

**289—6.5(257) Budgets.**

**6.5(1) *Generally accepted accounting principles.*** All school districts shall budget on the generally accepted accounting principles (GAAP) basis of budgeting beginning with fiscal year 2006-2007. In order to effect this change in accounting/budgeting methods, the SBRC shall direct the departments of education and management to adjust calculations from the 2004-2005 certified annual report (CAR) related to the 2004-2005 unspent balances carried forward to the 2005-2006 unspent balances in order to hold districts harmless.

*a.* If the net amount of actual expenditures less miscellaneous income on the GAAP basis is greater than the net amount of actual expenditures less miscellaneous income on the non-GAAP basis, the SBRC shall grant modified allowable growth in an amount equal to the excess of the net amount on the GAAP basis over the net amount on the non-GAAP basis.

*b.* If the net amount of actual expenditures less miscellaneous income on the GAAP basis is less than or equal to the net amount of actual expenditures less miscellaneous income on the non-GAAP basis or if the district budgeted on the GAAP basis in any previous fiscal year, the district does not qualify to receive modified allowable growth under paragraph “*a.*”

*c.* Any district that determines that the amount of modified allowable growth granted for the change in accounting/budgeting methods is not adequate may make a request for additional modified allowable growth pursuant to Iowa Code section 257.31 at the May 2006 regular meeting of the SBRC.

*d.* Districts shall not be required to amend their 2005-2006 certified budgets for this change in accounting/budgeting methods unless the district would have had to amend its budget without regard to the change in accounting/budgeting methods.

**6.5(2) *Review of proposed and certified budgets.*** The committee shall review the proposed budget and certified budget of each school district and may make recommendations for modification or change.

**6.5(3) *Negative unspent balances (exceeding authorized budgets).***

*a.* A listing of the unspent balance as well as the unexpended cash balance of each school district for each fiscal year shall be reviewed by the committee.

*b.* The amount of any negative unspent balance shall be automatically subtracted from the authorized budget of a given school district during the subsequent fiscal year.

*c.* The state board of education shall be notified of the school districts with negative unspent balances each year. The notification shall include the amount the school district exceeded its authorized budget.

*d.* The board members of districts with negative unspent balances shall be notified of the amount the school district exceeded its authorized budget. The school districts shall inform the SBRC at its next official hearing of the plans that are being implemented to avoid future negative unspent balances.

**6.5(4) *Cash reserve levy.***

*a.* Annually the school budget review committee shall review the amount of property tax levied by each school district for the cash reserve authorized in Iowa Code section 298.10.

*b.* If in the committee’s judgment, the amount of a district’s cash reserve levy is unreasonably high, the committee shall instruct the director of the department of management to reduce that school district’s tax levy computed under Iowa Code section 257.4 for the following budget year by the amount the cash reserve levy is deemed excessive.

*c.* Notwithstanding any other action approved by the committee, cash reserve levies for the budget year (reference lines 15.9/15.10 of the Aid & Levy Worksheet) shall not exceed 25 percent of the (SAR reference Item L, column 9, cell 602) operating fund expenditures for the year previous to the base year minus the (SAR reference Item J, column 1, cell 293) operating fund unspent cash balance for the year previous to the base year.

*d.* A reduction in a district’s property tax levy for a budget year for cash reserve shall not affect the school district’s authorized budget.

**6.5(5) *Supplemental aid and modified allowable growth.*** The committee may grant supplemental aid to school districts from any funds appropriated to the department of education for use of the school budget review committee or may establish a modified allowable growth for a school district by increasing its allowable growth for purposes outlined in Iowa Code subsection 257.31(5). Such aid

shall be miscellaneous income and shall not be included in the combined district cost. These funds may be provided for, but not limited to, the following situations:

- a.* Unusual circumstances.
  - (1) Any unusual increase or decrease in enrollment.
  - (2) Unusual natural disasters.
  - (3) Unusual initial staffing problems.
  - (4) The closing of a nonpublic school, wholly or in part.
  - (5) Substantial reduction in miscellaneous income due to circumstances beyond the control of the district.
  - (6) Unusual necessity for additional funds to permit continuance of a course or program which provides substantial benefit to pupils.
  - (7) Unusual need for a new course or program which will provide substantial benefit to pupils, if the district establishes the need and the amount of necessary increased cost.
  - (8) Unusual need for additional funds for special education or compensatory education programs.
  - (9) Year-round or substantially year-round attendance programs which apply toward graduation requirements, including, but not limited to, trimester or four-quarter programs. Enrollment in such programs shall be adjusted to reflect equivalency to normal school year attendance.
  - (10) Unusual need to continue providing a program or other special assistance to non-English speaking pupils after the expiration of the three-year period specified in Iowa Code section 280.4.
  - (11) Circumstances caused by unusual demographic characteristics.
  - (12) Any unique problems of school districts.
- b.* Environmental hazard-asbestos. School districts may request modified allowable growth for removal, management, or abatement of environmental hazards due to state or federal requirements. Environmental hazards shall include but are not limited to the presence of asbestos, radon, or the presence of any other hazardous material dangerous to health and safety.
- c.* Unexpended cash balance. School districts desiring to use a portion of the unexpended cash balance to furnish, equip and contribute to the construction of a new building must submit a formal request to the committee.
- d.* Accounting procedures. The committee may approve or modify the initial base year district cost of any school district which changes accounting procedures.
- e.* Circumstances relating to open enrollment as provided by Iowa Code section 282.18.