HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

HOUSE BILL 2682 By: Coody and Denney of the House

and

Ford of the Senate

AS INTRODUCED

An Act relating to schools; amending 70 O.S. 2011, Section 5-136.1, which relates to the issuance and deliverance of certificates of indebtedness; allowing certificates of indebtedness to be purchased through the funding of certain investments; and providing an effective date.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 5-136.1, is amended to read as follows:

Section 5-136.1 A. With respect to school districts seeking cash-flow management during any fiscal year, any school district may issue and deliver certificates of indebtedness bearing a stated maturity date for the purpose of participating in a short-term cash management program pursuant to the provisions of Section 177.2 of Title 60 of the Oklahoma Statutes to fund the estimated costs of

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~~Strike thru~~ language denotes deletion from present Statutes.

operations, capital expenditures or other lawful costs of the school district for the current fiscal year. The proceeds of certificates of indebtedness shall be set aside in a separate account and used only for the purpose of meeting expenditures and obligations which would otherwise be lawfully payable from the revenue certified by the County Excise Board. As proceeds from the certificates are used to pay such lawful expenditures and obligations, the financial records of the school district shall reflect the amounts of these obligations paid with such proceeds so that a like amount of revenue collected and available to the school district may be used to repay the certificates of indebtedness, in whole or in part. The State Auditor and Inspector shall adopt uniform accounting procedures for use by the school districts to ensure that the issuance of certificates of indebtedness and the use of the proceeds derived from these certificates will be documented and will not result in a district overspending its authorized budget. All certificates of indebtedness executed pursuant to a cash management program shall be issued, delivered and registered for payment in the specific manner designated by the State Auditor and Inspector; provided, any such certificates of indebtedness shall be made payable on any date within the then current fiscal year and may be purchased for value through the funding of uncollateralized investments <u>or investments authorized pursuant to Section 5-115 of this title</u> made for the benefit of and on behalf of the school district. Short-term cash

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management programs of any school district may lawfully provide for the investment of note or bond proceeds by the issuer of the obligations with the benefit and use of such proceeds assured to the school district when needed by the school district for that fiscal year and as approved by the Oklahoma Commission on School and County Funds Management. In no case may a school district participate in a short-term cash management program in any given fiscal year beyond that fiscal year. Monies received by a school district pursuant to a short-term cash management program may be used only for those purposes for which other monies of the school district may be lawfully expended.

B. For school districts electing to participate in the payment security procedure set forth in this subsection, which procedure shall serve as additional security for the payment of any bond or note of a participating school district, the State Board of Education shall cure any delinquencies in payment by withholding State Aid due the participating district as determined pursuant to Section 18-200.1 of this title. Whenever the designated paying agent for receipt of payments for the school district does not receive a payment when due pursuant to the authorizing documents, the paying agent shall be entitled to payment from the withheld State Aid in any amount sufficient to cure the payment deficiency. The paying agent shall notify the State Department of Education and the superintendent of the school district of the delinquent payment

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by telephone, facsimile, or other similar communication, followed by written verification. Unless the Department determines that payment has been made by the school district and there is no longer a payment deficiency, the Department shall withhold from the next distribution of State Aid for the school district an amount sufficient to cure the deficiency and remit the amount to the paying agent. In the event that the amount of State Aid next due to be distributed to the delinquent school district is not sufficient to cure the delinquency, the Department shall continue to withhold State Aid as due and remit it to the paying agent until the payment deficiency has been cured.

SECTION 2. This act shall become effective November 1, 2014.

COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated 02/20/2014 - DO PASS, As Coauthored.

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