

An Act

ENROLLED SENATE
BILL NO. 1796

By: Jolley of the Senate

and

Sears of the House

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

SUBJECT: School treasurer

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

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

Section 5-115. A. Unless the context clearly shows otherwise, the term "treasurer", as used in this section, includes a county treasurer acting as the treasurer of a school district pursuant to the provisions of Section 5-114 of this title. 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 the 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 the securities shall be pledged, taken and kept in the manner provided by Sections 517.1 through 517.7 of Title 62 of the Oklahoma Statutes.

B. 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.

C. 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 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 the 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.

D. 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.

E. 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.

F. 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.

G. The board of education shall, each month, set aside funds to an operating account and to an investment account. Investments by the treasurer shall be made in accordance with a written policy adopted by the board of education. The written investment policy shall address liquidity, diversification, safety of principal, yield, maturity, quality of the instrument, and capability of investment management. Acting within the investment policy, the treasurer shall place primary emphasis on safety and liquidity in the investment of funds. Taking into account the need to use sound investment judgment, school districts shall, to the extent practicable, use competitive bids when they purchase direct obligations of the United States Government or other obligations of the United States Government, its agencies or instrumentalities. Such system shall be designed to maximize yield within each class of investment instrument, consistent with the safety of the funds invested. The board of education must review the investment performance of the treasurer on a regular basis and no less than each month. 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 is pledged; provided, a treasurer of a school district who has completed the program pursuant to the provisions of subsection H of this section may invest funds in the investment

account in other obligations of the United States Government, its agencies or instrumentalities;

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

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

4. 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 the investments may be placed in the general fund of the governmental subdivision to be used for general governmental operations;

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

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

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

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

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

10. Investment programs administered by the State Treasurer.

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

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

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

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

1. For any returned check or electronic debit that is returned, a fee of Twenty-five Dollars (\$25.00);
2. For handling and processing rejected warrant items processed by the State Treasurer, a fee of One Dollar (\$1.00) per item;
3. For handling a stop-payment item processed by the State Treasurer on behalf of a state agency, a fee of Fifteen Dollars

(\$15.00) for each item up to a maximum fee of Three Hundred Twenty-five Dollars (\$325.00) per day; and

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

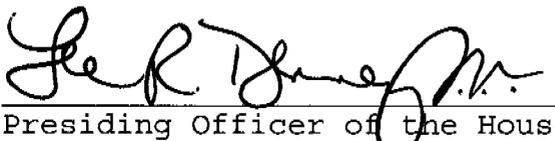
B. Beginning July 1, 2012, a state agency may direct the State Treasurer to purchase, sell, hold or otherwise manage investment transactions on its behalf outside of the blended portfolio, provided that the agency shall not pay more for investment services than the rate established by the State Treasurer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

Passed the Senate the 1st day of May, 2012.



Presiding Officer of the Senate

Passed the House of Representatives the 25th day of April, 2012.



Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Governor this 2nd
day of May, 20 12
at 3:30 o'clock P.M.

By: Jamie R. Peyer

Approved by the Governor of the State of Oklahoma the 8th day of
May, 20 12, at 11:53 o'clock A.M.

Mary Fallin
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this _____
8th day of May, 20 12,
at 1:33 o'clock P M.

By: AMichelle R Day