

State of Arizona  
House of Representatives  
Fifty-third Legislature  
First Regular Session  
2017

**CHAPTER 211**  
**HOUSE BILL 2385**

AN ACT

AMENDING SECTIONS 15-342, 15-746 AND 15-904, ARIZONA REVISED STATUTES;  
RELATING TO SCHOOL BUDGETING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 15-342, Arizona Revised Statutes, is amended to  
3 read:  
4 15-342. Discretionary powers  
5 The governing board may:  
6 1. Expel pupils for misconduct.  
7 2. Exclude from grades one through eight children under six years  
8 of age.  
9 3. Make such separation of groups of pupils as it deems advisable.  
10 4. Maintain such special schools during vacation as deemed  
11 necessary for the benefit of the pupils of the school district.  
12 5. Permit a superintendent or principal or representatives of the  
13 superintendent or principal to travel for a school purpose, as determined  
14 by a majority vote of the board. The board may permit members and  
15 members-elect of the board to travel within or without the school district  
16 for a school purpose and receive reimbursement. Any expenditure for  
17 travel and subsistence pursuant to this paragraph shall be as provided in  
18 title 38, chapter 4, article 2. The designated post of duty referred to  
19 in section 38-621 shall be construed, for school district governing board  
20 members, to be the member's actual place of residence, as opposed to the  
21 school district office or the school district boundaries. Such  
22 expenditures shall be a charge against the budgeted school district funds.  
23 The governing board of a school district shall prescribe procedures and  
24 amounts for reimbursement of lodging and subsistence expenses.  
25 Reimbursement amounts shall not exceed the maximum amounts established  
26 pursuant to section 38-624, subsection C.  
27 6. Construct or provide in rural districts housing facilities for  
28 teachers and other school employees that the board determines are  
29 necessary for the operation of the school.  
30 7. Sell or lease to the state, a county, a city, another school  
31 district or a tribal government agency any school property required for a  
32 public purpose, provided the sale or lease of the property will not affect  
33 the normal operations of a school within the school district.  
34 8. Annually budget and expend funds for membership in an  
35 association of school districts within this state.  
36 9. Enter into leases or lease-purchase agreements for school  
37 buildings or grounds, or both, as lessor or as lessee, for periods of less  
38 than ten years subject to voter approval for construction of school  
39 buildings as prescribed in section 15-341, subsection A, paragraph 7.  
40 10. Subject to chapter 16 of this title, sell school sites or enter  
41 into leases or lease-purchase agreements for school buildings and grounds,  
42 as lessor or as lessee, for a period of ten years or more, but not to  
43 exceed ninety-nine years, if authorized by a vote of the school district  
44 electors in an election called by the governing board as provided in  
45 section 15-491, except that authorization by the school district electors

1 in an election is not required if one of the following requirements is  
2 met:

3 (a) The market value of the school property is less than fifty  
4 thousand dollars or the property is procured through a renewable energy  
5 development agreement, an energy performance contract, which among other  
6 items includes a renewable energy power service agreement, or a simplified  
7 energy performance contract pursuant to section 15-213.01.

8 (b) The buildings and sites are completely funded with monies  
9 distributed by the school facilities board.

10 (c) The transaction involves the sale of improved or unimproved  
11 property pursuant to an agreement with the school facilities board in  
12 which the school district agrees to sell the improved or unimproved  
13 property and transfer the proceeds of the sale to the school facilities  
14 board in exchange for monies from the school facilities board for the  
15 acquisition of a more suitable school site. For a sale of property  
16 acquired by a school district prior to July 9, 1998, a school district  
17 shall transfer to the school facilities board that portion of the proceeds  
18 that equals the cost of the acquisition of a more suitable school site.  
19 If there are any remaining proceeds after the transfer of monies to the  
20 school facilities board, a school district shall only use those remaining  
21 proceeds for future land purchases approved by the school facilities  
22 board, or for capital improvements not funded by the school facilities  
23 board for any existing or future facility.

24 (d) The transaction involves the sale of improved or unimproved  
25 property pursuant to a formally adopted plan and the school district uses  
26 the proceeds of this sale to purchase other property that will be used for  
27 similar purposes as the property that was originally sold, provided that  
28 the sale proceeds of the improved or unimproved property are used within  
29 two years after the date of the original sale to purchase the replacement  
30 property. If the sale proceeds of the improved or unimproved property are  
31 not used within two years after the date of the original sale to purchase  
32 replacement property, the sale proceeds shall be used towards payment of  
33 any outstanding bonded indebtedness. If any sale proceeds remain after  
34 paying for outstanding bonded indebtedness, or if the district has no  
35 outstanding bonded indebtedness, sale proceeds shall be used to reduce the  
36 district's primary tax levy. A school district shall not use this  
37 subdivision unless all of the following conditions exist:

38 (i) The school district is the sole owner of the improved or  
39 unimproved property that the school district intends to sell.

40 (ii) The school district did not purchase the improved or  
41 unimproved property that the school district intends to sell with monies  
42 that were distributed pursuant to chapter 16 of this title.

43 (iii) The transaction does not violate section 15-341,  
44 subsection G.

1           11. Review the decision of a teacher to promote a pupil to a grade  
2 or retain a pupil in a grade in a common school or to pass or fail a pupil  
3 in a course in high school. The pupil has the burden of proof to overturn  
4 the decision of a teacher to promote, retain, pass or fail the pupil. In  
5 order to sustain the burden of proof, the pupil shall demonstrate to the  
6 governing board that the pupil has mastered the academic standards adopted  
7 by the state board of education pursuant to sections 15-701 and 15-701.01.  
8 If the governing board overturns the decision of a teacher pursuant to  
9 this paragraph, the governing board shall adopt a written finding that the  
10 pupil has mastered the academic standards. Notwithstanding title 38,  
11 chapter 3, article 3.1, the governing board shall review the decision of a  
12 teacher to promote a pupil to a grade or retain a pupil in a grade in a  
13 common school or to pass or fail a pupil in a course in high school in  
14 executive session unless a parent or legal guardian of the pupil or the  
15 pupil, if emancipated, disagrees that the review should be conducted in  
16 executive session and then the review shall be conducted in an open  
17 meeting. If the review is conducted in executive session, the board shall  
18 notify the teacher of the date, time and place of the review and shall  
19 allow the teacher to be present at the review. If the teacher is not  
20 present at the review, the board shall consult with the teacher before  
21 making its decision. Any request, including the written request as  
22 provided in section 15-341, the written evidence presented at the review  
23 and the written record of the review, including the decision of the  
24 governing board to accept or reject the teacher's decision, shall be  
25 retained by the governing board as part of its permanent records.

26           12. Provide transportation or site transportation loading and  
27 unloading areas for any child or children if deemed for the best interest  
28 of the district, whether within or without the district, county or state.

29           13. Enter into intergovernmental agreements and contracts with  
30 school districts or other governing bodies as provided in section 11-952.  
31 Intergovernmental agreements and contracts between school districts or  
32 between a school district and other governing bodies as provided in  
33 section 11-952 are exempt from competitive bidding under the procurement  
34 rules adopted by the state board of education pursuant to section 15-213.

35           14. Include in the curricula it prescribes for high schools in the  
36 school district career and technical education, vocational education and  
37 technology education programs and career and technical, vocational and  
38 technology program improvement services for the high schools, subject to  
39 approval by the state board of education. The governing board may  
40 contract for the provision of career and technical, vocational and  
41 technology education as provided in section 15-789.

42           15. Suspend a teacher or administrator from the teacher's or  
43 administrator's duties without pay for a period of time of not to exceed  
44 ten school days, if the board determines that suspension is warranted  
45 pursuant to section 15-341, subsection A, paragraphs 21 and 22.

1           16. Dedicate school property within an incorporated city or town to  
2 such city or town or within a county to that county for use as a public  
3 right-of-way if both of the following apply:

4           (a) Pursuant to an ordinance adopted by such city, town or county,  
5 there will be conferred upon the school district privileges and benefits  
6 that may include benefits related to zoning.

7           (b) The dedication will not affect the normal operation of any  
8 school within the district.

9           17. Enter into option agreements for the purchase of school sites.

10          18. Donate surplus or outdated learning materials, educational  
11 equipment and furnishings to nonprofit community organizations where the  
12 governing board determines that the anticipated cost of selling the  
13 learning materials, educational equipment or furnishings equals or exceeds  
14 the estimated market value of the materials.

15          19. Prescribe policies for the assessment of reasonable fees for  
16 students to use district-provided parking facilities. The fees are to be  
17 applied by the district solely against costs incurred in operating or  
18 securing the parking facilities. Any policy adopted by the governing  
19 board pursuant to this paragraph shall include a fee waiver provision in  
20 appropriate cases of need or economic hardship.

21          20. Establish alternative educational programs that are consistent  
22 with the laws of this state to educate pupils, including pupils who have  
23 been reassigned pursuant to section 15-841, subsection E or F.

24          21. Require a period of silence to be observed at the commencement  
25 of the first class of the day in the schools. If a governing board  
26 chooses to require a period of silence to be observed, the teacher in  
27 charge of the room in which the first class is held shall announce that a  
28 period of silence not to exceed one minute in duration will be observed  
29 for meditation, and during that time no activities shall take place and  
30 silence shall be maintained.

31          22. Require students to wear uniforms.

32          23. Exchange unimproved property or improved property, including  
33 school sites, where the governing board determines that the improved  
34 property is unnecessary for the continued operation of the school district  
35 without requesting authorization by a vote of the school district electors  
36 if the governing board determines that the exchange is necessary to  
37 protect the health, safety or welfare of pupils or when the governing  
38 board determines that the exchange is based on sound business principles  
39 for either:

40           (a) Unimproved or improved property of equal or greater value.

41           (b) Unimproved property that the owner contracts to improve if the  
42 value of the property ultimately received by the school district is of  
43 equal or greater value.

44          24. For common and high school pupils, assess reasonable fees for  
45 optional extracurricular activities and programs conducted when the common

1 or high school is not in session, except that no fees shall be charged for  
2 pupils' access to or use of computers or related materials. For high  
3 school pupils, the governing board may assess reasonable fees for fine  
4 arts and vocational education courses and for optional services, equipment  
5 and materials offered to the pupils beyond those required to successfully  
6 complete the basic requirements of any other course, except that no fees  
7 shall be charged for pupils' access to or use of computers or related  
8 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
9 public meeting after notice has been given to all parents of pupils  
10 enrolled at schools in the district and shall not exceed the actual costs  
11 of the activities, programs, services, equipment or materials. The  
12 governing board shall authorize principals to waive the assessment of all  
13 or part of a fee assessed pursuant to this paragraph if it creates an  
14 economic hardship for a pupil. For the purposes of this paragraph,  
15 "extracurricular activity" means any optional, noncredit, educational or  
16 recreational activity that supplements the education program of the  
17 school, whether offered before, during or after regular school hours.

18 25. Notwithstanding section 15-341, subsection A, paragraphs 7 and  
19 9, construct school buildings and purchase or lease school sites, without  
20 a vote of the school district electors, if the buildings and sites are  
21 totally funded from one or more of the following:

22 (a) Monies in the unrestricted capital outlay fund, except that the  
23 estimated cost shall not exceed two hundred fifty thousand dollars for a  
24 district that utilizes section 15-949.

25 (b) Monies distributed from the school facilities board established  
26 by section 15-2001.

27 (c) Monies specifically donated for the purpose of constructing  
28 school buildings.

29 This paragraph shall not be construed to eliminate the requirement for an  
30 election to raise revenues for a capital outlay override pursuant to  
31 section 15-481 or a bond election pursuant to section 15-491.

32 26. Conduct a background investigation that includes a fingerprint  
33 check conducted pursuant to section 41-1750, subsection G for certificated  
34 personnel and personnel who are not paid employees of the school district,  
35 as a condition of employment. A school district may release the results  
36 of a background check to another school district for employment purposes.  
37 The school district may charge the costs of fingerprint checks to its  
38 fingerprinted employee, except that the school district may not charge the  
39 costs of fingerprint checks for personnel who are not paid employees of  
40 the school district.

41 27. Unless otherwise prohibited by law, sell advertising as  
42 follows:

43 (a) Advertisements shall be age appropriate and not contain  
44 promotion of any substance that is illegal for minors such as alcohol,

1 tobacco and drugs or gambling. Advertisements shall comply with the state  
2 sex education policy of abstinence.

3 (b) Advertising approved by the governing board for the exterior of  
4 school buses may appear only on the sides of the bus in the following  
5 areas:

6 (i) The signs shall be below the seat level rub rail and not extend  
7 above the bottom of the side windows.

8 (ii) The signs shall be at least three inches from any required  
9 lettering, lamp, wheel well or reflector behind the service door or stop  
10 signal arm.

11 (iii) The signs shall not extend from the body of the bus so as to  
12 allow a handhold or present a danger to pedestrians.

13 (iv) The signs shall not interfere with the operation of any door  
14 or window.

15 (v) The signs shall not be placed on any emergency doors.

16 (c) The school district shall establish an advertisement fund that  
17 is composed of revenues from the sale of advertising. The monies in an  
18 advertisement fund are not subject to reversion.

19 28. Assess reasonable damage deposits to pupils in grades seven  
20 through twelve for the use of textbooks, musical instruments, band  
21 uniforms or other equipment required for academic courses. The governing  
22 board shall adopt policies on any damage deposits assessed pursuant to  
23 this paragraph at a public meeting called for this purpose after providing  
24 notice to all parents of pupils in grades seven through twelve in the  
25 school district. Principals of individual schools within the district may  
26 waive the damage deposit requirement for any textbook or other item if the  
27 payment of the damage deposit would create an economic hardship for the  
28 pupil. The school district shall return the full amount of the damage  
29 deposit for any textbook or other item if the pupil returns the textbook  
30 or other item in reasonably good condition within the time period  
31 prescribed by the governing board. For the purposes of this paragraph,  
32 "in reasonably good condition" means the textbook or other item is in the  
33 same or a similar condition as it was when the pupil received it, plus  
34 ordinary wear and tear.

35 29. Notwithstanding section 15-1105, expend surplus monies in the  
36 civic center school fund for maintenance and operations or unrestricted  
37 capital outlay, if sufficient monies are available in the fund after  
38 meeting the needs of programs established pursuant to section 15-1105.

39 30. Notwithstanding section 15-1143, expend surplus monies in the  
40 community school program fund for maintenance and operations or  
41 unrestricted capital outlay, if sufficient monies are available in the  
42 fund after meeting the needs of programs established pursuant to section  
43 15-1142.

1           31. Adopt guidelines for standardization of the format of the  
2 school report cards required by section 15-746 for schools within the  
3 district.

4           32. Adopt policies that require parental notification when a law  
5 enforcement officer interviews a pupil on school grounds. Policies  
6 adopted pursuant to this paragraph shall not impede a peace officer from  
7 the performance of the peace officer's duties. If the school district  
8 governing board adopts a policy that requires parental notification:

9           (a) The policy may provide reasonable exceptions to the parental  
10 notification requirement.

11           (b) The policy shall set forth whether and under what circumstances  
12 a parent may be present when a law enforcement officer interviews the  
13 pupil, including reasonable exceptions to the circumstances under which a  
14 parent may be present when a law enforcement officer interviews the pupil,  
15 and shall specify a reasonable maximum time after a parent is notified  
16 that an interview of a pupil by a law enforcement officer may be delayed  
17 to allow the parent to be present.

18           33. Enter into voluntary partnerships with any party to finance  
19 with funds other than school district funds and cooperatively design  
20 school facilities that comply with the adequacy standards prescribed in  
21 section 15-2011 and the square footage per pupil requirements pursuant to  
22 section 15-2041, subsection D, paragraph 3, subdivision (b). The design  
23 plans and location of any such school facility shall be submitted to the  
24 school facilities board for approval pursuant to section 15-2041,  
25 subsection 0. If the school facilities board approves the design plans  
26 and location of any such school facility, the party in partnership with  
27 the school district may cause to be constructed and the district may begin  
28 operating the school facility before monies are distributed from the  
29 school facilities board pursuant to section 15-2041. Monies distributed  
30 from the new school facilities fund to a school district in a partnership  
31 with another party to finance and design the school facility shall be paid  
32 to the school district pursuant to section 15-2041. The school district  
33 shall reimburse the party in partnership with the school district from the  
34 monies paid to the school district pursuant to section 15-2041, in  
35 accordance with the voluntary partnership agreement. Before the school  
36 facilities board distributes any monies pursuant to this subsection, the  
37 school district shall demonstrate to the school facilities board that the  
38 facilities to be funded pursuant to section 15-2041, subsection 0 meet the  
39 minimum adequacy standards prescribed in section 15-2011. If the cost to  
40 construct the school facility exceeds the amount that the school district  
41 receives from the new school facilities fund, the partnership agreement  
42 between the school district and the other party shall specify that, except  
43 as otherwise provided by the other party, any such excess costs shall be  
44 the responsibility of the school district. The school district governing  
45 board shall adopt a resolution in a public meeting that an analysis has



1 been conducted on the prospective effects of the decision to operate a new  
2 school with existing monies from the school district's maintenance and  
3 operations budget and how this decision may affect other schools in the  
4 school district. If a school district acquires land by donation at an  
5 appropriate school site approved by the school facilities board and a  
6 school facility is financed and built on the land pursuant to this  
7 paragraph, the school facilities board shall distribute an amount equal to  
8 twenty ~~per cent~~ PERCENT of the fair market value of the land that can be  
9 used for academic purposes. The school district shall place the monies in  
10 the unrestricted capital outlay fund and increase the unrestricted capital  
11 budget limit by the amount of the monies placed in the fund. Monies  
12 distributed under this paragraph shall be distributed from the new school  
13 facilities fund pursuant to section 15-2041. If a school district  
14 acquires land by donation at an appropriate school site approved by the  
15 school facilities board and a school facility is financed and built on the  
16 land pursuant to this paragraph, the school district shall not receive  
17 monies from the school facilities board for the donation of real property  
18 pursuant to section 15-2041, subsection F. It is unlawful for:

19 (a) A county, city or town to require as a condition of any land  
20 use approval that a landowner or landowners that entered into a  
21 partnership pursuant to this paragraph provide any contribution, donation  
22 or gift, other than a site donation, to a school district. This  
23 subdivision only applies to the property in the voluntary partnership  
24 agreement pursuant to this paragraph.

25 (b) A county, city or town to require as a condition of any land  
26 use approval that the landowner or landowners located within the  
27 geographic boundaries of the school subject to the voluntary partnership  
28 pursuant to this paragraph provide any donation or gift to the school  
29 district except as provided in the voluntary partnership agreement  
30 pursuant to this paragraph.

31 (c) A community facilities district established pursuant to title  
32 48, chapter 4, article 6 to be used for reimbursement of financing the  
33 construction of a school pursuant to this paragraph.

34 (d) A school district to enter into an agreement pursuant to this  
35 paragraph with any party other than a master planned community party. Any  
36 land area consisting of at least three hundred twenty acres that is the  
37 subject of a development agreement with a county, city or town entered  
38 into pursuant to section 9-500.05 or 11-1101 shall be deemed to be a  
39 master planned community. For the purposes of this subdivision, "master  
40 planned community" means a land area consisting of at least three hundred  
41 twenty acres, which may be noncontiguous, that is the subject of a zoning  
42 ordinance approved by the governing body of the county, city or town in  
43 which the land is located that establishes the use of the land area as a  
44 planned area development or district, planned community development or  
45 district, planned unit development or district or other land use category

1 or district that is recognized in the local ordinance of such county, city  
2 or town and that specifies the use of such land is for a master planned  
3 development.

4 34. Enter into an intergovernmental agreement with a presiding  
5 judge of the juvenile court to implement a ~~law-related~~ LAW-RELATED  
6 education program as defined in section 15-154. The presiding judge of  
7 the juvenile court may assign juvenile probation officers to participate  
8 in a ~~law-related~~ LAW-RELATED education program in any school district in  
9 the county. The cost of juvenile probation officers who participate in  
10 the program implemented pursuant to this paragraph shall be funded by the  
11 school district.

12 35. Offer to sell outdated learning materials, educational  
13 equipment or furnishings at a posted price commensurate with the value of  
14 the items to pupils who are currently enrolled in that school district  
15 before those materials are offered for public sale.

16 36. If the school district is a small school district as defined in  
17 section 15-901, and if permitted by federal law, opt out of federal grant  
18 opportunities if the governing board determines that the federal  
19 requirements impose unduly burdensome reporting requirements.

20 37. DEVELOP POLICIES AND PROCEDURES TO ALLOW PRINCIPALS TO BUDGET  
21 FOR OR ASSIST WITH BUDGETING FEDERAL, STATE AND LOCAL MONIES.

22 Sec. 2. Section 15-746, Arizona Revised Statutes, is amended to  
23 read:

24 15-746. School report cards

25 A. Each school shall distribute an annual report card that contains  
26 at least the following information:

27 1. A description of the school's regular, magnet and special  
28 instructional programs.

29 2. A description of the current academic goals of the school.

30 3. A summary of the results achieved by pupils enrolled at the  
31 school during the prior three school years as measured by the statewide  
32 assessment and the nationally standardized norm-referenced achievement  
33 test as designated by the state board and as reported in the annual report  
34 prescribed by section 15-743, a summary of the pupil progress on an  
35 ongoing and annual basis, showing the trends in gain or loss in pupil  
36 achievement over time in reading, language arts and mathematics for all  
37 years in which pupils are enrolled in the school district for an entire  
38 school year and for which this information is available and a summary of  
39 the pupil progress for pupils who are not enrolled in a district for an  
40 entire school year.

41 ~~4. The school's current expenditures per pupil for classroom~~  
42 ~~supplies, classroom instruction, excluding classroom supplies,~~  
43 ~~administration, support services-students, and all other support services~~  
44 ~~and operations. The current expenditures per pupil by school shall~~  
45 ~~include allocation of the district-wide expenditures to each school, as~~

~~provided by the district. The report shall include a comparison of the school to the state amount for a similar type of district as calculated in section 15-255. The method of calculating these per pupil amounts and the allocation of expenditures shall be as prescribed in the uniform system of financial records.~~

~~5.~~ 4. The attendance rate of pupils enrolled at the school as reflected in the school's average daily membership as defined in section 15-901.

~~6.~~ 5. The total number of incidents that occurred on the school grounds, at school bus stops, on school buses and at school-sponsored events and that required the contact of a local, county, tribal, state or federal law enforcement officer pursuant to section 13-3411, subsection F, section 13-3620, section 15-341, subsection A, paragraph 31 or section 15-515. The total number of incidents reported shall only include reports that law enforcement officers report to the school are supported by probable cause. For the purposes of this paragraph, a certified peace officer who serves as a school resource officer is a law enforcement officer. A school may provide clarifying information if the school has a school resource officer on campus.

~~7.~~ 6. The percentage of pupils who have either graduated to the next grade level or graduated from high school.

~~8.~~ 7. A description of the social services available at the school site.

~~9.~~ 8. The school calendar, including the length of the school day and hours of operations.

~~10.~~ 9. The total number of pupils enrolled at the school during the previous school year.

~~11.~~ 10. The transportation services available.

~~12.~~ 11. A description of the responsibilities of parents of children enrolled at the school.

~~13.~~ 12. A description of the responsibilities of the school to the parents of the children enrolled at the school, including dates the report cards are delivered to the home.

~~14.~~ 13. A description of the composition and duties of the school council as prescribed in section 15-351 if such a school council exists.

~~15.~~ 14. For the most recent year available, the average current expenditure per pupil for administrative functions compared to the predicted average current expenditure per pupil for administrative functions according to an analysis of administrative cost data by the joint legislative budget committee staff.

~~16.~~ 15. If the school provides instruction to pupils in kindergarten programs and grades one through three, the ratio of pupils to teachers in each classroom where instruction is provided in kindergarten programs and grades one through three.

1       ~~17.~~ 16. The average class size per grade level for all grade  
2 levels, kindergarten programs and grades one through eight. For the  
3 purposes of this paragraph, "average class size" means the weighted  
4 average of each class.

5       B. The department of education shall develop a standardized report  
6 card format that meets the requirements of subsection A of this section.  
7 The department shall modify the standardized report card as necessary on  
8 an annual basis. The department shall distribute to each school in this  
9 state a copy of the standardized report card that includes the required  
10 test scores for each school. Additional copies of the standardized report  
11 card shall be available on request.

12       C. After each school has completed the report card distributed to  
13 it by the department of education, the school, in addition to distributing  
14 the report card as prescribed in subsection A of this section, shall send  
15 a copy of the report card to the department. The department shall prepare  
16 an annual report that contains the report card from each school in this  
17 state.

18       D. The school shall distribute report cards to parents of pupils  
19 enrolled at the school, no later than the last day of school of each  
20 fiscal year, and shall present a summary of the contents of the report  
21 cards at an annual public meeting held at the school. The school shall  
22 give notice at least two weeks before the public meeting that clearly  
23 states the purposes, time and place of the meeting.

24       E. BEGINNING IN FISCAL YEAR 2020-2021, THE SCHOOL REPORT CARD  
25 PRESCRIBED BY THIS SECTION SHALL INCLUDE THE FOLLOWING SCHOOL LEVEL DATA  
26 FOR CHARTER SCHOOLS AND SCHOOLS OPERATED BY SCHOOL DISTRICTS:

- 27       1. THE DETAILED TOTAL REVENUES GENERATED BY WEIGHTED STUDENT COUNT.
- 28       2. THE TOTAL ALLOCATED FEDERAL, STATE AND LOCAL REVENUE.
- 29       3. THE ALLOCATION OF CLASSROOM SITE FUND MONIES.
- 30       4. THE AMOUNTS ALLOCATED FOR TEACHER PAY AND BENEFITS, CLASSROOM  
31 SUPPLIES, STUDENT SUPPORT AND OTHER EXPENDITURES.
- 32       5. A COMPARISON OF THE SCHOOL'S FUNDING INFORMATION TO OTHER  
33 SCHOOLS IN THE LOCAL EDUCATION AGENCY.

34       Sec. 3. Section 15-904, Arizona Revised Statutes, is amended to  
35 read:

36       15-904. School district annual financial report; publication;  
37       summary

38       A. The governing board of each school district shall publish an  
39 annual financial report for the prior fiscal year by November 15. The  
40 auditor general in conjunction with the department of education shall  
41 prescribe the format of the financial report to be used by school  
42 districts. The financial report shall contain budgeted and actual  
43 expenditures for the preceding fiscal year and shall be prepared and  
44 distributed by October 15 by the school district with a copy to the county  
45 school superintendent. A copy of the annual financial report shall be

1 submitted electronically by the school district to the superintendent of  
2 public instruction by October 15. The annual financial report shall be  
3 approved by the county school superintendent in an electronic procedure as  
4 prescribed by the department of education. On or before October 15, the  
5 governing board shall submit the annual financial report for the previous  
6 fiscal year to the department of education, which shall prominently  
7 display this information about that school district on the website  
8 maintained by the department. If the school district maintains a website,  
9 the school district shall post a link to the website of the department of  
10 education where this information about the school district is posted.  
11 School districts that are subject to section 15-914.01 are not required to  
12 send a copy to the county school superintendent.

13 B. In addition to the information required in subsection A of this  
14 section, the annual financial report shall contain detailed information on  
15 the school district budgeted and actual expenditures from the bond  
16 building fund, the unrestricted capital fund, the adjacent ways fund, the  
17 deficiencies correction fund and the new school facilities fund, including  
18 but not limited to information on classified salaries, employee benefits,  
19 interest and fiscal charges, capital lease agreements, land and  
20 improvements, buildings and improvements, furniture and equipment,  
21 technology and vehicles and transportation equipment for pupils. The  
22 information shall specify whether the expenditures are for school district  
23 renovation or for new construction, the cost per square foot and land  
24 acquisition costs, as appropriate.

25 C. Except as provided in subsection D of this section, the  
26 governing board shall publish, by November 15, the annual financial report  
27 for the school district either in a newspaper of general circulation  
28 within the school district, by electronic transmission of the information  
29 to the department of education for posting on the department's website or  
30 in the official newspaper of the county as prescribed in section 11-255,  
31 or the governing board may mail the annual financial report for the school  
32 district to each household in the school district. If the governing board  
33 chooses to transmit the report electronically to the department of  
34 education, the school district shall provide a link on the school  
35 district's website to the report on the department's website. If the  
36 governing board chooses to publish the report in a newspaper, the size of  
37 the newspaper print shall be at least eight-point type. The cost of  
38 publication or mailing shall be a charge against the school district. The  
39 publisher's affidavit of publication shall be filed by the governing board  
40 of the school district with the superintendent of public instruction  
41 within thirty days after publication.

42 D. The governing board may publish or mail a summary of the annual  
43 financial report in the same manner as provided in subsection C of this  
44 section. The auditor general in conjunction with the department of

1 education shall prescribe the form of the summary of the annual financial  
2 report for use by the governing boards.

3 E. The superintendent of public instruction shall compile the  
4 financial reports of the school districts, including expenditure data for  
5 federal and state projects, and shall report to the governor and the  
6 legislature on or before January 15 of each year as provided in section  
7 15-255.

8 F. BEGINNING IN FISCAL YEAR 2020-2021, THE ANNUAL FINANCIAL REPORT  
9 PRESCRIBED BY THIS SECTION SHALL INCLUDE THE SCHOOL LEVEL DATA FOR CHARTER  
10 SCHOOLS AND SCHOOLS OPERATED BY SCHOOL DISTRICTS PRESCRIBED IN SECTION  
11 15-746, SUBSECTION E.

12 Sec. 4. Auditor general; identification of efficient and  
13 transparent reporting methods and formats for  
14 school level reporting; recommendations; delayed  
15 repeal

16 A. The auditor general shall facilitate a process with school  
17 districts, charter holders and schools operated by school districts and  
18 charter holders to identify the most efficient and transparent methods and  
19 formats for reporting the following information beginning in fiscal year  
20 2020-2021:

21 1. At the school level:

22 (a) Detailed total revenues generated by weighted student count.

23 (b) Total allocated federal, state and local revenue.

24 (c) Allocation of classroom site fund monies.

25 (d) Amounts allocated for teacher pay and benefits, classroom  
26 supplies, student support and other expenditures.

27 2. At the district or charter holder level, the amount of monies  
28 not allocated to the school level.

29 3. For special education, information necessary to determine  
30 whether expenditures are equal to, less than or greater than base funding,  
31 weighted funding and individuals with disabilities education act (IDEA)  
32 funding at the district and school level.

33 B. This section is repealed from and after December 31, 2021.

APPROVED BY THE GOVERNOR APRIL 27, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 27, 2017.