

HOUSE BILL NO. 715

INTRODUCED BY PECK  
BY REQUEST OF THE SUPERINTENDENT  
OF PUBLIC INSTRUCTION

IN THE HOUSE

FEBRUARY 8, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
                                          ON EDUCATION & CULTURAL RESOURCES.

FEBRUARY 9, 1991                   FIRST READING.

FEBRUARY 19, 1991                  COMMITTEE RECOMMEND BILL  
                                          DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 20, 1991                  PRINTING REPORT.

FEBRUARY 21, 1991                  POSTED ON ALTERNATIVE CONSENT CALENDAR.

FEBRUARY 23, 1991                  THIRD READING, PASSED.  
                                          AYES, 97; NOES, 1.

                                          TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 25, 1991                  INTRODUCED AND REFERRED TO COMMITTEE  
                                          ON EDUCATION & CULTURAL RESOURCES.

                                          FIRST READING.

MARCH 21, 1991                    COMMITTEE RECOMMEND BILL BE  
                                          CONCURRED IN AS AMENDED. REPORT  
                                          ADOPTED.

MARCH 22, 1991                    SECOND READING, CONCURRED IN.

MARCH 23, 1991                    THIRD READING, CONCURRED IN.  
                                          AYES, 47; NOES, 0.

                                          RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 9, 1991                    RECEIVED FROM SENATE.

                                          SECOND READING, AMENDMENTS  
                                          CONCURRED IN.

APRIL 10, 1991                    THIRD READING, AMENDMENTS

CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 715  
 2 INTRODUCED BY Beck  
 3 BY REQUEST OF THE SUPERINTENDENT  
 4 OF PUBLIC INSTRUCTION

5  
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE  
 7 LAWS RELATED TO SCHOOL DISTRICT ACCOUNTING PROCEDURES;  
 8 AMENDING SECTIONS 2-9-212, 20-3-331, 20-6-604, 20-7-457,  
 9 20-7-705, 20-7-713, 20-9-133, 20-9-201, 20-9-435, 20-9-512,  
 10 AND 20-10-147, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
 11 DATE."

12  
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 **Section 1.** Section 2-9-212, MCA, is amended to read:

15 "2-9-212. Political subdivision tax levy to pay  
 16 premiums. Notwithstanding any provisions of law to the  
 17 contrary, all a political subdivisions subdivision, except  
 18 for a school district, may levy an annual property tax in  
 19 the amount necessary to fund the premium for insurance,  
 20 deductible reserve fund, and self-insurance reserve fund as  
 21 herein authorized and to pay the principal and interest on  
 22 bonds or notes issued pursuant to 2-9-211(5), even though as  
 23 a result of such levy the maximum levy as otherwise  
 24 restricted by law is exceeded thereby, provided that the  
 25 revenues derived therefrom may not be used for any other

1 purpose."

2 **Section 2.** Section 20-3-331, MCA, is amended to read:

3 "20-3-331. Purchase of liability insurance --  
 4 self-insurance plan. (1) The trustees of any a district may  
 5 purchase insurance coverage or establish a self-insurance  
 6 plan for the district, trustees, and employees against for  
 7 liability for-the-death-injury,-or-disability-of-any-person  
 8 or--damage--to-property as provided in 2-9-211 and for group  
 9 health and life insurance as provided in 2-18-702. The  
 10 trustees shall include the cost of coverage in the general  
 11 fund budget of the district and as authorized for the  
 12 district transportation program in 20-10-143(1)(d).

13 (2) Whenever the trustees of a district establish a  
 14 self-insurance plan, the trustees shall establish an  
 15 internal service fund to account for the activities of the  
 16 self-insurance plan."

17 **Section 3.** Section 20-6-604, MCA, is amended to read:

18 "20-6-604. Sale of property when resolution passed  
 19 after hearing -- appeal procedure. (1) Whenever the trustees  
 20 of any a district determine that a site, building, or any  
 21 other real or personal property of the district is or is  
 22 about to become abandoned, obsolete, undesirable, or  
 23 unsuitable for the school purposes of such the district, the  
 24 trustees may sell or otherwise dispose of such the real or  
 25 personal property in accordance with this section and



1 without conforming to the provisions of 20-6-603. If a  
 2 decision to sell or dispose of property is made, the  
 3 trustees shall adopt a resolution to sell or otherwise  
 4 dispose of such the district real or personal property  
 5 because it is or is about to become abandoned, obsolete,  
 6 undesirable, or unsuitable for the school purposes of the  
 7 district.

8 (2) The resolution may not become effective for 14 days  
 9 after the notice required in subsection (3) is made.

10 (3) The trustees shall cause notices of the resolution  
 11 to be published in a newspaper of general circulation in the  
 12 district. If there is no newspaper of general circulation,  
 13 the trustees shall cause notices of the resolution to be  
 14 posted in the manner required for school elections in  
 15 20-20-204.

16 (4) Any A taxpayer may appeal the resolution of the  
 17 trustees, at any time prior to the effective date of the  
 18 resolution, to the district court by filing a verified  
 19 petition with the clerk of such the court and serving a copy  
 20 of such the petition upon the district. The petition ~~shall~~  
 21 must set out in detail the objections of the petitioner to  
 22 the adoption of the resolution or to the disposal of the  
 23 property. The service and filing of the petition ~~shall~~ stay  
 24 the resolution until final determination of the matter by  
 25 the court. The court shall immediately fix the time for a

1 hearing at the earliest convenient time. At the hearing, the  
 2 court shall hear the matter de novo and may take testimony  
 3 as it ~~deems~~ considers necessary. Its proceedings ~~shall--be~~  
 4 are summary and informal, and its decision ~~shall-be~~ is  
 5 final.

6 (5) The trustees of a district that has adopted a  
 7 resolution to sell or otherwise dispose of district real or  
 8 personal property and, if appealed, has been upheld by the  
 9 court shall sell or dispose of such the real or personal  
 10 property in any reasonable manner that they determine to be  
 11 in the best interests of the district.

12 (6) The moneys money realized from the sale or disposal  
 13 ~~shall~~ of real or personal property of the district must be  
 14 credited to the debt service fund, building fund, general  
 15 fund, or ~~any--combination--of--these--three--funds~~ other  
 16 appropriate fund, at the discretion of the trustees."

17 **Section 4.** Section 20-7-457, MCA, is amended to read:

18 "20-7-457. Funding provisions for special education  
 19 cooperatives or joint boards. (1) The superintendent of  
 20 public instruction shall pay directly to a cooperative or to  
 21 a joint board formed under 20-3-361 for special education  
 22 purposes the approved allowable costs for contracted special  
 23 education services from the state special revenue fund for  
 24 state equalization aid as provided in 20-9-343. The total of  
 25 the payments must be within the limit set by the legislature

1 for approved special education budgets.

2 (2) A school district that elects to participate in a  
3 cooperative shall agree in the cooperative contract to  
4 participate for a period of at least 3 years.

5 (3) A school district that elects to participate in a  
6 joint board formed under 20-3-361 for special education  
7 purposes shall confirm in writing to the joint board by  
8 October 1 of the current school fiscal year the district's  
9 intention to participate or to not participate in a joint  
10 board agreement for the next school fiscal year.

11 (4) After June 30, 1990, a cooperative that has not met  
12 the requirements of 20-7-453 and 20-7-454 may not be funded  
13 under the provisions of this section except by approval of  
14 the superintendent of public instruction. The superintendent  
15 shall adopt rules for approval of full service special  
16 education cooperatives formed after June 30, 1990.

17 (5) A special education cooperative may establish a  
18 retirement fund, a miscellaneous programs fund, and a  
19 transportation fund, as provided for in 20-9-201, for the  
20 purposes of a special education cooperative contract and the  
21 purposes allowed by law."

22 **Section 5.** Section 20-7-705, MCA, is amended to read:

23 "20-7-705. Adult education fund. (1) A separate adult  
24 education fund ~~shall~~ must be established when an adult  
25 education program is operated by a district or community

1 college district. The financial administration of such the  
2 fund ~~shall~~ must comply with the budgeting, financing, and  
3 expenditure provisions of the laws governing the schools.

4 (2) Whenever the trustees of any a district establish  
5 an adult education program under the provisions of 20-7-702,  
6 they shall establish an adult education fund under the  
7 provisions of this section. The adult education fund shall  
8 be is the depository for all ~~federal, state, and~~ district  
9 ~~moneys money~~ received by the district in support of the  
10 adult education program. Federal and state adult education  
11 program money must be deposited in the miscellaneous  
12 programs fund.

13 (3) The trustees of any a district may authorize the  
14 levy of a tax of not more than 1 mill on the district,  
15 except that trustees of a county high school district that  
16 is not unified with an elementary district may authorize a  
17 levy of not more than 2 mills on the district, for the  
18 operation of an adult education program when the  
19 superintendent of public instruction has approved the  
20 educational program to be supported by such the levy. The  
21 trustees shall obtain the approval of the superintendent of  
22 public instruction ~~shall have been acquired by the~~ trustees  
23 before the fourth Monday of June in order to include the  
24 expenditures to be financed by the levy in the preliminary  
25 budget. The superintendent of public instruction shall

1 promulgate rules and forms for such approval.

2 (4) Whenever the trustees of any a district decide to  
3 offer an adult education program during the ensuing school  
4 fiscal year, they shall budget for the cost of such the  
5 program in the adult education fund of the preliminary  
6 budget. Any expenditures in support of the adult education  
7 program under the final adult education budget ~~shall~~ must be  
8 made in accordance with the financial administration  
9 provisions of this title for a budgeted fund.

10 (5) When a tax levy for an adult education program  
11 ~~which that~~ has been approved by the superintendent of public  
12 instruction is included as a revenue item on the final adult  
13 education budget, the county superintendent shall report  
14 such the levy requirement to the county commissioners on the  
15 second Monday of August and a levy on the district ~~shall~~  
16 must be made by the county commissioners in accordance with  
17 20-9-142."

18 **Section 6.** Section 20-7-713, MCA, is amended to read:

19 "20-7-713. Adult basic education fund cash operating  
20 reserve. At the end of each school fiscal year, the trustees  
21 of any a school district that operates an adult basic  
22 education program may designate what the portion of the  
23 adult basic education fund end-of-the-year cash fund balance  
24 that is to be earmarked as cash operating reserve for the  
25 purpose of paying, whenever a cash flow shortage occurs,

1 adult basic education fund warrants issued by the district  
2 from July 1 through June 30 of the ensuing school fiscal  
3 year. The amount of the adult basic education fund cash  
4 balance that is earmarked as cash operating reserve may not  
5 exceed 35% of the final adult basic education fund budget  
6 for the ensuing school fiscal year."

7 **Section 7.** Section 20-9-133, MCA, is amended to read:

8 "20-9-133. Adoption and expenditure limitations of  
9 final budget. (1) When the trustees ~~have--caused~~ determine  
10 and set the amount ~~of-an-item~~ of the budget for ~~the-district~~  
11 ~~to--be--determined--and--set~~ each budgeted fund, they shall  
12 enter the amount in the portion of the budget form provided  
13 for the reporting of the final budget and ~~upon-completion-of~~  
14 ~~all--the-items~~, the chairman and clerk shall sign the budget  
15 form. The resulting budget ~~shall-constitute~~ constitutes the  
16 final budget and the appropriations for the district for the  
17 current school fiscal year.

18 (2) Except as provided in subsection (3), the trustees  
19 and all officers and employees of the district ~~shall-be~~ are  
20 limited in making expenditures or incurring liabilities to  
21 the total amount of ~~such--appropriations~~, ~~except---that~~  
22 transfers each fund's budget. Transfers from any  
23 appropriation item to another appropriation item within a  
24 fund's budget may be made as provided by ~~law~~ 20-9-208.  
25 Except as provided in subsection (3), money of the district

1 may not be used to pay expenditures made, liabilities  
 2 incurred, or warrants issued in excess of ~~any of~~ the final  
 3 budget ~~appropriations for any item, as originally determined~~  
 4 ~~or as revised by transfer, shall not be a liability of the~~  
 5 ~~district, and no money of the district shall ever be used to~~  
 6 pay the same established for each budgeted fund.

7 (3) If a district incurs a legal bonded debt payment  
 8 after the final debt service fund budget for the current  
 9 fiscal year has been adopted and if payment on the debt is  
 10 required for the current fiscal year, payment on the debt in  
 11 the current school fiscal year is allowed if money is  
 12 available."

13 **Section 8.** Section 20-9-201, MCA, is amended to read:

14 "20-9-201. **Definitions and application.** (1) As used in  
 15 this title, unless the context clearly indicates otherwise,  
 16 "fund" means a separate detailed account of receipts and  
 17 expenditures for a specific purpose as authorized by law.  
 18 Funds are classified as follows:

19 (a) A "budgeted fund" means any fund for which a budget  
 20 must be adopted in order to expend money from the fund. The  
 21 general fund, transportation fund, bus depreciation reserve  
 22 fund, elementary tuition fund, retirement fund, debt service  
 23 fund, leased facilities fund, building reserve fund, adult  
 24 education fund, nonoperating fund, and any other funds so  
 25 designated by the legislature are budgeted funds.

1 (b) A "nonbudgeted fund" means any fund for which a  
 2 budget is not required in order to expend money on deposit  
 3 in the fund. The school food services fund, miscellaneous  
 4 federal programs fund, building fund, lease or rental  
 5 agreement fund, traffic education fund, interlocal  
 6 cooperative fund, internal service fund, enterprise fund,  
 7 agency fund, and any other funds so designated by the  
 8 legislature are nonbudgeted funds.

9 (2) The school financial administration provisions of  
 10 this title apply to all money of any elementary or high  
 11 school district except the extracurricular money realized  
 12 from pupil activities. Elementary and high school districts  
 13 shall record the receipt and disbursement of all money in  
 14 accordance with generally accepted accounting principles.  
 15 The superintendent of public instruction has general  
 16 supervisory authority as prescribed by law over the school  
 17 financial administration provisions, as they relate to  
 18 elementary and high school districts. He The superintendent  
 19 of public instruction shall adopt rules necessary to secure  
 20 compliance with the law."

21 **Section 9.** Section 20-9-435, MCA, is amended to read:

22 "20-9-435. **Delivery of school district bonds and**  
 23 **disposition of sale moneys.** (1) After the school district  
 24 bonds have been registered, the county treasurer shall:

25 (a) when the board of investments has purchased such

1 the bonds, forward the bonds to ~~such-state~~ the board which  
 2 that, in turn, shall ~~cause-the-bonds-to--be--sent~~ send the  
 3 bonds to the state treasurer and shall cause pay the bonds  
 4 to-be-paid for in the manner provided by law; or

5 (b) when the purchaser is anybody other than the board  
 6 of investments, deliver the bonds to such the purchaser when  
 7 full payment of the bonds has been made by the purchaser.

8 (2) If any of the trustees fails or refuses to pay into  
 9 the proper county treasury the money arising from the sale  
 10 of any bonds, he the trustee is guilty of a felony and shall  
 11 be punished by imprisonment in the state prison for not less  
 12 than 1 year or more than 10 years, by a fine of not more  
 13 than \$50,000, or by both such fine and imprisonment.

14 (3) All money realized from the sale of school district  
 15 bonds ~~shall must~~ be paid to the county treasurer, ~~and he,~~  
 16 The county treasurer shall credit such the money to the  
 17 building fund of the school district issuing the bonds,  
 18 except money realized for the purposes defined in  
 19 20-9-403(1)(c) and (1)(d) ~~shall must~~ be deposited in the  
 20 debt service fund for the purchase of such the bonds and  
 21 money realized for the purposes authorized in 20-9-403(1)(e)  
 22 must be deposited in a fund as provided for in 2-9-316 to  
 23 pay a final judgment against the school district. The money  
 24 realized from the sale of school district bonds ~~shall must~~  
 25 be immediately available to such the school district, and

1 the trustees may expend such the money without budgeted  
 2 authorization only for the purposes for which the bonds were  
 3 authorized by the school district bond election. Under the  
 4 provisions of 7-6-2802, the trustees may invest the money  
 5 for which there is no immediate demand and the interest  
 6 earned by such the investment ~~shall must~~ be used in the  
 7 manner provided therein in that section. After the full  
 8 accomplishment of the purpose or purposes of a bond issue,  
 9 the excess money realized from such the bond issue ~~shall~~  
 10 must be transferred to the debt service fund of the school  
 11 district to be used for the redemption or purchase of bonds  
 12 of such the issue."

13 **Section 10.** Section 20-9-512, MCA, is amended to read:

14 "20-9-512. Reserve fund for payment of accumulated sick  
 15 leave. (1) The trustees of any a school district may  
 16 establish a reserve fund for the purpose of paying any  
 17 accumulated amount of sick leave that a nonteaching school  
 18 district employee is entitled to upon termination of  
 19 employment with the district in accordance with the  
 20 provisions of 2-18-618. ~~Such-a~~ The reserve fund may be used  
 21 only for the stated purpose of this section.

22 (2) At the end of each school fiscal year, the trustees  
 23 may appropriate a portion of the general fund  
 24 end-of-the-year cash fund balance to establish such a  
 25 reserve fund.



1 (3) The maximum amount in a reserve fund established  
 2 under the provisions of subsections (1) and (2) may not  
 3 exceed 30% of the total school district liability for  
 4 accumulated sick leave of nonteaching school district  
 5 employees on ~~January-15~~ June 30 of the preceding school  
 6 fiscal year."

7 **Section 11.** Section 20-10-147, MCA, is amended to read:

8 "20-10-147. Bus depreciation reserve. (1) The trustees  
 9 of any a district owning a bus or a two-way radio used for  
 10 purposes of transportation, as defined in 20-10-101, or for  
 11 purposes of conveying pupils to and from school functions or  
 12 activities may establish a bus depreciation reserve fund to  
 13 be used for the replacement of such the bus or radio.

14 (2) Whenever a bus depreciation reserve fund is  
 15 established, the trustees may include in the district's  
 16 budget, in accordance with the school budgeting provisions  
 17 of this title, an amount each year that does not exceed 20%  
 18 of the original cost of a bus or a two-way radio ~~for-such~~  
 19 purposes. The amount budgeted may not, over time, exceed  
 20 100% of the original cost of a bus or two-way radio. The  
 21 annual revenue requirement for each district's bus  
 22 depreciation reserve fund, determined within the limitations  
 23 of this section, ~~shall~~ must be reported by the county  
 24 superintendent to the county commissioners on the second  
 25 Monday of August as the bus depreciation reserve fund levy

1 requirement for that district, and a levy ~~shall~~ must be made  
 2 by the county commissioners in accordance with 20-9-142.

3 (3) Any expenditure of bus depreciation reserve fund  
 4 ~~moneys--shall~~ money must be within the limitations of the  
 5 district's final bus depreciation reserve fund budget and  
 6 the school financial administration provisions of this title  
 7 and may be made only for the purchase of buses or radios to  
 8 replace the buses or radios for which the bus depreciation  
 9 reserve fund was created.

10 (4) Whenever the trustees of a district maintaining a  
 11 bus depreciation reserve fund consider it to be in the best  
 12 interest of the district to transfer any portion or all of  
 13 the bus depreciation reserve cash fund balance to any other  
 14 fund maintained by the district, ~~it~~ the trustees shall  
 15 submit such the proposition to the electors of the district.  
 16 The electors qualified to vote at the election shall qualify  
 17 under 20-20-301, and the election ~~shall~~ must be called and  
 18 conducted in the manner prescribed by this title for school  
 19 elections. If a majority of those electors voting at the  
 20 election approve the proposed transfer from the bus  
 21 depreciation reserve fund, the transfer is approved and the  
 22 trustees shall immediately order the county treasurer to  
 23 make the approved transfer."

24 NEW SECTION. **Section 12.** Effective date. [This act] is  
 25 effective on passage and approval.

-End-

-14-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0715, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise laws related to school district accounting procedures; amending sections 2-9-212, 20-3-331, 20-6-604, 20-7-457, 20-7-705, 20-7-713, 20-9-133, 20-9-201, 20-9-435, 20-9-512, and 20-10-147, MCA; and providing an immediate effective date.

ASSUMPTIONS:

1. The language in this bill clarifies, in statute, practices that are already part of school accounting procedures.
2. The change in the calculation of the operating fund reserve for adult education will have a minimal impact on local mills and no impact on state funding for adult education.


FISCAL IMPACT:

None

TECHNICAL NOTES:

Section 6, regarding the operating fund reserve for the adult education fund, should be effective July 1, 1991.

  
ROD SUNDESTED, BUDGET DIRECTOR      7-13-91  
Office of Budget and Program Planning      DATE

  
Ray Peck, PRIMARY SPONSOR      2/14/91  
Fiscal Note for HB0715, as introduced      DATE      HB 715

APPROVED BY COMM. ON EDUCATION AND CULTURAL RESOURCES

HOUSE BILL NO. 715

INTRODUCED BY PECK

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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"2-9-212. Political subdivision tax levy to pay premiums. Notwithstanding any provisions of law to the contrary, all a political subdivisions subdivision, except for a school district, may levy an annual property tax in the amount necessary to fund the premium for insurance, deductible reserve fund, and self-insurance reserve fund as herein authorized and to pay the principal and interest on bonds or notes issued pursuant to 2-9-211(5), even though as a result of such levy the maximum levy as otherwise restricted by law is exceeded thereby, provided that the revenues derived therefrom may not be used for any other

purpose."

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SECOND READING



1 without conforming to the provisions of 20-6-603. If a  
 2 decision to sell or dispose of property is made, the  
 3 trustees shall adopt a resolution to sell or otherwise  
 4 dispose of such the district real or personal property  
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2 fund ~~shall~~ must comply with the budgeting, financing, and  
3 expenditure provisions of the laws governing the schools.

4 (2) Whenever the trustees of ~~any a~~ district establish  
5 an adult education program under the provisions of 20-7-702,  
6 they shall establish an adult education fund under the  
7 provisions of this section. The adult education fund ~~shall~~  
8 be is the depository for all ~~federal-state-and~~ district  
9 ~~moneys~~ money received by the district in support of the  
10 adult education program. Federal and state adult education  
11 program money must be deposited in the miscellaneous  
12 programs fund.

13 (3) The trustees of ~~any a~~ district may authorize the  
14 levy of a tax of not more than 1 mill on the district,  
15 except that trustees of a county high school district that  
16 is not unified with an elementary district may authorize a  
17 levy of not more than 2 mills on the district, for the  
18 operation of an adult education program when the  
19 superintendent of public instruction has approved the  
20 educational program to be supported by ~~such the~~ levy. The  
21 trustees shall obtain the approval of the superintendent of  
22 public instruction ~~shall-have-been-acquired-by-the--trustees~~  
23 before the fourth Monday of June in order to include the  
24 expenditures to be financed by the levy in the preliminary  
25 budget. The superintendent of public instruction shall

1 promulgate rules and forms for such approval.

2 (4) Whenever the trustees of any a district decide to  
 3 offer an adult education program during the ensuing school  
 4 fiscal year, they shall budget for the cost of such the  
 5 program in the adult education fund of the preliminary  
 6 budget. Any expenditures in support of the adult education  
 7 program under the final adult education budget shall must be  
 8 made in accordance with the financial administration  
 9 provisions of this title for a budgeted fund.

10 (5) When a tax levy for an adult education program  
 11 which that has been approved by the superintendent of public  
 12 instruction is included as a revenue item on the final adult  
 13 education budget, the county superintendent shall report  
 14 such the levy requirement to the county commissioners on the  
 15 second Monday of August and a levy on the district shall  
 16 must be made by the county commissioners in accordance with  
 17 20-9-142."

18 **Section 6.** Section 20-7-713, MCA, is amended to read:

19 "20-7-713. Adult basic education fund cash operating  
 20 reserve. At the end of each school fiscal year, the trustees  
 21 of any a school district that operates an adult basic  
 22 education program may designate what the portion of the  
 23 adult basic education fund end-of-the-year cash fund balance  
 24 that is to be earmarked as cash operating reserve for the  
 25 purpose of paying, whenever a cash flow shortage occurs,

1 adult basic education fund warrants issued by the district  
 2 from July 1 through June 30 of the ensuing school fiscal  
 3 year. The amount of the adult basic education fund cash  
 4 balance that is earmarked as cash operating reserve may not  
 5 exceed 35% of the final adult basic education fund budget  
 6 for the ensuing school fiscal year."

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8 "20-9-133. Adoption and expenditure limitations of  
 9 final budget. (1) When the trustees have--caused determine  
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 11 to--be--determined--and--set each budgeted fund, they shall  
 12 enter the amount in the portion of the budget form provided  
 13 for the reporting of the final budget and upon-completion-of  
 14 all--the-items, the chairman and clerk shall sign the budget  
 15 form. The resulting budget shall--constitute constitutes the  
 16 final budget and the appropriations for the district for the  
 17 current school fiscal year.

18 (2) Except as provided in subsection (3), the trustees  
 19 and all officers and employees of the district shall--be are  
 20 limited in making expenditures or incurring liabilities to  
 21 the total amount of such--appropriations,--except---that  
 22 transfers each fund's budget. Transfers from any  
 23 appropriation item to another appropriation item within a  
 24 fund's budget may be made as provided by law 20-9-208.  
 25 Except as provided in subsection (3), money of the district

1 ~~may not be used to pay~~ expenditures made, liabilities  
 2 incurred, or warrants issued in excess of ~~any-of~~ the final  
 3 budget ~~appropriations-for-any-item, as originally determined~~  
 4 ~~or as revised by transfer, shall not be a liability--of--the~~  
 5 ~~district, and no money of the district shall ever be used to~~  
 6 ~~pay the same~~ established for each budgeted fund.

7 (3) If a district incurs a legal bonded debt payment  
 8 after the final debt service fund budget for the current  
 9 fiscal year has been adopted and if payment on the debt is  
 10 required for the current fiscal year, payment on the debt in  
 11 the current school fiscal year is allowed if money is  
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13 **Section 8.** Section 20-9-201, MCA, is amended to read:

14 "20-9-201. **Definitions and application.** (1) As used in  
 15 this title, unless the context clearly indicates otherwise,  
 16 "fund" means a separate detailed account of receipts and  
 17 expenditures for a specific purpose as authorized by law.  
 18 Funds are classified as follows:

19 (a) A "budgeted fund" means any fund for which a budget  
 20 must be adopted in order to expend money from the fund. The  
 21 general fund, transportation fund, bus depreciation reserve  
 22 fund, elementary tuition fund, retirement fund, debt service  
 23 fund, leased facilities fund, building reserve fund, adult  
 24 education fund, nonoperating fund, and any other funds so  
 25 designated by the legislature are budgeted funds.

1 (b) A "nonbudgeted fund" means any fund for which a  
 2 budget is not required in order to expend money on deposit  
 3 in the fund. The school food services fund, miscellaneous  
 4 federal programs fund, building fund, lease or rental  
 5 agreement fund, traffic education fund, interlocal  
 6 cooperative fund, internal service fund, enterprise fund,  
 7 agency fund, and any other funds so designated by the  
 8 legislature are nonbudgeted funds.

9 (2) The school financial administration provisions of  
 10 this title apply to all money of any elementary or high  
 11 school district except the extracurricular money realized  
 12 from pupil activities. Elementary and high school districts  
 13 shall record the receipt and disbursement of all money in  
 14 accordance with generally accepted accounting principles.  
 15 The superintendent of public instruction has general  
 16 supervisory authority as prescribed by law over the school  
 17 financial administration provisions, as they relate to  
 18 elementary and high school districts. He The superintendent  
 19 of public instruction shall adopt rules necessary to secure  
 20 compliance with the law."

21 **Section 9.** Section 20-9-435, MCA, is amended to read:

22 "20-9-435. **Delivery of school district bonds and**  
 23 **disposition of sale moneys.** (1) After the school district  
 24 bonds have been registered, the county treasurer shall:

25 (a) when the board of investments has purchased such

1 ~~the~~ bonds, forward the bonds to ~~such-state~~ the board which  
 2 ~~that,~~ in turn, shall ~~cause-the-bonds-to-be-sent~~ send the  
 3 bonds to the state treasurer and shall ~~cause~~ pay the bonds  
 4 ~~to-be-paid for~~ in the manner provided by law; or

5 (b) when the purchaser is anybody other than the board  
 6 of investments, deliver the bonds to ~~such~~ the purchaser when  
 7 full payment of the bonds has been made by the purchaser.

8 (2) If any of the trustees fails or refuses to pay into  
 9 the proper county treasury the money arising from the sale  
 10 of any bonds, ~~he~~ the trustee is guilty of a felony and shall  
 11 be punished by imprisonment in the state prison for not less  
 12 than 1 year or more than 10 years, by a fine of not more  
 13 than \$50,000, or by both ~~such~~ fine and imprisonment.

14 (3) All money realized from the sale of school district  
 15 bonds ~~shall~~ must be paid to the county treasurer, ~~and he.~~  
 16 The county treasurer shall credit ~~such~~ the money to the  
 17 building fund of the school district issuing the bonds,  
 18 except money realized for the purposes defined in  
 19 20-9-403(1)(c) and (1)(d) ~~shall~~ must be deposited in the  
 20 debt service fund for the purchase of ~~such~~ the bonds ~~and~~  
 21 money realized for the purposes authorized in 20-9-403(1)(e)  
 22 must be deposited in a fund as provided for in 2-9-316 to  
 23 pay a final judgment against the school district. The money  
 24 realized from the sale of school district bonds ~~shall~~ must  
 25 be immediately available to ~~such~~ the school district, and

1 the trustees may expend ~~such~~ the money without budgeted  
 2 authorization only for the purposes for which the bonds were  
 3 authorized by the school district bond election. Under the  
 4 provisions of 7-6-2802, the trustees may invest the money  
 5 for which there is no immediate demand and the interest  
 6 earned by ~~such~~ the investment ~~shall~~ must be used in the  
 7 manner provided ~~therein~~ in that section. After the full  
 8 accomplishment of the purpose or purposes of a bond issue,  
 9 the excess money realized from ~~such~~ the bond issue ~~shall~~  
 10 must be transferred to the debt service fund of the school  
 11 district to be used for the redemption or purchase of bonds  
 12 of ~~such~~ the issue."

13 **Section 10.** Section 20-9-512, MCA, is amended to read:

14 **"20-9-512. Reserve fund for payment of accumulated sick**  
 15 **leave.** (1) The trustees of ~~any~~ a school district may  
 16 establish a reserve fund for the purpose of paying any  
 17 accumulated amount of sick leave that a nonteaching school  
 18 district employee is entitled to upon termination of  
 19 employment with the district in accordance with the  
 20 provisions of 2-18-618. ~~Such-a~~ The reserve fund may be used  
 21 only for the stated purpose of this section.

22 (2) At the end of each school fiscal year, the trustees  
 23 may appropriate a portion of the general fund  
 24 end-of-the-year cash fund balance to establish ~~such~~ a  
 25 reserve fund.



1 (3) The maximum amount in a reserve fund established  
 2 under the provisions of subsections (1) and (2) may not  
 3 exceed 30% of the total school district liability for  
 4 accumulated sick leave of nonteaching school district  
 5 employees on ~~January-15~~ June 30 of the preceding school  
 6 fiscal year."

7 **Section 11.** Section 20-10-147, MCA, is amended to read:

8 "20-10-147. **Bus depreciation reserve.** (1) The trustees  
 9 of any a district owning a bus or a two-way radio used for  
 10 purposes of transportation, as defined in 20-10-101, or for  
 11 purposes of conveying pupils to and from school functions or  
 12 activities may establish a bus depreciation reserve fund to  
 13 be used for the replacement of such the bus or radio.

14 (2) Whenever a bus depreciation reserve fund is  
 15 established, the trustees may include in the district's  
 16 budget, in accordance with the school budgeting provisions  
 17 of this title, an amount each year that does not exceed 20%  
 18 of the original cost of a bus or a two-way radio ~~for-such~~  
 19 purposes. The amount budgeted may not, over time, exceed  
 20 ±00% 150% of the original cost of a bus or two-way radio.  
 21 The annual revenue requirement for each district's bus  
 22 depreciation reserve fund, determined within the limitations  
 23 of this section, ~~shall~~ must be reported by the county  
 24 superintendent to the county commissioners on the second  
 25 Monday of August as the bus depreciation reserve fund levy

1 requirement for that district, and a levy ~~shall~~ must be made  
 2 by the county commissioners in accordance with 20-9-142.

3 (3) Any expenditure of bus depreciation reserve fund  
 4 ~~moneys--shall~~ money must be within the limitations of the  
 5 district's final bus depreciation reserve fund budget and  
 6 the school financial administration provisions of this title  
 7 and may be made only for the purchase of buses or radios to  
 8 replace the buses or radios for which the bus depreciation  
 9 reserve fund was created.

10 (4) Whenever the trustees of a district maintaining a  
 11 bus depreciation reserve fund consider it to be in the best  
 12 interest of the district to transfer any portion or all of  
 13 the bus depreciation reserve cash fund balance to any other  
 14 fund maintained by the district, ~~it the trustees~~ shall  
 15 submit such the proposition to the electors of the district.  
 16 The electors qualified to vote at the election shall qualify  
 17 under 20-20-301, and the election ~~shall~~ must be called and  
 18 conducted in the manner prescribed by this title for school  
 19 elections. If a majority of those electors voting at the  
 20 election approve the proposed transfer from the bus  
 21 depreciation reserve fund, the transfer is approved and the  
 22 trustees shall immediately order the county treasurer to  
 23 make the approved transfer."

24 NEW SECTION. Section 12. Effective ~~date~~ [THIS ACT] IS  
 25 DATES. (1) [SECTIONS 1 THROUGH 5, 7 THROUGH 11, AND THIS

HB 0715/02

1 SECTION] ARE effective on passage and approval.

2 (2) [SECTION] 6] IS EFFECTIVE JULY 1, 1991.

-End-

1 HOUSE BILL NO. 715

2 INTRODUCED BY PECK

3 BY REQUEST OF THE SUPERINTENDENT

4 OF PUBLIC INSTRUCTION

5  
6 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE  
7 LAWS RELATED TO SCHOOL DISTRICT ACCOUNTING PROCEDURES;  
8 AMENDING SECTIONS 2-9-212, 20-3-331, 20-6-604, 20-7-457,  
9 20-7-705, 20-7-713, 20-9-133, 20-9-201, 20-9-435, 20-9-512,  
10 AND 20-10-147, MCA; AND PROVIDING AN-IMMEDIATE EFFECTIVE  
11 DATE DATES."  
12

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 **Section 1.** Section 2-9-212, MCA, is amended to read:

15 "2-9-212. Political subdivision tax levy to pay  
16 premiums. Notwithstanding any provisions of law to the  
17 contrary, all a political subdivisions subdivision, except  
18 for a school district, may levy an annual property tax in  
19 the amount necessary to fund the premium for insurance,  
20 deductible reserve fund, and self-insurance reserve fund as  
21 herein authorized and to pay the principal and interest on  
22 bonds or notes issued pursuant to 2-9-211(5), even though as  
23 a result of such levy the maximum levy as otherwise  
24 restricted by law is exceeded thereby, provided that the  
25 revenues derived therefrom may not be used for any other

1 purpose."

2 **Section 2.** Section 20-3-331, MCA, is amended to read:

3 "20-3-331. Purchase of liability insurance --  
4 self-insurance plan. (1) The trustees of any a district may  
5 purchase insurance coverage or establish a self-insurance  
6 plan for the district, trustees, and employees against for  
7 liability for-the-death,-injury,-or-disability-of-any-person  
8 or--damage--to-property as provided in 2-9-211 and for group  
9 health and life insurance as provided in 2-18-702. The  
10 trustees shall include the cost of coverage in the general  
11 fund budget of the district and as authorized for the  
12 district transportation program in 20-10-143(1)(d).

13 (2) Whenever the trustees of a district establish a  
14 self-insurance plan, the trustees shall establish an  
15 internal service fund to account for the activities of the  
16 self-insurance plan."

17 **Section 3.** Section 20-6-604, MCA, is amended to read:

18 "20-6-604. Sale of property when resolution passed  
19 after hearing -- appeal procedure. (1) Whenever the trustees  
20 of any a district determine that a site, building, or any  
21 other real or personal property of the district is or is  
22 about to become abandoned, obsolete, undesirable, or  
23 unsuitable for the school purposes of such the district, the  
24 trustees may sell or otherwise dispose of such the real or  
25 personal property in accordance with this section and

THIRD READING

1 without conforming to the provisions of 20-6-603. If a  
 2 decision to sell or dispose of property is made, the  
 3 trustees shall adopt a resolution to sell or otherwise  
 4 dispose of such the district real or personal property  
 5 because it is or is about to become abandoned, obsolete,  
 6 undesirable, or unsuitable for the school purposes of the  
 7 district.

8 (2) The resolution may not become effective for 14 days  
 9 after the notice required in subsection (3) is made.

10 (3) The trustees shall cause notices of the resolution  
 11 to be published in a newspaper of general circulation in the  
 12 district. If there is no newspaper of general circulation,  
 13 the trustees shall cause notices of the resolution to be  
 14 posted in the manner required for school elections in  
 15 20-20-204.

16 (4) Any A taxpayer may appeal the resolution of the  
 17 trustees, at any time prior to the effective date of the  
 18 resolution, to the district court by filing a verified  
 19 petition with the clerk of such the court and serving a copy  
 20 of such the petition upon the district. The petition ~~shall~~  
 21 must set out in detail the objections of the petitioner to  
 22 the adoption of the resolution or to the disposal of the  
 23 property. The service and filing of the petition ~~shall~~ stay  
 24 the resolution until final determination of the matter by  
 25 the court. The court shall immediately fix the time for a

1 hearing at the earliest convenient time. At the hearing, the  
 2 court shall hear the matter de novo and may take testimony  
 3 as it ~~deems~~ considers necessary. Its proceedings ~~shall--be~~  
 4 are summary and informal, and its decision ~~shall-be~~ is  
 5 final.

6 (5) The trustees of a district that has adopted a  
 7 resolution to sell or otherwise dispose of district real or  
 8 personal property and, if appealed, has been upheld by the  
 9 court shall sell or dispose of such the real or personal  
 10 property in any reasonable manner that they determine to be  
 11 in the best interests of the district.

12 (6) The moneys money realized from the sale or disposal  
 13 ~~shall~~ of real or personal property of the district must be  
 14 credited to the debt service fund, building fund, general  
 15 fund, or ~~any--combination--of--these--three--funds~~ other  
 16 appropriate fund, at the discretion of the trustees."

17 **Section 4.** Section 20-7-457, MCA, is amended to read:

18 "20-7-457. Funding provisions for special education  
 19 cooperatives or joint boards. (1) The superintendent of  
 20 public instruction shall pay directly to a cooperative or to  
 21 a joint board formed under 20-3-361 for special education  
 22 purposes the approved allowable costs for contracted special  
 23 education services from the state special revenue fund for  
 24 state equalization aid as provided in 20-9-343. The total of  
 25 the payments must be within the limit set by the legislature

1 for approved special education budgets.

2 (2) A school district that elects to participate in a  
3 cooperative shall agree in the cooperative contract to  
4 participate for a period of at least 3 years.

5 (3) A school district that elects to participate in a  
6 joint board formed under 20-3-361 for special education  
7 purposes shall confirm in writing to the joint board by  
8 October 1 of the current school fiscal year the district's  
9 intention to participate or to not participate in a joint  
10 board agreement for the next school fiscal year.

11 (4) After June 30, 1990, a cooperative that has not met  
12 the requirements of 20-7-453 and 20-7-454 may not be funded  
13 under the provisions of this section except by approval of  
14 the superintendent of public instruction. The superintendent  
15 shall adopt rules for approval of full service special  
16 education cooperatives formed after June 30, 1990.

17 (5) A special education cooperative may establish a  
18 retirement fund, a miscellaneous programs fund, and a  
19 transportation fund, as provided for in 20-9-201, for the  
20 purposes of a special education cooperative contract and the  
21 purposes allowed by law."

22 **Section 5.** Section 20-7-705, MCA, is amended to read:

23 "20-7-705. **Adult education fund.** (1) A separate adult  
24 education fund ~~shall~~ must be established when an adult  
25 education program is operated by a district or community

1 college district. The financial administration of ~~such the~~  
2 fund ~~shall~~ must comply with the budgeting, financing, and  
3 expenditure provisions of the laws governing the schools.

4 (2) Whenever the trustees of ~~any a~~ district establish  
5 an adult education program under the provisions of 20-7-702,  
6 they shall establish an adult education fund under the  
7 provisions of this section. The adult education fund ~~shall~~  
8 ~~be is~~ the depository for all ~~federal-state-and~~ district  
9 ~~moneys money~~ received by the district in support of the  
10 adult education program. Federal and state adult education  
11 program money must be deposited in the miscellaneous  
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14 levy of a tax of not more than 1 mill on the district,  
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16 is not unified with an elementary district may authorize a  
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18 operation of an adult education program when the  
19 superintendent of public instruction has approved the  
20 educational program to be supported by ~~such the~~ levy. The  
21 ~~trustees shall obtain the~~ approval of the superintendent of  
22 public instruction ~~shall-have-been-acquired-by-the--trustees~~  
23 before the fourth Monday of June in order to include the  
24 expenditures to be financed by the levy in the preliminary  
25 budget. The superintendent of public instruction shall

1 promulgate rules and forms for such approval.

2 (4) Whenever the trustees of any a district decide to  
3 offer an adult education program during the ensuing school  
4 fiscal year, they shall budget for the cost of such the  
5 program in the adult education fund of the preliminary  
6 budget. Any expenditures in support of the adult education  
7 program under the final adult education budget shall must be  
8 made in accordance with the financial administration  
9 provisions of this title for a budgeted fund.

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11 which that has been approved by the superintendent of public  
12 instruction is included as a revenue item on the final adult  
13 education budget, the county superintendent shall report  
14 such the levy requirement to the county commissioners on the  
15 second Monday of August and a levy on the district shall  
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23 adult basic education fund end-of-the-year cash fund balance  
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25 purpose of paying, whenever a cash flow shortage occurs,

1 adult basic education fund warrants issued by the district  
2 from July 1 through June 30 of the ensuing school fiscal  
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23 appropriation item to another appropriation item within a  
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25 Except as provided in subsection (3), money of the district

1 ~~may not be used to pay~~ expenditures made, liabilities  
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 6 ~~pay-the-same~~ established for each budgeted fund.

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 8 after the final debt service fund budget for the current  
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 24 education fund, nonoperating fund, and any other funds so  
 25 designated by the legislature are budgeted funds.

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 2 budget is not required in order to expend money on deposit  
 3 in the fund. The school food services fund, miscellaneous  
 4 federal programs fund, building fund, lease or rental  
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 6 cooperative fund, internal service fund, enterprise fund,  
 7 agency fund, and any other funds so designated by the  
 8 legislature are nonbudgeted funds.

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 10 this title apply to all money of any elementary or high  
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 13 shall record the receipt and disbursement of all money in  
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 3 ~~bonds~~ to the state treasurer and shall ~~cause~~ pay the bonds  
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5 (b) when the purchaser is anybody other than the board  
 6 of investments, deliver the bonds to ~~such~~ the purchaser when  
 7 full payment of the bonds has been made by the purchaser.

8 (2) If any of the trustees fails or refuses to pay into  
 9 the proper county treasury the money arising from the sale  
 10 of any bonds, ~~he~~ the trustee is guilty of a felony and shall  
 11 be punished by imprisonment in the state prison for not less  
 12 than 1 year or more than 10 years, by a fine of not more  
 13 than \$50,000, or by both ~~such~~ fine and imprisonment.

14 (3) All money realized from the sale of school district  
 15 bonds ~~shall~~ must be paid to the county treasurer ~~and he.~~  
 16 The county treasurer shall credit ~~such~~ the money to the  
 17 building fund of the school district issuing the bonds,  
 18 except money realized for the purposes defined in  
 19 20-9-403(1)(c) and (1)(d) ~~shall~~ must be deposited in the  
 20 debt service fund for the purchase of ~~such~~ the bonds and  
 21 money realized for the purposes authorized in 20-9-403(1)(e)  
 22 must be deposited in a fund as provided for in 2-9-316 to  
 23 pay a final judgment against the school district. The money  
 24 realized from the sale of school district bonds ~~shall~~ must  
 25 be immediately available to ~~such~~ the school district, and

1 the trustees may expend ~~such~~ the money without budgeted  
 2 authorization only for the purposes for which the bonds were  
 3 authorized by the school district bond election. Under the  
 4 provisions of 7-6-2802, the trustees may invest the money  
 5 for which there is no immediate demand and the interest  
 6 earned by ~~such~~ the investment ~~shall~~ must be used in the  
 7 manner provided ~~therein in that section.~~  
 8 After the full accomplishment of the purpose or purposes of a bond issue,  
 9 the excess money realized from ~~such~~ the bond issue ~~shall~~  
 10 must be transferred to the debt service fund of the school  
 11 district to be used for the redemption or purchase of bonds  
 12 of ~~such~~ the issue."

13 **Section 10.** Section 20-9-512, MCA, is amended to read:

14 **"20-9-512. Reserve fund for payment of accumulated sick**  
 15 **leave.** (1) The trustees of ~~any a~~ school district may  
 16 establish a reserve fund for the purpose of paying any  
 17 accumulated amount of sick leave that a nonteaching school  
 18 district employee is entitled to upon termination of  
 19 employment with the district in accordance with the  
 20 provisions of 2-18-618. ~~Such-a~~ The reserve fund may be used  
 21 only for the stated purpose of this section.

22 (2) At the end of each school fiscal year, the trustees  
 23 may appropriate a portion of the general fund  
 24 end-of-the-year cash fund balance to establish ~~such~~ a  
 25 reserve fund.



1 (3) The maximum amount in a reserve fund established  
2 under the provisions of subsections (1) and (2) may not  
3 exceed 30% of the total school district liability for  
4 accumulated sick leave of nonteaching school district  
5 employees on ~~January 15~~ June 30 of the preceding school  
6 fiscal year."

7 **Section 11.** Section 20-10-147, MCA, is amended to read:

8 "20-10-147. **Bus depreciation reserve.** (1) The trustees  
9 of ~~any a~~ district owning a bus or a two-way radio used for  
10 purposes of transportation, as defined in 20-10-101, or for  
11 purposes of conveying pupils to and from school functions or  
12 activities may establish a bus depreciation reserve fund to  
13 be used for the replacement of such the bus or radio.

14 (2) Whenever a bus depreciation reserve fund is  
15 established, the trustees may include in the district's  
16 budget, in accordance with the school budgeting provisions  
17 of this title, an amount each year that does not exceed 20%  
18 of the original cost of a bus or a two-way radio ~~for such~~  
19 purposes. The amount budgeted may not, over time, exceed  
20 ±00% 150% of the original cost of a bus or two-way radio.  
21 The annual revenue requirement for each district's bus  
22 depreciation reserve fund, determined within the limitations  
23 of this section, ~~shall~~ must be reported by the county  
24 superintendent to the county commissioners on the second  
25 Monday of August as the bus depreciation reserve fund levy

1 requirement for that district, and a levy ~~shall~~ must be made  
2 by the county commissioners in accordance with 20-9-142.

3 (3) Any expenditure of bus depreciation reserve fund  
4 ~~moneys--shall~~ money must be within the limitations of the  
5 district's final bus depreciation reserve fund budget and  
6 the school financial administration provisions of this title  
7 and may be made only for the purchase of buses or radios to  
8 replace the buses or radios for which the bus depreciation  
9 reserve fund was created.

10 (4) Whenever the trustees of a district maintaining a  
11 bus depreciation reserve fund consider it to be in the best  
12 interest of the district to transfer any portion or all of  
13 the bus depreciation reserve cash fund balance to any other  
14 fund maintained by the district, ~~it~~ the trustees shall  
15 submit such the proposition to the electors of the district.  
16 The electors qualified to vote at the election shall qualify  
17 under 20-20-301, and the election ~~shall~~ must be called and  
18 conducted in the manner prescribed by this title for school  
19 elections. If a majority of those electors voting at the  
20 election approve the proposed transfer from the bus  
21 depreciation reserve fund, the transfer is approved and the  
22 trustees shall immediately order the county treasurer to  
23 make the approved transfer."

24 NEW SECTION. Section 12. Effective Date. [This act] is  
25 DATES. (1) [SECTIONS 1 THROUGH 5, 7 THROUGH 11, AND THIS

HB 0715/02

1 SECTION] ARE effective on passage and approval.

2 (2) [SECTION 6] IS EFFECTIVE JULY 1, 1991.

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 21, 1991

MR. PRESIDENT:

We, your committee on Education and Cultural Resources having had under consideration House Bill No. 715 (third reading copy -- blue), respectfully report that House Bill No. 715 be amended and as so amended be concurred in:

1. Page 5, line 17.  
Strike: "special"  
Insert: "full service"

2. Page 5, line 20.  
Strike: "special"  
Insert: "full service"

Signed: Chet Blaylock

Chet Blaylock, Chairman

JBI 3-21-91  
Amd. Coord.

SB 3-21 1:25  
Sec. of Senate

SENATE  
HB 715

1 HOUSE BILL NO. 715

2 INTRODUCED BY PECK

3 BY REQUEST OF THE SUPERINTENDENT

4 OF PUBLIC INSTRUCTION

5  
6 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE  
7 LAWS RELATED TO SCHOOL DISTRICT ACCOUNTING PROCEDURES;  
8 AMENDING SECTIONS 2-9-212, 20-3-331, 20-6-604, 20-7-457,  
9 20-7-705, 20-7-713, 20-9-133, 20-9-201, 20-9-435, 20-9-512,  
10 AND 20-10-147, MCA; AND PROVIDING AN-IMMEDIATE EFFECTIVE  
11 DATE DATES."

12  
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 **Section 1.** Section 2-9-212, MCA, is amended to read:

15 "2-9-212. Political subdivision tax levy to pay  
16 premiums. Notwithstanding any provisions of law to the  
17 contrary, at a political subdivisions subdivision, except  
18 for a school district, may levy an annual property tax in  
19 the amount necessary to fund the premium for insurance,  
20 deductible reserve fund, and self-insurance reserve fund as  
21 herein authorized and to pay the principal and interest on  
22 bonds or notes issued pursuant to 2-9-211(5), even though as  
23 a result of such levy the maximum levy as otherwise  
24 restricted by law is exceeded thereby, provided that the  
25 revenues derived therefrom may not be used for any other

1 purpose."

2 **Section 2.** Section 20-3-331, MCA, is amended to read:

3 "20-3-331. Purchase of liability insurance --  
4 self-insurance plan. (1) The trustees of any a district may  
5 purchase insurance coverage or establish a self-insurance  
6 plan for the district, trustees, and employees against for  
7 liability for-the-death,-injury,-or-disability-of-any-person  
8 or--damage--to-property as provided in 2-9-211 and for group  
9 health and life insurance as provided in 2-18-702. The  
10 trustees shall include the cost of coverage in the general  
11 fund budget of the district and as authorized for the  
12 district transportation program in 20-10-143(1)(d).

13 (2) Whenever the trustees of a district establish a  
14 self-insurance plan, the trustees shall establish an  
15 internal service fund to account for the activities of the  
16 self-insurance plan."

17 **Section 3.** Section 20-6-604, MCA, is amended to read:

18 "20-6-604. Sale of property when resolution passed  
19 after hearing -- appeal procedure. (1) Whenever the trustees  
20 of any a district determine that a site, building, or any  
21 other real or personal property of the district is or is  
22 about to become abandoned, obsolete, undesirable, or  
23 unsuitable for the school purposes of such the district, the  
24 trustees may sell or otherwise dispose of such the real or  
25 personal property in accordance with this section and

1 without conforming to the provisions of 20-6-603. If a  
2 decision to sell or dispose of property is made, the  
3 trustees shall adopt a resolution to sell or otherwise  
4 dispose of such the district real or personal property  
5 because it is or is about to become abandoned, obsolete,  
6 undesirable, or unsuitable for the school purposes of the  
7 district.

8 (2) The resolution may not become effective for 14 days  
9 after the notice required in subsection (3) is made.

10 (3) The trustees shall cause notices of the resolution  
11 to be published in a newspaper of general circulation in the  
12 district. If there is no newspaper of general circulation,  
13 the trustees shall cause notices of the resolution to be  
14 posted in the manner required for school elections in  
15 20-20-204.

16 (4) Any A taxpayer may appeal the resolution of the  
17 trustees, at any time prior to the effective date of the  
18 resolution, to the district court by filing a verified  
19 petition with the clerk of such the court and serving a copy  
20 of such the petition upon the district. The petition ~~shall~~  
21 must set out in detail the objections of the petitioner to  
22 the adoption of the resolution or to the disposal of the  
23 property. The service and filing of the petition ~~shall~~  
24 the resolution until final determination of the matter by  
25 the court. The court shall immediately fix the time for a

1 hearing at the earliest convenient time. At the hearing, the  
2 court shall hear the matter de novo and may take testimony  
3 as it ~~deems~~ considers necessary. Its proceedings ~~shall--be~~  
4 are summary and informal, and its decision ~~shall-be is~~  
5 final.

6 (5) The trustees of a district that has adopted a  
7 resolution to sell or otherwise dispose of district real or  
8 personal property and, if appealed, has been upheld by the  
9 court shall sell or dispose of such the real or personal  
10 property in any reasonable manner that they determine to be  
11 in the best interests of the district.

12 (6) ~~The money's money~~ realized from the sale or disposal  
13 ~~shall of real or personal property of the district must~~ be  
14 credited to the debt service fund, building fund, general  
15 fund, or ~~any--combination--of--these--three--funds~~ other  
16 appropriate fund, at the discretion of the trustees."

17 **Section 4.** Section 20-7-457, MCA, is amended to read:

18 "20-7-457. Funding provisions for special education  
19 cooperatives or joint boards. (1) The superintendent of  
20 public instruction shall pay directly to a cooperative or to  
21 a joint board formed under 20-3-361 for special education  
22 purposes the approved allowable costs for contracted special  
23 education services from the state special revenue fund for  
24 state equalization aid as provided in 20-9-343. The total of  
25 the payments must be within the limit set by the legislature

1 for approved special education budgets.

2 (2) A school district that elects to participate in a  
3 cooperative shall agree in the cooperative contract to  
4 participate for a period of at least 3 years.

5 (3) A school district that elects to participate in a  
6 joint board formed under 20-3-361 for special education  
7 purposes shall confirm in writing to the joint board by  
8 October 1 of the current school fiscal year the district's  
9 intention to participate or to not participate in a joint  
10 board agreement for the next school fiscal year.

11 (4) After June 30, 1990, a cooperative that has not met  
12 the requirements of 20-7-453 and 20-7-454 may not be funded  
13 under the provisions of this section except by approval of  
14 the superintendent of public instruction. The superintendent  
15 shall adopt rules for approval of full service special  
16 education cooperatives formed after June 30, 1990.

17 (5) A special FULL SERVICE education cooperative may  
18 establish a retirement fund, a miscellaneous programs fund,  
19 and a transportation fund, as provided for in 20-9-201, for  
20 the purposes of a special FULL SERVICE education  
21 cooperative contract and the purposes allowed by law."

22 **Section 5.** Section 20-7-705, MCA, is amended to read:

23 "20-7-705. Adult education fund. (1) A separate adult  
24 education fund shall must be established when an adult  
25 education program is operated by a district or community

1 college district. The financial administration of such the  
2 fund shall must comply with the budgeting, financing, and  
3 expenditure provisions of the laws governing the schools.

4 (2) Whenever the trustees of any a district establish  
5 an adult education program under the provisions of 20-7-702,  
6 they shall establish an adult education fund under the  
7 provisions of this section. The adult education fund shall  
8 be is the depository for all ~~federal~~-~~state~~-~~and~~ district  
9 ~~moneys~~ money received by the district in support of the  
10 adult education program. Federal and state adult education  
11 program money must be deposited in the miscellaneous  
12 programs fund.

13 (3) The trustees of any a district may authorize the  
14 levy of a tax of not more than 1 mill on the district,  
15 except that trustees of a county high school district that  
16 is not unified with an elementary district may authorize a  
17 levy of not more than 2 mills on the district, for the  
18 operation of an adult education program when the  
19 superintendent of public instruction has approved the  
20 educational program to be supported by such the levy. The  
21 trustees shall obtain the approval of the superintendent of  
22 public instruction ~~shall have been acquired by the~~ trustees  
23 before the fourth Monday of June in order to include the  
24 expenditures to be financed by the levy in the preliminary  
25 budget. The superintendent of public instruction shall

1 promulgate rules and forms for ~~such~~ approval.

2 (4) Whenever the trustees of any a district decide to  
3 offer an adult education program during the ensuing school  
4 fiscal year, they shall budget for the cost of ~~such the~~  
5 program in the adult education fund of the preliminary  
6 budget. Any expenditures in support of the adult education  
7 program under the final adult education budget ~~shall~~ must be  
8 made in accordance with the financial administration  
9 provisions of this title for a budgeted fund.

10 (5) When a tax levy for an adult education program  
11 ~~which that~~ has been approved by the superintendent of public  
12 instruction is included as a revenue item on the final adult  
13 education budget, the county superintendent shall report  
14 ~~such the~~ levy requirement to the county commissioners on the  
15 second Monday of August and a levy on the district ~~shall~~  
16 must be made by the county commissioners in accordance with  
17 20-9-142."

18 **Section 6.** Section 20-7-713, MCA, is amended to read:

19 "**20-7-713. Adult basic education fund cash operating**  
20 **reserve.** At the end of each school fiscal year, the trustees  
21 of any a school district that operates an adult basic  
22 education program may designate ~~what the~~ portion of the  
23 adult basic education fund end-of-the-year cash fund balance  
24 that is to be earmarked as cash operating reserve for the  
25 purpose of paying, whenever a cash flow shortage occurs,

1 adult basic education fund warrants issued by the district  
2 from July 1 through June 30 of the ensuing school fiscal  
3 year. The amount of the adult basic education fund cash  
4 balance that is earmarked as cash operating reserve may not  
5 exceed 35% of the final adult basic education fund budget  
6 for the ensuing school fiscal year."

7 **Section 7.** Section 20-9-133, MCA, is amended to read:

8 "**20-9-133. Adoption and expenditure limitations of**  
9 **final budget.** (1) When the trustees ~~have--caused~~ determine  
10 and set the amount ~~of-an-item~~ of the budget for ~~the-district~~  
11 ~~to--be--determined--and--set~~ each budgeted fund, they shall  
12 enter the amount in the portion of the budget form provided  
13 for the reporting of the final budget and ~~upon-completion-of~~  
14 ~~all--the-items~~, the chairman and clerk shall sign the budget  
15 form. The resulting budget ~~shall-constitute~~ constitutes the  
16 final budget and the appropriations for the district for the  
17 current school fiscal year.

18 (2) Except as provided in subsection (3), the trustees  
19 and all officers and employees of the district ~~shall-be~~ are  
20 limited in making expenditures or incurring liabilities to  
21 the total amount of ~~such--appropriations~~, ~~except--that~~  
22 transfers each fund's budget. Transfers from any  
23 appropriation item to another appropriation item within a  
24 fund's budget may be made as provided by ~~law~~ 20-9-208.  
25 Except as provided in subsection (3), money of the district

1 may not be used to pay expenditures made, liabilities  
 2 incurred, or warrants issued in excess of ~~any of~~ the final  
 3 budget appropriations ~~for any item, as originally determined~~  
 4 ~~or as revised by transfer, shall not be a liability of the~~  
 5 ~~district, and no money of the district shall ever be used to~~  
 6 pay the same established for each budgeted fund.

7 (3) If a district incurs a legal bonded debt payment  
 8 after the final debt service fund budget for the current  
 9 fiscal year has been adopted and if payment on the debt is  
 10 required for the current fiscal year, payment on the debt in  
 11 the current school fiscal year is allowed if money is  
 12 available."

13 **Section 8.** Section 20-9-201, MCA, is amended to read:

14 "20-9-201. **Definitions and application.** (1) As used in  
 15 this title, unless the context clearly indicates otherwise,  
 16 "fund" means a separate detailed account of receipts and  
 17 expenditures for a specific purpose as authorized by law.  
 18 Funds are classified as follows:

19 (a) A "budgeted fund" means any fund for which a budget  
 20 must be adopted in order to expend money from the fund. The  
 21 general fund, transportation fund, bus depreciation reserve  
 22 fund, elementary tuition fund, retirement fund, debt service  
 23 fund, leased facilities fund, building reserve fund, adult  
 24 education fund, nonoperating fund, and any other funds so  
 25 designated by the legislature are budgeted funds.

1 (b) A "nonbudgeted fund" means any fund for which a  
 2 budget is not required in order to expend money on deposit  
 3 in the fund. The school food services fund, miscellaneous  
 4 federal programs fund, building fund, lease or rental  
 5 agreement fund, traffic education fund, interlocal  
 6 cooperative fund, internal service fund, enterprise fund,  
 7 agency fund, and any other funds so designated by the  
 8 legislature are nonbudgeted funds.

9 (2) The school financial administration provisions of  
 10 this title apply to all money of any elementary or high  
 11 school district except the extracurricular money realized  
 12 from pupil activities. Elementary and high school districts  
 13 shall record the receipt and disbursement of all money in  
 14 accordance with generally accepted accounting principles.  
 15 The superintendent of public instruction has general  
 16 supervisory authority as prescribed by law over the school  
 17 financial administration provisions, as they relate to  
 18 elementary and high school districts. ~~He~~ The superintendent  
 19 of public instruction shall adopt rules necessary to secure  
 20 compliance with the law."

21 **Section 9.** Section 20-9-435, MCA, is amended to read:

22 "20-9-435. **Delivery of school district bonds and**  
 23 **disposition of sale moneys.** (1) After the school district  
 24 bonds have been registered, the county treasurer shall:

25 (a) when the board of investments has purchased ~~such~~



1 the bonds, forward the bonds to ~~such-state~~ the board which  
 2 that, in turn, shall ~~cause-the-bonds-to--be--sent~~ send the  
 3 bonds to the state treasurer and shall ~~cause pay~~ pay the bonds  
 4 ~~to-be-paid for~~ in the manner provided by law; or

5 (b) when the purchaser is anybody other than the board  
 6 of investments, deliver the bonds to ~~such~~ the purchaser when  
 7 full payment of the bonds has been made by the purchaser.

8 (2) If any of the trustees fails or refuses to pay into  
 9 the proper county treasury the money arising from the sale  
 10 of any bonds, ~~he~~ the trustee is guilty of a felony and shall  
 11 be punished by imprisonment in the state prison for not less  
 12 than 1 year or more than 10 years, by a fine of not more  
 13 than \$50,000, or by both ~~such~~ fine and imprisonment.

14 (3) All money realized from the sale of school district  
 15 bonds ~~shall~~ must be paid to the county treasurer, ~~and he,~~  
 16 The county treasurer shall credit ~~such~~ the money to the  
 17 building fund of the school district issuing the bonds,  
 18 except money realized for the purposes defined in  
 19 20-9-403(1)(c) and (1)(d) ~~shall~~ must be deposited in the  
 20 debt service fund for the purchase of ~~such~~ the bonds and  
 21 money realized for the purposes authorized in 20-9-403(1)(e)  
 22 must be deposited in a fund as provided for in 2-9-316 to  
 23 pay a final judgment against the school district. The money  
 24 realized from the sale of school district bonds ~~shall~~ must  
 25 be immediately available to ~~such~~ the school district, and

1 the trustees may expend ~~such~~ the money without budgeted  
 2 authorization only for the purposes for which the bonds were  
 3 authorized by the school district bond election. Under the  
 4 provisions of 7-6-2802, the trustees may invest the money  
 5 for which there is no immediate demand and the interest  
 6 earned by ~~such~~ the investment ~~shall~~ must be used in the  
 7 manner provided ~~therein in that section.~~  
 8 accomplishment of the purpose or purposes of a bond issue,  
 9 the excess money realized from ~~such~~ the bond issue ~~shall~~  
 10 must be transferred to the debt service fund of the school  
 11 district to be used for the redemption or purchase of bonds  
 12 of ~~such~~ the issue."

13 **Section 10.** Section 20-9-512, MCA, is amended to read:

14 "20-9-512. Reserve fund for payment of accumulated sick  
 15 leave. (1) The trustees of ~~any a~~ a school district may  
 16 establish a reserve fund for the purpose of paying any  
 17 accumulated amount of sick leave that a nonteaching school  
 18 district employee is entitled to upon termination of  
 19 employment with the district in accordance with the  
 20 provisions of 2-18-618. ~~Such-a~~ The reserve fund may be used  
 21 only for the stated purpose of this section.

22 (2) At the end of each school fiscal year, the trustees  
 23 may appropriate a portion of the general fund  
 24 end-of-the-year cash fund balance to establish ~~such~~ a  
 25 reserve fund.

1 (3) The maximum amount in a reserve fund established  
 2 under the provisions of subsections (1) and (2) may not  
 3 exceed 30% of the total school district liability for  
 4 accumulated sick leave of nonteaching school district  
 5 employees on ~~January-15~~ June 30 of the preceding school  
 6 fiscal year."

7 **Section 11.** Section 20-10-147, MCA, is amended to read:

8 "**20-10-147. Bus depreciation reserve.** (1) The trustees  
 9 of any a district owning a bus or a two-way radio used for  
 10 purposes of transportation, as defined in 20-10-101, or for  
 11 purposes of conveying pupils to and from school functions or  
 12 activities may establish a bus depreciation reserve fund to  
 13 be used for the replacement of ~~such~~ the bus or radio.

14 (2) Whenever a bus depreciation reserve fund is  
 15 established, the trustees may include in the district's  
 16 budget, in accordance with the school budgeting provisions  
 17 of this title, an amount each year that does not exceed 20%  
 18 of the original cost of a bus or a two-way radio ~~for such~~  
 19 purposes. The amount budgeted may not, over time, exceed  
 20 100% 150% of the original cost of a bus or two-way radio.  
 21 The annual revenue requirement for each district's bus  
 22 depreciation reserve fund, determined within the limitations  
 23 of this section, ~~shall~~ must be reported by the county  
 24 superintendent to the county commissioners on the second  
 25 Monday of August as the bus depreciation reserve fund levy

1 requirement for that district, and a levy ~~shall~~ must be made  
 2 by the county commissioners in accordance with 20-9-142.

3 (3) Any expenditure of bus depreciation reserve fund  
 4 ~~moneys--shall~~ money must be within the limitations of the  
 5 district's final bus depreciation reserve fund budget and  
 6 the school financial administration provisions of this title  
 7 and may be made only for the purchase of buses or radios to  
 8 replace the buses or radios for which the bus depreciation  
 9 reserve fund was created.

10 (4) Whenever the trustees of a district maintaining a  
 11 bus depreciation reserve fund consider it to be in the best  
 12 interest of the district to transfer any portion or all of  
 13 the bus depreciation reserve cash fund balance to any other  
 14 fund maintained by the district, ~~it~~ the trustees shall  
 15 submit ~~such~~ the proposition to the electors of the district.  
 16 The electors qualified to vote at the election shall qualify  
 17 under 20-20-301, and the election ~~shall~~ must be called and  
 18 conducted in the manner prescribed by this title for school  
 19 elections. If a majority of those electors voting at the  
 20 election approve the proposed transfer from the bus  
 21 depreciation reserve fund, the transfer is approved and the  
 22 trustees shall immediately order the county treasurer to  
 23 make the approved transfer."

24 NEW SECTION. Section 12. Effective date. [THIS ACT] IS  
 25 DATES. (1) [SECTIONS 1 THROUGH 5, 7 THROUGH 11, AND THIS

HB 0715/03

1 SECTION] ARE effective on passage and approval.

2 (2) [SECTION 6] IS EFFECTIVE JULY 1, 1991.

-End-