

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 53rd Legislature (2012)

4 COMMITTEE SUBSTITUTE
5 FOR ENGROSSED
6 SENATE BILL NO. 1796

By: Jolley of the Senate

and

Sears of the House

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10 COMMITTEE SUBSTITUTE

11 An Act relating to school investment; amending 70
12 O.S. 2011, Section 5-115, which relates to school
13 district treasurers; allowing for investment in
14 certain programs; amending 62 O.S. 2011, Section
15 89.6, which relates to the State Treasurer; and
16 modifying fee collection provisions.

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

18 SECTION 1. AMENDATORY 70 O.S. 2011, Section 5-115, is
19 amended to read as follows:

20 Section 5-115. A. Unless the context clearly shows otherwise,
21 the term "treasurer", as used in this section, includes a county
22 treasurer acting as the treasurer of a school district pursuant to
23 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 the bond shall be
11 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 the securities shall be
17 pledged, taken and kept in the manner provided by Sections 517.1
18 through 517.7 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

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1 district shall any additional bond be required, but the official
2 bond of the county treasurer shall stand for any and all funds and
3 securities coming into the hands of the county treasurer.

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

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

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 each investment purchased and the date and principal amount received
2 for each investment liquidated.

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

7 F. Except as otherwise provided by law, no treasurer of any
8 district shall pay out school district funds in the care of the
9 treasurer except upon warrants signed by the proper school district
10 officials authorized by the law to sign such warrants, provided,
11 this restriction shall not apply to sinking funds or to the
12 investment of school district funds. Authorized sinking fund
13 payments and payment for investments or receipt of liquidated
14 investments may be made by check, wire transfer or other instrument
15 or method through the Federal Reserve System.

16 G. The board of education shall, each month, set aside funds to
17 an operating account and to an investment account. Investments by
18 the treasurer shall be made in accordance with a written policy
19 adopted by the board of education. The written investment policy
20 shall address liquidity, diversification, safety of principal,
21 yield, maturity, quality of the instrument, and capability of
22 investment management. Acting within the investment policy, the
23 treasurer shall place primary emphasis on safety and liquidity in

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1 the investment of funds. Taking into account the need to use sound
2 investment judgment, school districts shall, to the extent
3 practicable, use competitive bids when they purchase direct
4 obligations of the United States Government or other obligations of
5 the United States Government, its agencies or instrumentalities.
6 Such system shall be designed to maximize yield within each class of
7 investment instrument, consistent with the safety of the funds
8 invested. The board of education must review the investment
9 performance of the treasurer on a regular basis and no less than
10 each month. The treasurer of every school district shall invest the
11 full amount of the investment account in:

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

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

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

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

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

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

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

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

9 9. Qualified pooled investment programs, the investments of
10 which consist of those items specified in paragraphs 1 through 8 of
11 this subsection, as well as obligations of the United States
12 agencies and instrumentalities, regardless of the size of the
13 district's budget. To be qualified, a pooled investment program for
14 school funds must be governed through an interlocal cooperative
15 agreement formed pursuant to Section 5-117b of this title, and the
16 program must competitively select its investment advisors and other
17 professionals. Any pooled investment program used must be approved
18 by the board of education; or

19 10. Investment programs administered by the State Treasurer.

20 H. The board of education is hereby empowered to require the
21 treasurer to satisfactorily complete an investment education program
22 approved by the State Board of Education and the State Board of
23 Career and Technology Education. Such program shall be designed to

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1 allow treasurers to make informed decisions regarding the safety,
2 return, liquidity, costs and benefits of various investment options
3 allowed under this section.

4 I. The income received on an investment may be placed in the
5 fund from which the investment was made, the general fund, the
6 building fund, or the sinking fund.

7 SECTION 2. AMENDATORY 62 O.S. 2011, Section 89.6, is
8 amended to read as follows:

9 Section 89.6 A. The State Treasurer may charge and collect the
10 following fees:

11 1. For any returned check or electronic debit that is returned,
12 a fee of Twenty-five Dollars (\$25.00);

13 2. For handling and processing rejected warrant items processed
14 by the State Treasurer, a fee of One Dollar (\$1.00) per item;

15 3. For handling a stop-payment item processed by the State
16 Treasurer on behalf of a state agency, a fee of Fifteen Dollars
17 (\$15.00) for each item up to a maximum fee of Three Hundred Twenty-
18 five Dollars (\$325.00) per day; and

19 4. Beginning July 1, 2010, for expenses incurred in managing
20 the state ~~agency~~ blended portfolio, an annual fee of not more than
21 two and one-half (2 1/2) basis points which may be charged monthly
22 against the average daily balance of the portfolio; provided, the
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1 fees shall be collected at the time earnings are deposited to
2 ~~participating state agencies~~ participants.

3 B. Beginning July 1, 2012, a state agency may direct the State
4 Treasurer to purchase, sell, hold or otherwise manage investment
5 transactions on its behalf outside of the blended portfolio,
6 provided that the agency shall not pay more for investment services
7 than the rate established by the State Treasurer which shall not
8 exceed the amount necessary for recovering the cost to the State
9 Treasurer's office for providing such services.

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11 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
12 04/12/2012 - DO PASS, As Amended.

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