailing shall be a charge against the school district. The publisher's
44 affidavit of publication shall be filed by the governing board with the
45 superintendent of public instruction within thirty days after publication.

1 If the budget or proposed budget and notice are posted on a website
2 maintained by the department of education or mailed, the board shall file an
3 affidavit with the superintendent of public instruction within thirty days
4 after the mailing or the date that the information is posted on the website.
5 If a truth in taxation notice and hearing is required under section
6 15-905.01, the governing board may combine the notice and hearing under this
7 section with the truth in taxation notice and hearing.

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

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

39 1. If the governing board receives notification that the budget
40 exceeds the general budget limit or the unrestricted capital budget limit by
41 one ~~per cent~~ PERCENT of the general budget limit ~~or one hundred thousand~~
42 ~~dollars, whichever is less~~, it shall adopt on or before December 15, after it
43 gives notice and holds a public meeting in a similar manner as provided in
44 subsections C and D of this section, a revised budget for the current year,

1 which shall not exceed the general budget limit or the unrestricted capital
2 budget limit.

3 2. If the governing board receives notification that the budget
4 exceeds the general budget limit or the unrestricted capital budget limit by
5 less than the amount prescribed in paragraph 1 of this subsection, the
6 governing board shall adjust the budget and expenditures so as not to exceed
7 the general budget limit or the unrestricted capital budget limit for the
8 current year.

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

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

20 1. Amounts within the general budget limit, as provided in section
21 15-947, subsection C, may only be budgeted in the following sections of the
22 budget:

23 (a) The maintenance and operation section.

24 (b) The capital outlay section.

25 2. Amounts within the unrestricted capital budget limit, as provided
26 in section 15-947, subsection D, may only be budgeted in the unrestricted
27 capital outlay subsection of the budget. Monies received pursuant to the
28 unrestricted capital budget limit shall be placed in the unrestricted capital
29 outlay fund. The monies in the fund are not subject to reversion.

30 G. The governing board may authorize the expenditure of monies
31 budgeted within the maintenance and operation section of the budget for any
32 subsection within the section in excess of amounts specified in the adopted
33 budget only by action taken at a public meeting of the governing board and if
34 the expenditures for all subsections of the section do not exceed the amount
35 budgeted as provided in this section.

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

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

39 2. The unrestricted capital budget limit as determined in section
40 15-947 for the budget year.

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

43 I. School districts that overestimated tuition revenues as provided in
44 section 15-947, subsection C, paragraph 2 shall adjust the general budget
45 limit and expenditures based on tuition revenues for attendance of

1 nonresident pupils during the current fiscal year. School districts that
2 underestimated tuition revenues may adjust their budgets before May 15 based
3 on tuition revenues for attendance of nonresident pupils during the current
4 fiscal year. School districts that overestimated revenues as provided in
5 section 15-947, subsection C, paragraph 2, subdivision (a), items (iii), (iv)
6 and (v) and subdivision (c) shall adjust the general budget limit and
7 expenditures based on actual revenues during the current fiscal year. School
8 districts that underestimated such revenues may adjust their budgets before
9 May 15 based on actual revenues during the current fiscal year. Procedures
10 for completing adjustments shall be as prescribed in the uniform system of
11 financial records. Not later than May 18, the budget as adjusted shall be
12 submitted electronically to the superintendent of public instruction.

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

29 K. The governing board may include title VIII of the elementary and
30 secondary education act of 1965 assistance allocated for children with
31 disabilities, children with specific learning disabilities, children residing
32 on Indian lands and children residing within the boundaries of an
33 accommodation school that is located on a military reservation and that is
34 classified as a heavily impacted local educational agency pursuant to 20
35 United States Code section 7703, which is in addition to basic assistance
36 when determining the general budget limit as prescribed in section 15-947,
37 subsection C. The increase in the general budget limit for children residing
38 within the boundaries of an accommodation school that is located on a
39 military reservation and that is classified as a heavily impacted local
40 education agency shall equal the dollar amount calculated pursuant to 20
41 United States Code section 7703(b)(2). The governing board may adjust before
42 May 15 the budget for the current year based on any adjustments that result
43 in increases over the amount estimated by the superintendent of public
44 instruction for title VIII of the elementary and secondary education act of
45 1965 assistance for such pupils for the fiscal year preceding the current

1 year. The governing board shall adjust before May 15 the budget for the
2 current year based on any adjustments that result in decreases in the amount
3 estimated by the superintendent of public instruction for title VIII of the
4 elementary and secondary education act of 1965 assistance for such pupils for
5 the fiscal year preceding the current year. Not later than May 18, the
6 budget as adjusted shall be submitted electronically to the superintendent of
7 public instruction. Procedures for complying with this subsection shall be
8 as prescribed in the uniform system of financial records.

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

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

1 N. Except as provided in section 15-916, no expenditure shall be made
2 by any school district for a purpose not included in the budget or in excess
3 of the aggregate budget limit prescribed in this section, except that if no
4 budget has been adopted, from July 1 to July 15 the governing board may make
5 expenditures if the total of the expenditures does not exceed ten ~~per-cent~~
6 PERCENT of the prior year's aggregate budget limit. Any expenditures made
7 from July 1 to July 15 and before the adoption of the budget shall be
8 included in the total expenditures for the current year. No expenditure
9 shall be made and no debt, obligation or liability shall be incurred or
10 created in any year for any purpose itemized in the budget in excess of the
11 amount specified for the item irrespective of whether the school district at
12 any time has received or has on hand funds in excess of those required to
13 meet the expenditures, debts, obligations and liabilities provided for under
14 the budget except expenditures from cash controlled funds as defined by the
15 uniform system of financial records and except as provided in section 15-907
16 and subsection G of this section. This subsection does not prohibit any
17 school district from prepaying insurance premiums, magazine subscriptions or
18 officiating services, or from prepaying any item that is normally prepaid in
19 order to procure the service or to receive a discounted price for the
20 service, as prescribed by the uniform system of financial records.

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

27 1. For fiscal year 1988-1989:

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

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

38 (c) Multiply one thousand nine hundred fourteen dollars by the number
39 of children residing on Indian lands who have disabilities or also have
40 specific learning disabilities reported to the division of impact aid, United
41 States department of education in the district's application for fiscal year
42 1987-1988.

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

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

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

9 3. If the district is eligible to use the provisions of this
10 subsection, subtract the amount of title VIII of the elementary and secondary
11 education act of 1965 assistance determined in subsection K of this section
12 from the sum determined in paragraph 1, subdivision (d) of this subsection.
13 The difference is the increase in the amount that may be included in
14 determining the general budget limit as provided in subsection K of this
15 section, if including this amount does not increase the district's primary
16 tax rate for the budget year. If the amount of title VIII of the elementary
17 and secondary education act of 1965 assistance determined in subsection K of
18 this section is adjusted for the current year, the increase determined in
19 this paragraph shall be recomputed using the adjusted amount and the
20 recomputed increase shall be reported to the department of education by May
21 15 on a form prescribed by the department of education.

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

27 P. A school district, except for an accommodation school, that applies
28 for title VIII of the elementary and secondary education act of 1965
29 assistance during the current year may budget an amount for title VIII of the
30 elementary and secondary education act of 1965 administrative costs for the
31 budget year. The amount budgeted for title VIII of the elementary and
32 secondary education act of 1965 administrative costs is exempt from the
33 revenue control limit and may not exceed an amount determined for the
34 budgeted year as follows:

35 1. Determine the minimum cost. The minimum cost for fiscal year
36 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year
37 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior
38 year increased by the growth rate as prescribed by law, subject to
39 appropriation.

40 2. Determine the hourly rate. The hourly rate for fiscal year
41 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and
42 thereafter, the hourly rate is the hourly rate for the prior year increased
43 by the growth rate as prescribed by law, subject to appropriation.

44 3. Determine the title VIII of the elementary and secondary education
45 act of 1965 revenues available by subtracting the amount of title VIII of the

1 elementary and secondary education act of 1965 assistance used to increase
2 the general budget limit as provided in subsections K and O of this section
3 for the current fiscal year from the total amount of title VIII of the
4 elementary and secondary education act of 1965 revenues received in the
5 current fiscal year.

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

7 (a) Determine the sum of the following:

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

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

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

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

16 (b) For the purposes of this paragraph:

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

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

35 5. Multiply the total number of administrative hours determined in
36 paragraph 4 of this subsection by the hourly rate determined in paragraph 2
37 of this subsection.

38 6. Determine the greater of the minimum cost determined in paragraph 1
39 of this subsection or the product determined in paragraph 5 of this
40 subsection.

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

1 8. Determine the lesser of the amount determined in paragraph 7 of
2 this subsection or the revenues available as determined in paragraph 3 of
3 this subsection.

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

8 10. If the governing board underestimated the amount that may be
9 budgeted for title VIII of the elementary and secondary education act of
10 1965, section 8007 administrative costs for the current year, the board may
11 adjust the general budget limit and the budget before May 15. If the
12 governing board overestimated the amount that may be budgeted for title VIII
13 of the elementary and secondary education act of 1965 administrative costs
14 for the current year, the board shall adjust the general budget limit and the
15 budget before May 15.

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

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

43 S. For the purposes of this section, "title VIII of the elementary and
44 secondary education act of 1965 assistance" means, for the current year, an
45 amount equal to the final determination of title VIII of the elementary and

1 secondary education act of 1965 assistance for the fiscal year preceding the
2 current year as confirmed by the division of impact aid, United States
3 department of education or, if a final determination has not been made, the
4 amount estimated by the superintendent of public instruction as confirmed by
5 the division of impact aid, United States department of education and, for
6 the budget year, an amount equal to the determination of title VIII of the
7 elementary and secondary education act of 1965 assistance for the fiscal year
8 preceding the budget year as estimated by the superintendent of public
9 instruction.

10 Sec. 5. Section 15-1103, Arizona Revised Statutes, is amended to read:

11 15-1103. Insurance proceeds fund; disposition of proceeds

12 A. Monies received for and derived from insurance losses shall be
13 deposited with the county treasurer who shall credit the deposits to the
14 insurance proceeds fund of the respective school district. The insurance
15 proceeds fund of a school district is a continuing fund not subject to
16 reversion.

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

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

26 Sec. 6. Section 15-1122, Arizona Revised Statutes, is amended to read:

27 15-1122. Student activities treasurer; assistant student
28 activities treasurer; administration of student
29 activities monies

30 A. The governing board of any school district having student
31 activities monies shall establish a student activities fund and appoint a
32 student activities treasurer. The student activities treasurer shall deposit
33 the student activities monies in a bank account designated the student
34 activities account ~~OR IN AN ACCOUNT WITH THE COUNTY TREASURER PURSUANT TO~~
35 ~~SECTION 15-996 THAT IS DESIGNATED AS OTHER MONIES.~~ In school districts ~~which~~
36 ~~THAT~~ have multiple schools the governing board may designate an assistant
37 student activities treasurer for each school. Each assistant student
38 activities treasurer shall deposit student activities monies in the school
39 district's student activities bank account, ~~IN THE ACCOUNT WITH THE COUNTY~~
40 ~~TREASURER~~ or in student activities bank accounts established separately for
41 each school. Disbursements from the student activities accounts shall be by
42 check, signed by two persons, one of whom shall be either the student
43 activities treasurer or an assistant student activities treasurer and one of
44 whom shall be any other person authorized to sign by the governing board.
45 ~~FOR SCHOOL DISTRICTS THAT DO NOT ASSUME ACCOUNTING RESPONSIBILITY PURSUANT TO~~

1 SECTION 15-914.01, DISBURSEMENTS MAY BE MADE BY COUNTY WARRANTS ISSUED
2 PURSUANT TO SECTION 15-304 AND DESIGNATED AS OTHER MONIES. The governing
3 board may appoint more than one person to act as cosigner with the student
4 activities treasurer or assistant student activities treasurer. Any
5 disbursement shall be authorized by or on behalf of the student members of
6 the particular club or organization as provided in the uniform system of
7 financial records. The student activities treasurer and assistant student
8 activities treasurers shall give bonds in an amount determined by the
9 governing board, and the cost of bond premiums shall be a charge against the
10 school district.

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

15 Sec. 7. Section 15-1126, Arizona Revised Statutes, is amended to read:
16 15-1126. Accounting; deposit; disposition of monies

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

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

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

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

42 E. The governing board may establish a revolving fund bank account for
43 each school within the school district for necessary current expenditures in
44 connection with school bookstore and athletic activities. The revolving
45 funds shall be funded from the auxiliary operations fund in an amount to be

1 determined by the governing board. The school shall return the monies in the
2 revolving fund bank account at the end of each fiscal year to the credit of
3 the school district auxiliary operations fund.

4 Sec. 8. K-3 reading; administrative costs

5 Notwithstanding any other law, in fiscal year 2015-2016 the department
6 of education may use up to \$500,000 of the amount appropriated for K-3
7 reading by Laws 2015, chapter 8, section 34 for technical assistance and
8 state level administration of the K-3 reading program. Prior to the
9 expenditure of any monies for technical assistance and state level
10 administration of the K-3 reading program under this section the department
11 of education shall submit the expenditure plan for those monies to the joint
12 legislative budget committee for review.

13 Sec. 9. Retroactivity

14 Section 15-823, Arizona Revised Statutes, as amended by this act,
15 applies retroactively to from and after June 30, 2014.