

FEB 25 1994

Substituted for SF 2235 3-14-94 (P. 643)

HOUSE FILE 2308
BY COMMITTEE ON EDUCATION

Place On Calendar

(SUCCESSOR TO HSB 622)

Passed House, Date 3-8-94
Vote: Ayes 97 Nays 0

Passed Senate, Date 3-16-94
Vote: Ayes 49 Nays 0

Approved March 31, 1994
Passed 3/24/94
Vote 92-0

A BILL FOR

1 An Act relating to the regrouping of school district funds to be
2 more compatible with generally accepted accounting principles
3 and providing an effective date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2308

1 Section 1. NEW SECTION. 298A.1 EFFECTIVE DATE.

2 This chapter establishes the fund structure which shall be
3 used by school districts commencing with the school budget
4 year which begins on July 1, 1995.

5 Sec. 2. NEW SECTION. 298A.2 GENERAL FUND.

6 All moneys received by a school corporation from taxes and
7 other sources must be accounted for in the general fund,
8 except moneys required by law to be accounted for in another
9 fund.

10 Sec. 3. NEW SECTION. 298A.3 DISTRICT MANAGEMENT LEVY
11 FUND.

12 The district management levy fund is a special revenue
13 fund. A district management levy fund must be established in
14 any school corporation which levies the tax authorized under
15 section 298.4.

16 Sec. 4. NEW SECTION. 298A.4 PHYSICAL PLANT AND EQUIPMENT
17 LEVY FUND.

18 The physical plant and equipment levy fund is a special
19 revenue fund. A physical plant and equipment levy fund must
20 be established in any school corporation which levies the tax
21 authorized, whether regular or voter-approved, under section
22 298.2.

23 Sec. 5. NEW SECTION. 298A.5 SCHOOLHOUSE TAX LEVY FUND.

24 The schoolhouse tax levy fund is a special revenue fund. A
25 schoolhouse tax levy fund must be established in any school
26 corporation which levies the tax which was authorized by
27 section 278.1, subsection 7, Code 1989. This fund shall
28 continue in existence until all tax has been collected and all
29 moneys have been expended for the purposes originally
30 authorized by the electors.

31 Sec. 6. NEW SECTION. 298A.6 PUBLIC EDUCATION AND
32 RECREATION LEVY FUND.

33 The public education and recreation levy fund is a special
34 revenue fund. A public education and recreation levy fund
35 must be established in any school corporation which levies the

1 tax authorized under section 300.2 or which receives revenue
2 from a 28E agreement authorized under section 300.1.

3 Sec. 7. NEW SECTION. 298A.7 LIBRARY LEVY FUND.

4 The library levy fund is a special revenue fund. A library
5 levy fund must be established in any school corporation which
6 levies the tax authorized under section 298.7.

7 Sec. 8. NEW SECTION. 298A.8 STUDENT ACTIVITY FUND.

8 The student activity fund is a special revenue fund. A
9 student activity fund must be established in any school
10 corporation receiving money from student-related activities
11 such as admissions, activity fees, student dues, student fund-
12 raising events, or other student-related cocurricular or
13 extracurricular activities. Moneys in this fund shall be used
14 to support only the cocurricular program defined in department
15 of education administrative rules.

16 Sec. 9. NEW SECTION. 298A.9 CAPITAL PROJECT FUNDS.

17 A capital project fund must be established in any school
18 corporation which issues bonds as authorized by chapter 296,
19 which initiates a capital project related to real property
20 including from moneys in the physical plant and equipment levy
21 fund or the schoolhouse levy fund, or which receives grants
22 for capital projects. Boards are authorized to establish more
23 than one capital project fund as necessary. Any balance
24 remaining in a capital project fund after the capital project
25 is completed may be retained for future capital projects in
26 accordance with the original purpose of the bond issue or
27 voter-approved levy; or may be transferred, by board
28 resolution, to the debt service fund or the physical plant and
29 equipment levy fund; or transferred to the general fund in
30 accordance with section 278.1, subsection 5.

31 Sec. 10. NEW SECTION. 298A.10 DEBT SERVICE FUND.

32 A debt service fund must be established in any school
33 corporation which issues bonds as authorized by chapter 296;
34 which incurs debt in the physical plant and equipment levy
35 fund as authorized by section 297.36 or by lease-purchase as

1 authorized by section 278.1, 279.26, or 297.22, subsection 2;
2 or which incurs debt in the general fund as authorized by
3 section 285.10, subsection 7, or section 279.52; or other loan
4 agreements or lease-purchase agreements. The debt service
5 fund shall be used to pay interest as it becomes due and the
6 amount necessary to pay the principal at maturity of all
7 general obligation bonds issued by the district, and to make
8 payments required under a loan or lease-purchase agreement
9 authorized by Code. Moneys available to service this debt and
10 received from other sources shall be transferred to the debt
11 service fund and the payment of the debt shall be made from
12 this fund. Funds remaining in the debt service fund after
13 redemption of bonds and payment of all outstanding debt may be
14 transferred by board resolution to the physical plant and
15 equipment levy fund or transferred to the general fund in
16 accordance with section 278.1, subsection 5.

17 Sec. 11. NEW SECTION. 298A.11 SCHOOL NUTRITION FUND.

18 A school nutrition fund is an enterprise fund. A school
19 nutrition fund must be established in any school corporation
20 receiving moneys from the school lunch program authorized
21 under chapter 283A.

22 Sec. 12. NEW SECTION. 298A.12 CHILD CARE FUND.

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24 must be established in any school corporation receiving moneys
25 from the child day care program authorized under section
26 279.49.

27 Sec. 13. NEW SECTION. 298A.13 TRUST OR AGENCY FUNDS.

28 Trust or agency funds shall be established by any school
29 corporation to account for gifts it receives to be used for a
30 particular purpose, such as scholarship funds, or to account
31 for money and property received and administered by the
32 district as trustee or custodian or in the capacity of an
33 agent. Boards may establish trust and agency funds as
34 necessary.

35 Sec. 14. NEW SECTION. 298A.14 OTHER FUNDS.

1 A school corporation may establish other funds in
2 accordance with generally accepted accounting principles and
3 may certify other taxes to be levied for the funds as provided
4 by state law. The status of each fund must be included in the
5 annual report. The treasurer shall keep a separate account
6 for each fund, and shall not pay an order that fails to state
7 the fund upon which it is drawn and the specific use to which
8 it is to be applied.

9 Sec. 15. Section 12C.14, unnumbered paragraph 2, Code
10 1993, is amended to read as follows:

11 Earnings and interest from investments authorized by this
12 section shall be used either to retire the bonded indebtedness
13 or to be credited to ~~the schoolhouse~~ a capital project fund
14 for the purpose of financing the construction or equipping of
15 the school building for which the bonds were sold.

16 Sec. 16. Section 278.1, subsection 5, Code 1993, is
17 amended to read as follows:

18 5. Direct the transfer of any surplus in the ~~schoolhouse~~
19 fund debt service fund, physical plant and equipment levy
20 fund, capital projects funds, or public education and
21 recreation levy fund to the general fund.

22 Sec. 17. Section 278.1, unnumbered paragraph 2, Code 1993,
23 is amended to read as follows:

24 The board may, with approval of sixty percent of the
25 voters, voting in a regular or special election in the school
26 district, make extended time contracts not to exceed twenty
27 years in duration for rental of buildings to supplement
28 existing schoolhouse facilities; and where it is deemed
29 advisable for buildings to be constructed or placed on real
30 estate owned by the school district, ~~such~~ these contracts may
31 include lease-purchase option agreements, ~~such~~ the amounts to
32 be paid out of the ~~schoolhouse~~ physical plant and equipment
33 levy fund.

34 Sec. 18. Section 279.41, Code 1993, is amended to read as
35 follows:

1 279.41 SCHOOLHOUSES AND SITES SOLD -- FUNDS.

2 Any-fund Moneys received from the condemnation, sale, or
3 other disposition for public purposes of schoolhouses, school
4 sites, or both schoolhouses and school sites, may shall be
5 deposited in the schoolhouse physical plant and equipment levy
6 fund and may without a vote of the electorate be used for the
7 purchase of school sites or the erection or repair of
8 schoolhouses, or both, as ordered by the board of directors of
9 ~~such the~~ school district, ~~provided, however, that the board~~
10 ~~shall comply~~ after complying with section 297.7.

11 Sec. 19. Section 279.42, Code 1993, is amended to read as
12 follows:

13 279.42 GIFTS TO SCHOOLS.

14 The board of directors of any a school district which
15 receives funds through gifts, devises, and bequests may
16 ~~utilize the same, unless limited by the terms of the grant, in~~
17 ~~the general or schoolhouse fund expenditures shall deposit~~
18 these funds in a trust and agency fund and use them in
19 accordance with the terms of the gift, devise, or bequest.

20 Sec. 20. Section 283A.9, Code 1993, is amended to read as
21 follows:

22 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

23 School districts may purchase, erect, or otherwise acquire
24 a building for use as a school lunch facility, and equip a
25 building for that use, and pay for the acquisition or
26 equipping from ~~unencumbered funds on hand in the schoolhouse~~
27 funds available in the physical plant and equipment levy fund,
28 subject to the terms of ~~this section, or may pay for the~~
29 ~~facility or equipment from the proceeds of the sale of school~~
30 ~~property sold under section 297.22, or from surplus remaining~~
31 ~~in the schoolhouse fund after retirement of a bond issue~~
32 298.2.

33 Sec. 21. Section 285.10, subsection 7, paragraph a, Code
34 Supplement 1993, is amended to read as follows:

35 a. From funds available in the general operating fund or

1 funds in the ~~schoolhouse-fund-which-are-raised-by-the~~ physical
2 plant and equipment levy fund.

3 Sec. 22. Section 297.22, subsection 1, unnumbered
4 paragraph 2, Code 1993, is amended to read as follows:

5 Proceeds from the sale, ~~lease~~ or disposition of real
6 property shall be placed in the ~~schoolhouse~~ physical plant and
7 equipment levy fund and-proceeds. Proceeds from the sale,
8 ~~lease~~ or disposition of property other than real property
9 shall be placed in the general fund. Proceeds from the lease
10 of real or other property shall be placed in the general fund.

11 Sec. 23. Section 297.36, unnumbered paragraphs 4 and 5,
12 Code 1993, are amended to read as follows:

13 The proceeds of a loan must be deposited in a the physical
14 plant and equipment levy fund which-is-separate-from-other
15 district-funds. Warrants paid from this fund must be for
16 purposes authorized for the voter-approved physical plant and
17 equipment levy.

18 This section does not limit the authority of the board of
19 directors to levy the full amount of the voter-approved
20 physical plant and equipment levy, but if and to whatever
21 extent the tax is levied in any year in excess of the amount
22 of principal and interest falling due in that year under a
23 loan agreement, the first available proceeds, to an amount
24 sufficient to meet maturing installments of principal and
25 interest under the loan agreement, shall be paid into the
26 sinking debt service fund for the loan before the taxes are
27 otherwise made available to the school corporation for other
28 school purposes, and the amount required to be annually set
29 aside to pay principal of and interest on the money borrowed
30 under the loan agreement constitutes a first charge upon the
31 proceeds of the voter-approved physical plant and equipment
32 levy, which tax shall be pledged to pay the loan and the
33 interest on the loan.

34 Sec. 24. Section 298.3, unnumbered paragraph 1, Code 1993,
35 is amended to read as follows:

1 The revenue from the regular and voter-approved physical
2 plant and equipment levies shall be placed in the ~~schoolhouse~~
3 physical plant and equipment levy fund and expended only for
4 the following purposes:

5 Sec. 25. Section 298.3, unnumbered paragraphs 2 and 3,
6 Code 1993, are amended to read as follows:

7 Interest earned on money in the ~~schoolhouse~~ physical plant
8 and equipment levy fund may be expended for a purpose listed
9 in this section.

10 Notwithstanding ~~section-291-13~~, unencumbered funds
11 collected prior to July 1, 1991, from the levy previously
12 authorized under section 297.5, Code 1991, may be expended for
13 the purposes listed in this section.

14 Sec. 26. Section 298.4, unnumbered paragraph 1, Code
15 Supplement 1993, is amended to read as follows:

16 The board of directors of a school district may certify for
17 levy by April 15 of a school year, a tax on all taxable
18 property in the school district for a district management
19 levy. The revenue from the tax levied in this section shall
20 be placed in the district management ~~subfund-of-the-general~~
21 levy fund of the school district. The district management
22 levy shall be expended only for the following purposes:

23 Sec. 27. Section 298.4, unnumbered paragraph 2, Code
24 Supplement 1993, is amended to read as follows:

25 Notwithstanding ~~section-291-13~~, unencumbered funds
26 collected from the levies authorized in sections 96.31,
27 279.46, and 296.7 prior to July 1, 1991, may be expended for
28 the purposes listed in subsections 1, 3, and 5.

29 Sec. 28. Section 298.18, unnumbered paragraph 1, Code
30 1993, is amended to read as follows:

31 The board of each school corporation shall, when estimating
32 and certifying the amount of money required for general
33 purposes, estimate and certify to the board of supervisors of
34 the proper county for the ~~schoolhouse~~ debt service fund the
35 amount required to pay interest due or that may become due for

1 the fiscal year beginning July 1, thereafter, upon lawful
2 bonded indebtedness, and in addition thereto such amount as
3 the board may deem necessary to apply on the principal.

4 Sec. 29. Section 300.2, unnumbered paragraph 2, Code
5 Supplement 1993, is amended to read as follows:

6 If a majority of the votes cast upon the proposition is in
7 favor of the proposition, the board shall certify the amount
8 required for a fiscal year to the county board of supervisors
9 by April 15 of the preceding fiscal year. The board of
10 supervisors shall levy the amount certified. The amount shall
11 be placed in the schoolhouse public education and recreation
12 levy fund of the district and shall be used only for the
13 purposes specified in this chapter.

14 Sec. 30. Section 473.20, subsection 2, unnumbered
15 paragraph 2, Code 1993, is amended to read as follows:

16 School districts and community colleges may enter into
17 financing arrangements with the department or its duly
18 authorized agents or representatives obligating the school
19 district or community college to make payments on the loans
20 beyond the current budget year of the school district or
21 community college. Chapter 75 shall not be applicable.
22 School districts shall repay the loans from moneys in either
23 their general fund or schoolhouse debt service fund.
24 Community colleges shall repay the loans from their general
25 fund. Other entities receiving loans under this section shall
26 repay the loans from any moneys available to them.

27 Sec. 31. Section 291.13, Code 1993, is repealed.

28 Sec. 32. This Act is effective July 1, 1995. The funds
29 identified in sections 1 through 14 of this Act shall be
30 established by school districts for the school budget year
31 beginning July 1, 1995, and school budget forms based upon the
32 funds identified in sections 1 through 14 of and in this Act
33 shall be prepared for use for the school budget year beginning
34 July 1, 1995.

35

EXPLANATION

1 Sections 1 through 14 of the bill establish funds for
2 school districts similar to city funds, to use for the budget
3 year beginning July 1, 1995. These funds include funds for
4 the district management levy, physical plant and equipment
5 levy, public education and recreation levy, and the library
6 levy. The other funds are established for moneys available
7 for student activities, capital projects, debt service, school
8 nutrition, child care, and trust and agency purposes. The
9 funds are to be established for generally accepted accounting
10 principles purposes.

11 The remaining sections of the bill are coordinating
12 amendments.

13 The bill is effective July 1, 1995, and school districts
14 are to establish and budget forms are to be prepared based
15 upon these identified funds for the budget year beginning July
16 1, 1995.

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SENATE AMENDMENT TO HOUSE FILE 2308

H-5423

1 Amend House File 2308, as passed by the House, as
2 follows:

3 1. Page 2, by striking lines 18 through 21 and
4 inserting the following: "corporation which issues
5 bonds or other authorized indebtedness for capital
6 projects or which initiates a capital project, or
7 which receives grants or other funds".

8 2. Page 2, line 28, by striking the words "or
9 the" and inserting the following: ", the".

10 3. Page 2, line 29, by inserting after the words
11 "levy fund" the following: ", or other fund from
12 which the surplus originated".

13 4. Page 2, line 33, by striking the words and
14 figure "as authorized by chapter 296;" and inserting
15 the following: "or other authorized indebtedness."

16 5. By striking page 2, line 34 through page 3,
17 line 4, and inserting the following: "The debt
18 service".

19 6. Page 3, lines 6 and 7, by striking the words
20 "at maturity of all general obligation bonds" and
21 inserting the following: "when due on bonds or other
22 authorized indebtedness".

23 7. Page 3, line 8, by striking the words "loan
24 or" and inserting the following: "loan,".

25 8. Page 3, line 8, by inserting after the word
26 "agreement" the following: ", or other evidence of
27 indebtedness".

28 9. Page 3, by striking line 13 and inserting the
29 following: "payment of all outstanding debt in
30 accordance with the original purpose of the
31 indebtedness may be".

32 10. Page 3, line 30, by striking the words "
33 such as scholarship funds,".

34 11. Page 4, line 12, by striking the word
35 "bonded" and inserting the following: "bonded
36 authorized".

37 12. Page 5, by striking line 10 and inserting the
38 following: "~~shall comply with section 297-7.~~"

39 13. Page 7, by striking line 10 and inserting the
40 following:

41 "~~Notwithstanding section 291-137-unencumbered~~
42 Unencumbered funds".

43 14. Page 7, by striking line 25 and inserting the
44 following:

45 "~~Notwithstanding section 291-137-unencumbered~~
46 Unencumbered funds".

47 15. Page 8, by inserting after line 26 the
48 following:

49 "Sec. _____. To the extent that bond or note
50 resolutions, loan agreements, lease-purchase

H-5423

H-5423

Page 2

1 agreements or other agreements in existence on the
2 effective date of this Act contain references to
3 obsolete Code sections, rules or forms, they shall be
4 construed to assure compliance with the terms of such
5 resolutions or agreements and substantial compliance
6 with this Act."

RECEIVED FROM THE SENATE

H-5423 FILED MARCH 16, 1994

House Concurred (p. 895)
3-24-94

HOUSE FILE 2308

S-5164

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42 Unencumbered funds".

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S-5164

S-5164

Page 2

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4 construed to assure compliance with the terms of such
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6 with this Act."

By JOHN P. KIBBIE

S-5164 FILED MARCH 14, 1994

Adapted
3-16-94
(P. 689)

Hanson, Ch.
Kistler
Ollie

HSB 622

EDUCATION

SENATE/HOUSE FILE 2308
BY (PROPOSED DEPARTMENT OF
EDUCATION BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

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2 more compatible with generally accepted accounting principles
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15 the school building for which the bonds were sold.

16 Sec. 16. Section 278.1, subsection 5, Code 1993, is
17 amended to read as follows:

18 5. Direct the transfer of any surplus in the schoolhouse
19 fund debt service fund, physical plant and equipment levy
20 fund, capital projects funds, or public education and
21 recreation levy fund to the general fund.

22 Sec. 17. Section 278.1, unnumbered paragraph 2, Code 1993,
23 is amended to read as follows:

24 The board may, with approval of sixty percent of the
25 voters, voting in a regular or special election in the school
26 district, make extended time contracts not to exceed twenty
27 years in duration for rental of buildings to supplement
28 existing schoolhouse facilities; and where it is deemed
29 advisable for buildings to be constructed or placed on real
30 estate owned by the school district, such these contracts may
31 include lease-purchase option agreements, such the amounts to
32 be paid out of the schoolhouse physical plant and equipment
33 levy fund.

34 Sec. 18. Section 279.41, Code 1993, is amended to read as
35 follows:

1 279.41 SCHOOLHOUSES AND SITES SOLD -- FUNDS.

2 Any-fund Moneys received from the condemnation, sale, or
3 other disposition for public purposes of schoolhouses, school
4 sites, or both schoolhouses and school sites, may shall be
5 deposited in the schoolhouse physical plant and equipment levy
6 fund and may without a vote of the electorate be used for the
7 purchase of school sites or the erection or repair of
8 schoolhouses, or both, as ordered by the board of directors of
9 ~~such the school district, provided, however, that the board~~
10 ~~shall comply after complying~~ with section 297.7.

11 Sec. 19. Section 279.42, Code 1993, is amended to read as
12 follows:

13 279.42 GIFTS TO SCHOOLS.

14 The board of directors of any a school district which
15 receives funds through gifts, devises, and bequests may
16 ~~utilize the same, unless limited by the terms of the grant, in~~
17 ~~the general or schoolhouse fund expenditures shall deposit~~
18 these funds in a trust and agency fund and use them in
19 accordance with the terms of the gift, devise, or bequest.

20 Sec. 20. Section 283A.9, Code 1993, is amended to read as
21 follows:

22 283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

23 School districts may purchase, erect, or otherwise acquire
24 a building for use as a school lunch facility, and equip a
25 building for that use, and pay for the acquisition or
26 equipping from ~~unencumbered funds on hand in the schoolhouse~~
27 funds available in the physical plant and equipment levy fund,
28 subject to the terms of ~~this section, or may pay for the~~
29 ~~facility or equipment from the proceeds of the sale of school~~
30 ~~property sold under section 297.22, or from surplus remaining~~
31 ~~in the schoolhouse fund after retirement of a bond issue~~
32 298.2.

33 Sec. 21. Section 285.10, subsection 7, paragraph a, Code
34 Supplement 1993, is amended to read as follows:

35 a. From funds available in the general operating fund or

1 funds in the ~~schoolhouse-fund-which-are-raised-by-the~~ physical
2 plant and equipment levy fund.

3 Sec. 22. Section 297.22, subsection 1, unnumbered
4 paragraph 2, Code 1993, is amended to read as follows:

5 Proceeds from the sale, ~~lease~~ or disposition of real
6 property shall be placed in the schoolhouse physical plant and
7 equipment levy fund and-proceeds. Proceeds from the sale,
8 ~~lease~~ or disposition of property other than real property
9 shall be placed in the general fund. Proceeds from the lease
10 of real or other property shall be placed in the general fund.

11 Sec. 23. Section 297.36, unnumbered paragraphs 4 and 5,
12 Code 1993, are amended to read as follows:

13 The proceeds of a loan must be deposited in a the physical
14 plant and equipment levy fund which-is-separate-from-other
15 district-funds. Warrants paid from this fund must be for
16 purposes authorized for the voter-approved physical plant and
17 equipment levy.

18 This section does not limit the authority of the board of
19 directors to levy the full amount of the voter-approved
20 physical plant and equipment levy, but if and to whatever
21 extent the tax is levied in any year in excess of the amount
22 of principal and interest falling due in that year under a
23 loan agreement, the first available proceeds, to an amount
24 sufficient to meet maturing installments of principal and
25 interest under the loan agreement, shall be paid into the
26 sinking debt service fund for the loan before the taxes are
27 otherwise made available to the school corporation for other
28 school purposes, and the amount required to be annually set
29 aside to pay principal of and interest on the money borrowed
30 under the loan agreement constitutes a first charge upon the
31 proceeds of the voter-approved physical plant and equipment
32 levy, which tax shall be pledged to pay the loan and the
33 interest on the loan.

34 Sec. 24. Section 298.3, unnumbered paragraph 1, Code 1993,
35 is amended to read as follows:

1 The revenue from the regular and voter-approved physical
2 plant and equipment levies shall be placed in the ~~schoolhouse~~
3 physical plant and equipment levy fund and expended only for
4 the following purposes:

5 Sec. 25. Section 298.3, unnumbered paragraphs 2 and 3,
6 Code 1993, are amended to read as follows:

7 Interest earned on money in the ~~schoolhouse~~ physical plant
8 and equipment levy fund may be expended for a purpose listed
9 in this section.

10 Notwithstanding ~~section-291-13~~, unencumbered funds
11 collected prior to July 1, 1991, from the levy previously
12 authorized under section 297.5, Code 1991, may be expended for
13 the purposes listed in this section.

14 Sec. 26. Section 298.4, unnumbered paragraph 1, Code
15 Supplement 1993, is amended to read as follows:

16 The board of directors of a school district may certify for
17 levy by April 15 of a school year, a tax on all taxable
18 property in the school district for a district management
19 levy. The revenue from the tax levied in this section shall
20 be placed in the district management ~~subfund-of-the-general~~
21 levy fund of the school district. The district management
22 levy shall be expended only for the following purposes:

23 Sec. 27. Section 298.4, unnumbered paragraph 2, Code
24 Supplement 1993, is amended to read as follows:

25 Notwithstanding ~~section-291-13~~, unencumbered funds
26 collected from the levies authorized in sections 96.31,
27 279.46, and 296.7 prior to July 1, 1991, may be expended for
28 the purposes listed in subsections 1, 3, and 5.

29 Sec. 28. Section 298.18, unnumbered paragraph 1, Code
30 1993, is amended to read as follows:

31 The board of each school corporation shall, when estimating
32 and certifying the amount of money required for general
33 purposes, estimate and certify to the board of supervisors of
34 the proper county for the ~~schoolhouse~~ debt service fund the
35 amount required to pay interest due or that may become due for

1 the fiscal year beginning July 1, thereafter, upon lawful
2 bonded indebtedness, and in addition thereto such amount as
3 the board may deem necessary to apply on the principal.

4 Sec. 29. Section 300.2, unnumbered paragraph 2, Code
5 Supplement 1993, is amended to read as follows:

6 If a majority of the votes cast upon the proposition is in
7 favor of the proposition, the board shall certify the amount
8 required for a fiscal year to the county board of supervisors
9 by April 15 of the preceding fiscal year. The board of
10 supervisors shall levy the amount certified. The amount shall
11 be placed in the schoolhouse public education and recreation
12 levy fund of the district and shall be used only for the
13 purposes specified in this chapter.

14 Sec. 30. Section 473.20, subsection 2, unnumbered
15 paragraph 2, Code 1993, is amended to read as follows:

16 School districts and community colleges may enter into
17 financing arrangements with the department or its duly
18 authorized agents or representatives obligating the school
19 district or community college to make payments on the loans
20 beyond the current budget year of the school district or
21 community college. Chapter 75 shall not be applicable.
22 School districts shall repay the loans from moneys in either
23 their general fund or schoolhouse debt service fund.
24 Community colleges shall repay the loans from their general
25 fund. Other entities receiving loans under this section shall
26 repay the loans from any moneys available to them.

27 Sec. 31. Section 291.13, Code 1993, is repealed.

28 Sec. 32. This Act is effective July 1, 1995. The funds
29 identified in sections 1 through 14 of this Act shall be
30 established by school districts for the school budget year
31 beginning July 1, 1995, and school budget forms based upon the
32 funds identified in sections 1 through 14 of and in this Act
33 shall be prepared for use for the school budget year beginning
34 July 1, 1995.

35

EXPLANATION

1 Sections 1 through 14 of the bill establish funds for
2 school districts similar to city funds, to use for the budget
3 year beginning July 1, 1995. These funds include funds for
4 the district management levy, physical plant and equipment
5 levy, public education and recreation levy, and the library
6 levy. The other funds are established for moneys available
7 for student activities, capital projects, debt service, school
8 nutrition, child care, and trust and agency purposes. The
9 funds are to be established for generally accepted accounting
10 principles purposes.

11 The remaining sections of the bill are coordinating
12 amendments.

13 The bill is effective July 1, 1995, and school districts
14 are to establish and budget forms are to be prepared based
15 upon these identified funds for the budget year beginning July
16 1, 1995.

17 BACKGROUND STATEMENT

18 SUBMITTED BY THE AGENCY

19 Each local education agency (LEA) and area education agency
20 (AEA) is required by law to conform to generally accepted
21 accounting principles (GAAP) beginning July 1, 1996. However,
22 the statutory funds as listed in the Code are not compatible
23 with GAAP fund groupings. This causes a data burden for
24 districts in reporting on both a GAAP and a statutory basis.
25 The funds in this newly created chapter 298A in the bill allow
26 either GAAP or non-GAAP basis reporting so districts can more
27 easily make the conversion to GAAP with similar fund
28 groupings. These funds are ones the districts already have,
29 just regrouped, so this will not be a major change for them or
30 their computer systems. The budgeting process requires the
31 forms to be prepared nearly two years in advance. By adopting
32 this language now to take effect July 1, 1995, time is allowed
33 for the budget forms to be designed to accommodate this
34 change. Also funds will be kept and transactions recorded
35 based on GAAP funds in FY 96 so that FY 96 balance sheets can

1 be prepared on a GAAP basis. This gives accurate beginning
2 figures for FY 97 when GAAP operation begins according to law.

3 Sections 15 through 31 make changes in related sections of
4 the Code in preparation for GAAP fund structure. These
5 sections change language without changing intent. Putting
6 this into effect with this session will help those districts
7 which have already converted to GAAP reporting without
8 confusing districts which have not yet converted. All AEAs
9 and six LEAs have already converted.

10 Input into wording this chapter and related cleanup came
11 from staff in the office of the auditor of state, from
12 officers of the Government Finance Officers Association
13 (GFOA), and from H2R2 (1990), the accounting handbook used
14 throughout the nation which is prepared with assistance from a
15 member of the Governmental Accounting Standards Board (GASB).
16 Language is similar to that in Iowa Code chapters 331 and 384
17 for cities and counties which are municipalities like school
18 districts.

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HOUSE FILE 2308

AN ACT
RELATING TO THE REGROUPING OF SCHOOL DISTRICT FUNDS TO BE MORE
COMPATIBLE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 298A.1 EFFECTIVE DATE.

This chapter establishes the fund structure which shall be used by school districts commencing with the school budget year which begins on July 1, 1995.

Sec. 2. NEW SECTION. 298A.2 GENERAL FUND.

All moneys received by a school corporation from taxes and other sources must be accounted for in the general fund, except moneys required by law to be accounted for in another fund.

Sec. 3. NEW SECTION. 298A.3 DISTRICT MANAGEMENT LEVY FUND.

The district management levy fund is a special revenue fund. A district management levy fund must be established in any school corporation which levies the tax authorized under section 298.4.

Sec. 4. NEW SECTION. 298A.4 PHYSICAL PLANT AND EQUIPMENT LEVY FUND.

The physical plant and equipment levy fund is a special revenue fund. A physical plant and equipment levy fund must be established in any school corporation which levies the tax authorized, whether regular or voter-approved, under section 298.2.

Sec. 5. NEW SECTION. 298A.5 SCHOOLHOUSE TAX LEVY FUND.

The schoolhouse tax levy fund is a special revenue fund. A schoolhouse tax levy fund must be established in any school corporation which levies the tax which was authorized by

section 278.1, subsection 7, Code 1989. This fund shall continue in existence until all tax has been collected and all moneys have been expended for the purposes originally authorized by the electors.

Sec. 6. NEW SECTION. 298A.6 PUBLIC EDUCATION AND RECREATION LEVY FUND.

The public education and recreation levy fund is a special revenue fund. A public education and recreation levy fund must be established in any school corporation which levies the tax authorized under section 300.2 or which receives revenue from a 28E agreement authorized under section 300.1.

Sec. 7. NEW SECTION. 298A.7 LIBRARY LEVY FUND.

The library levy fund is a special revenue fund. A library levy fund must be established in any school corporation which levies the tax authorized under section 298.7.

Sec. 8. NEW SECTION. 298A.8 STUDENT ACTIVITY FUND.

The student activity fund is a special revenue fund. A student activity fund must be established in any school corporation receiving money from student-related activities such as admissions, activity fees, student dues, student fund-raising events, or other student-related cocurricular or extracurricular activities. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules.

Sec. 9. NEW SECTION. 298A.9 CAPITAL PROJECT FUNDS.

A capital project fund must be established in any school corporation which issues bonds or other authorized indebtedness for capital projects or which initiates a capital project, or which receives grants or other funds for capital projects. Boards are authorized to establish more than one capital project fund as necessary. Any balance remaining in a capital project fund after the capital project is completed may be retained for future capital projects in accordance with the original purpose of the bond issue or voter-approved levy; or may be transferred, by board resolution, to the debt

service fund, the physical plant and equipment levy fund, or other fund from which the surplus originated; or transferred to the general fund in accordance with section 278.1, subsection 5.

Sec. 10. NEW SECTION. 298A.10 DEBT SERVICE FUND.

A debt service fund must be established in any school corporation which issues bonds or other authorized indebtedness. The debt service fund shall be used to pay interest as it becomes due and the amount necessary to pay the principal when due on bonds or other authorized indebtedness issued by the district, and to make payments required under a loan, lease-purchase agreement, or other evidence of indebtedness authorized by Code. Moneys available to service this debt and received from other sources shall be transferred to the debt service fund and the payment of the debt shall be made from this fund. Funds remaining in the debt service fund after payment of all outstanding debt in accordance with the original purpose of the indebtedness may be transferred by board resolution to the physical plant and equipment levy fund or transferred to the general fund in accordance with section 278.1, subsection 5.

Sec. 11. NEW SECTION. 298A.11 SCHOOL NUTRITION FUND.

A school nutrition fund is an enterprise fund. A school nutrition fund must be established in any school corporation receiving moneys from the school lunch program authorized under chapter 283A.

Sec. 12. NEW SECTION. 298A.12 CHILD CARE FUND.

A child care fund is an enterprise fund. A child care fund must be established in any school corporation receiving moneys from the child day care program authorized under section 279.49.

Sec. 13. NEW SECTION. 298A.13 TRUST OR AGENCY FUNDS.

Trust or agency funds shall be established by any school corporation to account for gifts it receives to be used for a particular purpose or to account for money and property

received and administered by the district as trustee or custodian or in the capacity of an agent. Boards may establish trust and agency funds as necessary.

Sec. 14. NEW SECTION. 298A.14 OTHER FUNDS.

A school corporation may establish other funds in accordance with generally accepted accounting principles and may certify other taxes to be levied for the funds as provided by state law. The status of each fund must be included in the annual report. The treasurer shall keep a separate account for each fund, and shall not pay an order that fails to state the fund upon which it is drawn and the specific use to which it is to be applied.

Sec. 15. Section 12C.14, unnumbered paragraph 2, Code 1993, is amended to read as follows:

Earnings and interest from investments authorized by this section shall be used either to retire the bonded authorized indebtedness or to be credited to the schoolhouse a capital project fund for the purpose of financing the construction or equipping of the school building for which the bonds were sold.

Sec. 16. Section 278.1, subsection 5, Code 1993, is amended to read as follows:

5. Direct the transfer of any surplus in the schoolhouse fund debt service fund, physical plant and equipment levy fund, capital projects funds, or public education and recreation levy fund to the general fund.

Sec. 17. Section 278.1, unnumbered paragraph 2, Code 1993, is amended to read as follows:

The board may, with approval of sixty percent of the voters, voting in a regular or special election in the school district, make extended time contracts not to exceed twenty years in duration for rental of buildings to supplement existing schoolhouse facilities; and where it is deemed advisable for buildings to be constructed or placed on real estate owned by the school district, such these contracts may

include lease-purchase option agreements, such ~~the~~ amounts to be paid out of the schoolhouse physical plant and equipment levy fund.

Sec. 18. Section 279.41, Code 1993, is amended to read as follows:

279.41 SCHOOLHOUSES AND SITES SOLD -- FUNDS.

~~Any fund~~ Moneys received from the condemnation, sale, or other disposition for public purposes of schoolhouses, school sites, or both schoolhouses and school sites, may shall be deposited in the schoolhouse physical plant and equipment levy fund and may without a vote of the electorate be used for the purchase of school sites or the erection or repair of schoolhouses, or both, as ordered by the board of directors of such the school district; provided; however; that the board shall comply with section 297.7.

Sec. 19. Section 279.42, Code 1993, is amended to read as follows:

279.42 GIFTS TO SCHOOLS.

The board of directors of any a school district which receives funds through gifts, devises, and bequests ~~may utilize the same; unless limited by the terms of the grant; in the general or schoolhouse fund expenditures shall deposit these funds in a trust and agency fund and use them in accordance with the terms of the gift, devise, or bequest.~~

Sec. 20. Section 283A.9, Code 1993, is amended to read as follows:

283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

School districts may purchase, erect, or otherwise acquire a building for use as a school lunch facility, and equip a building for that use, and pay for the acquisition or equipping from ~~unencumbered funds on hand in the schoolhouse funds available in the physical plant and equipment levy fund,~~ subject to the terms of ~~this section; or may pay for the facility or equipment from the proceeds of the sale of school property sold under section 297.22; or from surplus remaining~~

~~in the schoolhouse fund after retirement of a bond issue 298.2.~~

Sec. 21. Section 285.10, subsection 7, paragraph a, Code Supplement 1993, is amended to read as follows:

a. From funds available in the general operating fund or funds in the ~~schoolhouse fund which are raised by the physical plant and equipment levy fund.~~

Sec. 22. Section 297.22, subsection 1, unnumbered paragraph 2, Code 1993, is amended to read as follows:

Proceeds from the sale; ~~lease~~ or disposition of real property shall be placed in the schoolhouse physical plant and equipment levy fund and proceeds. Proceeds from the sale; ~~lease~~ or disposition of property other than real property shall be placed in the general fund. Proceeds from the lease of real or other property shall be placed in the general fund.

Sec. 23. Section 297.36, unnumbered paragraphs 4 and 5, Code 1993, are amended to read as follows:

The proceeds of a loan must be deposited in a the physical plant and equipment levy fund which is separate from other district funds. Warrants paid from this fund must be for purposes authorized for the voter-approved physical plant and equipment levy.

This section does not limit the authority of the board of directors to levy the full amount of the voter-approved physical plant and equipment levy, but if and to whatever extent the tax is levied in any year in excess of the amount of principal and interest falling due in that year under a loan agreement, the first available proceeds, to an amount sufficient to meet maturing installments of principal and interest under the loan agreement, shall be paid into the sinking debt service fund for the loan before the taxes are otherwise made available to the school corporation for other school purposes, and the amount required to be annually set aside to pay principal of and interest on the money borrowed under the loan agreement constitutes a first charge upon the

proceeds of the voter-approved physical plant and equipment levy, which tax shall be pledged to pay the loan and the interest on the loan.

Sec. 24. Section 298.3, unnumbered paragraph 1, Code 1993, is amended to read as follows:

The revenue from the regular and voter-approved physical plant and equipment levies shall be placed in the schoolhouse physical plant and equipment levy fund and expended only for the following purposes:

Sec. 25. Section 298.3, unnumbered paragraphs 2 and 3, Code 1993, are amended to read as follows:

Interest earned on money in the schoolhouse physical plant and equipment levy fund may be expended for a purpose listed in this section.

~~Notwithstanding section 291.13, unencumbered~~ Unencumbered funds collected prior to July 1, 1991, from the levy previously authorized under section 297.5, Code 1991, may be expended for the purposes listed in this section.

Sec. 26. Section 298.4, unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

The board of directors of a school district may certify for levy by April 15 of a school year, a tax on all taxable property in the school district for a district management levy. The revenue from the tax levied in this section shall be placed in the district management ~~subfund-of-the-general~~ levy fund of the school district. The district management levy shall be expended only for the following purposes:

Sec. 27. Section 298.4, unnumbered paragraph 2, Code Supplement 1993, is amended to read as follows:

~~Notwithstanding section 291.13, unencumbered~~ Unencumbered funds collected from the levies authorized in sections 96.31, 279.46, and 296.7 prior to July 1, 1991, may be expended for the purposes listed in subsections 1, 3, and 5.

Sec. 28. Section 298.18, unnumbered paragraph 1, Code 1993, is amended to read as follows:

The board of each school corporation shall, when estimating and certifying the amount of money required for general purposes, estimate and certify to the board of supervisors of the proper county for the schoolhouse debt service fund the amount required to pay interest due or that may become due for the fiscal year beginning July 1, thereafter, upon lawful bonded indebtedness, and in addition thereto such amount as the board may deem necessary to apply on the principal.

Sec. 29. Section 300.2, unnumbered paragraph 2, Code Supplement 1993, is amended to read as follows:

If a majority of the votes cast upon the proposition is in favor of the proposition, the board shall certify the amount required for a fiscal year to the county board of supervisors by April 15 of the preceding fiscal year. The board of supervisors shall levy the amount certified. The amount shall be placed in the schoolhouse public education and recreation levy fund of the district and shall be used only for the purposes specified in this chapter.

Sec. 30. Section 473.20, subsection 2, unnumbered paragraph 2, Code 1993, is amended to read as follows:

School districts and community colleges may enter into financing arrangements with the department or its duly authorized agents or representatives obligating the school district or community college to make payments on the loans beyond the current budget year of the school district or community college. Chapter 75 shall not be applicable. School districts shall repay the loans from moneys in either their general fund or schoolhouse debt service fund. Community colleges shall repay the loans from their general fund. Other entities receiving loans under this section shall repay the loans from any moneys available to them.

Sec. 31. To the extent that bond or note resolutions, loan agreements, lease-purchase agreements or other agreements in existence on the effective date of this Act contain references to obsolete Code sections, rules or forms, they shall be

construed to assure compliance with the terms of such resolutions or agreements and substantial compliance with this Act.

Sec. 32. Section 291.13, Code 1993, is repealed.

Sec. 33. This Act is effective July 1, 1995. The funds identified in sections 1 through 14 of this Act shall be established by school districts for the school budget year beginning July 1, 1995, and school budget forms based upon the funds identified in sections 1 through 14 of and in this Act shall be prepared for use for the school budget year beginning July 1, 1995.

HAROLD VAN MAANEN
Speaker of the House

LEONARD L. BOSWELL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2308, Seventy-fifth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved March 31, 1994

TERRY E. BRANSTAD
Governor