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ARIZONA ATTORNEY GENERAL

October 19, 1984

Douglas K. Norton
Auditor General
111 West Monroe, Suite 600
Phoenix, Arizona 85003

Re: I84-147 (R84-084)

Dear Mr. Norton:

This letter is in response to your inquiry concerning the effect of adoption by a school district of a budget which is less than the budget limits prescribed by A.R.S. § 15-947. You have specifically asked two questions:

1. If a school district adopts a budget pursuant to A.R.S. § 15-905.H which is less than the budget limits prescribed by A.R.S. § 15-947 does the amount of the adopted budget become the budget limit?
2. Do the procedures and penalties prescribed in A.R.S. § 15-905.I and J apply if a school district exceeds its adopted budget, but not the budget limit prescribed by A.R.S. § 15-947.

Your inquiry requires us to distinguish between a budget adopted by a school district pursuant to A.R.S. § 15-905.E and the budget limits prescribed by A.R.S. §§ 15-961.D and 15-947.C. A.R.S. § 15-905 prescribes the procedure whereby each school district governing board adopts a budget. That budget, which we will refer to as the adopted

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budget, cannot exceed the aggregate budget limit.^{1/} A.R.S. § 15-905.E. The adopted budget is to be distinguished from the maintenance and operation budget limits prescribed by A.R.S. § 15-947 and the capital outlay budget limits prescribed by A.R.S. § 15-961.D and the aggregate budget limits prescribed by A.R.S. § 15-905.G.

The only provision in Title 15 which requires a reduction of either the maintenance and operation budget limit or the capital outlay budget limit is set forth in A.R.S. § 15-961.F which allows the governing board of a school district to use the amount of the difference between the capital outlay budget and the capital outlay budget limit to increase the budget limit for maintenance and operation. That statute also provides that, if the governing board utilizes the provisions of A.R.S. § 15-961.F to increase its maintenance and operation budget limit, it must reduce its capital outlay budget limit by a corresponding amount.

The express distinction between a budget limit and a budget adopted by a governing board leads us to conclude that the adoption of a budget which is less than a particular budget limit does not by that fact alone convert and reduce the budget limit to the amount of the new adopted budget. A.R.S. § 15-947 sets forth a specific procedure for the calculation of the maintenance and operation budget limits. A.R.S. § 15-961 sets forth specific methods for the calculation of capital outlay budget limits.

1. The aggregate budget limit is the sum of the following:

1. The maintenance and operation budget determined in A.R.S. § 15-947.
2. The capital outlay budget limit as determined in A.R.S. § 15-961.
3. Federal assistance, excluding P.L. 81-874 monies.
4. Capital outlay levies specifically authorized by law.

A.R.S. § 15-905.G.

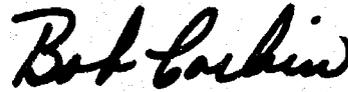
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There is no provision which allows the budget limits to be converted from those calculated by the formula set forth in the statute to the actual budget adopted by the school board.

You have also asked whether the penalties prescribed by A.R.S. § 15-905.I and J which are imposed upon a school district which exceeds its adopted or revised maintenance and operation and capital outlay budget limits apply to a school district which exceeds its adopted budget, but not the applicable budget limit. A.R.S. § 15-905.I and J are designed to impose a penalty upon a school district which exceeds the budget limits prescribed by statute. Those paragraphs specifically refer to budget limits rather than adopted budgets and, accordingly, we conclude that the penalties imposed by paragraphs I and J are not applicable to a school district which exceeds its adopted budget, but not its statutorily calculated budget limits.

Of course, A.R.S. § 15-905.K prohibits a school district from making any expenditure for a purpose not particularly itemized and included in the budget. However, the separation of that prohibition from the provisions of paragraphs I and J leads us to conclude that the penalties imposed by paragraphs I and J of A.R.S. § 15-905 do not apply unless a capital outlay or maintenance and operation budget limit is exceeded.

Sincerely,



BOB CORBIN
Attorney General

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