



Bill Number: S.B. 1082

Livingston Floor Amendment

Reference to: printed bill

Amendment drafted by: Leg Council

FLOOR AMENDMENT EXPLANATION

- 1. Allows any Arizona State Retirement System (ASRS) employer who has entered into a pension prepayment agreement to borrow to fund the amounts outlined in the agreement to be paid by any means legally available to the employer.**
- 2. Allows a school district governing board to enter into lease-purchase agreements of school buildings or grounds for periods up to the maximum amortization period determined by the ASRS Board.**
- 3. Allows a school district governing board to apply amounts received under a lease-purchase agreement as lessor to pay amounts to ASRS for prepayment of required pension contributions and create reserves to supplement the payments as deemed necessary by the governing board.**
- 4. Requires lease payments payable as lessee under the lease-purchase agreements to be budgeted and payable from the same source that payments to ASRS are otherwise made and any other legally available sources.**
- 5. Specifies that authorization by the school district electors is not required for ASRS prepayment lease-purchase agreements.**
- 6. Requires lease payments for pension prepayments to ASRS to be associated with the functional spending category of the Arizona school district spending report prepared by the Office of the Auditor General in the same proportion as the school district's retirement contributions.**
- 7. Makes technical and conforming changes.**

Amendment explanation prepared by Molly Graver

LIVINGSTON FLOOR AMENDMENT
SENATE AMENDMENTS TO S.B. 1082
(Reference to printed bill)

1 Page 1, between lines 1 and 2, insert:

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 of
8 age.

9 3. Make such separation of groups of pupils as it deems advisable.

10 4. Maintain such special schools during vacation as deemed necessary
11 for the benefit of the pupils of the school district.

12 5. Allow 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 allow 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 travel
17 and subsistence pursuant to this paragraph shall be as provided in title
18 38, chapter 4, article 2. The designated post of duty referred to in
19 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.

1 Reimbursement amounts shall not exceed the maximum amounts established
2 pursuant to section 38-624, subsection C.

3 6. Construct or provide in rural districts housing facilities for
4 teachers and other school employees that the board determines are necessary
5 to operate the school.

6 7. Sell or lease to the state, a county, a city, another school
7 district or a tribal government agency any school property required for a
8 public purpose if the sale or lease of the property will not affect the
9 normal operations of a school within the school district.

10 8. Annually budget and spend monies for membership in an association
11 of school districts within this state.

12 9. Enter into leases or lease-purchase agreements for school
13 buildings or grounds, or both, as lessor or as lessee, for periods of less
14 than twenty years subject to voter approval for construction of school
15 buildings as prescribed in section 15-341, subsection A, paragraph 7.

16 10. Subject to title 41, chapter 56, sell school sites or enter into
17 leases or lease-purchase agreements for school buildings and grounds, as
18 lessor or as lessee, for a period of twenty years or more, but not to
19 exceed ninety-nine years, if authorized by a vote of the school district
20 electors in an election called by the governing board as provided in
21 section 15-491, except that authorization by the school district electors
22 in an election is not required if one of the following requirements is met:

23 (a) The market value of the school property is less than \$50,000 or
24 the property is procured through a renewable energy development agreement,
25 an energy performance contract, which among other items includes a
26 renewable energy power service agreement, or a simplified energy
27 performance contract pursuant to section 15-213.01.

28 (b) The buildings and sites are completely funded with monies
29 distributed by the ~~school facilities~~ division OF SCHOOL FACILITIES within
30 the department of administration or at the direction of the school
31 facilities oversight board, or its predecessor.

1 (c) The transaction involves the sale of improved or unimproved
2 property pursuant to an agreement with the school facilities oversight
3 board in which the school district agrees to sell the improved or
4 unimproved property and transfer the proceeds of the sale to the school
5 facilities oversight board in exchange for monies from the school
6 facilities oversight board for the acquisition of a more suitable school
7 site. For a sale of property acquired by a school district before July 9,
8 1998, a school district shall transfer to the school facilities oversight
9 board that portion of the proceeds that equals the cost of the acquisition
10 of a more suitable school site. If there are any remaining proceeds after
11 the transfer of monies to the school facilities oversight board, a school
12 district shall only use those remaining proceeds for future land purchases
13 approved by the school facilities oversight board, or for capital
14 improvements not funded by the school facilities oversight board for any
15 existing or future facility.

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

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

3 (ii) The school district did not purchase the improved or unimproved
4 property that the school district intends to sell with monies that were
5 distributed pursuant to title 41, chapter 56.

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

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

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

4 13. Enter into intergovernmental agreements and contracts with
5 school districts or other governing bodies as provided in section 11-952.
6 Intergovernmental agreements and contracts between school districts or
7 between a school district and other governing bodies as provided in section
8 11-952 are exempt from competitive bidding under the procurement rules
9 adopted by the state board of education pursuant to section 15-213.

10 14. Include in the curricula it prescribes for high schools in the
11 school district career and technical education, vocational education and
12 technology education programs and career and technical, vocational and
13 technology program improvement services for the high schools, subject to
14 approval by the state board of education. The governing board may contract
15 for the provision of career and technical, vocational and technology
16 education as provided in section 15-789.

17 15. Suspend a teacher or administrator from the teacher's or
18 administrator's duties without pay for a period of time of not to exceed
19 ten school days, if the board determines that suspension is warranted
20 pursuant to section 15-341, subsection A, paragraph 21 or 22.

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

24 (a) Pursuant to an ordinance adopted by the city, town or county,
25 there will be conferred on the school district privileges and benefits that
26 may include benefits related to zoning.

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

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

1 18. Donate surplus or outdated learning materials, educational
2 equipment and furnishings to nonprofit community organizations if the
3 governing board determines that the anticipated cost of selling the
4 learning materials, educational equipment or furnishings equals or exceeds
5 the estimated market value of the materials.

6 19. Prescribe policies to assess reasonable fees for students to use
7 district-provided parking facilities. The fees are to be applied by the
8 district solely against costs incurred in operating or securing the parking
9 facilities. Any policy adopted by the governing board pursuant to this
10 paragraph shall include a fee waiver provision in appropriate cases of need
11 or economic hardship.

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

15 21. Require a period of silence to be observed at the commencement
16 of the first class of the day in the schools. If a governing board chooses
17 to require a period of silence to be observed, the teacher in charge of the
18 room in which the first class is held shall announce that a period of
19 silence not to exceed one minute in duration will be observed for
20 meditation, and during that time no activities shall take place and silence
21 shall be maintained.

22 22. Require students to wear uniforms.

23 23. Exchange unimproved property or improved property, including
24 school sites, if the governing board determines that the improved property
25 is unnecessary for the continued operation of the school district without
26 requesting authorization by a vote of the school district electors and if
27 the governing board determines that the exchange is necessary to protect
28 the health, safety or welfare of pupils or if the governing board
29 determines that the exchange is based on sound business principles for
30 either:

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

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

5 24. For common and high school pupils, assess reasonable fees for
6 optional extracurricular activities and programs conducted when the common
7 or high school is not in session, except that fees shall not be charged for
8 pupils' access to or use of computers or related materials. For high
9 school pupils, the governing board may assess reasonable fees for fine arts
10 and vocational education courses and for optional services, equipment and
11 materials offered to the pupils beyond those required to successfully
12 complete the basic requirements of any other course, except that fees shall
13 not be charged for pupils' access to or use of computers or related
14 materials. Fees assessed pursuant to this paragraph shall be adopted at a
15 public meeting after notice has been given to all parents of pupils
16 enrolled at schools in the district and shall not exceed the actual costs
17 of the activities, programs, services, equipment or materials. The
18 governing board shall authorize principals to waive the assessment of all
19 or part of a fee assessed pursuant to this paragraph if it creates an
20 economic hardship for a pupil. For the purposes of this paragraph,
21 "extracurricular activity" means any optional, noncredit, educational or
22 recreational activity that supplements the education program of the school,
23 whether offered before, during or after regular school hours.

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

28 (a) Monies in the unrestricted capital outlay fund, except that the
29 estimated cost shall not exceed \$250,000 for a district that uses section
30 15-949.

1 (b) Monies distributed at the direction of the school facilities
2 oversight board established by section 41-5701.02 or by the ~~school~~
3 ~~facilities~~ division OF SCHOOL FACILITIES within the department of
4 administration pursuant to title 41, chapter 56.

5 (c) Monies specifically donated for the purpose of constructing
6 school buildings.

7 This paragraph does not eliminate the requirement for an election to raise
8 revenues for a capital outlay override pursuant to section 15-481 or a bond
9 election pursuant to section 15-491.

10 26. Conduct a background investigation that includes a fingerprint
11 check conducted pursuant to section 41-1750, subsection G for certificated
12 personnel and personnel who are not paid employees of the school district,
13 as a condition of employment. A school district may release the results of
14 a background check to another school district for employment purposes. The
15 school district may charge the costs of fingerprint checks to its
16 fingerprinted employee, except that the school district may not charge the
17 costs of fingerprint checks for personnel who are not paid employees of the
18 school district.

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

20 (a) Advertisements shall be age appropriate and not promote any
21 substance that is illegal for minors such as alcohol, tobacco and drugs or
22 gambling. Advertisements shall comply with the state sex education policy
23 of abstinence.

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

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

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

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

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

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

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

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

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

29 30. Notwithstanding section 15-1143, spend surplus monies in the
30 community school program fund for maintenance and operations or
31 unrestricted capital outlay if sufficient monies are available in the fund

1 after meeting the needs of programs established pursuant to section
2 15-1142.

3 31. Adopt guidelines to standardize the format of the school report
4 cards required by section 15-746 for schools within the district.

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

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

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

19 33. Enter into voluntary partnerships with any party to finance with
20 monies other than school district monies and cooperatively design school
21 facilities that comply with the adequacy standards prescribed in section
22 41-5711 and the square footage per pupil requirements pursuant to section
23 41-5741, subsection D, paragraph 3, subdivision (b). The design plans and
24 location of any such school facility shall be submitted to the school
25 facilities oversight board for approval pursuant to section 41-5741,
26 subsection 0. If the school facilities oversight board approves the design
27 plans and location of any such school facility, the party in partnership
28 with the school district may cause to be constructed and the district may
29 begin operating the school facility before monies are distributed at the
30 direction of the school facilities oversight board pursuant to section
31 41-5741. Monies distributed from the new school facilities fund to a

1 school district in a partnership with another party to finance and design
2 the school facility shall be paid to the school district pursuant to
3 section 41-5741. The school district shall reimburse the party in
4 partnership with the school district from the monies paid to the school
5 district pursuant to section 41-5741, in accordance with the voluntary
6 partnership agreement. Before the school facilities oversight board
7 directs the distribution of any monies pursuant to this subsection, the
8 school district shall demonstrate to the school facilities oversight board
9 that the facilities to be funded pursuant to section 41-5741, subsection 0
10 meet the minimum adequacy standards prescribed in section 41-5711. If the
11 cost to construct the school facility exceeds the amount that the school
12 district receives from the new school facilities fund, the partnership
13 agreement between the school district and the other party shall specify
14 that, except as otherwise provided by the other party, any such excess
15 costs shall be the responsibility of the school district. The school
16 district governing board shall adopt a resolution in a public meeting that
17 an analysis has been conducted on the prospective effects of the decision
18 to operate a new school with existing monies from the school district's
19 maintenance and operations budget and how this decision may affect other
20 schools in the school district. If a school district acquires land by
21 donation at an appropriate school site approved by the school facilities
22 oversight board and a school facility is financed and built on the land
23 pursuant to this paragraph, the school facilities oversight board shall
24 direct the distribution of an amount equal to twenty percent of the fair
25 market value of the land that can be used for academic purposes. The
26 school district shall place the monies in the unrestricted capital outlay
27 fund and increase the unrestricted capital budget limit by the amount of
28 the monies placed in the fund. Monies distributed under this paragraph
29 shall be distributed from the new school facilities fund pursuant to
30 section 41-5741. If a school district acquires land by donation at an
31 appropriate school site approved by the school facilities oversight board

1 and a school facility is financed and built on the land pursuant to this
2 paragraph, the school district shall not receive monies for the donation of
3 real property pursuant to section 41-5741, subsection F. It is unlawful
4 for:

5 (a) A county, city or town to require as a condition of any land use
6 approval that a landowner or landowners that entered into a partnership
7 pursuant to this paragraph provide any contribution, donation or gift,
8 other than a site donation, to a school district. This subdivision only
9 applies to the property in the voluntary partnership agreement pursuant to
10 this paragraph.

11 (b) A county, city or town to require as a condition of any land use
12 approval that the landowner or landowners located within the geographic
13 boundaries of the school subject to the voluntary partnership pursuant to
14 this paragraph provide any donation or gift to the school district except
15 as provided in the voluntary partnership agreement pursuant to this
16 paragraph.

17 (c) A community facilities district established pursuant to title
18 48, chapter 4, article 6 to be used for reimbursement of financing the
19 construction of a school pursuant to this paragraph.

20 (d) A school district to enter into an agreement pursuant to this
21 paragraph with any party other than a master planned community party. Any
22 land area consisting of at least three hundred twenty acres that is the
23 subject of a development agreement with a county, city or town entered into
24 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master
25 planned community. For the purposes of this subdivision, "master planned
26 community" means a land area consisting of at least three hundred twenty
27 acres, which may be noncontiguous, that is the subject of a zoning
28 ordinance approved by the governing body of the county, city or town in
29 which the land is located that establishes the use of the land area as a
30 planned area development or district, planned community development or
31 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 judge
5 of the juvenile court to implement a law-related education program as
6 defined in section 15-154. The presiding judge of the juvenile court may
7 assign juvenile probation officers to participate in a law-related
8 education program in any school district in the county. The cost of
9 juvenile probation officers who participate in the program implemented
10 pursuant to this paragraph shall be funded by the school district.

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

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

19 37. Prescribe and enforce policies and procedures for the emergency
20 administration of inhalers by trained employees of the school district and
21 nurses who are under contract with the school district pursuant to section
22 15-158.

23 38. Develop policies and procedures to allow principals to budget
24 for or assist with budgeting federal, state and local monies.

25 39. Subject to article IX, section 7, constitution of Arizona, the
26 laws pertaining to travel and subsistence, gifts, grants, including federal
27 grants, or devises and policies adopted by the department of education,
28 provide food and beverages at school district events, including official
29 school functions and trainings.

1 40. ENTER INTO LEASE-PURCHASE AGREEMENTS OF SCHOOL BUILDINGS OR
2 GROUNDS, OR BOTH, FOR PERIODS OF UP TO THE MAXIMUM AMORTIZATION PERIOD AS
3 DETERMINED BY THE ARIZONA STATE RETIREMENT SYSTEM PURSUANT TO SECTION
4 38-737, SUBSECTION D AND APPLY AMOUNTS RECEIVED UNDER THE LEASE-PURCHASE
5 AGREEMENT AS LESSOR TO PAY AMOUNTS TO THE ARIZONA STATE RETIREMENT SYSTEM
6 PURSUANT TO SECTION 38-737, SUBSECTION D AND TO CREATE RESERVES TO
7 SUPPLEMENT THE PAYMENTS AS DEEMED NECESSARY BY THE GOVERNING BOARD. LEASE
8 PAYMENTS PAYABLE AS LESSEE UNDER THE LEASE-PURCHASE AGREEMENTS SHALL BE
9 BUDGETED AND PAYABLE FROM THE SAME SOURCE FROM WHICH PAYMENTS OF AMOUNTS TO
10 THE ARIZONA STATE RETIREMENT SYSTEM ARE OTHERWISE MADE AND ANY OTHER
11 LEGALLY AVAILABLE SOURCES. AUTHORIZATION BY THE SCHOOL DISTRICT ELECTORS
12 IN AN ELECTION CALLED BY THE GOVERNING BOARD AS PROVIDED IN SECTION 15-491,
13 SUBSECTION A, PARAGRAPH 4 IS NOT REQUIRED FOR LEASE-PURCHASE AGREEMENTS
14 ENTERED INTO PURSUANT TO THIS PARAGRAPH."

15 Renumber to conform

16 Page 3, between lines 3 and 4, insert:

17 "E. ANY EMPLOYER MAY ENTER INTO AN AGREEMENT PRESCRIBED IN
18 SUBSECTION D OF THIS SECTION AND BORROW TO FUND ANY AMOUNTS TO BE PAID
19 PURSUANT TO THE AGREEMENT BY ANY MEANS LEGALLY AVAILABLE TO THE EMPLOYER."

20 Reletter to conform

21 Between lines 12 and 13, insert:

22 "Sec. 3. Repeal
23 Section 41-1279.03, Arizona Revised Statutes, as amended by Laws
24 2021, chapter 405, section 25, is repealed.

25 Sec. 4. Section 41-1279.03, Arizona Revised Statutes, as amended by
26 Laws 2019, chapter 3, section 11, is amended to read:

27 41-1279.03. Powers and duties

28 A. The auditor general shall:

29 1. Prepare an audit plan for approval by the committee and report to
30 the committee the results of each audit and investigation and other reviews
31 conducted by the auditor general.

1 2. Conduct or cause to be conducted at least biennial financial and
2 compliance audits of financial transactions and accounts kept by or for all
3 state agencies subject to the single audit act of 1984 (P.L. 98-502). The
4 audits shall be conducted in accordance with generally accepted
5 governmental auditing standards and accordingly shall include tests of the
6 accounting records and other auditing procedures as may be considered
7 necessary in the circumstances. The audits shall include the issuance of
8 suitable reports as required by the single audit act of 1984 (P.L. 98-502)
9 so that the legislature, the federal government and others will be informed
10 as to the adequacy of financial statements of ~~the~~ THIS state in compliance
11 with generally accepted governmental accounting principles and to determine
12 whether this state has complied with laws and regulations that may have a
13 material effect on the financial statements and on major federal assistance
14 programs.

15 3. Perform procedural reviews for all state agencies at times
16 determined by the auditor general. These reviews may include evaluation of
17 administrative and accounting internal controls and reports on these
18 reviews.

19 4. Perform special research requests, special audits and related
20 assignments as designated by the committee and conduct performance audits,
21 special audits, special research requests and investigations of any state
22 agency, whether created by the constitution or otherwise, as may be
23 requested by the committee.

24 5. Annually on or before the fourth Monday of December, prepare a
25 written report to the governor and to the committee that contains a summary
26 of activities for the previous fiscal year.

27 6. In the tenth year and in each fifth year thereafter in which a
28 transportation excise tax is in effect in a county as provided in section
29 42-6106 or 42-6107, conduct a performance audit that:

1 (a) Reviews past expenditures and future planned expenditures of the
2 transportation excise revenues and determines the impact of the
3 expenditures in solving transportation problems within the county and, for
4 a transportation excise tax in effect in a county as provided in section
5 42-6107, determines whether the expenditures of the transportation excise
6 revenues comply with section 28-6392, subsection B.

7 (b) Reviews projects completed to date and projects to be completed
8 during the remaining years in which a transportation excise tax is in
9 effect. Within six months after each review period, the auditor general
10 shall present a report to the speaker of the house of representatives and
11 the president of the senate detailing findings and making recommendations.

12 (c) Reviews, determines, reports and makes recommendations to the
13 speaker of the house of representatives and the president of the senate
14 whether the distribution of ARIZONA highway user revenues complies with
15 title 28, chapter 18, article 2.

16 7. If requested by the committee, conduct performance audits of
17 counties and incorporated cities and towns receiving ARIZONA highway user
18 revenue fund monies pursuant to title 28, chapter 18, article 2 to
19 determine whether the monies are being spent as provided in section
20 28-6533, subsection B.

21 8. Perform special audits designated pursuant to law if the auditor
22 general determines that there are adequate monies appropriated for the
23 auditor general to complete the audit. If the auditor general determines
24 the appropriated monies are inadequate, the auditor general shall notify
25 the committee.

26 9. Establish a schoolwide audit team in the office of the auditor
27 general to conduct performance audits and monitor school districts to
28 determine the percentage of every dollar spent in the classroom by the
29 school district. Each school district shall prominently post on its
30 website home page a copy of its profile pages that displays the percentage
31 of every dollar spent in the classroom by that school district from the

1 most recent status report issued by the auditor general pursuant to this
2 paragraph. The performance audits shall determine whether school districts
3 that receive monies from the Arizona English language learner fund
4 established by section 15-756.04 and the statewide compensatory instruction
5 fund established by section 15-756.11 comply with title 15, chapter 7,
6 article 3.1. The auditor general shall determine, through random
7 selection, the school districts to be audited each year, subject to review
8 by the joint legislative audit committee. A school district that is
9 subject to an audit pursuant to this paragraph shall notify the auditor
10 general in writing whether the school district agrees or disagrees with the
11 findings and recommendations of the audit and whether the school district
12 will implement the findings and recommendations, implement modifications to
13 the findings and recommendations or refuse to implement the findings and
14 recommendations. The school district shall submit to the auditor general a
15 written status report on the implementation of the audit findings and
16 recommendations every six months for two years after an audit conducted
17 pursuant to this paragraph. The auditor general shall review the school
18 district's progress toward implementing the findings and recommendations of
19 the audit every six months after ~~receipt of~~ RECEIVING the district's status
20 report for two years. The auditor general may review a school district's
21 progress beyond this two-year period for recommendations that have not yet
22 been implemented by the school district. The auditor general shall provide
23 a status report of these reviews to the joint legislative audit committee.
24 The school district shall participate in any hearing scheduled during this
25 review period by the joint legislative audit committee or by any other
26 legislative committee designated by the joint legislative audit committee.
27 FOR THE PURPOSES OF THE ARIZONA SCHOOL DISTRICT SPENDING REPORT PREPARED
28 PURSUANT TO THIS PARAGRAPH, LEASE PAYMENTS MADE BY A SCHOOL DISTRICT
29 PURSUANT TO SECTION 15-342, PARAGRAPH 40 SHALL BE ASSOCIATED WITH THE
30 FUNCTIONAL SPENDING CATEGORY IN THE SAME PROPORTION AS THE SCHOOL
31 DISTRICT'S RETIREMENT CONTRIBUTIONS.

1 10. Annually review per diem compensation and reimbursement of
2 expenses for employees of this state and members of a state board,
3 commission, council or advisory committee by judgmentally selecting samples
4 and evaluating the propriety of per diem compensation and expense
5 reimbursements.

6 B. The auditor general may:

7 1. Subject to approval by the committee, adopt rules necessary to
8 administer the duties of the office.

9 2. Hire consultants to conduct the studies required by subsection A,
10 paragraphs 6 and 7 of this section.

11 C. If approved by the committee, the auditor general may charge a
12 reasonable fee for the cost of performing audits or providing accounting
13 services for auditing federal funds, special audits or special services
14 requested by political subdivisions of this state. Monies collected
15 pursuant to this subsection shall be deposited in the audit services
16 revolving fund.

17 D. The department of transportation, the board of supervisors of a
18 county that has approved a county transportation excise tax as provided in
19 section 42-6106 or 42-6107 and the governing bodies of counties, cities and
20 towns receiving ARIZONA highway user revenue fund monies shall cooperate
21 with and provide necessary information to the auditor general or the
22 auditor general's consultant.

23 E. The department of transportation shall reimburse the auditor
24 general as follows, and the auditor general shall deposit the reimbursed
25 monies in the audit services revolving fund:

26 1. For the cost of conducting the studies or hiring a consultant to
27 conduct the studies required by subsection A, paragraph 6, subdivisions (a)
28 and (b) of this section, from monies collected pursuant to a county
29 transportation excise tax levied pursuant to section 42-6106 or 42-6107.

- 1 2. For the cost of conducting the studies or hiring a consultant
- 2 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of
- 3 this section, from the Arizona highway user revenue fund."
- 4 Re-number to conform
- 5 Amend title to conform

DAVID LIVINGSTON

1082FloorLIVINGSTON
02/01/2022
10:12 AM
C: MH