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FILED
MICHELE REAGAN
SECRETARY OF STATE

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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

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

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

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

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

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

28 Sec. 2. Section 15-823, Arizona Revised Statutes, is amended to read:
29 15-823. Admission; residents of other school districts;
30 nonresidents of this state; tuition

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

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

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

1 solely for the purpose of obtaining an education in this state without
2 payment of tuition.

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

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

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

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

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

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

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

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

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

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

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

1 ~~H~~. I. The governing board of a school district shall pay reasonable
2 tuition for the number of resident pupils who reside in that school district
3 and who are admitted by a school district in another state pursuant to
4 subsection F of this section that ~~exceed~~ EXCEEDS the number of nonresident
5 pupils from that other state who are admitted by the governing board into
6 that school district in this state.

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

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

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

14 15-905. School district budgets; notice; adoption; aggregate
15 budget limit; summary; adjustments; impact aid fund;
16 definition

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

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

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

1 school district governing boards must reduce their budgets by the amounts
2 budgeted pursuant to the legislation that did not become effective.

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

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

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

41 E. Immediately following the public hearing the president shall call
42 to order the governing board meeting for the purpose of adopting the budget.
43 The governing board shall adopt the budget, which shall not exceed the
44 general budget limit or the unrestricted capital budget limit, making such
45 deductions as it sees fit but making no additions to the proposed budget

1 total for maintenance and operations or capital outlay, and shall enter the
2 budget as adopted in its minutes. Not later than July 18, the budget as
3 finally adopted shall be filed by the governing board with the county school
4 superintendent who shall immediately transmit a copy to the board of
5 supervisors. Not later than July 18, the budget as finally adopted shall be
6 submitted electronically to the superintendent of public instruction. Not
7 later than July 18, the governing board shall submit the budget as finally
8 adopted to the department of education, which shall prominently display this
9 information about that school district on the website maintained by the
10 department. If the school district maintains a website, the school district
11 shall post a link to the website of the department of education where this
12 information about the school district is posted. On or before October 30,
13 the superintendent of public instruction shall review the budget and notify
14 the governing board if the budget is in excess of the general budget limit or
15 the unrestricted capital budget limit. The governing board shall revise the
16 budget as follows:

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

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

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

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

42 1. Amounts within the general budget limit, as provided in section
43 15-947, subsection C, may only be budgeted in the following sections of the
44 budget:

45 (a) The maintenance and operation section.

1 (b) The capital outlay section.

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

7 G. The governing board may authorize the expenditure of monies
8 budgeted within the maintenance and operation section of the budget for any
9 subsection within the section in excess of amounts specified in the adopted
10 budget only by action taken at a public meeting of the governing board and if
11 the expenditures for all subsections of the section do not exceed the amount
12 budgeted as provided in this section.

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

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

16 2. The unrestricted capital budget limit as determined in section
17 15-947 for the budget year.

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

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

35 J. A common school district not within a high school district whose
36 estimated tuition charge for high school pupils exceeds the actual tuition
37 charge for high school pupils shall adjust the general budget limit and
38 expenditures based on the actual tuition charge. Not later than May 18, the
39 budget as adjusted shall be submitted electronically to the superintendent of
40 public instruction. A common school district not within a high school
41 district whose estimated tuition charge for high school pupils is less than
42 the actual tuition charge for high school pupils may adjust its budget before
43 May 15 based on the actual tuition charge. Procedures for completing
44 adjustments shall be as prescribed in the uniform system of financial
45 records. If the adjusted general budget limit requires an adjustment of

1 state aid and if the adjustment to state aid is not made in the current year,
2 the superintendent of public instruction shall adjust by August 15 of the
3 succeeding fiscal year the apportionment of state aid to the school district
4 to correct any overpayment or underpayment of state aid received during the
5 current year.

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

31 L. The department of education shall notify the state board of
32 education if expenditures by any school district exceed the general budget
33 limit prescribed in section 15-947, subsection C, the unrestricted capital
34 budget limit, the school plant fund limits prescribed in section 15-1102,
35 subsection B, the maintenance and operation section of the budget or the
36 capital outlay section of the budget. If the expenditures of any school
37 district exceed these limits or sections of the budget without authorization
38 as provided in section 15-907, and if the state board of education determines
39 that the equalization assistance for education received by the school
40 district as provided in section 15-971 does not conform with statutory
41 requirements, the state board of education shall reduce the state aid for
42 equalization assistance for education for the school district computed as
43 provided in section 15-971 during the fiscal year subsequent to the fiscal
44 year in which the excess equalization assistance for education was received
45 by an amount equal to the excess equalization assistance for education,

1 except that in case of hardship to the school district, the superintendent of
2 public instruction may approve reductions partly in the first subsequent year
3 and partly in the second subsequent year. If the state board of education
4 determines that the equalization assistance for education received by the
5 school district conforms with statutory requirements, the state board of
6 education shall not reduce the district's equalization assistance for
7 education pursuant to this subsection but the district shall reduce the
8 budget limits as required in subsection M of this section. A school district
9 that disagrees with the department of education's determination regarding an
10 excess expenditure under this subsection may request a hearing before the
11 state board of education.

12 M. The governing board of a school district shall reduce the general
13 budget limit or the unrestricted capital budget limit for the year subsequent
14 to the year in which the expenditures were in excess of the applicable limit
15 or section of the budget by the amount determined in subsection L of this
16 section, except that in case of hardship to the school district, the
17 superintendent of public instruction may approve reductions partly in the
18 first subsequent year and partly in the second subsequent year. The
19 reduction in the limit is applicable to each school district that has
20 exceeded the general budget limit, the unrestricted capital budget limit or a
21 section of the budget even if the reduction exceeds the state aid for
22 equalization assistance for education for the school district.

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

43 O. The governing board of a school district that is classified as a
44 heavily impacted school district having twenty ~~per-cent~~ PERCENT or more
45 pupils pursuant to 20 United States Code section 238(d)1(A) may determine its

1 eligibility to increase the amount that may be included in determining the
2 general budget limit as provided in subsection K of this section and may
3 increase the amount as follows:

4 1. For fiscal year 1988-1989:

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

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

15 (c) Multiply one thousand nine hundred fourteen dollars by the number
16 of children residing on Indian lands who have disabilities or also have
17 specific learning disabilities reported to the division of impact aid, United
18 States department of education in the district's application for fiscal year
19 1987-1988.

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

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

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

30 3. If the district is eligible to use the provisions of this
31 subsection, subtract the amount of title VIII of the elementary and secondary
32 education act of 1965 assistance determined in subsection K of this section
33 from the sum determined in paragraph 1, subdivision (d) of this subsection.
34 The difference is the increase in the amount that may be included in
35 determining the general budget limit as provided in subsection K of this
36 section, if including this amount does not increase the district's primary
37 tax rate for the budget year. If the amount of title VIII of the elementary
38 and secondary education act of 1965 assistance determined in subsection K of
39 this section is adjusted for the current year, the increase determined in
40 this paragraph shall be recomputed using the adjusted amount and the
41 recomputed increase shall be reported to the department of education by May
42 15 on a form prescribed by the department of education.

43 4. If a district uses the provisions of this subsection, the district
44 is not required to adjust its budget for the current year based on
45 adjustments in the estimated amount of title VIII of the elementary and

1 secondary education act of 1965 assistance as provided in subsection K of
2 this section.

3 P. A school district, except for an accommodation school, that applies
4 for title VIII of the elementary and secondary education act of 1965
5 assistance during the current year may budget an amount for title VIII of the
6 elementary and secondary education act of 1965 administrative costs for the
7 budget year. The amount budgeted for title VIII of the elementary and
8 secondary education act of 1965 administrative costs is exempt from the
9 revenue control limit and may not exceed an amount determined for the
10 budgeted year as follows:

11 1. Determine the minimum cost. The minimum cost for fiscal year
12 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year
13 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior
14 year increased by the growth rate as prescribed by law, subject to
15 appropriation.

16 2. Determine the hourly rate. The hourly rate for fiscal year
17 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and
18 thereafter, the hourly rate is the hourly rate for the prior year increased
19 by the growth rate as prescribed by law, subject to appropriation.

20 3. Determine the title VIII of the elementary and secondary education
21 act of 1965 revenues available by subtracting the amount of title VIII of the
22 elementary and secondary education act of 1965 assistance used to increase
23 the general budget limit as provided in subsections K and O of this section
24 for the current fiscal year from the total amount of title VIII of the
25 elementary and secondary education act of 1965 revenues received in the
26 current fiscal year.

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

28 (a) Determine the sum of the following:

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

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

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

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

37 (b) For the purposes of this paragraph:

38 (i) "High impact pupil" means a pupil who resides on Indian lands or a
39 pupil who resides on federal property or in low rent housing and whose parent
40 is employed on federal property or low rent housing property or is on active
41 duty in uniformed service, as provided in title VIII of the elementary and
42 secondary education act of 1965, section 8003(a) (20 United States Code
43 section 7703) and as reported in the application for title VIII of the
44 elementary and secondary education act of 1965 assistance in the current
45 year.

1 (ii) "Low impact pupil" means a pupil who resides on nonfederal
2 property and has a parent who is employed on federal property or low rent
3 housing property or is on active duty in a uniformed service or a pupil who
4 resides on federal property or in low rent housing and who does not have a
5 parent who is employed on federal property or low rent housing property or is
6 on active duty in uniformed service, as provided in title VIII of the
7 elementary and secondary education act of 1965, section 8003(a) (20 United
8 States Code section 7703) and as reported in the application for title VIII
9 of the elementary and secondary education act of 1965 assistance in the
10 current year.

11 5. Multiply the total number of administrative hours determined in
12 paragraph 4 of this subsection by the hourly rate determined in paragraph 2
13 of this subsection.

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

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

22 8. Determine the lesser of the amount determined in paragraph 7 of
23 this subsection or the revenues available as determined in paragraph 3 of
24 this subsection.

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

29 10. If the governing board underestimated the amount that may be
30 budgeted for title VIII of the elementary and secondary education act of
31 1965, section 8007 administrative costs for the current year, the board may
32 adjust the general budget limit and the budget before May 15. If the
33 governing board overestimated the amount that may be budgeted for title VIII
34 of the elementary and secondary education act of 1965 administrative costs
35 for the current year, the board shall adjust the general budget limit and the
36 budget before May 15.

37 Q. If a school district governing board has adopted a budget for a
38 fiscal year based on forms and instructions provided by the auditor general
39 and the department of education for that fiscal year and if, as a result of
40 the enactment or nonenactment of proposed legislation after May 1 of the
41 previous fiscal year, the budget is based on incorrect limits, does not
42 include items authorized by law or does not otherwise conform with law, the
43 governing board may revise its budget at a public hearing on or before
44 September 15 to conform with the law. Not later than September 18, the
45 budget as adjusted shall be submitted electronically to the superintendent of

1 public instruction. If the governing board does not revise the budget on or
2 before September 15 and if the budget includes any items not authorized by
3 law or if the budget exceeds any limits, the governing board shall adjust or
4 revise the budget as provided in subsection E of this section.

5 R. Notwithstanding any other law, if a school district receives
6 assistance pursuant to title VIII of the elementary and secondary education
7 act of 1965, the school district shall establish a local level fund
8 designated as the impact aid fund and deposit the impact aid monies received
9 in the fund. The school district shall separately account for monies in the
10 fund and shall not combine monies in the fund with any other source of local,
11 state or federal assistance. Monies in the fund shall be expended pursuant
12 to federal law only for the purposes allowed by this title. The school
13 district shall account for monies in the fund according to the uniform system
14 of financial records as prescribed by the auditor general. The
15 superintendent of public instruction shall separately account for monies in
16 each school district's impact aid fund, if an impact aid fund is established,
17 in the annual report required by section 15-255. Monies in the fund are
18 considered federal monies and are not subject to legislative appropriation.

19 S. For the purposes of this section, "title VIII of the elementary and
20 secondary education act of 1965 assistance" means, for the current year, an
21 amount equal to the final determination of title VIII of the elementary and
22 secondary education act of 1965 assistance for the fiscal year preceding the
23 current year as confirmed by the division of impact aid, United States
24 department of education or, if a final determination has not been made, the
25 amount estimated by the superintendent of public instruction as confirmed by
26 the division of impact aid, United States department of education and, for
27 the budget year, an amount equal to the determination of title VIII of the
28 elementary and secondary education act of 1965 assistance for the fiscal year
29 preceding the budget year as estimated by the superintendent of public
30 instruction.

31 Sec. 4. Section 15-1021, Arizona Revised Statutes, is amended to read:
32 15-1021. Limitation on bonded indebtedness; limitation on
33 authorization and issuance of bonds

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

41 B. From and after December 31, 1998, a school district may issue class
42 B bonds for the purposes specified in this section and chapter 4, article 5
43 of this title to an amount in the aggregate, including the existing class B
44 indebtedness, not exceeding ten ~~per cent~~ PERCENT of the VALUE OF THE taxable
45 property ~~used for secondary property tax purposes, as determined pursuant to~~

1 ~~title 42, chapter 15, article 1, within a school district as ascertained by~~
2 ~~the last assessment of state and county taxes previous to issuing the bonds~~
3 IN THAT SCHOOL DISTRICT, or one thousand five hundred dollars per student
4 count pursuant to section 15-901, subsection A, paragraph 13, whichever
5 amount is greater. THE VALUE OF THE TAXABLE PROPERTY SHALL BE ASCERTAINED AS
6 PROVIDED BY ARTICLE IX, SECTION 8, CONSTITUTION OF ARIZONA. A school
7 district shall not issue class B bonds until the proceeds of any class A
8 bonds issued by the school district have been obligated in contract. The
9 total amount of class A and class B bonds issued by a school district shall
10 not exceed the debt limitations prescribed in article IX, section 8,
11 Constitution of Arizona.

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

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

37 E. No bonds authorized to be issued by an election held after July 1,
38 1980 and before November 24, 2009 may be issued more than six years after the
39 date of the election, except that the time period may be extended to ten
40 years pursuant to an election conducted pursuant to section 15-491,
41 subsection A, paragraph 6 and except that class A bonds shall not be issued
42 after December 31, 1999. No bonds authorized to be issued by an election
43 held after November 24, 2009 may be issued more than ten years after the date
44 of the election.

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

5 G. A joint technical education district shall not spend class B bond
6 proceeds to construct or renovate a facility located on the campus of a
7 school in a school district that participates in the joint district unless
8 the facility is only used to provide career and technical education and is
9 available to all pupils who live within the joint technical education
10 district. If the facility is not owned by the joint technical education
11 district, an intergovernmental agreement or a written contract shall be
12 executed for ten years or the duration of the bonded indebtedness, whichever
13 is greater. The intergovernmental agreement or written contract shall
14 include provisions:

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

18 2. That include the process to be used by the participating district
19 to compensate the joint technical education district in the event that the
20 facility is no longer used only for career and technical education programs
21 offered by the joint technical education district during the life of the
22 bond.

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

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

28 15-1103. Insurance proceeds fund; disposition of proceeds

29 A. Monies received for and derived from insurance losses shall be
30 deposited with the county treasurer who shall credit the deposits to the
31 insurance proceeds fund of the respective school district. The insurance
32 proceeds fund of a school district is a continuing fund not subject to
33 reversion.

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

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

1 Sec. 6. Section 15-1122, Arizona Revised Statutes, is amended to read:
2 15-1122. Student activities treasurer; assistant student
3 activities treasurer; administration of student
4 activities monies

5 A. The governing board of any school district having student
6 activities monies shall establish a student activities fund and appoint a
7 student activities treasurer. The student activities treasurer shall deposit
8 the student activities monies in a bank account designated the student
9 activities account OR IN AN ACCOUNT WITH THE COUNTY TREASURER PURSUANT TO
10 SECTION 15-996 THAT IS DESIGNATED AS OTHER MONIES. In school districts which
11 THAT have multiple schools the governing board may designate an assistant
12 student activities treasurer for each school. Each assistant student
13 activities treasurer shall deposit student activities monies in the school
14 district's student activities bank account, IN THE ACCOUNT WITH THE COUNTY
15 TREASURER or in student activities bank accounts established separately for
16 each school. Disbursements from the student activities accounts shall be by
17 check, signed by two persons, one of whom shall be either the student
18 activities treasurer or an assistant student activities treasurer and one of
19 whom shall be any other person authorized to sign by the governing board.
20 FOR SCHOOL DISTRICTS THAT DO NOT ASSUME ACCOUNTING RESPONSIBILITY PURSUANT TO
21 SECTION 15-914.01, DISBURSEMENTS MAY BE MADE BY COUNTY WARRANTS ISSUED
22 PURSUANT TO SECTION 15-304 AND DESIGNATED AS OTHER MONIES. The governing
23 board may appoint more than one person to act as cosigner with the student
24 activities treasurer or assistant student activities treasurer. Any
25 disbursement shall be authorized by or on behalf of the student members of
26 the particular club or organization as provided in the uniform system of
27 financial records. The student activities treasurer and assistant student
28 activities treasurers shall give bonds in an amount determined by the
29 governing board, and the cost of bond premiums shall be a charge against the
30 school district.

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

35 Sec. 7. Section 15-1126, Arizona Revised Statutes, is amended to read:
36 15-1126. Accounting; deposit; disposition of monies

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

39 B. Auxiliary operations fund monies shall be deposited after
40 authorization by the governing board in a bank account designated as the
41 auxiliary operations fund OR IN AN ACCOUNT WITH THE COUNTY TREASURER PURSUANT
42 TO SECTION 15-996 THAT IS DESIGNATED AS OTHER MONIES. Disbursements from the
43 fund shall be authorized by the governing board. Disbursements shall be made
44 by check signed by two employees of the school district designated by the
45 governing board. FOR SCHOOL DISTRICTS THAT DO NOT ASSUME ACCOUNTING

1 RESPONSIBILITY PURSUANT TO SECTION 15-914.01, DISBURSEMENTS MAY BE MADE BY
2 COUNTY WARRANTS ISSUED PURSUANT TO SECTION 15-304 AND DESIGNATED AS OTHER
3 MONIES. Persons authorized by the governing board to sign checks shall give
4 a bond in an amount determined by the governing board, and the cost of bond
5 premiums may be a charge against the fund.

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

9 D. The governing board may establish an imprest petty cash fund at
10 each school within the school district for activities ~~which~~ THAT require
11 immediate cash outlays for postage, freight, express, parcel post, travel or
12 other minor disbursements, but not including salaries or wages, ~~which~~ AND
13 THAT are proper as ultimate expenditures from the school district auxiliary
14 operations fund. Imprest petty cash funds established by the governing board
15 shall be funded from the school district auxiliary operations fund in an
16 amount to be determined by the governing board.

17 E. The governing board may establish a revolving fund bank account for
18 each school within the school district for necessary current expenditures in
19 connection with school bookstore and athletic activities. The revolving
20 funds shall be funded from the auxiliary operations fund in an amount to be
21 determined by the governing board. The school shall return the monies in the
22 revolving fund bank account at the end of each fiscal year to the credit of
23 the school district auxiliary operations fund.

24 Sec. 8. Retroactivity

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

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

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

APPROVED BY THE GOVERNOR APRIL 10, 2015.

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

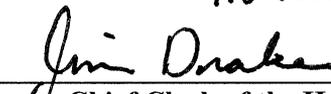
Passed the House February 23, 20 15

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting



Speaker of the House
Pro Tempore

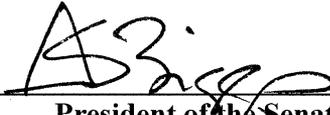


Chief Clerk of the House

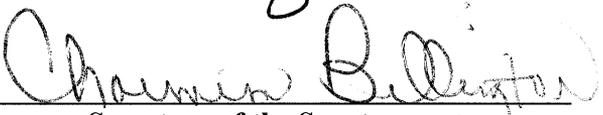
Passed the Senate April 2, 20 15

by the following vote: 27 Ayes,

3 Nays, 0 Not Voting



President of the Senate



Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20 _____

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20 _____

at _____ o'clock _____ M.

Secretary of State

H.B. 2479

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

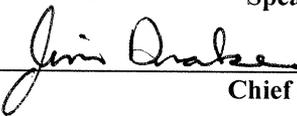
April 3, 20 15,

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting



Speaker of the House



Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

10th day of April, 20 15,

at 9:13 o'clock A. M.

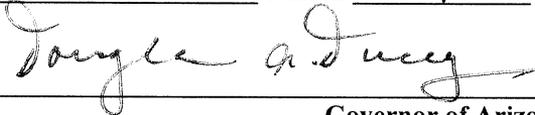


Secretary to the Governor

Approved this 10th day of

April, 20 15,

at 5:40 o'clock P M.



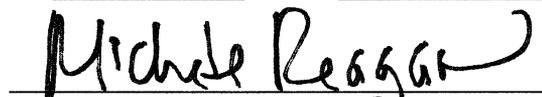
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 14th day of April, 20 15,

at 2:00 o'clock P M.



Secretary of State

H.B. 2479