

Conference Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 340
HOUSE BILL 2104

AN ACT

AMENDING SECTIONS 15-354, 15-715, 15-903, 15-904 AND 15-991, ARIZONA REVISED
STATUTES; RELATING TO SCHOOL DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-354, Arizona Revised Statutes, is amended to
3 read:

4 15-354. Principals; supplies and materials purchases

5 A. Notwithstanding any other law, the governing board of a school
6 district may authorize school principals to sign negotiable instruments on
7 behalf of the school district if the negotiable instruments are used for the
8 purchase of supplies and materials that are necessary to conduct the
9 operations of the school.

10 B. Purchases made pursuant to this section are exempt from title 41,
11 chapter 23 and the rules prescribed pursuant to section 15-213.

12 C. A school district that purchases supplies and materials pursuant
13 to this section shall maintain a separate account in its maintenance and
14 operation budget for each authorized school in the district for the purchase
15 of supplies and materials. The amount of available monies in each school's
16 supplies and materials account shall not exceed five thousand dollars.

17 D. Within thirty days of any purchase made pursuant to this section,
18 the principal shall supply the governing board of the school district with
19 a receipt from the seller of the supplies and materials that shows the price
20 paid for each item purchased.

21 E. The principal and the governing board shall ensure that all
22 purchases made pursuant to this section comply with the uniform system of
23 financial records.

24 F. A GOVERNING BOARD MAY DELEGATE THE PURCHASING AUTHORITY GRANTED
25 PURSUANT TO THIS SECTION TO ONE OR MORE EMPLOYEES.

26 Sec. 2. Section 15-715, Arizona Revised Statutes, is amended to read:
27 15-715. Special academic assistance to pupils in kindergarten

28 programs and grades one through three

29 A. Each common and unified school district shall develop a plan to
30 supplement the regular education program by providing special academic
31 assistance to pupils in kindergarten programs and grades one through three.
32 The purpose of the special academic assistance is to assist pupils in
33 developing the minimum skills necessary for fourth grade work by the end of
34 the third grade. Special academic assistance, at a minimum, shall focus on
35 pupils who, because of innate factors, are not succeeding in the school
36 environment as identified by parents, guardians or school personnel. These
37 pupils may include, but are not limited to, those who do not qualify for
38 special education services, who have measured intelligence quotients of
39 between seventy and eighty-five or who exhibit characteristics of attention
40 deficit disorder or learning patterns attributable to prenatal substance
41 exposure. The plan shall include:

42 1. Procedures for use in identifying pupils in need of special
43 academic assistance.

44 2. Special services for provision of special academic assistance
45 through the regular program of instruction.

1 3. Procedures for involving parents in the program.

2 4. Evaluation procedures for use in assessing the progress of the
3 pupils in the program.

4 B. Each common and unified school district shall implement its program
5 of special academic assistance to pupils in kindergarten programs and grades
6 one through three by the 1986-1987 school year.

7 C. The teacher of a pupil enrolled in a special academic assistance
8 program shall review the pupil's academic achievement each regular reporting
9 period. Parents shall be notified of the progress of their child in the
10 special academic assistance program by the established reporting method of
11 the school district.

12 ~~D. By November 1, each common and unified school district shall
13 prepare an annual report for the prior fiscal year, using a format which is
14 developed by the department of education and which includes a general
15 description of the district's special academic assistance program and the
16 monies expended on the program.~~

17 E. D. The state board of education shall develop and provide the
18 following to all common and unified school districts:

19 1. Competency requirements for the promotion of pupils from the third
20 grade as prescribed in section 15-701.

21 2. Model plans for special academic assistance programs which include
22 all of the items specified in subsection A of this section.

23 ~~F.~~ E. The department of education shall provide technical assistance
24 to school districts in developing and implementing their plan. The
25 assistance shall include assistance with all of the items specified in
26 subsection A of this section.

27 Sec. 3. Section 15-903, Arizona Revised Statutes, is amended to read:

28 15-903. Budget format; prohibited expenditures

29 A. The superintendent of public instruction in conjunction with the
30 auditor general shall prepare and prescribe a budget format to be utilized
31 by all school districts on a school by school basis.

32 B. The budget format shall be designed to allow all school districts
33 to plan and provide in detail for the use of available funds on a school by
34 school basis, EXCEPT THAT THE BUDGET FORMAT SHALL NOT BE REQUIRED TO PROVIDE
35 DETAILS ON A SCHOOL BY SCHOOL BASIS IN FISCAL YEARS 2004-2005 AND
36 2005-2006. The budget format shall contain distinct sections for, but need
37 not be limited to, maintenance and operation, debt service, special projects,
38 capital outlay, adjacent ways and classroom site fund. The maintenance and
39 operation section shall include, but need not be limited to, separate
40 subsections for regular education programs, special education programs and
41 operational expenditures for pupil transportation. Each subsection shall
42 clearly distinguish classroom instruction expenditures. The sections for
43 individual schools shall only contain aggregate summaries by major function
44 for the maintenance and operation, unrestricted capital outlay and soft
45 capital allocation funds. A school district shall prepare budgets for each

1 individual school in the district and shall make these individual school
2 budgets available to the public on request. The special education program
3 subsection shall include, but is not limited to, programs for each disability
4 classification as defined in section 15-761 and programs for gifted,
5 vocational and technological education, remedial education and bilingual
6 students. The total expenditures for each of these programs shall be
7 included on the budget form. The pupil transportation subsection shall
8 include all operational expenditures relating to the transportation of
9 pupils, including all operational expenditures within a contract if the
10 school district contracts for pupil transportation.

11 C. The capital outlay section of the budget shall include separate
12 subsections for unrestricted capital outlay and soft capital allocation. The
13 soft capital allocation subsection shall include budgeted expenditures as
14 prescribed in section 15-962. The unrestricted capital outlay subsection
15 shall include budgeted expenditures for acquisitions by purchase,
16 lease-purchase or lease of capital items as defined in the uniform system of
17 financial records. These sections and subsections shall include:

18 1. Land, buildings and improvements to land and buildings, including
19 labor and related employee benefits costs and material costs if work is
20 performed by school district employees.

21 2. Furniture, furnishings, athletic equipment and other equipment,
22 including computer software.

23 3. Pupil and nonpupil transportation vehicles and equipment, including
24 all capital expenditures within a contract if the school district contracts
25 for pupil transportation.

26 4. Textbooks and related printed subject matter materials adopted by
27 the governing board.

28 5. Instructional aids.

29 6. Library books.

30 7. Payment of principal and interest on bonds.

31 8. School district administration emergency needs that are directly
32 related to pupils.

33 D. The budget format shall contain distinct subsections for the
34 following:

35 1. Special programs to improve academic achievement of pupils in
36 kindergarten programs and grades one through three as provided in section
37 15-482.

38 2. School plant funds.

39 3. Capital outlay budget increases as provided in section 15-481.

40 4. Property taxation including the following:

41 (a) The primary tax rates for the school district for the current year
42 and the budget year.

43 (b) The secondary tax rates for maintenance and operation, K-3 and
44 capital overrides for the school district for the current year and the budget
45 year.

1 (c) The secondary tax rates for class A bonds for the school district
2 for the current year and the budget year.

3 (d) The secondary tax rates for class B bonds for the school district
4 for the current year and the budget year.

5 5. A description of any corrections or adjustments made to the budget
6 pursuant to section 15-915.

7 E. The budget format shall also contain:

8 1. A statement identifying proposed pupil-teacher ratios and
9 pupil-staff ratios relating to the provision of special education services
10 for the budget year.

11 2. A statement identifying the number of full-time equivalent
12 certified employees.

13 3. If a governing board uses section 15-942 relating to the adjustment
14 for rapid decline in student count, a statement identifying the actual per
15 cent decline in student count and a statement identifying the additional
16 allowable expenditures attributable to using the rapid decline provisions as
17 provided in section 15-942.

18 F. The special projects section shall include budgeted expenditures
19 for state special projects, including special adult projects, career
20 education, deficiencies correction fund projects, building renewal fund
21 projects and new school facilities fund projects, such federal special
22 projects as ESEA title programs, vocational education and title IV Indian
23 education, and other special projects.

24 G. A school district shall not make expenditures for campaign
25 literature associated with school district or charter school officials. If
26 the superintendent of public instruction determines that a school district
27 has violated this subsection, the superintendent of public instruction may
28 withhold any portion of the school district's apportionment of state aid.

29 H. The budget format shall include an electronic format that shall be
30 submitted for each proposed, adopted and revised budget.

31 Sec. 4. Section 15-904, Arizona Revised Statutes, is amended to read:
32 15-904. School district annual financial report; publication;
33 summary; exemption

34 A. The governing board of each school district shall publish an annual
35 financial report on a school by school basis for the prior fiscal year by
36 November 15, EXCEPT THAT THE ANNUAL FINANCIAL REPORT SHALL NOT BE REQUIRED
37 TO INCLUDE INFORMATION ON A SCHOOL BY SCHOOL BASIS IN FISCAL YEARS 2004-2005
38 AND 2005-2006. The auditor general in conjunction with the department of
39 education shall prescribe the format of the financial report to be used by
40 school districts. The financial report shall contain budgeted and actual
41 expenditures for the preceding fiscal year and shall be prepared and
42 distributed by October 15 by the school district with a copy to the county
43 school superintendent. A copy of the annual financial report shall be
44 submitted electronically by the school district to the superintendent of
45 public instruction by October 15. The annual financial report shall be

1 approved by the county school superintendent in an electronic procedure as
2 prescribed by the department of education. School districts that are subject
3 to section 15-914.01 are not required to send a copy to the county school
4 superintendent.

5 B. In addition to the information required in subsection A of this
6 section, the annual financial report shall contain detailed information on
7 the school district budgeted and actual expenditures from the bond building
8 fund, the soft capital allocation fund, the deficiencies correction fund, the
9 building renewal fund and the new school facilities fund, including but not
10 limited to information on classified salaries, employee benefits, interest
11 and fiscal charges, capital lease agreements, land and improvements,
12 buildings and improvements, furniture and equipment, technology and vehicles
13 and transportation equipment for pupils. The information shall specify
14 whether the expenditures are for school district renovation or for new
15 construction, the cost per square foot, and land acquisition costs, as
16 appropriate. The reporting by individual schools shall be limited to annual
17 expenditures aggregated by major function for the maintenance and operation,
18 unrestricted capital outlay and soft capital allocation funds.

19 C. Except as provided in subsection D of this section, the governing
20 board shall publish, by November 15, the annual financial report for the
21 school district on a school by school basis in a newspaper of general
22 circulation within the school district or in the official newspaper of the
23 county as defined in section 11-255 or the governing board may mail the
24 annual financial report to each household in the school district, EXCEPT THAT
25 THE ANNUAL FINANCIAL REPORT SHALL NOT BE REQUIRED TO INCLUDE INFORMATION ON
26 A SCHOOL BY SCHOOL BASIS IN FISCAL YEARS 2004-2005 AND 2005-2006. If the
27 governing board chooses to publish the report in a newspaper, the size of the
28 newspaper print shall be at least eight-point type. The cost of publication
29 or mailing shall be a charge against the school district. The publisher's
30 affidavit of publication shall be filed by the governing board of the school
31 district with the superintendent of public instruction within thirty days
32 after publication.

33 D. The governing board may publish or mail a summary of the annual
34 financial report in the same manner as provided in subsection C of this
35 section. The auditor general in conjunction with the department of education
36 shall prescribe the form of the summary of the annual financial report for
37 use by the governing boards.

38 E. The superintendent of public instruction shall compile the
39 financial reports of the school districts on a school by school basis and
40 shall report to the governor and the legislature on or before January 15 of
41 each year as provided in section 15-255, EXCEPT THAT THE FINANCIAL REPORTS
42 SHALL NOT BE REQUIRED TO INCLUDE INFORMATION ON A SCHOOL BY SCHOOL BASIS IN
43 FISCAL YEARS 2004-2005 AND 2005-2006.

1 Sec. 5. Section 15-991, Arizona Revised Statutes, is amended to read:
2 15-991. Annual estimate by county school superintendent of
3 monies for ensuing year

4 A. The county school superintendent, not later than August 1 each
5 year, shall file in writing with the governing board of each school district
6 in the county and the board of supervisors the superintendent's estimate of
7 the amount of school monies required by each school district for the ensuing
8 year, based on the budgets adopted by the governing boards of the school
9 districts. The estimate shall contain:

10 1. A statement of the student count of each school district.

11 2. The total amount to be received for the year by each school
12 district from the county school fund and the special county school reserve
13 fund.

14 3. The ending cash balance from the previous year for each school
15 district.

16 4. The anticipated interest earnings for each school district.

17 5. Revenues equal to the amount included in the adopted budget for the
18 maintenance and operation section of the budget permitted by section 15-947,
19 subsection C, paragraph 2, subdivision (a), items (ii), (iii), (iv), (v) and
20 (vi) and subdivision (d). The county school superintendent shall estimate
21 the additional amounts needed for each school district from the primary
22 property tax and the secondary property tax and shall certify such amounts
23 to the board of supervisors in writing at the time of filing the estimate.
24 When estimating the additional amount needed from the primary property tax
25 for a school district that is not eligible for any equalization assistance
26 as provided in section 15-971, the county school superintendent shall include
27 the school district governing board's estimate of the increase in the revenue
28 control limit as prescribed by section 15-948 for the applicable year, except
29 that the percentage increase in average daily membership used to compute the
30 estimated increase in the revenue control limit may not exceed the average
31 of the percentage increase in average daily membership in the three years
32 before the year for which the estimate is made.

33 B. The county school superintendent shall recompute equalization
34 assistance for education for each school district as provided in section
35 15-971, subsection A using the property values provided by the county
36 assessor as provided in section 42-17052. The county school superintendent
37 shall certify in writing the amount of equalization assistance for education
38 and the amount needed for each school district from the primary property tax
39 to the board of supervisors on or before the third day prior to the day the
40 board of supervisors is required to levy school district taxes as provided
41 in section 15-992.

42 C. The county school superintendent shall compute the additional
43 amount to be levied as provided in section 15-992, subsection B, using the
44 property values provided in section 42-17052. The county school
45 superintendent shall certify in writing the additional amount to be levied

1 to the county board of supervisors on or before the third day prior to the
2 day the board of supervisors is required to levy school district taxes as
3 provided in section 15-992.

4 D. On or before September 1, the governing board of a school district
5 shall file with the county school superintendent an estimate of the amount
6 of P.L. 81-874 monies which it is eligible to receive during the current
7 year. On or before June 1, the governing board shall file with the county
8 school superintendent and the superintendent of public instruction a
9 statement of the actual amount of P.L. 81-874 monies it received during the
10 current year. This subsection does not apply to accommodation schools.

11 ~~E. On or before September 15, the governing board of a school district~~
12 ~~shall prepare a final estimate of revenue from all sources and shall maintain~~
13 ~~a copy that is available for public inspection. Additional copies of the~~
14 ~~final estimate of revenue shall be sent to the county school superintendent~~
15 ~~and submitted electronically to the superintendent of public instruction.~~
16 ~~School districts that are subject to section 15-914.01 are not required to~~
17 ~~send a copy to the county school superintendent.~~

18 E. THE DEPARTMENT MAY COLLECT ANY OTHER SIMILAR OR RELATED INFORMATION
19 FROM SCHOOL DISTRICTS THAT THE DEPARTMENT MAY DETERMINE IS NECESSARY TO CARRY
20 OUT THE PURPOSES OF THIS SECTION.

21 Sec. 6. Excess utilities; funding plan; review

22 Through June 30, 2009, each school district that budgets for excess
23 utilities shall conduct the following at the same public meeting where the
24 school district budget is proposed and adopted:

25 1. A review that includes the current year budget, the current year
26 estimated expenditures and the proposed budget for the direct operational
27 costs of each of the following that are contained within the revenue control
28 limit and of the excess utilities budget outside the revenue control limit:

- 29 (a) Heating.
- 30 (b) Cooling.
- 31 (c) Water.
- 32 (d) Electricity.
- 33 (e) Telephone communications.
- 34 (f) Sanitation fees.

35 2. A review of specific financial goals to enable the school district
36 to pay for utility costs by June 30, 2009 as required by the voters of this
37 state in a referendum designated as Proposition 301 at the 2000 general
38 election.

39 3. A review of the district's plan to ensure that the school district
40 is making progress toward the achievement of the financial goals prescribed
41 in paragraph 2.

42 Sec. 7. Retroactivity

43 Sections 15-903 and 15-904, Arizona Revised Statutes, as amended by
44 this act, apply retroactively to from and after June 30, 2004.

APPROVED BY THE GOVERNOR JUNE 7, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 7, 2004.

Passed the House February 9, 2004,

by the following vote: 37 Ayes,

21 Nays, 2 Not Voting

Jake Flake
Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate May 3, 2004,

by the following vote: 27 Ayes,

0 Nays, 3 Not Voting

John Blumett
President of the Senate

Charmine Ballington
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill was received by the Governor this
_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State
this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

H.B. 2104

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House May 26, 2004,
by the following vote: 34 Ayes,

18 Nays, 8 Not Voting

Jake Flake
Speaker of the House

Norman L. Spore
Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate May 26, 2004,
by the following vote: 26 Ayes,

4 Nays, 0 Not Voting

Klu Bennett
President of the Senate

Charrise Billington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 27th day of May, 2004,

at 8:35 o'clock a. M.

Jennifer Uparra
Secretary to the Governor

Approved this 7 day of

June, 2004,

at 11:15 o'clock A. M.

JT. Rynell
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 7 day of June, 2004,

at 4:32 o'clock P. M.

James K. Brewer
Secretary of State

H.B. 2104