

1 **SENATE FLOOR VERSION**

2 February 20, 2012

3 As Amended

4 SENATE BILL NO. 1796

5 By: Jolley of the Senate

6 and

7 Sears of the House

8 **[ school investment - school district treasurers -**  
9 **investment in obligations - effective date -**  
10 **emergency ]**

11  
12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

15 Section 5-115. A. Unless the context clearly shows otherwise,  
16 the term "treasurer", as used in this section, includes a county  
17 treasurer acting as the treasurer of a school district pursuant to  
18 the provisions of Section 5-114 of this title. The treasurer so  
19 appointed shall execute, before entering upon the duties of the  
20 office of the treasurer, a surety bond in an amount which it is  
21 estimated by the board of education the treasurer will have on hand  
22 at any one time during the current year, and the amount of  
23 securities held as investments shall not be considered. The board  
24 of education is empowered to require the treasurer to increase or

1 decrease the bond of the treasurer as the amount of funds on hand  
2 may require. Provided, the bond of a school district shall not, in  
3 any event, be required to be in an amount greater than that of the  
4 county treasurer of the county. The premium on the bond shall be  
5 paid by the board of education out of district funds. Provided,  
6 however, the treasurer of such district shall require the depository  
7 wherein school district funds are deposited to insure or guarantee  
8 the deposit by proper securities, which shall be of the same class  
9 of securities as are required to insure deposits of county  
10 treasurers of the various counties, and the securities shall be  
11 pledged, taken and kept in the manner provided by Sections 517.1  
12 through 517.7 of Title 62 of the Oklahoma Statutes.

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

21 C. The local treasurer of a district, when required by the  
22 board of education, shall prepare and submit in writing a report of  
23 the condition of the finances of the district and shall produce at  
24 any meeting of the board or to any committee appointed for the

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

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

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

23 F. Except as otherwise provided by law, no treasurer of any  
24 district shall pay out school district funds in the care of the

1 treasurer except upon warrants signed by the proper school district  
2 officials authorized by the law to sign such warrants, provided,  
3 this restriction shall not apply to sinking funds or to the  
4 investment of school district funds. Authorized sinking fund  
5 payments and payment for investments or receipt of liquidated  
6 investments may be made by check, wire transfer or other instrument  
7 or method through the Federal Reserve System.

8 G. The board of education shall, each month, set aside funds to  
9 an operating account and to an investment account. Investments by  
10 the treasurer shall be made in accordance with a written policy  
11 adopted by the board of education. The written investment policy  
12 shall address liquidity, diversification, safety of principal,  
13 yield, maturity, quality of the instrument, and capability of  
14 investment management. Acting within the investment policy, the  
15 treasurer shall place primary emphasis on safety and liquidity in  
16 the investment of funds. Taking into account the need to use sound  
17 investment judgment, school districts shall, to the extent  
18 practicable, use competitive bids when they purchase direct  
19 obligations of the United States Government or other obligations of  
20 the United States Government, its agencies or instrumentalities.  
21 Such system shall be designed to maximize yield within each class of  
22 investment instrument, consistent with the safety of the funds  
23 invested. The board of education must review the investment  
24 performance of the treasurer on a regular basis and no less than

1 each month. The treasurer of every school district shall invest the  
2 full amount of the investment account in:

3 1. Direct obligations of the United States Government to the  
4 payment of which the full faith and credit of the Government of the  
5 United States is pledged; provided, a treasurer of a school district  
6 who has completed the program pursuant to the provisions of  
7 subsection H of this section may invest funds in the investment  
8 account in other obligations of the United States Government, its  
9 agencies or instrumentalities;

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

12 3. Obligations of the State of Oklahoma, its agencies and its  
13 local governments that are rated in the top two categories by at  
14 least one of the following credit rating agencies: Standard &  
15 Poor's, Moody's or Fitch;

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

19 ~~4.~~ 5. Savings accounts or savings certificates of savings and  
20 loan associations to the extent that such accounts or certificates  
21 are fully insured by the Federal Savings and Loan Insurance  
22 Corporation. Provided, that the income received from the  
23 investments may be placed in the general fund of the governmental  
24 subdivision to be used for general governmental operations;

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

7       ~~6.~~ 7. County, municipal or school district direct debt  
8 obligations for which an ad valorem tax may be levied or bond and  
9 revenue anticipation notes, money judgments against such county,  
10 municipality or school district ordered by a court of record or  
11 bonds or bond and revenue anticipation notes issued by a public  
12 trust for which such county, municipality or school district is a  
13 beneficiary thereof. All collateral pledged to secure public funds  
14 shall be valued at no more than market value. The income received  
15 from an investment may be placed in the general fund of the  
16 governmental subdivision to be used for general governmental  
17 operations, the sinking fund, the building fund, or the fund from  
18 which the investment was made;

19       ~~7.~~ 8. Money market mutual funds regulated by the Securities and  
20 Exchange Commission and which investments consist of obligations of  
21 the United States, its agencies and instrumentalities, and  
22 investments in those items and those restrictions specified in  
23 paragraphs 1 through ~~6~~ 7 of this subsection;

24       ~~8.~~ 9. Warrants, bonds or judgments of the school district; ~~or~~

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

11        11. Investment programs administered by the State Treasurer.

12        H. The board of education is hereby empowered to require the  
13 treasurer to satisfactorily complete an investment education program  
14 approved by the State Board of Education and the State Board of  
15 Career and Technology Education. Such program shall be designed to  
16 allow treasurers to make informed decisions regarding the safety,  
17 return, liquidity, costs and benefits of various investment options  
18 allowed under this section.

19        I. The income received on an investment may be placed in the  
20 fund from which the investment was made, the general fund, the  
21 building fund, or the sinking fund.

22 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-15-12 - DO  
23 PASS, As Amended and Coauthored.

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