

STATE OF OKLAHOMA

1st Session of the 43rd Legislature (1991)

HOUSE BILL NO. 1572

BY: SMITH (Dale)

AS INTRODUCED

AN ACT RELATING TO SCHOOLS; AMENDING 70 O.S. 1981, SECTIONS 5-114, AS LAST AMENDED BY SECTION 14, CHAPTER 90, O.S.L. 1988 AND 5-115, AS LAST AMENDED BY SECTION 15, CHAPTER 90, O.S.L. 1988 (70 O.S. SUPP. 1990, SECTIONS 5-114 AND 5-115), WHICH RELATE TO SCHOOL DISTRICT TREASURERS; PROVIDING FOR APPOINTMENT OF ASSISTANT LOCAL TREASURERS; REQUIRING TREASURERS TO ATTEND CERTAIN TRAINING COURSES; ELIMINATING PROVISION REGARDING BOND OF TREASURER; AMENDING 70 O.S. 1981, SECTION 5-117.1, AS AMENDED BY SECTION 3, CHAPTER 293, O.S.L. 1990 (70 O.S. SUPP. 1990, SECTION 5-117.1), WHICH RELATES TO SCHOOL DISTRICT COOPERATIVE CONTRACTS; AUTHORIZING SCHOOL DISTRICTS TO ENTER INTO SCHOOL DISTRICT INTERLOCAL COOPERATION AGREEMENTS; SPECIFYING RESTRICTIONS THEREOF; PROVIDING FOR ESTABLISHMENT OF BOARDS OF DIRECTORS; REQUIRING APPROVAL BY STATE DEPARTMENT OF EDUCATION; REQUIRING CHANGE OR TERMINATION OF AGREEMENTS BY LEGISLATURE; SPECIFYING REQUIREMENTS FOR INTERLOCAL COOPERATION AGREEMENTS FOR SPECIAL EDUCATION SERVICES; PROVIDING PROCEDURES RELATING TO TERMINATION THEREOF; PROVIDING FOR MODIFICATION OF AGREEMENTS BY MUTUAL CONSENT; SPECIFYING WHICH POWERS SCHOOL DISTRICTS MAY CHOOSE TO AGREE TO ACT

COOPERATIVELY; DEFINING TERM; AMENDING 70 O.S.
1981, SECTION 5-135, AS LAST AMENDED BY SECTION 10,
CHAPTER 221, O.S.L. 1990 (70 O.S. SUPP. 1990,
SECTION 5-135), WHICH RELATES TO SCHOOL DISTRICT
ACCOUNTING AND BUDGETING PROCEDURES; REQUIRING
DISTRICTS TO USE SYSTEM PROMULGATED BY THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD; CREATING
THE SCHOOL DISTRICT BUDGET ACT; PROVIDING SHORT
TITLE; STATING PURPOSE OF ACT; PROVIDING THAT ACT
SHALL APPLY BY RESOLUTION OF BOARD OF EDUCATION;
DEFINING TERMS; REQUIRING ANNUAL BUDGET TO BE
FILED; SPECIFYING REQUISITES OF PLAN; REQUIRING
BUDGET SUMMARY; SPECIFYING REVENUES TO BE INCLUDED
IN ESTIMATE; REQUIRING ACCOUNTING OF CERTAIN FUNDS;
REQUIRING PUBLIC HEARINGS; REQUIRING PUBLICATION;
PROVIDING PROCEDURES FOR ADOPTION OF BUDGET;
REQUIRING FILING OF BUDGET; PROVIDING EFFECTIVE
DATE OF BUDGET; SPECIFYING PROCEDURES FOR TAXPAYER
PROTEST; PROVIDING FOR UNAUTHORIZED EXPENDITURES;
MAKING CERTAIN ACTS UNLAWFUL; PROVIDING PENALTIES
FOR VIOLATORS OF ACT; REQUIRING SCHOOL DISTRICTS TO
ESTABLISH AND MAINTAIN CERTAIN FUNDS; PROVIDING FOR
CLASSIFICATION OF FUNDS BY SOURCE; PROVIDING FOR
TRANSFER OF FUNDS; AUTHORIZING AMENDMENT OF BUDGET
FOR SUPPLEMENTAL APPROPRIATIONS; PROVIDING
PROCEDURES RELATED THERETO; PROVIDING FOR
CODIFICATION; PROVIDING AN EFFECTIVE DATE; AND
DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 1981, Section 5-114, as last amended by Section 14, Chapter 90, O.S.L. 1988 (70 O.S. Supp. 1990, Section 5-114), is amended to read as follows:

Section 5-114. A. The county treasurer of each county shall be the treasurer of all school districts in said county, except that the board of education of a school district may appoint a local treasurer for the school district and, in its discretion, ~~an~~ may appoint two assistant local ~~treasurer~~ treasurers of the district, each of whom shall serve at the pleasure of the board for such compensation as the board may determine. The assistant local ~~treasurer may~~ treasurers shall perform ~~any of the~~ such duties as determined by the board, under the supervision of the treasurer. In the absence of the treasurer, the assistant local treasurer may perform any of the duties and exercise any of the powers of the local treasurer with the same force and effect as if the same were done or performed by the local treasurer. Before entering upon the discharge of the duties of the assistant treasurer, the assistant treasurer shall give a bond in such amount as the board of education may designate, with good and sufficient sureties to be approved by the board, conditioned for the faithful performance of his duties. A local treasurer or assistant local treasurer need not be a resident of the school district where said local treasurer or assistant local treasurer is appointed to serve, although any local treasurer or assistant local treasurer shall be a resident of this state. Nothing herein shall prevent said local treasurer or assistant local treasurer from being appointed for more than one school district.

B. The investment authority required in Section 348.1 of Title 62 of the Oklahoma Statutes shall be necessary only for a general investment program and not for each transaction of the treasurer necessary to implement the investment program. Such required authority may be given by resolution or other action of the school

district's board for a specific period of time and may be modified from time to time.

C. Whenever a county treasurer is designated as the treasurer for a school district, the county treasurer may elect to charge for such services. If said charges are assessed, the treasurer shall prepare a special estimate of needs each fiscal year, covering all expenditures of the office on behalf of any school districts for which the county treasurer serves as treasurer. The estimate for treasurer services shall be itemized by personal services and maintenance and operation expenditures and shall be filed with the county excise board. In reviewing and approving this estimate, the county excise board shall authorize and levy amounts for treasurer services which in the judgment of the board will be sufficient to perform the services. The board shall apportion the cost among the school districts for which the treasurer services are to be charged in the ratio which each school district's total appropriations for the preceding year bears to the total appropriations of all such school districts receiving treasurer services for the preceding year. The amounts shall be included in, or added to, the estimates of needs or budget of each such school district. The amount as approved and appropriated by the county excise board shall be paid by the school district, by appropriate warrants, to the county for deposit in the county general fund.

D. The local treasurer and each assistant treasurer appointed by the board of education shall be required, within one (1) year of the appointment, to attend a school district treasurer's training course, the content of which shall be determined by the State Department of Education. Upon successful completion of the course, which shall include, at a minimum, the theory of double entry accounting for governmental units, as well as the duties and responsibilities of a school district treasurer, the treasurer and assistant treasurer shall receive a certificate, which must be

renewed each year upon completion of a refresher course which will provide updates applicable to the treasurer and assistant treasurer positions. The content of the refresher course shall also be determined by the State Department of Education.

SECTION 2. AMENDATORY 70 O.S. 1981, Section 5-115, as last amended by Section 15, Chapter 90, O.S.L. 1988 (70 O.S. Supp. 1990, Section 5-115), is amended to read as follows:

Section 5-115. The treasurer so appointed shall execute, before entering upon the duties of the office of the treasurer, a surety bond in an amount which it is estimated by the board of education the treasurer will have on hand at any one time during the current year, and the amount of securities held as investments shall not be considered. The board of education is empowered to require the treasurer to increase or decrease the bond of the treasurer as the amount of funds on hand may require. ~~Provided, the bond of a school district shall not, in any event, be required to be in an amount greater than that of the county treasurer of the county.~~ The premium on said bond shall be paid by the board of education out of district funds. Provided, however, the treasurer of such district shall require the depository wherein school district funds are deposited to insure or guarantee the deposit by proper securities, which shall be of the same class of securities as are required to insure deposits of county treasurers of the various counties, and said securities shall be pledged, taken and kept in the manner provided by Sections 516.1 through 516.10 of Title 62 of the Oklahoma Statutes.

~~In all districts which are permitted by law to select a local treasurer the county treasurer shall act as treasurer thereof until such time as a local treasurer shall be appointed and has executed the surety bond required by this section. In no instance in which the county treasurer is the treasurer of any school district shall any additional bond be required, but the official bond of the county~~

~~treasurer shall stand for any and all funds and securities coming into the hands of the county treasurer.~~

The local treasurer of a district, ~~when required by the board of education,~~ shall prepare and submit in writing a report of the condition of the finances of the district and shall produce at any meeting of the board or to any committee appointed for the purpose of examining the accounts of the treasurer any and all books and papers pertaining to the office of the treasurer. Upon failure to make reports as provided for herein or as may otherwise be required by law, the board may at any regular or special meeting thereof summarily suspend said treasurer, and while so suspended the treasurer shall perform no act pertaining to the office of the treasurer. Such suspension shall continue until ended by order of the board or by judgment of a court of competent jurisdiction.

The local treasurer of a school district shall keep a separate cash ledger for each fund in the custody of the treasurer. The local treasurer shall enter each collection and disbursement in the cash ledger of the applicable fund by recording the date and classification of each transaction and such other information as may be deemed desirable. Additional ledgers shall also be maintained to record the investments made from each fund. Such investment ledgers shall disclose the date, description and principal amount paid for each investment purchased and the date and principal amount received for each investment liquidated.

Upon suspension by the board, the treasurer shall immediately turn over to the board of education or to the acting treasurer if one has been appointed by the board all books and papers and other property pertaining to the office of the treasurer.

Except as otherwise provided by law, no treasurer of any district shall pay out school district funds in the care of the treasurer except upon warrants signed by the proper school district officials authorized by the law to sign such warrants, provided,

this restriction shall not apply to sinking funds or to the investment of school district funds. Authorized sinking fund payments and payment for investments or receipt of liquidated investments may be made by check, wire transfer or other instrument or method through the Federal Reserve System.

The school board shall, each month, set aside funds to an operating account and to an investment account. The treasurer of every school district shall invest the full amount of the investment account in:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States or of the State of Oklahoma is pledged;

2. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;

3. In savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation. Provided, that the income received from said investments may be placed in the general fund of the governmental subdivision to be used for general governmental operations; or

4. Warrants, bonds or judgments of the school district.

SECTION 3. AMENDATORY 70 O.S. 1981, Section 5-117.1, as amended by Section 3, Chapter 293, O.S.L. 1990 (70 O.S. Supp. 1990, Section 5-117.1), is amended to read as follows:

Section 5-117.1 A. In the event the boards of education of any two or more school districts desire to enter into a school district interlocal cooperation agreement, separate from other existing cooperative agreements, for the purpose of jointly and cooperatively performing any of the services, duties, functions, activities, obligations or responsibilities which are authorized or required by

law to be performed by school districts of this state, the following conditions shall apply:

1. A school district interlocal cooperation agreement shall establish a board of directors which shall be responsible for administering the joint or cooperative undertaking. The agreement shall specify the organization and composition of and manner of appointment to the board of directors. Only members of boards of education of school districts party to the agreement or their designees shall be eligible for membership on the board of directors. The terms of office of members of the board of directors shall expire concurrently with their terms as board of education members. Vacancies in the membership of the board of directors shall be filled within thirty (30) days from the date of the vacancy in the manner specified in the agreement.

2. A school district interlocal cooperation agreement shall be effective only after approved by the State Department of Education.

3. A school district interlocal cooperation agreement shall be subject to change or termination by the Legislature.

4. The duration of a school district interlocal cooperation agreement for joint or cooperative action in performing any of the services, duties, functions, activities, obligations or responsibilities, other than the provision of special education services, which are authorized or required by law to be performed by school districts of this state, shall be for a term of at least three (3) years but not exceeding five (5) years.

5. a. The duration of a school district interlocal cooperation agreement for joint or cooperative action in providing special education services shall be perpetual unless the agreement is partially or completely terminated in accordance with this provision. This provision applies to every school district interlocal cooperation agreement for the

provision of special education services entered into under authority of this section after the effective date of this act and to every such agreement entered into under this section prior to the effective date of this act, and currently existing on the effective date of this act regardless of any provisions in such agreement to the contrary.

b. Partial termination of a school district interlocal cooperation agreement for the provision of special education services may be accomplished only upon petition for withdrawal from the agreement by a contracting school district to the other contracting school district or school districts and approval by the State Department of Education or upon order of the State Department of Education after hearing and appeal to it by a school district from denial of consent to a petition for withdrawal.

c. Complete termination of a school district interlocal cooperation agreement for the provision of special education services may be accomplished only upon approval by the State Department of Education of a joint petition to it for termination of the agreement by all of the contracting school districts after adoption of a resolution to that effect by each of the contracting boards of the school districts. The State Department of Education shall consider the petition and approve or disapprove termination of the agreement.

d. The State Department of Education shall take such action in approving or disapproving a complete or partial termination of a school district interlocal cooperation agreement for the provision of special

education services as it deems to be in the best interests of the involved school districts and of the state as a whole in the provision of special education services for exceptional children. Whenever the State Department of Education has disapproved a complete or partial termination of such an agreement, no further action with respect to such agreement shall be considered or taken by the State Department of Education for a period of at least three (3) years.

6. A school district interlocal cooperation agreement shall specify the method or methods to be employed for disposing of property upon partial or complete termination thereof.

7. a. Within the limitations provided by law, a school district interlocal cooperation agreement may be changed or modified by mutual consent of the contracting school districts.

b. Except as otherwise specifically provided in this section, any powers, privileges or authority exercised or capable of exercise by any school district of this state, or by any board of education thereof, may be jointly exercised pursuant to the provisions of a school district interlocal cooperation agreement. No powers, privileges or authority with respect to the levy and collection of taxes or the issuance of bonds shall be created or effectuated for joint exercise pursuant to the provisions of a school district interlocal cooperation agreement.

c. Payments from the general fund of each school district which enters into any school district interlocal cooperation agreement for the purpose of financing the joint or cooperative undertaking provided for by the agreement shall be an operating expense.

- d. Upon partial termination of a school district interlocal cooperation agreement, the board of directors established under a renegotiated agreement thereof shall be successor in every respect to the board of directors established under the former agreement.
- e. Nothing contained in this section shall be construed to abrogate, interfere with, impair, qualify or affect in any manner the exercise and enjoyment of all the powers, privileges and authority conferred upon school districts and boards of education thereof by the provisions of this act, except that boards of education and school districts are required to comply with the provisions of this section when entering into an interlocal cooperation agreement that meets the definition of school district interlocal cooperation agreement.
- f. As used in this section, "school district interlocal cooperation agreement" means an agreement which is entered into by the boards of education of two or more school districts pursuant to the provisions of this section and does not preclude or supercede any other cooperative agreements that schools may desire to enter into as defined in subsection C of Section 5-117 of Title 70 of the Oklahoma Statutes.

B. The board of education of any school district in this state which is contiguous to any other school district located in an adjacent state is hereby authorized to enter into contracts with the board of education of the school district located in the adjacent state for the purpose of providing better educational opportunities for students residing in both school districts. Such contracts may provide for:

1. The transfer of students between the two school districts;
2. The payment and acceptance of transfer fees for students transferred between the two school districts, the amount of which will be agreed upon by the boards of education thereof;
3. The use of district-owned school buses to transport students to and from the schools operated in the school districts; and
4. Such other cooperative agreements as will be necessary to provide quality education for all students residing or attending schools in the school districts.

SECTION 4. AMENDATORY 70 O.S. 1981, Section 5-135, as last amended by Section 10, Chapter 221, O.S.L. 1990 (70 O.S. Supp. 1990, Section 5-135), is amended to read as follows:

Section 5-135. A. The board of education of each school district shall use the system of governmental accounting, auditing and financial reporting promulgated by the Governmental Accounting Standards Board (GASB), as amended. The provisions of this section shall take precedence over any other applicable state laws except as may be provided otherwise in this section, and shall supersede any conflicting laws.

B. The board of education of each school district shall use the following system of initiating, recording and paying for all purchases, salaries, wages or contractual obligations due from any of the funds under the control of such board of education. However, a school district board of education may use the procedures outlined in Section 304.1 of Title 62 of the Oklahoma Statutes for the payment of salaries and wages only if the board so votes. The provisions contained herein shall not apply to the sinking fund and school activity fund.

~~B.~~ C. The encumbrance clerk and treasurer of the school district shall each enter the authorized amounts in the various appropriation accounts of the funds to which this system is applied. The authorized amounts of appropriations shall be the general fund

and building fund appropriations approved by the county excise board and such additional amounts as may be applied in the manner provided by law, the amount received for deposit in a special cash fund where such special cash fund is authorized by law or required by the person or agency providing such funds, or the amount of the net proceeds realized from the sale of bonds of the school district and any other income due such fund.

~~C.~~ D. It shall be the duty and responsibility of the board of education of the school district to prescribe and administer adequate business procedures and controls governing the purchase or confirmation of purchase and delivery of goods or services. Such procedures shall include the designation of authorized persons to purchase goods or services for the district and the method of determining the school employee receiving delivery of each purchase.

~~D.~~ E. Prior to the issuance of a purchase order, the encumbrance clerk must first determine that the encumbrance will not exceed the balance of the appropriation to be charged. The encumbrance clerk shall charge the appropriate appropriation accounts and credit the affected encumbrances outstanding accounts with the encumbrances. A copy of the encumbrance or purchase order may be used as the authority for the designated school personnel to complete the purchasing process. Encumbrances must be submitted to the board of education in the order of their issuance on a monthly basis, subject to a monthly business cycle cut-off date determined by the board of education. Approved encumbrances shall be listed in the minutes by the minute clerk.

~~E.~~ F. After satisfactory receipt of the goods or services, the employee designated by the board of education to be responsible for the transaction shall certify the bill to the encumbrance clerk for payment. The encumbrance clerk, however, shall not pay any bill unless it is, or is properly supported by, an itemized invoice clearly describing each item purchased, the quantity of each item,

its unit price, and its total cost. The bill and/or invoice shall be filed in the encumbrance clerk's official records.

~~F.~~ G. The encumbrance clerk shall debit the encumbrances outstanding account and credit the accounts payable account for the amount of the approved bill. If there is a minor adjustment in the total cost as compared to the encumbrance authorized by the board of education, the appropriation and encumbrances outstanding accounts shall be adjusted to reflect the actual cost. The board of education shall determine the extent such costs may fluctuate without additional board action. Minor adjustments not requiring additional board approval shall be referenced to the original encumbrance.

~~G.~~ H. After ascertaining that proper accounting of the purchase has been made and that the files contain sufficient information to justify the expenditure of public funds, the encumbrance clerk shall pay the approved bill by issuing a warrant against the designated fund, except as otherwise provided in subsection ~~F.~~ J. of this section. The warrants so issued shall be consecutively numbered in the order of their issuance. The encumbrance clerk shall charge the warrant against the accounts payable account and credit it to the warrants issued account. Provided, if payment is to be made immediately and the board of education deems it advisable, the postings to the accounts payable account may be omitted and the payment of the approved bill may be credited directly to the warrants issued account. The warrant shall show on its face the name of the school district, the date of issue, the payee, the amount, ~~the expenditure classification code,~~ and such other information as may be necessary or desirable. The president and clerk of the board of education shall each sign the warrant, thereby denoting to the public that the warrant is for the purpose and within the amount of the appropriation charged.

~~H.~~ I. The warrant shall then be delivered to the treasurer of the school district who shall register the same in the warrant register, charging the appropriation account and crediting the warrants outstanding account of the designated fund. Provided, no warrant shall be registered in excess of the appropriation account's balance. All warrants shall be registered in the order of their issuance number. Voided warrants shall be registered and filed with the treasurer. The warrants against each fund shall be payable in the order of their issue. The treasurer shall sign each warrant showing its registration date and stating whether the warrant is payable or nonpayable. When funds become available, nonpayable warrants shall be called in the same manner as that now provided by law. When a properly payable warrant is presented to the treasurer, the treasurer shall issue a check in payment thereof. The payment shall be charged to the warrants payable account and credited to the cash account of the fund involved.

~~F.~~ J. In lieu of issuing such warrant as provided for in subsection ~~G.~~ H. of this section, the treasurer of any school district may, upon notification from the encumbrance clerk that the bill is approved for payment, enter the warrant on the warrant register and record payment of the warrant by check, wire transfer, direct payroll deposit, or other instrument or method of disbursement through the Federal Reserve System.

~~F.~~ K. School districts complying with the provisions of this act shall use only those forms and accounting systems approved by the State Board of Education. Such forms and systems shall be considered in substantial compliance with this act if they are sufficient to convey the meaning and sequence of transactions contained herein. Provided, nothing contained herein shall be construed to limit or prevent the use of additional or subsidiary accounts, forms, or files which may be deemed necessary or advisable

by the board of education of the district or the State Board of Education.

~~K.~~ L. Any school district desiring to utilize the services of a data processing center to furnish any or all of the records herein required may do so if the center and its system complies with this act and the rules and regulations of the State Board of Education. Such center shall furnish an honesty bond in an amount to be set by the board of education but not less than Ten Thousand Dollars (\$10,000.00).

~~L.~~ M. The State Board of Education shall notify the board of education of the school district of the tentative amount said district is to receive from state and federal aid funds or allocations, and the board of education of the school district may include such tentative estimate as an item of probable income in the preparation of the school district's Estimate of Needs and Financial Statement; provided, no such federal aid estimate shall be used in any way to reduce the State Foundation Aid or Incentive Aid for such school district or sustain a protest for the reduction of a tax levy.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-146 of Title 70, unless there is created a duplication in numbering, reads as follows:

Sections 6 through 19 of this act shall be known and may be cited as the "School District Budget Act".

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-147 of Title 70, unless there is created a duplication in numbering, reads as follows:

The purpose of this act is to provide an alternate budget procedure for school districts which will:

1. Establish standard and sound fiscal procedures for the adoption and administration of budgets;

2. Make available to the public and investors sufficient information as to the financial conditions, requirements and expectations of the school district; and

3. Assist school districts in improving and implementing generally accepted standards of financial management as promulgated by the Governmental Accounting Standards Board (GASB).

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-148 of Title 70, unless there is created a duplication in numbering, reads as follows:

Section 6 through Section 19 of this act shall apply to any school district which, by resolution of the governing body, opts to come under and comply with all its provisions and requirements. Once a school district has selected the School District Budget Act to govern its budget procedures, the provisions of this act shall take precedence over any other state laws applicable to school budgets, except as may be provided otherwise in this act, and supersede any conflicting laws. Any action of a school district governing body to implement or rescind the application of the School District Budget Act shall be effective as of the beginning or end of a fiscal year.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-149 of Title 70, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Account" means an entity for recording specific revenues or expenditures, or for grouping related or similar classes of revenues and expenditures and recording them within a fund;

2. "Appropriation" means an authorization and allocation of money to be expended for a purpose;

3. "Budget" means a plan of financial operations for a fiscal year, including an estimate of proposed expenditures for given purposes and the proposed means for financing them;

4. "Budget summary" means a tabular listing of revenues by source and expenditures by fund for the budget year;

5. "Budget year" means the fiscal year for which a budget is prepared or being prepared;

6. "Chief executive officer" means the superintendent of an independent school district or the principal of a dependent school district;

7. "Current year" means the year in which the budget is prepared and adopted, or the fiscal year immediately preceding the budget year;

8. "Deficit" means the excess of the liabilities of a fund over its assets as reflected by its books of record;

9. "Estimated revenue" means the amount of revenues estimated to be received during the budget year in each fund for which a budget is prepared;

10. "Fiscal year" means the annual period for reporting fiscal operations which begins and ends on dates as the Legislature provides;

11. "Fund" means an independent fiscal and accounting entity with a self-balancing set of accounts to record cash and other financial resources, together with all liabilities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives;

12. "Fund balance" means the excess of the assets of a fund over its liabilities, as reflected by its books of record;

13. "Governing body" means the board of education;

14. "Immediate prior fiscal year" means the year preceding the current year;

15. "Levy" means to impose ad valorem taxes or the total amount of ad valorem taxes for a purpose or entity;

16. "Operating reserve" means that portion of the fund balance which has not been appropriated in a budget year; and

17. "School district" means any independent or dependent school district.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-150 of Title 70, unless there is created a duplication in numbering, reads as follows:

Within sixty (60) days following the beginning of each fiscal year, a budget for the school district shall be approved by the governing body. The chief executive officer may require any other officer or employee who is charged with the management or control of any department or office of the school district to furnish estimates for the fiscal year covering estimated revenues and expenditures of the department or office on or before a date set by the chief executive officer.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-151 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The school district budget shall present a complete plan for the school district and shall present information necessary and proper to disclose the financial position and condition of the school district and the revenues and expenditures thereof, both past and anticipated.

B. The budget shall contain a budget summary. It shall also be accompanied by a budget message which shall explain the budget and describe its important features. It shall contain at least the following in tabular form for each fund:

1. Actual revenues and expenditures for the immediate prior fiscal year;

2. Revenues and expenditures for the current fiscal year as shown by the budget for the current year as adopted or amended; and

3. Estimates of revenues and expenditures for the budget year.

C. The estimate of revenues for any budget year shall include probable income by source which the school district is legally

empowered to collect or receive at the time the budget is adopted. The estimate shall be based on a review and analysis of past and anticipated revenues of the school district. Any portion of the budget of revenues to be derived from ad valorem property taxation shall not exceed the amount of tax which is available for appropriation, as finally determined by the county excise board, or which can or must be raised as required by law. The budget of expenditures for each fund shall not exceed the estimated revenues for each fund. Included in the budget of revenues or expenditures for any fund may be amounts transferred from or to another fund. Any such interfund transfer must be shown as a disbursement from the one fund and as a receipt to the other fund.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-152 of Title 70, unless there is created a duplication in numbering, reads as follows:

Any monies received or expended by a school district must be accounted for by fund. Each school district shall prepare a budget for the general fund, building fund, sinking fund, and for other funds as the State Department of Education may require.

The school district governing body shall determine the school district's needs for sinking fund purposes, pursuant to Sections 397 and 399 of Title 62 of the Oklahoma Statutes and Section 28 of Article X of the Oklahoma Constitution, and include these requirements in the debt service fund budget for the budget year.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-153 of Title 70, unless there is created a duplication in numbering, reads as follows:

The school district governing body shall hold a public hearing on the proposed budget within forty-five (45) days following the beginning of the budget year. Notice of the date, time and place of the hearing, together with the proposed budget summary, shall be published in a newspaper of general circulation in the school

district not less than five (5) days before the date of the hearing. The clerk of the board shall make available a sufficient number of copies of the proposed budget as the governing body shall determine and shall have them available for review or for distribution or sale at the office of the chief financial officer. At the public hearing on the budget any person may present to the governing body comments, recommendations or information on any part of the proposed budget.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-154 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. After the hearing and within fifty-three (53) days following the beginning of the budget year, the governing body shall adopt the budget. The governing body may add or increase items or delete or decrease items in the budget. In all cases the proposed expenditures shall not exceed the estimated revenues for any fund.

B. The adopted budget shall be filed with the excise board of each county in which the school district is located within sixty (60) days following the beginning of the budget year. At the same time that the budget is filed with the excise board, one (1) copy of the budget as adopted shall be transmitted to the State Auditor and Inspector and one (1) copy shall be kept on file in the office of the chief financial officer.

C. The adopted budget shall be in effect on and after the sixty-first day of the fiscal year to which it applies. The budget as adopted and filed with the State Auditor and Inspector shall constitute an appropriation for each fund, and the appropriation thus made shall not be used for any other purpose except as provided by law.

D. At the time required by law, the county excise board shall levy the taxes necessary for the school district's sinking fund for the budget year pursuant to Sections 397 and 399 of Title 62 of the Oklahoma Statutes.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-155 of Title 70, unless there is created a duplication in numbering, reads as follows:

Within fifteen (15) days after the filing of any school district budget with the State Auditor and Inspector, any taxpayer may file protests against any alleged illegality of the budget in the manner provided by this section and Sections 24104 through 24111 of Title 68 of the Oklahoma Statutes. The fifteen-day protest period begins upon the date the budget is received in the Office of the State Auditor and Inspector. After receipt of a taxpayer protest, the State Auditor and Inspector shall transmit by certified mail one (1) copy of each protest to the clerk of the board of education, and one (1) copy of each protest to the school district treasurer and the excise board of each county in which the school district is located. The taxpayer protest shall specify the alleged illegality in the budget and the grounds upon which the alleged illegality is based. Any protest filed by any taxpayer shall inure to the benefit of all taxpayers. If no protest is filed by any taxpayer within the fifteen-day period, the budget and any appropriations thereof shall be deemed legal and final until amended by the governing body or the county excise board as authorized by law. Taxpayers shall have the right at all reasonable times to examine the budget on file with the clerk of the board of education, the county excise board, or the State Auditor and Inspector for the purpose of checking illegalities in the budget or for filing protests in accordance with this section and Sections 24104 through 24111 of Title 68 of the Oklahoma Statutes.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-156 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. No expenditure may be authorized or made by any officer or employee which exceeds any fund balance for any fund of the budget

as adopted or amended or which exceeds the appropriation for any fund of the budget as adopted or amended. Any balance remaining in a fund at the end of the budget year shall be carried forward to the credit of the fund for the next budget year.

B. It shall be unlawful for any officer or employee of the school district in any budget year:

1. To create or authorize creation of a deficit in any fund;
and

2. To authorize, make or incur expenditures or encumbrances in excess of one hundred percent (100%) of the appropriation for any fund of the budget as adopted or amended until revenues in an amount equal to at least one hundred percent (100%) of the appropriation for the fund have been collected. Any fund balance which is included in the appropriation for the fund is considered revenue in the budget year for which it is appropriated. Expenditures may then be made and authorized so long as any expenditure does not exceed any fund balance.

C. Any obligation that is contracted or authorized by any officer or employee in violation of this act shall become the personal obligation of the officer or employee himself and shall not be valid or enforceable against the school district. Any officer or employee who violates this act shall forfeit his office or position and shall be subject to such civil and criminal punishments as are provided by law. Any obligation, authorization for expenditure or expenditure made in violation of this act shall be illegal and void.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-157 of Title 70, unless there is created a duplication in numbering, reads as follows:

A school district shall establish funds consistent with legal and operating requirements. Each school district shall maintain according to its own needs some or all of the following funds or ledgers in its system of accounts:

1. A general fund, to account for all monies received and disbursed for general school district purposes, including all assets, liabilities, reserves, fund balances, revenues and expenditures which are not accounted for in any other fund or special ledger account;

2. Special revenue funds, as required, to account for the proceeds of specific revenue sources that are restricted by law to expenditures for specified purposes;

3. Debt service fund, which shall include the school district sinking fund, established to account for the retirement of general obligation bonds, building bonds, transportation bonds or other long-term debt and payment of interest thereon and judgments as provided by law. Any monies pledged to service general obligation bonds, building bonds, transportation bonds or other long-term debt must be deposited in the debt service fund;

4. Capital improvement fund, to account for financial resources segregated for acquisition, construction or other improvements related to capital facilities other than those financed by general long-term debt;

5. Enterprise funds, to account for operations that are financial and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation), of providing goods or services on a continuing basis be financed or recovered primarily through user charges or where there is a periodic need to determine revenues earned, expenses incurred or net income for a service or program;

6. Trust and agency funds, to account for assets held by the school district as trustee or agent for individuals, private organizations or other governmental units or purposes, such as a retirement fund or a school activity fund;

7. Internal service funds, to account for the financing of goods or services provided by one department or agency of the school

district to another department or agency, or to another government, on a cost reimbursement basis;

8. A ledger or group of accounts in which to record the details relating to the general fixed assets of the school district;

9. A ledger or group of accounts in which to record the details relating to the general obligation bonds, building bonds, transportation bonds or other long-term debt of the school district;

10. Such other funds or ledgers as may be established by the board of education.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-158 of Title 70, unless there is created a duplication in numbering, reads as follows:

Each fund shall be made up of accounts for classifying revenues and expenditures. Revenues shall be classified separately by source. Expenditures shall be classified into the dimensions required by the State Department of Education, or, for vocational-technical schools, the State Department of Vocational and Technical Education.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-159 of Title 70, unless there is created a duplication in numbering, reads as follows:

The chief executive officer, or his or her designee, as authorized by the governing body, may transfer any unexpended and unencumbered appropriation or any portion thereof from one account to another within the same fund; except that no appropriation for debt service or other appropriation required by law or regulation may be reduced below the minimums required. Other interfund transfers may be made only as authorized by this act or as provided in the budget as adopted or amended according to Section 10 or 19 of this act. Whenever the necessity for maintaining any special fund of a school district has ceased to exist and a balance remains in the fund, the governing body may authorize the transfer of the

balance to the general fund. Applicable law shall govern the use or transfer of balance in any debt service or bond fund.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 5-160 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The governing body may amend the budget to make supplemental appropriations to any fund up to the amount of additional revenues which are available for current expenses as shown by a fund balance for the fund due to:

1. Revenues received from sources not anticipated in the budget for that year;
2. Revenues received from anticipated sources but in excess of the budget estimates therefor; or
3. Unexpended unencumbered cash balances on hand at the end of the preceding fiscal year which had not been anticipated in the budget.

Any appropriation authorizing the creating of an indebtedness shall be governed by the applicable provisions of Article X of the Oklahoma Constitution.

B. If at any time during the budget year it appears probable that revenues available will be insufficient to meet the amount appropriated, or that due to unforeseen emergencies there is temporarily insufficient money in a particular fund to meet the requirements of appropriation for the fund, the governing body shall take action as it deems necessary. For that purpose, it may amend the budget to reduce one or more appropriations or it may amend the budget to transfer money from one fund to another fund, but no appropriation for debt service may be reduced and no appropriation may be reduced by more than the amount of the unencumbered and unexpended balance thereof. No transfer shall be made from the debt service fund to any other fund except as may be permitted by the terms of the bond issue and applicable law.

C. A budget amendment as provided in this section authorizing supplemental appropriations or a decrease or change in appropriation or funds shall be adopted at a meeting of the governing body and filed with the clerk of the board of education, the county excise board of each county in which the school district is located, and the State Auditor and Inspector.

SECTION 20. This act shall become effective July 1, 1991.

SECTION 21. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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