

STATE OF OKLAHOMA

1st Session of the 47th Legislature (1999)

CONFERENCE COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 1251

By: Boyd of the House

and

Henry of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to schools; amending 70 O.S. 1991, Section 5-117, as last amended by Section 6 of Enrolled Senate Bill No. 694 of the 1st Session of the 47th Oklahoma Legislature, which relates to the powers and duties of school district boards of education; allowing boards of education to become a member of certain organizations or associations; allowing payment of certain fees, dues, and costs; allowing boards of education to prepare and distribute certain informational material; requiring discussion of findings of an audit with certain persons before public release; amending 62 O.S. 1991, Section 348.1, as amended by Section 10, Chapter 211, O.S.L. 1992 (62 O.S. Supp. 1998, Section 348.1), which relates to investment of funds; deleting school districts; amending 70 O.S. 1991, Sections 5-114 and 5-115, as amended by Section 11, Chapter 211, O.S.L. 1992 (70 O.S. Supp. 1998, Section 5-115), which relates to school district treasurers; deleting certain investment authority requirements; defining certain term; requiring investments to be made according to certain written investment policy; providing for provisions of written investment policy; requiring board to review investment performance; modifying certain investment option for investment account; adding certain investment options for investment account; authorizing the board of education to require the treasurer to complete certain training program; stating contents of training program; 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. 1991, Section 5-117, as last amended by Section 6 of Enrolled Senate Bill No. 694 of the 1st

1 Session of the 47th Oklahoma Legislature, is amended to read as
2 follows:

3 Section 5-117. A. The board of education of each school
4 district shall have power to:

5 1. Elect its own officers;

6 2. Make rules, not inconsistent with the law or rules of the
7 State Board of Education, governing the board and the school system
8 of the district;

9 3. Maintain and operate a complete public school system of such
10 character as the board of education shall deem best suited to the
11 needs of the school district;

12 4. Designate the schools to be attended by the children of the
13 district;

14 5. Provide and operate, when deemed advisable, cafeterias or
15 other eating accommodations, thrift banks or other facilities for
16 the teaching and practice of thrift and economy, bookstores, print
17 shops, and vocational and other shops;

18 6. Provide informational material concerning school bond
19 elections and millage elections, including but not limited to all
20 pertinent financial information relative to the bond issue, a
21 statement of revenue sources necessary to retire proposed bonds, a
22 statement of current bonded indebtedness of the school district, and
23 a statement of proposed use of funds to be generated by the proposed
24 bond issue. The informational material shall not contain the words
25 "vote yes" or "vote no" or any similar words or statement any place
26 on such informational material;

27 7. Purchase, construct or rent, and operate and maintain,
28 classrooms, libraries, auditoriums, gymnasiums, stadiums, recreation
29 places and playgrounds, teacherages, school bus garages,
30 laboratories, administration buildings, and other schoolhouses and
31 school buildings, and acquire sites and equipment therefor;

32 8. Have school district property insured;

1 9. Acquire property by condemnation proceedings in the same
2 manner as land is condemned for railroad purposes. School district
3 funds may be used to erect buildings on leased land on which other
4 buildings have been erected prior to April 3, 1969, or on land which
5 is leased from a governmental entity;

6 10. Lease real or personal property to the state or any
7 political subdivision thereof for nominal cash consideration for so
8 long as the use of the property by the lessee substantially
9 benefits, in whole or in part, the same public served by the school
10 district;

11 11. Dispose of personal or real property no longer needed by
12 the district by sale, exchange, lease, lease-purchase, sale and
13 partial lease back, or otherwise. Real property shall be conveyed
14 pursuant to a public sale, public bid, or private sale, provided
15 however, unless otherwise prohibited by law, the board of education
16 of a consolidated or annexed school district may convey real
17 property to a local political subdivision without consideration.
18 Prior to the sale of any real property, the board of education shall
19 have the real property appraised. The appraisal shall be
20 confidential until the real property is sold. When the real
21 property is sold the board of education shall make the appraisal
22 available for public inspection. Prior to the conveyance of any
23 real property by private sale, the board of education shall have
24 offered the real property for sale by public sale or public bid.
25 Any conveyance of real property by private sale to a nonprofit
26 organization, association, or corporation to be used for public
27 purposes, unless for exchange, shall contain a reversionary clause
28 which returns the real property to the board of education upon the
29 cessation of the use without profit or for public purposes by the
30 purchaser or the assigns of the purchaser;

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1 12. Purchase necessary property, equipment, furniture, and
2 supplies necessary to maintain and operate an adequate school
3 system;

4 13. Incur all expenses, within the limitations provided for by
5 law, necessary to perform all powers granted by the provisions of
6 this section;

7 14. Contract with and fix the duties and compensation of
8 physicians, dentists, optometrists, nurses, attorneys,
9 superintendents, principals, teachers, bus drivers, janitors, and
10 other necessary employees of the district. The board of education
11 shall establish a written policy for reimbursement of necessary
12 travel expenses of employees and members of the board. The written
13 policy shall specify procedures containing documentation
14 requirements equal to or greater than the requirements specified by
15 law for state employees in the State Travel Reimbursement Act;

16 15. Pay necessary travel expenses and other related expenses of
17 prospective employees for sponsored visits to the school district
18 pursuant to a written policy specifying procedures containing
19 documentation requirements equal to or greater than the requirements
20 specified by law for state employees in the State Travel
21 Reimbursement Act;

22 16. Provide for employees' leaves of absence without pay;

23 17. Exercise sole control over all the schools and property of
24 the district, subject to other provisions of the Oklahoma School
25 Code;

26 18. Allow district-owned school buses to be used for
27 transportation of students from other districts or educational
28 institutions while within the district on educational tours. This
29 shall not restrict the authority of the board to authorize any other
30 use of such buses which may now be permitted by law or rule of the
31 State Board of Education;

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1 19. Enter into contractual agreements with the board of
2 trustees of a multicounty library system, as defined in Section 4-
3 103 of Title 65 of the Oklahoma Statutes, a city-county library
4 commission, as defined in Section 152 of Title 65 of the Oklahoma
5 Statutes, or a rural single county library system, as defined in
6 Section 1-104 of Title 65 of the Oklahoma Statutes, on such terms as
7 may be mutually agreed, except no district board of education may
8 enter into any agreement under which the library services for the
9 school would be provided at any site other than the school site or
10 which would result in library services that do not meet
11 accreditation standards as required by law or rule; ~~and~~

12 20. Perform all functions necessary to the administration of a
13 school district in Oklahoma as specified in the Oklahoma School
14 Code, and in addition thereto, those powers necessarily implied but
15 not delegated by law to any other agency or official;

16 21. Become a member of and to pay the membership fees, dues,
17 and other costs associated with membership in any organization which
18 has as its goal the advancement of public education; and

19 22. Prepare and distribute at the expense of the school
20 district any and all material which has the purpose of informing the
21 public about district activities and concerns.

22 B. The board of education of any school district may rent, on a
23 monthly basis, real and personal property, if such items are
24 necessary for the operation of the school, and pay the rental
25 charges for the usage during any fiscal year, or portion thereof,
26 out of appropriations made and approved for current expense purposes
27 during the fiscal year. Any such rental contract extending beyond
28 June 30 of such fiscal year shall be void unless it contains
29 provisions for mutual ratification of renewal pursuant to the
30 conditions provided for in this subsection. It is the intent of
31 this subsection to authorize boards of education to enter into lease
32 contracts but not to incur any obligation against the school

1 district in excess of the income and revenue provided for such
2 purposes for the fiscal year in which such lease contract is
3 operative. Any lease agreement entered into by any board of
4 education shall state the purchase price of real or personal
5 property so leased. The lease shall not be extended so as to cause
6 payment of more than the original purchase price of the real or
7 personal property, plus interest not to exceed the legal rate. When
8 the purchase price plus interest has been paid, the property shall
9 belong to the lessee and the lessor shall deliver a deed or bill of
10 sale to the property to the lessee. When any real or personal
11 property has been leased or rented during any fiscal year pursuant
12 to the provisions of any contract which permits continuance of such
13 rental for the remainder of such fiscal year, the renting or leasing
14 thereof must be continued for the remainder of the fiscal year
15 unless the board of education renting or leasing the same certifies
16 by proper resolution entered in the minutes of the board of
17 education that the continuance of such rental is unnecessary and
18 contrary to the public interest.

19 C. The boards of education of two or more school districts may
20 enter into cooperative agreements and maintain joint programs
21 including but not limited to, courses of instruction for handicapped
22 children, courses of instruction in music and other subjects,
23 practical instruction for trades and vocations, practical
24 instruction in driver training courses, and health programs
25 including visual care by persons legally licensed for such purpose,
26 without favoritism as to either profession. The revenues necessary
27 to operate a joint program approved in cooperative agreements,
28 whether from federal, state or local sources, including the
29 individual contributions of participating school districts, shall be
30 deposited into a fund separate from all other appropriated funds.
31 The beginning fund balance each year, combined with all actual
32 revenues, including collected and estimated revenues, must be

1 appropriated before being expended. Purchase orders shall be issued
2 against available appropriations and, once goods or services have
3 been received, either payable or nonpayable warrants shall be issued
4 in payment of all purchase orders. The fund shall be reported as a
5 separate appropriated fund in all the financial reports of the
6 school district which is chosen by the other school districts to
7 keep the accounting records of the joint program.

8 D. Any school district may operate or maintain a school or
9 schools on any military reservation which is within the boundaries
10 of the school district or which is adjacent to the school district,
11 and provide the instruction in the school or schools to children of
12 personnel on the military reservation and, in doing so, shall
13 conform to all federal laws and requirements.

14 E. The board of education of each school district shall adopt
15 and maintain on file in the office of the superintendent of schools
16 appropriate personnel policy and sick leave guide. The guide shall
17 be made available to the public.

18 SECTION 2. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 5-127.1 of Title 70, unless
20 there is created a duplication in numbering, reads as follows:

21 Except for audits requested by a prosecutorial agency, the
22 findings of an audit performed on any school district by any state
23 agency, or on behalf of or at the direction of any state agency
24 shall be discussed with the members of the board of education and
25 the superintendent or a designee of the affected school district at
26 least fourteen (14) days prior to the release of the audit to the
27 public.

28 SECTION 3. AMENDATORY 62 O.S. 1991, Section 348.1, as
29 amended by Section 10, Chapter 211, O.S.L. 1992 (62 O.S. Supp. 1998,
30 Section 348.1), is amended to read as follows:

31 Section 348.1 Except as otherwise provided for by law, a county
32 treasurer, when authorized by the board of county commissioners by a

1 written investment policy, ordinance or resolution or the treasurer
2 of any city, or town, ~~or school district~~, when authorized by the
3 appropriate governing body by a written investment policy, ordinance
4 or resolution, shall invest monies in the custody of the treasurer
5 in:

6 1. ~~direct~~ Direct obligations of the United States Government,
7 its agencies or instrumentalities to the payment of which the full
8 faith and credit of the Government of the United States is pledged,
9 or obligations to the payment of which the full faith and credit of
10 this state is pledged; ~~or~~

11 2. ~~collateralized~~ Collateralized or insured certificates of
12 deposits of savings and loan associations, banks, savings banks and
13 credit unions located in this state, when the certificates of
14 deposit are secured by acceptable collateral as provided in Section
15 516.3 of this title, or fully insured certificates of deposit at
16 banks, savings banks, savings and loan associations and credit
17 unions located out of state; ~~or~~

18 3. ~~savings~~ Savings accounts or savings certificates of savings
19 and loan associations, banks, and credit unions, to the extent that
20 the accounts or certificates are fully insured by the Federal
21 Deposit Insurance Corporation; ~~or~~

22 4. ~~investments~~ Investments as authorized by Section 348.3 of
23 this title which are fully collateralized in investments specified
24 in paragraphs 1 through 3 of this section, and where the collateral
25 has been deposited with a trustee or custodian bank in an
26 irrevocable trust or escrow account established for such purposes;
27 or

28 5. ~~county~~ County, municipal or school district direct debt
29 obligation for which an ad valorem tax may be levied or bond and
30 revenue anticipation notes, money judgments against such county,
31 municipality or school district ordered by a court of record or
32 bonds or bond and revenue anticipation notes issued by a public

1 trust for which such county, municipality or school district is a
2 beneficiary thereof. All collateral pledged to secure public funds
3 shall be valued at no more than market value. The income received
4 from that investment may be placed in the general fund of the
5 governmental subdivision to be used for general governmental
6 operations, the sinking fund, the building fund, or the fund from
7 which the investment was made.

8 SECTION 4. AMENDATORY 70 O.S. 1991, Section 5-114, is
9 amended to read as follows:

10 Section 5-114. A. The county treasurer of each county shall be
11 the treasurer of all school districts in ~~said~~ the county, except
12 that the board of education of a school district may appoint a local
13 treasurer for the school district and, in its discretion, an
14 assistant local treasurer of the district, each of whom shall serve
15 at the pleasure of the board for such compensation as the board may
16 determine. The assistant local treasurer may perform any of the
17 duties and exercise any of the powers of the local treasurer with
18 the same force and effect as if the same were done or performed by
19 the local treasurer. Before entering upon the discharge of the
20 duties of the assistant treasurer, the assistant treasurer shall
21 give a bond in such amount as the board of education may designate,
22 with good and sufficient sureties to be approved by the board,
23 conditioned for the faithful performance of his or her duties. A
24 local treasurer or assistant local treasurer need not be a resident
25 of the school district where ~~said local treasurer or assistant local~~
26 ~~treasurer is~~ appointed to serve, although any local treasurer or
27 assistant local treasurer shall be a resident of this state. Nothing
28 herein shall prevent ~~said~~ a local treasurer or assistant local
29 treasurer from being appointed for more than one school district.

30 B. ~~The investment authority required in Section 348.1 of Title~~
31 ~~62 of the Oklahoma Statutes shall be necessary only for a general~~
32 ~~investment program and not for each transaction of the treasurer~~

1 ~~necessary to implement the investment program. Such required~~
2 ~~authority may be given by resolution or other action of the school~~
3 ~~district's board for a specific period of time and may be modified~~
4 ~~from time to time.~~

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

26 SECTION 5. AMENDATORY 70 O.S. 1991, Section 5-115, as
27 amended by Section 11, Chapter 211, O.S.L. 1992 (70 O.S. Supp. 1998,
28 Section 5-115), is amended to read as follows:

29 Section 5-115. A. Unless the context clearly shows otherwise,
30 the term "treasurer", as used in this section, includes a county
31 treasurer acting as the treasurer of a school district pursuant to
32 the provisions of Section 5-114 of this title. The treasurer so

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

19 B. In all districts which are permitted by law to select a
20 local treasurer, the county treasurer shall act as treasurer thereof
21 until such time as a local treasurer shall be appointed and has
22 executed the surety bond required by this section. In no instance
23 in which the county treasurer is the treasurer of any school
24 district shall any additional bond be required, but the official
25 bond of the county treasurer shall stand for any and all funds and
26 securities coming into the hands of the county treasurer.

27 C. The local treasurer of a district, when required by the
28 board of education, shall prepare and submit in writing a report of
29 the condition of the finances of the district and shall produce at
30 any meeting of the board or to any committee appointed for the
31 purpose of examining the accounts of the treasurer all books and
32 papers pertaining to the office of the treasurer. Upon failure to

1 make reports as provided for herein or as may otherwise be required
2 by law, the board may at any regular or special meeting thereof
3 summarily suspend ~~said~~ the treasurer, and while so suspended the
4 treasurer shall perform no act pertaining to the office of the
5 treasurer. Such suspension shall continue until ended by order of
6 the board or by judgment of a court of competent jurisdiction.

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

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

21 F. Except as otherwise provided by law, no treasurer of any
22 district shall pay out school district funds in the care of the
23 treasurer except upon warrants signed by the proper school district
24 officials authorized by the law to sign such warrants, provided,
25 this restriction shall not apply to sinking funds or to the
26 investment of school district funds. Authorized sinking fund
27 payments and payment for investments or receipt of liquidated
28 investments may be made by check, wire transfer or other instrument
29 or method through the Federal Reserve System.

30 G. The ~~school~~ board of education shall, each month, set aside
31 funds to an operating account and to an investment account.

32 Investments by the treasurer shall be made in accordance with a

1 written policy adopted by the board of education. The written
2 investment policy shall address liquidity, diversification, safety
3 of principal, yield, maturity, quality of the instrument, and
4 capability of investment management. Acting within the investment
5 policy, the treasurer shall place primary emphasis on safety and
6 liquidity in the investment of funds. Taking into account the need
7 to use sound investment judgment, school districts shall, to the
8 extent practicable, use competitive bids when they purchase direct
9 obligations of the United States Government or other obligations of
10 the United States Government, its agencies or instrumentalities.
11 Such system shall be designed to maximize yield within each class of
12 investment instrument, consistent with the safety of the funds
13 invested. The board of education must review the investment
14 performance of the treasurer on a regular basis and no less than
15 each month. The treasurer of every school district shall invest the
16 full amount of the investment account in:

17 1. Direct obligations of the United States Government to the
18 payment of which the full faith and credit of the Government of the
19 United States is pledged, ~~or obligations;~~ provided, a treasurer of a
20 school district who has completed the program pursuant to the
21 provisions of subsection H of this section may invest funds in the
22 investment account in other obligations of the United States
23 Government, its agencies or instrumentalities;

24 2. Obligations to the payment of which the full faith and
25 credit of this state is pledged;

26 ~~2.~~ 3. Certificates of deposits of banks when such certificates
27 of deposits are secured by acceptable collateral as in the deposit
28 of other public monies;

29 ~~3.~~ 4. In savings accounts or savings certificates of savings
30 and loan associations to the extent that such accounts or
31 certificates are fully insured by the Federal Savings and Loan
32 Insurance Corporation. Provided, that the income received from ~~said~~

1 the investments may be placed in the general fund of the
2 governmental subdivision to be used for general governmental
3 operations; ~~or~~

4 4. 5. Repurchase agreements that have underlying collateral
5 consisting of those items specified in paragraphs 1 and 2 of this
6 subsection including obligations of the United States, its agencies
7 and instrumentalities, and where the collateral has been deposited
8 with a trustee or custodian bank in an irrevocable trust or escrow
9 account established for such purposes;

10 6. County, municipal or school district direct debt obligations
11 for which an ad valorem tax may be levied or bond and revenue
12 anticipation notes, money judgments against such county,
13 municipality or school district ordered by a court of record or
14 bonds or bond and revenue anticipation notes issued by a public
15 trust for which such county, municipality or school district is a
16 beneficiary thereof. All collateral pledged to secure public funds
17 shall be valued at no more than market value. The income received
18 from that investment may be placed in the general fund of the
19 governmental subdivision to be used for general governmental
20 operations, the sinking fund, the building fund, or the fund from
21 which the investment was made;

22 7. Money market mutual funds regulated by the Securities and
23 Exchange Commission and which investments consist of obligations of
24 the United States, its agencies and instrumentalities, and
25 investments in those items and those restrictions specified in
26 paragraphs 1 through 6 of this subsection;

27 8. Warrants, bonds or judgments of the school district; or

28 9. Qualified pooled investment programs, the investments of
29 which consist of those items specified in paragraphs 1 through 8 of
30 this subsection, as well as obligations of the United States
31 agencies and instrumentalities, regardless of the size of the
32 district's budget. To be qualified, a pooled investment program for

1 school funds must be governed through an interlocal cooperative
2 agreement formed pursuant to Section 5-117b of this title, and the
3 program must competitively select its investment advisors and other
4 professionals. Any pooled investment program used must be approved
5 by the board of education.

6 H. The board of education is hereby empowered to require the
7 treasurer to satisfactorily complete an investment education program
8 approved by the State Board of Education and the State Board of
9 Vocational-Technical Education. Such program shall be designed to
10 allow treasurers to make informed decisions regarding the safety,
11 return, liquidity, costs and benefits of various investment options
12 allowed under this section.

13 SECTION 6. This act shall become effective July 1, 1999.

14 SECTION 7. It being immediately necessary for the preservation
15 of the public peace, health and safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

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