

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

**CHAPTER 310**  
**HOUSE BILL 2479**

AN ACT

AMENDING SECTIONS 15-304, 15-823, 15-905, 15-1021, 15-1103, 15-1122 AND  
15-1126, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; 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  
46 development training of the county school superintendent and the employees of

1 the county school superintendent who are involved in district finances and  
2 budgeting.

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

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

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

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

27 Sec. 2. Section 15-823, Arizona Revised Statutes, is amended to read:

28 15-823. Admission; residents of other school districts;  
29 nonresidents of this state; tuition

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

33 B. The governing board shall admit children of nonresident teaching  
34 and research faculty of community college districts and state universities  
35 and children of nonresident graduate or undergraduate students of community  
36 college districts and state universities whose parent's presence at the  
37 district or university is of international, national, state or local benefit  
38 without payment of tuition.

39 C. The governing board shall admit children who are residents of the  
40 United States but who are nonresidents of this state without payment of  
41 tuition if evidence indicates that the child's physical, mental, moral or  
42 emotional health is best served by placement with a grandparent, brother,  
43 sister, stepbrother, stepsister, aunt or uncle who is a resident within the  
44 school district, unless the governing board determines that the placement is  
45 solely for the purpose of obtaining an education in this state without  
46 payment of tuition.

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

4 E. The governing board may admit children who are residents of the  
5 United States without payment of tuition if evidence indicates that because  
6 the parents are homeless or the child is abandoned, as defined in section  
7 8-201, the child's physical, mental, moral or emotional health is best served  
8 by placement with a person who does not have legal custody of the child and  
9 who is a resident within the school district, unless the governing board  
10 determines that the placement is solely for the purpose of obtaining an  
11 education in this state without payment of tuition.

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

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

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

18 3. The area in the boundaries of the reservation where the child  
19 resides is located both in this state and in another state of the United  
20 States.

21 4. The governing board enters into an intergovernmental agreement with  
22 the governing board of the school district in another state in which the  
23 nonresident child resides. The intergovernmental agreement shall specify the  
24 number of nonresident children admitted in this state and the number of  
25 resident children that are admitted by the governing board in another state.

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

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

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

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

43 ~~H.~~ I. The governing board of a school district shall pay reasonable  
44 tuition for the number of resident pupils who reside in that school district  
45 and who are admitted by a school district in another state pursuant to  
46 subsection F of this section that ~~exceed~~ EXCEEDS the number of nonresident

1 pupils from that other state who are admitted by the governing board into  
2 that school district in this state.

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

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

9 Sec. 3. Section 15-905, Arizona Revised Statutes, is amended to read:

10 15-905. School district budgets; notice; adoption; aggregate  
11 budget limit; summary; adjustments; impact aid fund;  
12 definition

13 A. Not later than July 5 of each year or no later than the publication  
14 of notice of the public hearing and board meeting as required by this  
15 section, the governing board of each school district shall prepare and  
16 furnish to the superintendent of public instruction and the county school  
17 superintendent, unless waived by the county school superintendent, a proposed  
18 budget in electronic format for the budget year, which shall contain the  
19 information and be in the form as provided by the department of education.  
20 The proposed budget shall include the following:

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

23 2. The total amount of revenues by source that will be necessary to  
24 meet the proposed budget of the school district, excluding property taxes.  
25 The governing board shall prepare the proposed budget and a summary of the  
26 proposed budget. Both documents shall be kept on file at the school district  
27 office and shall be made available to the public on request. Not later than  
28 July 5 of each year or not later than the publication of notice of the public  
29 hearing and board meeting required by this subsection, the governing board  
30 shall submit the proposed budget to the department of education, which shall  
31 prominently display this information about that school district on the  
32 website maintained by the department. If the school district maintains a  
33 website, the school district shall post a link to the website of the  
34 department of education where this information about the school district is  
35 posted. The auditor general in conjunction with the department of education  
36 shall prescribe the form of the summary of the proposed budget for use by  
37 governing boards. School district governing boards may include in the  
38 proposed budget any items or amounts that are authorized by legislation filed  
39 with the secretary of state and that will become effective during the budget  
40 year. If subsequent events prevent the legislation from becoming effective,  
41 school district governing boards must reduce their budgets by the amounts  
42 budgeted pursuant to the legislation that did not become effective.

43 B. The governing board of each school district shall prepare a notice  
44 fixing a time not later than July 15 and designating a public place within  
45 each school district at which a public hearing and board meeting shall be  
46 held. The governing board shall present the proposed budget for

1 consideration of the residents and the taxpayers of the school district at  
2 that hearing and meeting.

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

25 D. At the time and place fixed in the notice, the governing board  
26 shall hold the public hearing and present the proposed budget to the persons  
27 attending the hearing. On request of any person, the governing board shall  
28 explain the budget, and any resident or taxpayer of the school district may  
29 protest the inclusion of any item. A governing board member who has a  
30 substantial interest, as defined in section 38-502, in a specific item in the  
31 school district budget shall refrain from voting on the specific item. A  
32 governing board member may participate without creating a conflict of  
33 interest in adoption of a final budget even though the member may have  
34 substantial interest in specific items included in the budget.

35 E. Immediately following the public hearing the president shall call  
36 to order the governing board meeting for the purpose of adopting the budget.  
37 The governing board shall adopt the budget, which shall not exceed the  
38 general budget limit or the unrestricted capital budget limit, making such  
39 deductions as it sees fit but making no additions to the proposed budget  
40 total for maintenance and operations or capital outlay, and shall enter the  
41 budget as adopted in its minutes. Not later than July 18, the budget as  
42 finally adopted shall be filed by the governing board with the county school  
43 superintendent who shall immediately transmit a copy to the board of  
44 supervisors. Not later than July 18, the budget as finally adopted shall be  
45 submitted electronically to the superintendent of public instruction. Not  
46 later than July 18, the governing board shall submit the budget as finally

1 adopted to the department of education, which shall prominently display this  
2 information about that school district on the website maintained by the  
3 department. If the school district maintains a website, the school district  
4 shall post a link to the website of the department of education where this  
5 information about the school district is posted. On or before October 30,  
6 the superintendent of public instruction shall review the budget and notify  
7 the governing board if the budget is in excess of the general budget limit or  
8 the unrestricted capital budget limit. The governing board shall revise the  
9 budget as follows:

10 1. If the governing board receives notification that the budget  
11 exceeds the general budget limit or the unrestricted capital budget limit by  
12 one ~~per cent~~ PERCENT of the general budget limit ~~or one hundred thousand~~  
13 ~~dollars, whichever is less~~, it shall adopt on or before December 15, after it  
14 gives notice and holds a public meeting in a similar manner as provided in  
15 subsections C and D of this section, a revised budget for the current year,  
16 which shall not exceed the general budget limit or the unrestricted capital  
17 budget limit.

18 2. If the governing board receives notification that the budget  
19 exceeds the general budget limit or the unrestricted capital budget limit by  
20 less than the amount prescribed in paragraph 1 of this subsection, the  
21 governing board shall adjust the budget and expenditures so as not to exceed  
22 the general budget limit or the unrestricted capital budget limit for the  
23 current year.

24 3. On or before December 18, the governing board shall file the  
25 revised budget it adopts with the county school superintendent who shall  
26 immediately transmit a copy to the board of supervisors. Not later than  
27 December 18, the budget as revised shall be submitted electronically to the  
28 superintendent of public instruction. School districts that are subject to  
29 section 15-914.01 are not required to send a copy of revised budgets to the  
30 county school superintendent. Procedures for adjusting expenditures or  
31 revising the budget shall be as prescribed in the uniform system of financial  
32 records.

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

35 1. Amounts within the general budget limit, as provided in section  
36 15-947, subsection C, may only be budgeted in the following sections of the  
37 budget:

- 38 (a) The maintenance and operation section.
- 39 (b) The capital outlay section.

40 2. Amounts within the unrestricted capital budget limit, as provided  
41 in section 15-947, subsection D, may only be budgeted in the unrestricted  
42 capital outlay subsection of the budget. Monies received pursuant to the  
43 unrestricted capital budget limit shall be placed in the unrestricted capital  
44 outlay fund. The monies in the fund are not subject to reversion.

45 G. The governing board may authorize the expenditure of monies  
46 budgeted within the maintenance and operation section of the budget for any

1 subsection within the section in excess of amounts specified in the adopted  
2 budget only by action taken at a public meeting of the governing board and if  
3 the expenditures for all subsections of the section do not exceed the amount  
4 budgeted as provided in this section.

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

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

8 2. The unrestricted capital budget limit as determined in section  
9 15-947 for the budget year.

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

12 I. School districts that overestimated tuition revenues as provided in  
13 section 15-947, subsection C, paragraph 2 shall adjust the general budget  
14 limit and expenditures based on tuition revenues for attendance of  
15 nonresident pupils during the current fiscal year. School districts that  
16 underestimated tuition revenues may adjust their budgets before May 15 based  
17 on tuition revenues for attendance of nonresident pupils during the current  
18 fiscal year. School districts that overestimated revenues as provided in  
19 section 15-947, subsection C, paragraph 2, subdivision (a), items (iii), (iv)  
20 and (v) and subdivision (c) shall adjust the general budget limit and  
21 expenditures based on actual revenues during the current fiscal year. School  
22 districts that underestimated such revenues may adjust their budgets before  
23 May 15 based on actual revenues during the current fiscal year. Procedures  
24 for completing adjustments shall be as prescribed in the uniform system of  
25 financial records. Not later than May 18, the budget as adjusted shall be  
26 submitted electronically to the superintendent of public instruction.

27 J. A common school district not within a high school district whose  
28 estimated tuition charge for high school pupils exceeds the actual tuition  
29 charge for high school pupils shall adjust the general budget limit and  
30 expenditures based on the actual tuition charge. Not later than May 18, the  
31 budget as adjusted shall be submitted electronically to the superintendent of  
32 public instruction. A common school district not within a high school  
33 district whose estimated tuition charge for high school pupils is less than  
34 the actual tuition charge for high school pupils may adjust its budget before  
35 May 15 based on the actual tuition charge. Procedures for completing  
36 adjustments shall be as prescribed in the uniform system of financial  
37 records. If the adjusted general budget limit requires an adjustment of  
38 state aid and if the adjustment to state aid is not made in the current year,  
39 the superintendent of public instruction shall adjust by August 15 of the  
40 succeeding fiscal year the apportionment of state aid to the school district  
41 to correct any overpayment or underpayment of state aid received during the  
42 current year.

43 K. The governing board may include title VIII of the elementary and  
44 secondary education act of 1965 assistance allocated for children with  
45 disabilities, children with specific learning disabilities, children residing  
46 on Indian lands and children residing within the boundaries of an

1 accommodation school that is located on a military reservation and that is  
2 classified as a heavily impacted local educational agency pursuant to 20  
3 United States Code section 7703, which is in addition to basic assistance  
4 when determining the general budget limit as prescribed in section 15-947,  
5 subsection C. The increase in the general budget limit for children residing  
6 within the boundaries of an accommodation school that is located on a  
7 military reservation and that is classified as a heavily impacted local  
8 education agency shall equal the dollar amount calculated pursuant to 20  
9 United States Code section 7703(b)(2). The governing board may adjust before  
10 May 15 the budget for the current year based on any adjustments that result  
11 in increases over the amount estimated by the superintendent of public  
12 instruction for title VIII of the elementary and secondary education act of  
13 1965 assistance for such pupils for the fiscal year preceding the current  
14 year. The governing board shall adjust before May 15 the budget for the  
15 current year based on any adjustments that result in decreases in the amount  
16 estimated by the superintendent of public instruction for title VIII of the  
17 elementary and secondary education act of 1965 assistance for such pupils for  
18 the fiscal year preceding the current year. Not later than May 18, the  
19 budget as adjusted shall be submitted electronically to the superintendent of  
20 public instruction. Procedures for complying with this subsection shall be  
21 as prescribed in the uniform system of financial records.

22 L. The department of education shall notify the state board of  
23 education if expenditures by any school district exceed the general budget  
24 limit prescribed in section 15-947, subsection C, the unrestricted capital  
25 budget limit, the school plant fund limits prescribed in section 15-1102,  
26 subsection B, the maintenance and operation section of the budget or the  
27 capital outlay section of the budget. If the expenditures of any school  
28 district exceed these limits or sections of the budget without authorization  
29 as provided in section 15-907, and if the state board of education determines  
30 that the equalization assistance for education received by the school  
31 district as provided in section 15-971 does not conform with statutory  
32 requirements, the state board of education shall reduce the state aid for  
33 equalization assistance for education for the school district computed as  
34 provided in section 15-971 during the fiscal year subsequent to the fiscal  
35 year in which the excess equalization assistance for education was received  
36 by an amount equal to the excess equalization assistance for education,  
37 except that in case of hardship to the school district, the superintendent of  
38 public instruction may approve reductions partly in the first subsequent year  
39 and partly in the second subsequent year. If the state board of education  
40 determines that the equalization assistance for education received by the  
41 school district conforms with statutory requirements, the state board of  
42 education shall not reduce the district's equalization assistance for  
43 education pursuant to this subsection but the district shall reduce the  
44 budget limits as required in subsection M of this section. A school district  
45 that disagrees with the department of education's determination regarding an

1 excess expenditure under this subsection may request a hearing before the  
2 state board of education.

3 M. The governing board of a school district shall reduce the general  
4 budget limit or the unrestricted capital budget limit for the year subsequent  
5 to the year in which the expenditures were in excess of the applicable limit  
6 or section of the budget by the amount determined in subsection L of this  
7 section, except that in case of hardship to the school district, the  
8 superintendent of public instruction may approve reductions partly in the  
9 first subsequent year and partly in the second subsequent year. The  
10 reduction in the limit is applicable to each school district that has  
11 exceeded the general budget limit, the unrestricted capital budget limit or a  
12 section of the budget even if the reduction exceeds the state aid for  
13 equalization assistance for education for the school district.

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

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

40 1. For fiscal year 1988-1989:

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

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

6 (c) Multiply one thousand nine hundred fourteen dollars by the number  
7 of children residing on Indian lands who have disabilities or also have  
8 specific learning disabilities reported to the division of impact aid, United  
9 States department of education in the district's application for fiscal year  
10 1987-1988.

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

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

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

21 3. If the district is eligible to use the provisions of this  
22 subsection, subtract the amount of title VIII of the elementary and secondary  
23 education act of 1965 assistance determined in subsection K of this section  
24 from the sum determined in paragraph 1, subdivision (d) of this subsection.  
25 The difference is the increase in the amount that may be included in  
26 determining the general budget limit as provided in subsection K of this  
27 section, if including this amount does not increase the district's primary  
28 tax rate for the budget year. If the amount of title VIII of the elementary  
29 and secondary education act of 1965 assistance determined in subsection K of  
30 this section is adjusted for the current year, the increase determined in  
31 this paragraph shall be recomputed using the adjusted amount and the  
32 recomputed increase shall be reported to the department of education by May  
33 15 on a form prescribed by the department of education.

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

39 P. A school district, except for an accommodation school, that applies  
40 for title VIII of the elementary and secondary education act of 1965  
41 assistance during the current year may budget an amount for title VIII of the  
42 elementary and secondary education act of 1965 administrative costs for the  
43 budget year. The amount budgeted for title VIII of the elementary and  
44 secondary education act of 1965 administrative costs is exempt from the  
45 revenue control limit and may not exceed an amount determined for the  
46 budgeted year as follows:

1           1. Determine the minimum cost. The minimum cost for fiscal year  
2 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year  
3 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior  
4 year increased by the growth rate as prescribed by law, subject to  
5 appropriation.

6           2. Determine the hourly rate. The hourly rate for fiscal year  
7 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and  
8 thereafter, the hourly rate is the hourly rate for the prior year increased  
9 by the growth rate as prescribed by law, subject to appropriation.

10          3. Determine the title VIII of the elementary and secondary education  
11 act of 1965 revenues available by subtracting the amount of title VIII of the  
12 elementary and secondary education act of 1965 assistance used to increase  
13 the general budget limit as provided in subsections K and O of this section  
14 for the current fiscal year from the total amount of title VIII of the  
15 elementary and secondary education act of 1965 revenues received in the  
16 current fiscal year.

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

18           (a) Determine the sum of the following:

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

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

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

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

27           (b) For the purposes of this paragraph:

28           (i) "High impact pupil" means a pupil who resides on Indian lands or a  
29 pupil who resides on federal property or in low rent housing and whose parent  
30 is employed on federal property or low rent housing property or is on active  
31 duty in uniformed service, as provided in title VIII of the elementary and  
32 secondary education act of 1965, section 8003(a) (20 United States Code  
33 section 7703) and as reported in the application for title VIII of the  
34 elementary and secondary education act of 1965 assistance in the current  
35 year.

36           (ii) "Low impact pupil" means a pupil who resides on nonfederal  
37 property and has a parent who is employed on federal property or low rent  
38 housing property or is on active duty in a uniformed service or a pupil who  
39 resides on federal property or in low rent housing and who does not have a  
40 parent who is employed on federal property or low rent housing property or is  
41 on active duty in uniformed service, as provided in title VIII of the  
42 elementary and secondary education act of 1965, section 8003(a) (20 United  
43 States Code section 7703) and as reported in the application for title VIII  
44 of the elementary and secondary education act of 1965 assistance in the  
45 current year.

1           5. Multiply the total number of administrative hours determined in  
2 paragraph 4 of this subsection by the hourly rate determined in paragraph 2  
3 of this subsection.

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

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

12           8. Determine the lesser of the amount determined in paragraph 7 of  
13 this subsection or the revenues available as determined in paragraph 3 of  
14 this subsection.

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

19           10. If the governing board underestimated the amount that may be  
20 budgeted for title VIII of the elementary and secondary education act of  
21 1965, section 8007 administrative costs for the current year, the board may  
22 adjust the general budget limit and the budget before May 15. If the  
23 governing board overestimated the amount that may be budgeted for title VIII  
24 of the elementary and secondary education act of 1965 administrative costs  
25 for the current year, the board shall adjust the general budget limit and the  
26 budget before May 15.

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

40           R. Notwithstanding any other law, if a school district receives  
41 assistance pursuant to title VIII of the elementary and secondary education  
42 act of 1965, the school district shall establish a local level fund  
43 designated as the impact aid fund and deposit the impact aid monies received  
44 in the fund. The school district shall separately account for monies in the  
45 fund and shall not combine monies in the fund with any other source of local,  
46 state or federal assistance. Monies in the fund shall be expended pursuant

1 to federal law only for the purposes allowed by this title. The school  
2 district shall account for monies in the fund according to the uniform system  
3 of financial records as prescribed by the auditor general. The  
4 superintendent of public instruction shall separately account for monies in  
5 each school district's impact aid fund, if an impact aid fund is established,  
6 in the annual report required by section 15-255. Monies in the fund are  
7 considered federal monies and are not subject to legislative appropriation.

8 S. For the purposes of this section, "title VIII of the elementary and  
9 secondary education act of 1965 assistance" means, for the current year, an  
10 amount equal to the final determination of title VIII of the elementary and  
11 secondary education act of 1965 assistance for the fiscal year preceding the  
12 current year as confirmed by the division of impact aid, United States  
13 department of education or, if a final determination has not been made, the  
14 amount estimated by the superintendent of public instruction as confirmed by  
15 the division of impact aid, United States department of education and, for  
16 the budget year, an amount equal to the determination of title VIII of the  
17 elementary and secondary education act of 1965 assistance for the fiscal year  
18 preceding the budget year as estimated by the superintendent of public  
19 instruction.

20 Sec. 4. Section 15-1021, Arizona Revised Statutes, is amended to read:

21 15-1021. Limitation on bonded indebtedness; limitation on  
22 authorization and issuance of bonds

23 A. Until December 31, 1999, a school district may issue class A bonds  
24 for the purposes specified in this section and chapter 4, article 5 of this  
25 title to an amount in the aggregate, including the existing indebtedness, not  
26 exceeding fifteen ~~per cent~~ PERCENT of the taxable property used for secondary  
27 property tax purposes, as determined pursuant to title 42, chapter 15,  
28 article 1, within a school district as ascertained by the last property tax  
29 assessment previous to issuing the bonds.

30 B. From and after December 31, 1998, a school district may issue class  
31 B bonds for the purposes specified in this section and chapter 4, article 5  
32 of this title to an amount in the aggregate, including the existing class B  
33 indebtedness, not exceeding ten ~~per cent~~ PERCENT of the ~~VALUE OF THE~~ taxable  
34 property ~~used for secondary property tax purposes, as determined pursuant to~~  
35 ~~title 42, chapter 15, article 1, within a school district as ascertained by~~  
36 ~~the last assessment of state and county taxes previous to issuing the bonds~~  
37 ~~IN THAT SCHOOL DISTRICT~~, or one thousand five hundred dollars per student  
38 count pursuant to section 15-901, subsection A, paragraph 13, whichever  
39 amount is greater. ~~THE VALUE OF THE TAXABLE PROPERTY SHALL BE ASCERTAINED AS~~  
40 ~~PROVIDED BY ARTICLE IX, SECTION 8, CONSTITUTION OF ARIZONA.~~ A school  
41 district shall not issue class B bonds until the proceeds of any class A  
42 bonds issued by the school district have been obligated in contract. The  
43 total amount of class A and class B bonds issued by a school district shall  
44 not exceed the debt limitations prescribed in article IX, section 8,  
45 Constitution of Arizona.

1 C. Until December 31, 1999, a unified school district, as defined  
2 under article IX, section 8.1, Constitution of Arizona, may issue class A  
3 bonds for the purposes specified in this section and chapter 4, article 5 of  
4 this title to an amount in the aggregate, including the existing  
5 indebtedness, not exceeding thirty ~~per cent~~ PERCENT of the taxable property  
6 used for secondary property tax purposes, as determined pursuant to title 42,  
7 chapter 15, article 1, within a unified school district as ascertained by the  
8 last property tax assessment previous to issuing the bonds.

9 D. From and after December 31, 1998, a unified school district, as  
10 defined under article IX, section 8.1, Constitution of Arizona, may issue  
11 class B bonds for the purposes specified in this section and chapter 4,  
12 article 5 of this title to an amount in the aggregate, including the existing  
13 class B indebtedness, not exceeding twenty ~~per cent~~ PERCENT of the VALUE OF  
14 THE taxable property ~~used for secondary tax purposes, as determined pursuant~~  
15 ~~to title 42, chapter 15, article 1, within a school district as ascertained~~  
16 ~~by the last assessment of state and county taxes previous to issuing the~~  
17 ~~bonds~~ IN THAT SCHOOL DISTRICT, or one thousand five hundred dollars per  
18 student count pursuant to section 15-901, subsection A, paragraph 13,  
19 whichever amount is greater. THE VALUE OF THE TAXABLE PROPERTY SHALL BE  
20 ASCERTAINED AS PROVIDED BY ARTICLE IX, SECTION 8, CONSTITUTION OF ARIZONA. A  
21 unified school district shall not issue class B bonds until the proceeds of  
22 any class A bonds issued by the unified school district have been obligated  
23 in contract. The total amount of class A and class B bonds issued by a  
24 unified school district shall not exceed the debt limitations prescribed in  
25 article IX, section 8.1, Constitution of Arizona.

26 E. No bonds authorized to be issued by an election held after July 1,  
27 1980 and before November 24, 2009 may be issued more than six years after the  
28 date of the election, except that the time period may be extended to ten  
29 years pursuant to an election conducted pursuant to section 15-491,  
30 subsection A, paragraph 6 and except that class A bonds shall not be issued  
31 after December 31, 1999. No bonds authorized to be issued by an election  
32 held after November 24, 2009 may be issued more than ten years after the date  
33 of the election.

34 F. Except as provided in section 15-491, subsection A, paragraph 3,  
35 bond proceeds shall not be expended for items whose useful life is less than  
36 the average life of the bonds issued, except that bond proceeds shall not be  
37 expended for items whose useful life is less than five years.

38 G. A joint technical education district shall not spend class B bond  
39 proceeds to construct or renovate a facility located on the campus of a  
40 school in a school district that participates in the joint district unless  
41 the facility is only used to provide career and technical education and is  
42 available to all pupils who live within the joint technical education  
43 district. If the facility is not owned by the joint technical education  
44 district, an intergovernmental agreement or a written contract shall be  
45 executed for ten years or the duration of the bonded indebtedness, whichever

1 is greater. The intergovernmental agreement or written contract shall  
2 include provisions:

3 1. That preserve the usage of the facility renovated or constructed,  
4 or both, only for career and technology programs operated by the joint  
5 technical education district.

6 2. That include the process to be used by the participating district  
7 to compensate the joint technical education district in the event that the  
8 facility is no longer used only for career and technical education programs  
9 offered by the joint technical education district during the life of the  
10 bond.

11 H. A school district shall not authorize, issue or sell bonds pursuant  
12 to this section if the school district has any existing indebtedness from  
13 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,  
14 except for bonds issued to refund any bonds issued by the governing board.

15 Sec. 5. Section 15-1103, Arizona Revised Statutes, is amended to read:  
16 15-1103. Insurance proceeds fund; disposition of proceeds

17 A. Monies received for and derived from insurance losses shall be  
18 deposited with the county treasurer who shall credit the deposits to the  
19 insurance proceeds fund of the respective school district. The insurance  
20 proceeds fund of a school district is a continuing fund not subject to  
21 reversion.

22 B. The governing board, or the superintendent or chief administrative  
23 officer with the approval of the governing board, may apply the proceeds from  
24 insurance recoveries to the payment of any outstanding bonded indebtedness of  
25 the school district ~~which~~ **THAT** is payable from the levy of taxes ~~upon~~ **ON**  
26 property within the school district.

27 C. The governing board, or the superintendent or chief administrative  
28 officer with the approval of the governing board, may apply the proceeds of  
29 insurance recoveries to construct, acquire, improve, repair or furnish school  
30 ~~buildings~~ **PROPERTY** after notice and a hearing.

31 Sec. 6. Section 15-1122, Arizona Revised Statutes, is amended to read:  
32 15-1122. Student activities treasurer; assistant student

33 activities treasurer; administration of student  
34 activities monies

35 A. The governing board of any school district having student  
36 activities monies shall establish a student activities fund and appoint a  
37 student activities treasurer. The student activities treasurer shall deposit  
38 the student activities monies in a bank account designated the student  
39 activities account **OR IN AN ACCOUNT WITH THE COUNTY TREASURER PURSUANT TO**  
40 **SECTION 15-996 THAT IS DESIGNATED AS OTHER MONIES.** In school districts ~~which~~  
41 **THAT** have multiple schools the governing board may designate an assistant  
42 student activities treasurer for each school. Each assistant student  
43 activities treasurer shall deposit student activities monies in the school  
44 district's student activities bank account, **IN THE ACCOUNT WITH THE COUNTY**  
45 **TREASURER** or in student activities bank accounts established separately for  
46 each school. Disbursements from the student activities accounts shall be by

1 check, signed by two persons, one of whom shall be either the student  
2 activities treasurer or an assistant student activities treasurer and one of  
3 whom shall be any other person authorized to sign by the governing board.  
4 **FOR SCHOOL DISTRICTS THAT DO NOT ASSUME ACCOUNTING RESPONSIBILITY PURSUANT TO**  
5 **SECTION 15-914.01, DISBURSEMENTS MAY BE MADE BY COUNTY WARRANTS ISSUED**  
6 **PURSUANT TO SECTION 15-304 AND DESIGNATED AS OTHER MONIES.** The governing  
7 board may appoint more than one person to act as cosigner with the student  
8 activities treasurer or assistant student activities treasurer. Any  
9 disbursement shall be authorized by or on behalf of the student members of  
10 the particular club or organization as provided in the uniform system of  
11 financial records. The student activities treasurer and assistant student  
12 activities treasurers shall give bonds in an amount determined by the  
13 governing board, and the cost of bond premiums shall be a charge against the  
14 school district.

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

19 Sec. 7. Section 15-1126, Arizona Revised Statutes, is amended to read:  
20 **15-1126. Accounting; deposit; disposition of monies**

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

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

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

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

1           E. The governing board may establish a revolving fund bank account for  
2 each school within the school district for necessary current expenditures in  
3 connection with school bookstore and athletic activities. The revolving  
4 funds shall be funded from the auxiliary operations fund in an amount to be  
5 determined by the governing board. The school shall return the monies in the  
6 revolving fund bank account at the end of each fiscal year to the credit of  
7 the school district auxiliary operations fund.

8           Sec. 8. Retroactivity

9           Section 15-823, Arizona Revised Statutes, as amended by this act, is  
10 effective retroactively to from and after June 30, 2014.

11           Sec. 9. K-3 reading; administrative costs

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

APPROVED BY THE GOVERNOR APRIL 10, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 14, 2015.