

1 *Senate* BILL NO. *243*
 2 INTRODUCED BY *Boylan Libel*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE COUNTY
 5 AUTHORITY TO INVEST SCHOOL DISTRICT FUNDS UNDER THE
 6 PROVISIONS OF SECTIONS 16-2050 AND 16-2618, R.C.M. 1947, AND
 7 TO PRESCRIBE THE LIMITATIONS FOR SCHOOL DISTRICT INVESTMENTS
 8 UNDER SECTION 75-6806, R.C.M. 1947; AMENDING SECTIONS
 9 16-2050, 16-2618, 75-6805, AND 75-6806, R.C.M. 1947."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 16-2050, R.C.M. 1947, is amended to
 13 read as follows:

14 "16-2050. Investment of county moneys in county
 15 warrants and investment of school district or county high
 16 school moneys. (1) Except as provided in subsection (2) of
 17 this section, whenever the county has under its control any
 18 moneys, for which there is no immediate demand, in any
 19 special fund subject to deposit which in the judgment of the
 20 board of county commissioners it would be advantageous to
 21 invest in county warrants, the county commissioners are
 22 authorized in their discretion to direct the county
 23 treasurer to purchase county warrants of the same county,
 24 thereafter issued against funds in which there is not
 25 sufficient money to pay such county warrants at the time of

1 issuance, and in case of such purchase the county
 2 commissioners shall designate the fund or funds, to be so
 3 invested, and shall fix the amount thereof, and shall also
 4 designate the county warrant or warrants which are to be
 5 purchased by such funds. The county clerk and recorder shall
 6 thereupon cause to be attached to or stamped, written or
 7 printed upon the warrants so ordered to be purchased a
 8 notice to the effect that the county will exercise its
 9 preference right to purchase such warrant. The county
 10 treasurer shall thereafter when such county warrant is
 11 presented to him, purchase the same out of the proper fund
 12 as designated by the board of county commissioners, and the
 13 warrant so purchased shall be registered as other county
 14 warrants, and bear interest as provided by law. When the
 15 designated amounts have been invested the county treasurer
 16 shall notify the county clerk and recorder. Public funds
 17 realized from the sale of bonds by a county for the purpose
 18 of constructing public buildings, or for other construction,
 19 may be invested in any time or savings deposits, United
 20 States certificates of indebtedness, United States treasury
 21 notes or United States treasury bonds having a maturity date
 22 of one (1) year or less when emergency conditions, beyond
 23 the control of the county commissioners, exist which
 24 preclude the construction of the projects for which the
 25 bonds were issued at the time such investments are made.

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1 Interest earned from such investments, including interest on
 2 the sale of bonds accrued in the period between the date of
 3 issue and the time of purchase, shall be credited to the
 4 sinking fund of the county, notwithstanding the provisions
 5 of subsection (6) of section 16-2618.

6 (2) Whenever the county has under its control any
 7 moneys realized from the sale of bonds by a ~~school--district~~
 8 ~~or~~ county high school for the purpose of construction, for
 9 which there is no immediate demand, which in the judgment of
 10 the governing body of the ~~school--district--or~~ county high
 11 school it would be advantageous to invest in any time or
 12 savings deposits or in short-term obligations of the United
 13 States of America, such governing body may in its discretion
 14 direct the county treasurer to make such investments.
 15 Interest earned from such investments, except interest on
 16 the sale of bonds accrued in the period between the date of
 17 issue and the time of purchase which must be credited to the
 18 sinking fund, may be credited to the sinking fund of the
 19 said ~~school-district-or~~ county high school, provided that in
 20 the event construction of said buildings is delayed for a
 21 period longer than six (6) months due to court action or
 22 other causes beyond the control of the trustees, the
 23 trustees may direct that interest earned be credited to the
 24 fund from which the money was withdrawn. The trustees may
 25 authorize expenditures from interest earned, except as

1 provided above, for furnishing and equipping the buildings
 2 for which the bonds were sold.

3 (3) No provision of this section may be construed to
 4 prevent the investment of county, ~~school-district,~~ or county
 5 high school moneys under the state unified investment
 6 program established in title 79, chapter 3."

7 Section 2. Section 16-2618, R.C.M. 1947, is amended to
 8 read as follows:

9 "16-2618. Deposit of public funds by county, city and
 10 town treasurers. (1) It shall be the duty of all county,
 11 city and town treasurers to deposit all public moneys in
 12 their possession and under their control in any solvent
 13 banks, building and loan associations or savings and loan
 14 associations located in the county, city or town of which
 15 such treasurer is an officer, subject to national
 16 supervision or state examination as the board of county
 17 commissioners in the case of a county, or of the council in
 18 the case of a city or town, may designate, and no other. The
 19 treasurer shall take from such bank, building and loan
 20 association or savings and loan association such security as
 21 the board of county commissioners, in the case of a county,
 22 or the council in the case of a city or town, may prescribe,
 23 approve and deem fully sufficient and necessary to insure
 24 the safety and prompt payment of all such deposits, together
 25 with the interest on any time or savings deposits, provided

1 that said board of county commissioners or city or town
 2 council is hereby authorized to deposit such public moneys
 3 not necessary for immediate use by such county, city or town
 4 with any bank, building and loan association or savings and
 5 loan association authorized herein above in a savings or
 6 time deposit; provided that the bank or banks or building
 7 and loan association or savings and loan association in
 8 which the money is deposited shall pay on the moneys no less
 9 than the rate of interest as is paid on money from private
 10 sources on the same terms. Refusal of any bank, building and
 11 loan association or savings and loan association to pay said
 12 interest rate shall constitute a waiver of that
 13 institution's right to participate in the ratable
 14 distribution of said moneys as set forth in subsection (4)
 15 of this act, and provided that said board of county
 16 commissioners, or city or town council is hereby authorized
 17 to invest such public moneys not necessary for immediate use
 18 by such county, city or town, in direct obligations of the
 19 United States government, payable within not to exceed one
 20 hundred eighty (180) days from the time of such investment.

21 (2) Said board of county commissioners, city or town
 22 council may require security for only such portion of
 23 deposits as is not guaranteed or insured according to law.
 24 Such security shall consist of cashier's check or checks
 25 issued by the Federal Reserve Bank, bonds of the United

1 States government and its dependents, bonds guaranteed by
 2 the United States government or its dependents, bonds and
 3 warrants of the state of Montana, bonds and warrants of any
 4 county of the state of Montana, and bonds of any city, town
 5 or school district of the state of Montana, which are a
 6 general obligation of such county, city, town or school
 7 district, bonds of the Federal Land Banks, Federal
 8 Intermediate Credit Bank debentures, Federal Home Loan Bank
 9 notes and bonds, Bank for Co-operatives' debentures, Federal
 10 National Mortgage Association notes, bonds and guaranteed
 11 certificates of participation, obligations of or fully
 12 guaranteed by the Government National Mortgage Association,
 13 Farmers' Home Administration insured notes, notes fully
 14 guaranteed as to principal and interest by the Small
 15 Business Administration, Federal Housing Administration
 16 debentures, general obligation bonds of other states and
 17 counties of other states and bonds issued in the United
 18 States of America, which are quoted on the New York market
 19 which shall be acceptable at not to exceed ninety per centum
 20 (90%) of such market quotation.

21 (3) When negotiable securities are furnished, such
 22 securities may be placed in trust and the trustee's receipt
 23 may be accepted in lieu of the actual securities when such
 24 receipt is in favor of the treasurer, his successors and the
 25 state of Montana, and the form of receipt and the trustee

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1 have been approved by the department of intergovernmental
 2 relations. All warrants or other negotiable securities must
 3 be properly assigned or endorsed in blank. It shall be the
 4 duty of the board of county commissioners in the case of
 5 county funds, or the council in the case of funds of a city
 6 or town, upon the acceptance and approval of any of the
 7 above-mentioned bonds or securities, to make a complete
 8 minute entry of such acceptance and approval upon the record
 9 of their proceedings, and such bonds and securities shall be
 10 reapproved at least quarter annually thereafter.

11 (4) (a) Demand deposits shall be placed only in
 12 banks. When more than one bank is available in any county,
 13 for the deposit of such county funds, or in any city or town
 14 for the deposit of such city or town funds, such demand
 15 deposits shall be distributed ratably among all of such
 16 banks qualifying therefor, substantially in proportion to
 17 paid-in capital and surplus of each such bank willing to
 18 receive such demand deposits under the terms of this act,
 19 and it shall be the duty of said county, city or town
 20 treasurer to prorate all such demand deposits among all of
 21 the banks qualified to receive the same as in this act
 22 provided, to the end that an equitable distribution of such
 23 demand deposits shall be maintained.

24 (b) Such public moneys not necessary for immediate use
 25 by such county, city or town which are not invested in

1 direct obligations of the United States government as
 2 authorized herein shall be placed in time or savings
 3 deposits with any bank, building and loan association or
 4 savings and loan association in the county, city or town.
 5 When more than one bank, building and loan association or
 6 savings and loan association is available in any county, for
 7 the deposit of such county funds, or in any city or town for
 8 the deposit of such city or town funds, such funds shall be
 9 distributed ratably among all of such banks, building and
 10 loan associations and savings and loan associations
 11 qualifying therefor, substantially in proportion to the
 12 total property taxes paid in such county or the county in
 13 which such city or town is located during the preceding
 14 year, including taxes on shares of bank stock, by each such
 15 bank, building and loan association or savings and loan
 16 association willing to receive such time or savings deposits
 17 under the terms of this act, and it shall be the duty of
 18 said county, city or town treasurer to prorate all such time
 19 or savings deposits among all of the banks, building and
 20 loan associations and savings and loan associations
 21 qualified to receive the same as in this act provided, to
 22 the end that an equitable distribution of such time or
 23 savings deposits shall be maintained.

24 (5) Whenever it shall come to the attention of the
 25 department of intergovernmental relations that the funds of

1 any county, city or town are not properly distributed as
 2 provided in this act, the department of intergovernmental
 3 relations shall order the treasurer of such county, city or
 4 town to distribute said funds in accordance herewith, and if
 5 such treasurer shall refuse or neglect to comply with such
 6 order, it shall be the duty of the department of
 7 intergovernmental relations to institute proceedings against
 8 such treasurer at the cost of the county, city or town of
 9 which such treasurer is an officer, on the official bond of
 10 such treasurer. If no such bank, building and loan
 11 associations or savings and loan associations exists in the
 12 county, city or town, or if any banks, building and loan
 13 associations or savings and loan associations existing
 14 therein fails or refuses to qualify under the terms of this
 15 act to receive such deposits, then and in such case, or in
 16 either of such cases, such moneys as have not been accepted
 17 by any banks, building and loan associations or savings and
 18 loan associations within said county, city or town, shall be
 19 deposited under the terms of this act, in the banks,
 20 building and loan associations or savings and loan
 21 associations most convenient to such county, city or town,
 22 willing to accept such deposits under the terms of this act,
 23 and qualified as above provided. Any banks, building and
 24 loan associations or savings and loan associations receiving
 25 such deposits, shall, through its president and cashier or

1 secretary, make a statement quarter annually of account,
 2 under oath, showing all such moneys that have been deposited
 3 with such bank, building and loan association or savings and
 4 loan association during the quarter, the amount of daily
 5 balance in dollars, and the amount of interest by such
 6 banks, building and loan associations or savings and loan
 7 associations credited or paid therefor, and showing that
 8 neither such bank, building and loan association or savings
 9 and loan association nor any officer thereof, nor any person
 10 for it, has paid or given any consideration or emolument
 11 whatsoever to the treasurer or to any other person other
 12 than the interest provided for herein, for or on account of
 13 the making of such deposits, with any such bank, building
 14 and loan association or savings and loan association. All
 15 such deposits shall be subject to withdrawal by the
 16 treasurer in such amounts as may be necessary from time to
 17 time, and no deposit of funds shall be made, or permitted to
 18 remain in any bank, building and loan association or savings
 19 and loan association, until the security for such deposits
 20 shall have been first approved by the board of county
 21 commissioners in the case of county funds, or by the council
 22 in the case of city or town funds, and delivered to the
 23 treasurer.

24 (6) ~~Except--as--provided--in--subsection--(4)--of--this~~
 25 ~~section--all~~ All interest paid and collected on such

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1 deposits or investments shall be credited to the general
 2 fund of the county, city or town to whose credit such funds
 3 are deposited. Where moneys shall have been deposited in
 4 accordance with the provisions of this act, the treasurer
 5 shall not be liable for loss on account of any such deposit
 6 that may occur through damage by the elements or for any
 7 other cause or reason occasioned through means other than
 8 his own neglect, fraud, or dishonorable conduct.

9 (7) Any bank, building and loan association or savings
 10 and loan association pledging securities as provided in this
 11 act at any time it deems advisable or desirable may
 12 substitute like securities for all or any part of the
 13 securities pledged. The collateral so substituted shall be
 14 approved by the governing body of the county, city or town
 15 at its next official meeting. Such securities so substituted
 16 shall at the time of substitution be at least equal in
 17 principal amount to the securities for which substitution is
 18 made. In the event that the securities so substituted are
 19 held in trust, the trustee shall, on the same day the
 20 substitution is made, forward by registered or certified
 21 mail to the county, city or town and to the depository bank,
 22 building and loan association or savings and loan
 23 association, a receipt specifically describing and
 24 identifying both the securities so substituted and those
 25 released and returned to the depository bank, building and

1 loan association or savings and loan association.

2 ~~(8) Whenever in the judgment of the trustees of any~~
 3 ~~common school district, high school district, or county high~~
 4 ~~school it would be advantageous to invest any money of such~~
 5 ~~school or school district in savings or time deposits in a~~
 6 ~~state or national bank, building and loan association or~~
 7 ~~savings and loan association insured by the F.D.I.C. or the~~
 8 ~~F.S.B.I.C. or in direct obligations of the United States~~
 9 ~~government, payable within one hundred eighty (180) days~~
 10 ~~from the time of investment, such governing body may in its~~
 11 ~~discretion direct the county treasurer to make such~~
 12 ~~investments. All interest collected on such deposits or~~
 13 ~~investments shall be credited to the fund from which the~~
 14 ~~money was withdrawn, provided that nothing in this act shall~~
 15 ~~be interpreted to conflict with section 16-2050.~~"

16 Section 3. Section 75-6805, R.C.M. 1947, is amended to
 17 read as follows:

18 "75-6805. Duties of county treasurer. The county
 19 treasurer of each county shall:

20 (1) receive and hold all school moneys subject to
 21 apportionment, and keep a separate accounting of their
 22 apportionments to the several districts which are entitled
 23 to a portion of such moneys according to the apportionments
 24 ordered by the county superintendent. A separate accounting
 25 shall be maintained for each county fund supported by a

1 county-wide levy for a specific, authorized purpose,
2 including:

3 (a) the basic county tax in support of the elementary
4 foundation programs,

5 (b) the basic special tax for high schools in support
6 of the high school foundation programs,

7 (c) the county tax in support of the county's high
8 school transportation obligation,

9 (d) the county tax in support of the high school
10 obligations to the retirement systems of the state of
11 Montana,

12 (e) any additional county tax required by law to
13 provide for deficiency financing of the elementary
14 foundation programs,

15 (f) any additional county tax required by law to
16 provide for deficiency financing of the high school
17 foundation programs,

18 (g) the county tax for a post-secondary
19 vocational-technical center when levied by the board of
20 county commissioners, and

21 (h) any other county tax for schools which may be
22 authorized by law and levied by the county commissioners;

23 (2) whenever requested, notify the county
24 superintendent of the amount of county school moneys on
25 deposit in each of the funds enumerated in subsection (1) of

1 this section and the amount of any other school moneys
2 subject to apportionment, and apportion such county and
3 other school moneys to the districts in accordance with the
4 apportionment ordered by the county superintendent;

5 (3) keep a separate accounting of the expenditures for
6 each budgeted fund included on the final budget of each
7 district;

8 (4) keep a separate accounting of the receipts,
9 expenditures, and cash balances for each budgeted fund
10 included on the final budget of each district and for each
11 nonbudgeted fund established by each district;

12 (5) except as otherwise limited by law, pay all
13 warrants properly drawn on the county or district school
14 moneys and properly endorsed by their holders;

15 (6) receive all revenue collected by and for each
16 district and deposit these receipts in the fund designated
17 by law, or by the district if no fund is designated by law.
18 Interest and penalties on delinquent school taxes shall be
19 credited to the same fund and district for which the
20 original taxes were levied;

21 (7) send all revenues received for a joint district,
22 part of which is situated in his county, to the county
23 treasurer designated as the custodian of such revenues, no
24 later than the fifteenth day of December of each year and
25 every three (3) months thereafter until the end of the

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1 school fiscal year;

2 (8) register district warrants drawn on a budgeted
3 fund in accordance with section 16-2604, R. C. M., 1947,
4 when there are insufficient moneys available in such
5 budgeted fund to make payment of such warrant. Redemption of
6 registered warrants shall be made in accordance with
7 sections 16-2605, 16-2602, and 16-2607, R. C. M., 1947;

8 (9) invest the moneys of any district as directed by
9 the trustees of the district ~~but--in--accordance--with~~
10 ~~subsection-(2)-of--section--16-2650--or--subsection--(8)--of~~
11 ~~section--16-2610;--R--C--M--1947;--whenever-is-applicable;~~
12 and

13 (10) give to the trustees of each district, at least
14 quarterly, an itemized report for each fund maintained by
15 the district showing the paid warrants, outstanding
16 warrants, registered warrants, amount and types of revenue
17 received, and the cash balance."

18 Section 4. Section 75-6306, R.C.M. 1947, is amended to
19 read as follows:

20 "75-6806. Duties of trustees. The trustees of each
21 district shall have the sole power and authority to transact
22 all fiscal business and execute all contracts in the name of
23 such district. No person, other than the trustees, acting as
24 a governing board, shall have the authority to expend moneys
25 of the district. In conducting the fiscal business of the

1 district, the trustees shall:

2 (1) cause the keeping of an accurate, detailed
3 accounting of all receipts and expenditures of school moneys
4 for each fund maintained by the district in accordance with
5 rules and regulations prescribed by the superintendent of
6 public instruction. The record of such accounting shall be
7 open to public inspection at any meeting of the trustees;

8 (2) authorize all expenditures of district moneys, and
9 cause warrants to be issued for the payment of lawful
10 obligations;

11 (3) have the authority to issue warrants on any
12 budgeted fund in anticipation of budgeted revenues, except
13 that such expenditures shall not exceed the amount budgeted
14 for such fund;

15 (4) invest any moneys of the district ~~in--accordance~~
16 ~~with--subsection-(2)-of-section-16-2650--or--subsection-(8)-of~~
17 ~~section-16-2610;--R--C--M--1947;--whenever--is--applicable;~~
18 whenever in the judgment of the trustees such investment
19 would be advantageous to the district, by directing the
20 county treasurer to invest any money of the district in
21 savings or time deposits in a state or national bank,
22 building or loan association or savings and loan association
23 insured by the F.D.I.C. or the F.S.L.I.C. or in direct
24 obligations of the United States government, payable within
25 one hundred eighty (180) days from the time of investment.

1 All interest collected on such deposits or investments shall
 2 be credited to the fund from which the money was withdrawn
 3 except that interest earned on account of the investment of
 4 money realized from the sale of bonds shall be credited to
 5 the debt service fund. The placement of the investment by
 6 the county treasurer shall not be subject to ratable
 7 distribution laws and shall be done in accordance with the
 8 directive from the board of trustees. A district may invest
 9 moneys under the state unified investment program
 10 established in Title 79, chapter 3, R.C.M. 1947;

1 district."

-End-

11 (5) report annually to the county superintendent not
 12 later than the first day of August, the financial activities
 13 of each fund maintained by the district during the last
 14 completed school fiscal year on the forms prescribed and
 15 furnished by the superintendent of public instruction.
 16 Annual fiscal reports for joint school districts shall be
 17 submitted to the county superintendent of each county in
 18 which part of the joint district is situated;

19 (6) whenever requested, report any other fiscal
 20 activities to the county superintendent, superintendent of
 21 public instruction, or board of education;

22 (7) cause the accounting records of the district to be
 23 audited annually as required by law; and

24 (8) perform, in the manner permitted by law, such
 25 other fiscal duties that are in the best interests of the

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Approved by Committee
on Education

SENATE BILL NO. 243

INTRODUCED BY BOYLAN, SEIBEL

A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE COUNTY
AUTHORITY TO INVEST SCHOOL DISTRICT FUNDS UNDER THE
PROVISIONS OF SECTIONS 16-2050 AND 16-2618, R.C.M. 1947, AND
TO PRESCRIBE THE LIMITATIONS FOR SCHOOL DISTRICT INVESTMENTS
UNDER SECTION 75-6806, R.C.M. 1947; AMENDING SECTIONS
16-2050, 16-2618, 75-6805, AND 75-6806, R.C.M. 1947."

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

Section 1. Section 16-2050, R.C.M. 1947, is amended to
read as follows:

"16-2050. Investment of county moneys in county
warrants and investment of school district or county high
school moneys. (1) Except as provided in subsection (2) of
this section, whenever the county has under its control any
moneys, for which there is no immediate demand, in any
special fund subject to deposit which in the judgment of the
board of county commissioners it would be advantageous to
invest in county warrants, the county commissioners are
authorized in their discretion to direct the county
treasurer to purchase county warrants of the same county,
thereafter issued against funds in which there is not
sufficient money to pay such county warrants at the time of

issuance, and in case of such purchase the county
commissioners shall designate the fund or funds, to be so
invested, and shall fix the amount thereof, and shall also
designate the county warrant or warrants which are to be
purchased by such funds. The county clerk and recorder shall
thereupon cause to be attached to or stamped, written or
printed upon the warrants so ordered to be purchased a
notice to the effect that the county will exercise its
preference right to purchase such warrant. The county
treasurer shall thereafter when such county warrant is
presented to him, purchase the same out of the proper fund
as designated by the board of county commissioners, and the
warrant so purchased shall be registered as other county
warrants, and bear interest as provided by law. When the
designated amounts have been invested the county treasurer
shall notify the county clerk and recorder. Public funds
realized from the sale of bonds by a county for the purpose
of constructing public buildings, or for other construction,
may be invested in any time or savings deposits, United
States certificates of indebtedness, United States treasury
notes or United States treasury bonds having a maturity date
of one (1) year or less when emergency conditions, beyond
the control of the county commissioners, exist which
preclude the construction of the projects for which the
bonds were issued at the time such investments are made.

1 Interest earned from such investments, including interest on
 2 the sale of bonds accrued in the period between the date of
 3 issue and the time of purchase, shall be credited to the
 4 sinking fund of the county, notwithstanding the provisions
 5 of subsection (6) of section 16-2618.

6 (2) Whenever the county has under its control any
 7 moneys realized from the sale of bonds by a ~~school--district~~
 8 ~~or~~ county high school for the purpose of construction, for
 9 which there is no immediate demand, which in the judgment of
 10 the governing body of the ~~school--district--or~~ county high
 11 school it would be advantageous to invest in any time or
 12 savings deposits or in short-term obligations of the United
 13 States of America, such governing body may in its discretion
 14 direct the county treasurer to make such investments.
 15 Interest earned from such investments, except interest on
 16 the sale of bonds accrued in the period between the date of
 17 issue and the time of purchase which must be credited to the
 18 sinking fund, may be credited to the sinking fund of the
 19 said ~~school-district-or~~ county high school, provided that in
 20 the event construction of said buildings is delayed for a
 21 period longer than six (6) months due to court action or
 22 other causes beyond the control of the trustees, the
 23 trustees may direct that interest earned be credited to the
 24 fund from which the money was withdrawn. The trustees may
 25 authorize expenditures from interest earned, except as

1 provided above, for furnishing and equipping the buildings
 2 for which the bonds were sold.

3 (3) No provision of this section may be construed to
 4 prevent the investment of county, ~~school-district,~~ or county
 5 high school moneys under the state unified investment
 6 program established in Title 79, chapter 3."

7 Section 2. Section 16-2618, R.C.M. 1947, is amended to
 8 read as follows:

9 "16-2618. Deposit of public funds by county, city and
 10 town treasurers. (1) It shall be the duty of all county,
 11 city and town treasurers to deposit all public moneys in
 12 their possession and under their control in any solvent
 13 banks, building and loan associations or savings and loan
 14 associations located in the county, city or town of which
 15 such treasurer is an officer, subject to national
 16 supervision or state examination as the board of county
 17 commissioners in the case of a county, or of the council in
 18 the case of a city or town, may designate, and no other. The
 19 treasurer shall take from such bank, building and loan
 20 association or savings and loan association such security as
 21 the board of county commissioners, in the case of a county,
 22 or the council in the case of a city or town, may prescribe,
 23 approve and deem fully sufficient and necessary to insure
 24 the safety and prompt payment of all such deposits, together
 25 with the interest on any time or savings deposits, provided

1 that said board of county commissioners or city or town
 2 council is hereby authorized to deposit such public moneys
 3 not necessary for immediate use by such county, city or town
 4 with any bank, building and loan association or savings and
 5 loan association authorized herein above in a savings or
 6 time deposit; provided that the bank or banks or building
 7 and loan association or savings and loan association in
 8 which the money is deposited shall pay on the moneys no less
 9 than the rate of interest as is paid on money from private
 10 sources on the same terms. Refusal of any bank, building and
 11 loan association or savings and loan association to pay said
 12 interest rate shall constitute a waiver of that
 13 institution's right to participate in the ratable
 14 distribution of said moneys as set forth in subsection (4)
 15 of this act, and provided that said board of county
 16 commissioners, or city or town council is hereby authorized
 17 to invest such public moneys not necessary for immediate use
 18 by such county, city or town, in direct obligations of the
 19 United States government, payable within not to exceed one
 20 hundred eighty (180) days from the time of such investment.

21 (2) Said board of county commissioners, city or town
 22 council may require security for only such portion of
 23 deposits as is not guaranteed or insured according to law.
 24 Such security shall consist of cashier's check or checks
 25 issued by the Federal Reserve Bank, bonds of the United

1 States government and its dependents, bonds guaranteed by
 2 the United States government or its dependents, bonds and
 3 warrants of the state of Montana, bonds and warrants of any
 4 county of the state of Montana, and bonds of any city, town
 5 or school district of the state of Montana, which are a
 6 general obligation of such county, city, town or school
 7 district, bonds of the Federal Land Banks, Federal
 8 Intermediate Credit Bank debentures, Federal Home Loan Bank
 9 notes and bonds, Bank for Co-operatives' debentures, Federal
 10 National Mortgage Association notes, bonds and guaranteed
 11 certificates of participation, obligations of or fully
 12 guaranteed by the Government National Mortgage Association,
 13 Farmers' Home Administration insured notes, notes fully
 14 guaranteed as to principal and interest by the Small
 15 Business Administration, Federal Housing Administration
 16 debentures, general obligation bonds of other states and
 17 counties of other states and bonds issued in the United
 18 States of America, which are quoted on the New York market
 19 which shall be acceptable at not to exceed ninety per centum
 20 (90%) of such market quotation.

21 (3) When negotiable securities are furnished, such
 22 securities may be placed in trust and the trustee's receipt
 23 may be accepted in lieu of the actual securities when such
 24 receipt is in favor of the treasurer, his successors and the
 25 state of Montana, and the form of receipt and the trustee

1 have been approved by the department of intergovernmental
 2 relations. All warrants or other negotiable securities must
 3 be properly assigned or endorsed in blank. It shall be the
 4 duty of the board of county commissioners in the case of
 5 county funds, or the council in the case of funds of a city
 6 or town, upon the acceptance and approval of any of the
 7 above-mentioned bonds or securities, to make a complete
 8 minute entry of such acceptance and approval upon the record
 9 of their proceedings, and such bonds and securities shall be
 10 reappraised at least quarter annually thereafter.

11 (4) (a) Demand deposits shall be placed only in
 12 banks. When more than one bank is available in any county,
 13 for the deposit of such county funds, or in any city or town
 14 for the deposit of such city or town funds, such demand
 15 deposits shall be distributed ratably among all of such
 16 banks qualifying therefor, substantially in proportion to
 17 paid-in capital and surplus of each such bank willing to
 18 receive such demand deposits under the terms of this act,
 19 and it shall be the duty of said county, city or town
 20 treasurer to prorate all such demand deposits among all of
 21 the banks qualified to receive the same as in this act
 22 provided, to the end that an equitable distribution of such
 23 demand deposits shall be maintained.

24 (b) Such public moneys not necessary for immediate use
 25 by such county, city or town which are not invested in

1 direct obligations of the United States government as
 2 authorized herein shall be placed in time or savings
 3 deposits with any bank, building and loan association or
 4 savings and loan association in the county, city or town.
 5 When more than one bank, building and loan association or
 6 savings and loan association is available in any county, for
 7 the deposit of such county funds, or in any city or town for
 8 the deposit of such city or town funds, such funds shall be
 9 distributed ratably among all of such banks, building and
 10 loan associations and savings and loan associations
 11 qualifying therefor, substantially in proportion to the
 12 total property taxes paid in such county or the county in
 13 which such city or town is located during the preceding
 14 year, including taxes on shares of bank stock, by each such
 15 bank, building and loan association or savings and loan
 16 association willing to receive such time or savings deposits
 17 under the terms of this act, and it shall be the duty of
 18 said county, city or town treasurer to prorate all such time
 19 or savings deposits among all of the banks, building and
 20 loan associations and savings and loan associations
 21 qualified to receive the same as in this act provided, to
 22 the end that an equitable distribution of such time or
 23 savings deposits shall be maintained.

24 (5) Whenever it shall come to the attention of the
 25 department of intergovernmental relations that the funds of

1 any county, city or town are not properly distributed as
 2 provided in this act, the department of intergovernmental
 3 relations shall order the treasurer of such county, city or
 4 town to distribute said funds in accordance herewith, and if
 5 such treasurer shall refuse or neglect to comply with such
 6 order, it shall be the duty of the department of
 7 intergovernmental relations to institute proceedings against
 8 such treasurer at the cost of the county, city or town of
 9 which such treasurer is an officer, on the official bond of
 10 such treasurer. If no such bank, building and loan
 11 associations or savings and loan associations exists in the
 12 county, city or town, or if any banks, building and loan
 13 associations or savings and loan associations existing
 14 therein fails or refuses to qualify under the terms of this
 15 act to receive such deposits, then and in such case, or in
 16 either of such cases, such moneys as have not been accepted
 17 by any banks, building and loan associations or savings and
 18 loan associations within said county, city or town, shall be
 19 deposited under the terms of this act, in the banks,
 20 building and loan associations or savings and loan
 21 associations most convenient to such county, city or town,
 22 willing to accept such deposits under the terms of this act,
 23 and qualified as above provided. Any banks, building and
 24 loan associations or savings and loan associations receiving
 25 such deposits, shall, through its president and cashier or

1 secretary, make a statement quarter annually of account,
 2 under oath, showing all such moneys that have been deposited
 3 with such bank, building and loan association or savings and
 4 loan association during the quarter, the amount of daily
 5 balance in dollars, and the amount of interest by such
 6 banks, building and loan associations or savings and loan
 7 associations credited or paid therefor, and showing that
 8 neither such bank, building and loan association or savings
 9 and loan association nor any officer thereof, nor any person
 10 for it, has paid or given any consideration or emolument
 11 whatsoever to the treasurer or to any other person other
 12 than the interest provided for herein, for or on account of
 13 the making of such deposits, with any such bank, building
 14 and loan association or savings and loan association. All
 15 such deposits shall be subject to withdrawal by the
 16 treasurer in such amounts as may be necessary from time to
 17 time, and no deposit of funds shall be made, or permitted to
 18 remain in any bank, building and loan association or savings
 19 and loan association, until the security for such deposits
 20 shall have been first approved by the board of county
 21 commissioners in the case of county funds, or by the council
 22 in the case of city or town funds, and delivered to the
 23 treasurer.

24 (6) ~~Except--as--provided--in--subsection--(8)--of--this~~
 25 ~~section,--all~~ All interest paid and collected on such

1 deposits or investments shall be credited to the general
 2 fund of the county, city or town to whose credit such funds
 3 are deposited. Where moneys shall have been deposited in
 4 accordance with the provisions of this act, the treasurer
 5 shall not be liable for loss on account of any such deposit
 6 that may occur through damage by the elements or for any
 7 other cause or reason occasioned through means other than
 8 his own neglect, fraud, or dishonorable conduct.

9 (7) Any bank, building and loan association or savings
 10 and loan association pledging securities as provided in this
 11 act at any time it deems advisable or desirable may
 12 substitute like securities for all or any part of the
 13 securities pledged. The collateral so substituted shall be
 14 approved by the governing body of the county, city or town
 15 at its next official meeting. Such securities so substituted
 16 shall at the time of substitution be at least equal in
 17 principal amount to the securities for which substitution is
 18 made. In the event that the securities so substituted are
 19 held in trust, the trustee shall, on the same day the
 20 substitution is made, forward by registered or certified
 21 mail to the county, city or town and to the depository bank,
 22 building and loan association or savings and loan
 23 association, a receipt specifically describing and
 24 identifying both the securities so substituted and those
 25 released and returned to the depository bank, building and

1 loan association or savings and loan association.

2 ~~(8) Whenever in the judgment of the trustees of any~~
 3 ~~common school district, high school district, or county high~~
 4 ~~school it would be advantageous to invest any money of such~~
 5 ~~school or school district in savings or time deposits in a~~
 6 ~~state or national bank, building and loan association or~~
 7 ~~savings and loan association insured by the FDIC or the~~
 8 ~~FDIC, or in direct obligations of the United States~~
 9 ~~government payable within one hundred eighty (180) days~~
 10 ~~from the time of investment, such governing body may in its~~
 11 ~~discretion direct the county treasurer to make such~~
 12 ~~investments. All interest collected on such deposits or~~
 13 ~~investments shall be credited to the fund from which the~~
 14 ~~money was withdrawn, provided that nothing in this act shall~~
 15 ~~be interpreted to conflict with section 16-2050.~~"

16 Section 3. Section 75-6805, R.C.M. 1947, is amended to
 17 read as follows:

18 "75-6805. Duties of county treasurer. The county
 19 treasurer of each county shall:

20 (1) receive and hold all school moneys subject to
 21 apportionment, and keep a separate accounting of their
 22 apportionments to the several districts which are entitled
 23 to a portion of such moneys according to the apportionments
 24 ordered by the county superintendent. A separate accounting
 25 shall be maintained for each county fund supported by a

1 county-wide levy for a specific, authorized purpose,
2 including:

3 (a) the basic county tax in support of the elementary
4 foundation programs,

5 (b) the basic special tax for high schools in support
6 of the high school foundation programs,

7 (c) the county tax in support of the county's high
8 school transportation obligation,

9 (d) the county tax in support of the high school
10 obligations to the retirement systems of the state of
11 Montana,

12 (e) any additional county tax required by law to
13 provide for deficiency financing of the elementary
14 foundation programs,

15 (f) any additional county tax required by law to
16 provide for deficiency financing of the high school
17 foundation programs,

18 (g) the county tax for a post-secondary
19 vocational-technical center when levied by the board of
20 county commissioners, and

21 (h) any other county tax for schools which may be
22 authorized by law and levied by the county commissioners;

23 (2) whenever requested, notify the county
24 superintendent of the amount of county school moneys on
25 deposit in each of the funds enumerated in subsection (1) of

1 this section and the amount of any other school moneys
2 subject to apportionment, and apportion such county and
3 other school moneys to the districts in accordance with the
4 apportionment ordered by the county superintendent;

5 (3) keep a separate accounting of the expenditures for
6 each budgeted fund included on the final budget of each
7 district;

8 (4) keep a separate accounting of the receipts,
9 expenditures, and cash balances for each budgeted fund
10 included on the final budget of each district and for each
11 nonbudgeted fund established by each district;

12 (5) except as otherwise limited by law, pay all
13 warrants properly drawn on the county or district school
14 moneys and properly endorsed by their holders;

15 (6) receive all revenue collected by and for each
16 district and deposit these receipts in the fund designated
17 by law, or by the district if no fund is designated by law.
18 Interest and penalties on delinquent school taxes shall be
19 credited to the same fund and district for which the
20 original taxes were levied;

21 (7) send all revenues received for a joint district,
22 part of which is situated in his county, to the county
23 treasurer designated as the custodian of such revenues, no
24 later than the fifteenth day of December of each year and
25 every three (3) months thereafter until the end of the

1 school fiscal year;

2 (8) register district warrants drawn on a budgeted
3 fund in accordance with section 16-2604, R. C. M., 1947,
4 when there are insufficient moneys available in such
5 budgeted fund to make payment of such warrant. Redemption of
6 registered warrants shall be made in accordance with
7 sections 16-2605, 16-2602, and 16-2607, R. C. M., 1947;

8 (9) invest the moneys of any district as directed by
9 the trustees of the district ~~but--in--accordance--with~~
10 ~~subsection-(2)-of--section--16-2050--or--subsection--(8)--of~~
11 ~~section--16-2610,--R--C--M--1947,--whichever-is-applicable;~~
12 and

13 (10) give to the trustees of each district, at least
14 quarterly, an itemized report for each fund maintained by
15 the district showing the paid warrants, outstanding
16 warrants, registered warrants, amount and types of revenue
17 received, and the cash balance."

18 Section 4. Section 75-6806, R.C.M. 1947, is amended to
19 read as follows:

20 "75-6806. Duties of trustees. The trustees of each
21 district shall have the sole power and authority to transact
22 all fiscal business and execute all contracts in the name of
23 such district. No person, other than the trustees, acting as
24 a governing board, shall have the authority to expend moneys
25 of the district. In conducting the fiscal business of the

1 district, the trustees shall:

2 (1) cause the keeping of an accurate, detailed
3 accounting of all receipts and expenditures of school moneys
4 for each fund maintained by the district in accordance with
5 rules and regulations prescribed by the superintendent of
6 public instruction. The record of such accounting shall be
7 open to public inspection at any meeting of the trustees;

8 (2) authorize all expenditures of district moneys, and
9 cause warrants to be issued for the payment of lawful
10 obligations;

11 (3) have the authority to issue warrants on any
12 budgeted fund in anticipation of budgeted revenues, except
13 that such expenditures shall not exceed the amount budgeted
14 for such fund;

15 (4) invest any moneys of the district ~~in--accordance~~
16 ~~with--subsection-(2)-of--section--16-2050--or--subsection--(8)--of~~
17 ~~section--16-2610,--R--C--M--1947,--whichever--is--applicable;~~
18 whenever in the judgment of the trustees such investment
19 would be advantageous to the district, by directing the
20 county treasurer to invest any money of the district in
21 savings or time deposits in a state or national bank,
22 building or loan association or savings and loan association
23 insured by the F.D.I.C. or the F.S.L.I.C. or in direct
24 obligations of the United States government, payable within
25 one hundred eighty (180) days from the time of investment.

1 All interest collected on such deposits or investments shall
 2 be credited to the fund from which the money was withdrawn
 3 except that interest earned on account of the investment of
 4 money realized from the sale of bonds shall be credited to
 5 the debt service fund, OR THE BUILDING FUND AT THE
 6 DISCRETION OF THE BOARD OF TRUSTEES. The placement of the
 7 investment by the county treasurer shall not be subject to
 8 ratable distribution laws and shall be done in accordance
 9 with the directive from the board of trustees. A district
 10 may invest moneys under the state unified investment program
 11 established in Title 79, chapter 3, R.C.M. 1947;

12 (5) report annually to the county superintendent not
 13 later than the first day of August, the financial activities
 14 of each fund maintained by the district during the last
 15 completed school fiscal year on the forms prescribed and
 16 furnished by the superintendent of public instruction.
 17 Annual fiscal reports for joint school districts shall be
 18 submitted to the county superintendent of each county in
 19 which part of the joint district is situated;

20 (6) whenever requested, report any other fiscal
 21 activities to the county superintendent, superintendent of
 22 public instruction, or board of education;

23 (7) cause the accounting records of the district to be
 24 audited annually as required by law; and

25 (8) perform, in the manner permitted by law, such

1 other fiscal duties that are in the best interests of the
 2 district."

-End-

1 SENATE BILL NO. 243

2 INTRODUCED BY BOYLAN, SEIBEL

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE COUNTY
5 AUTHORITY TO INVEST SCHOOL DISTRICT FUNDS UNDER THE
6 PROVISIONS OF SECTIONS 16-2050 AND 16-2618, R.C.M. 1947, AND
7 TO PRESCRIBE THE LIMITATIONS FOR SCHOOL DISTRICT INVESTMENTS
8 UNDER SECTION 75-6806, R.C.M. 1947; AMENDING SECTIONS
9 16-2050, 16-2618, 75-6805, AND 75-6806, R.C.M. 1947."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:12 Section 1. Section 16-2050, R.C.M. 1947, is amended to
13 read as follows:

14 "16-2050. Investment of county moneys in county
15 warrants and investment of school district or county high
16 school moneys. (1) Except as provided in subsection (2) of
17 this section, whenever the county has under its control any
18 moneys, for which there is no immediate demand, in any
19 special fund subject to deposit which in the judgment of the
20 board of county commissioners it would be advantageous to
21 invest in county warrants, the county commissioners are
22 authorized in their discretion to direct the county
23 treasurer to purchase county warrants of the same county,
24 thereafter issued against funds in which there is not
25 sufficient money to pay such county warrants at the time of

1 issuance, and in case of such purchase the county
2 commissioners shall designate the fund or funds, to be so
3 invested, and shall fix the amount thereof, and shall also
4 designate the county warrant or warrants which are to be
5 purchased by such funds. The county clerk and recorder shall
6 thereupon cause to be attached to or stamped, written or
7 printed upon the warrants so ordered to be purchased a
8 notice to the effect that the county will exercise its
9 preference right to purchase such warrant. The county
10 treasurer shall thereafter when such county warrant is
11 presented to him, purchase the same out of the proper fund
12 as designated by the board of county commissioners, and the
13 warrant so purchased shall be registered as other county
14 warrants, and bear interest as provided by law. When the
15 designated amounts have been invested the county treasurer
16 shall notify the county clerk and recorder. Public funds
17 realized from the sale of bonds by a county for the purpose
18 of constructing public buildings, or for other construction,
19 may be invested in any time or savings deposits, United
20 States certificates of indebtedness, United States treasury
21 notes or United States treasury bonds having a maturity date
22 of one (1) year or less when emergency conditions, beyond
23 the control of the county commissioners, exist which
24 preclude the construction of the projects for which the
25 bonds were issued at the time such investments are made.

1 Interest earned from such investments, including interest on
 2 the sale of bonds accrued in the period between the date of
 3 issue and the time of purchase, shall be credited to the
 4 sinking fund of the county, notwithstanding the provisions
 5 of subsection (6) of section 16-2618.

6 (2) Whenever the county has under its control any
 7 moneys realized from the sale of bonds by a ~~school-district~~
 8 ~~or~~ county high school for the purpose of construction, for
 9 which there is no immediate demand, which in the judgment of
 10 the governing body of the ~~school-district--or~~ county high
 11 school it would be advantageous to invest in any time or
 12 savings deposits or in short-term obligations of the United
 13 States of America, such governing body may in its discretion
 14 direct the county treasurer to make such investments.
 15 Interest earned from such investments, except interest on
 16 the sale of bonds accrued in the period between the date of
 17 issue and the time of purchase which must be credited to the
 18 sinking fund, may be credited to the sinking fund of the
 19 said ~~school-district-or~~ county high school, provided that in
 20 the event construction of said buildings is delayed for a
 21 period longer than six (6) months due to court action or
 22 other causes beyond the control of the trustees, the
 23 trustees may direct that interest earned be credited to the
 24 fund from which the money was withdrawn. The trustees may
 25 authorize expenditures from interest earned, except as

1 provided above, for furnishing and equipping the buildings
 2 for which the bonds were sold.

3 (3) No provision of this section may be construed to
 4 prevent the investment of county, ~~school-district,~~ or county
 5 high school moneys under the state unified investment
 6 program established in Title 79, chapter 3."

7 Section 2. Section 16-2618, R.C.M. 1947, is amended to
 8 read as follows:

9 "16-2618. Deposit of public funds by county, city and
 10 town treasurers. (1) It shall be the duty of all county,
 11 city and town treasurers to deposit all public moneys in
 12 their possession and under their control in any solvent
 13 banks, building and loan associations or savings and loan
 14 associations located in the county, city or town of which
 15 such treasurer is an officer, subject to national
 16 supervision or state examination as the board of county
 17 commissioners in the case of a county, or of the council in
 18 the case of a city or town, may designate, and no other. The
 19 treasurer shall take from such bank, building and loan
 20 association or savings and loan association such security as
 21 the board of county commissioners, in the case of a county,
 22 or the council in the case of a city or town, may prescribe,
 23 approve and deem fully sufficient and necessary to insure
 24 the safety and prompt payment of all such deposits, together
 25 with the interest on any time or savings deposits, provided

1 that said board of county commissioners or city or town
 2 council is hereby authorized to deposit such public moneys
 3 not necessary for immediate use by such county, city or town
 4 with any bank, building and loan association or savings and
 5 loan association authorized herein above in a savings or
 6 time deposit; provided that the bank or banks or building
 7 and loan association or savings and loan association in
 8 which the money is deposited shall pay on the moneys no less
 9 than the rate of interest as is paid on money from private
 10 sources on the same terms. Refusal of any bank, building and
 11 loan association or savings and loan association to pay said
 12 interest rate shall constitute a waiver of that
 13 institution's right to participate in the ratable
 14 distribution of said moneys as set forth in subsection (4)
 15 of this act, and provided that said board of county
 16 commissioners, or city or town council is hereby authorized
 17 to invest such public moneys not necessary for immediate use
 18 by such county, city or town, in direct obligations of the
 19 United States government, payable within not to exceed one
 20 hundred eighty (180) days from the time of such investment.

21 (2) Said board of county commissioners, city or town
 22 council may require security for only such portion of
 23 deposits as is not guaranteed or insured according to law.
 24 Such security shall consist of cashier's check or checks
 25 issued by the Federal Reserve Bank, bonds of the United

1 States government and its dependents, bonds guaranteed by
 2 the United States government or its dependents, bonds and
 3 warrants of the state of Montana, bonds and warrants of any
 4 county of the state of Montana, and bonds of any city, town
 5 or school district of the state of Montana, which are a
 6 general obligation of such county, city, town or school
 7 district, bonds of the Federal Land Banks, Federal
 8 Intermediate Credit Bank debentures, Federal Home Loan Bank
 9 notes and bonds, Bank for Co-operatives' debentures, Federal
 10 National Mortgage Association notes, bonds and guaranteed
 11 certificates of participation, obligations of or fully
 12 guaranteed by the Government National Mortgage Association,
 13 Farmers' Home Administration insured notes, notes fully
 14 guaranteed as to principal and interest by the Small
 15 Business Administration, Federal Housing Administration
 16 debentures, general obligation bonds of other states and
 17 counties of other states and bonds issued in the United
 18 States of America, which are quoted on the New York market
 19 which shall be acceptable at not to exceed nine per centum
 20 (90%) of such market quotation.

21 (3) When negotiable securities are furnished, such
 22 securities may be placed in trust and the trustee's receipt
 23 may be accepted in lieu of the actual securities when such
 24 receipt is in favor of the treasurer, his successors and the
 25 state of Montana, and the form of receipt and the trustee

1 have been approved by the department of intergovernmental
 2 relations. All warrants or other negotiable securities must
 3 be properly assigned or endorsed in blank. It shall be the
 4 duty of the board of county commissioners in the case of
 5 county funds, or the council in the case of funds of a city
 6 or town, upon the acceptance and approval of any of the
 7 above-mentioned bonds or securities, to make a complete
 8 minute entry of such acceptance and approval upon the record
 9 of their proceedings, and such bonds and securities shall be
 10 reapproved at least quarter annually thereafter.

11 (4) (a) Demand deposits shall be placed only in
 12 banks. When more than one bank is available in any county,
 13 for the deposit of such county funds, or in any city or town
 14 for the deposit of such city or town funds, such demand
 15 deposits shall be distributed ratably among all of such
 16 banks qualifying therefor, substantially in proportion to
 17 paid-in capital and surplus of each such bank willing to
 18 receive such demand deposits under the terms of this act,
 19 and it shall be the duty of said county, city or town
 20 treasurer to prorate all such demand deposits among all of
 21 the banks qualified to receive the same as in this act
 22 provided, to the end that an equitable distribution of such
 23 demand deposits shall be maintained.

24 (b) Such public moneys not necessary for immediate use
 25 by such county, city or town which are not invested in

1 direct obligations of the United States government as
 2 authorized herein shall be placed in time or savings
 3 deposits with any bank, building and loan association or
 4 savings and loan association in the county, city or town.
 5 When more than one bank, building and loan association or
 6 savings and loan association is available in any county, for
 7 the deposit of such county funds, or in any city or town for
 8 the deposit of such city or town funds, such funds shall be
 9 distributed ratably among all of such banks, building and
 10 loan associations and savings and loan associations
 11 qualifying therefor, substantially in proportion to the
 12 total property taxes paid in such county or the county in
 13 which such city or town is located during the preceding
 14 year, including taxes on shares of bank stock, by each such
 15 bank, building and loan association or savings and loan
 16 association willing to receive such time or savings deposits
 17 under the terms of this act, and it shall be the duty of
 18 said county, city or town treasurer to prorate all such time
 19 or savings deposits among all of the banks, building and
 20 loan associations and savings and loan associations
 21 qualified to receive the same as in this act provided, to
 22 the end that an equitable distribution of such time or
 23 savings deposits shall be maintained.

24 (5) Whenever it shall come to the attention of the
 25 department of intergovernmental relations that the funds of

1 any county, city or town are not properly distributed as
 2 provided in this act, the department of intergovernmental
 3 relations shall order the treasurer of such county, city or
 4 town to distribute said funds in accordance herewith, and if
 5 such treasurer shall refuse or neglect to comply with such
 6 order, it shall be the duty of the department of
 7 intergovernmental relations to institute proceedings against
 8 such treasurer at the cost of the county, city or town of
 9 which such treasurer is an officer, on the official bond of
 10 such treasurer. If no such bank, building and loan
 11 associations or savings and loan associations exists in the
 12 county, city or town, or if any banks, building and loan
 13 associations or savings and loan associations existing
 14 therein fails or refuses to qualify under the terms of this
 15 act to receive such deposits, then and in such case, or in
 16 either of such cases, such moneys as have not been accepted
 17 by any banks, building and loan associations or savings and
 18 loan associations within said county, city or town, shall be
 19 deposited under the terms of this act, in the banks,
 20 building and loan associations or savings and loan
 21 associations most convenient to such county, city or town,
 22 willing to accept such deposits under the terms of this act,
 23 and qualified as above provided. Any banks, building and
 24 loan associations or savings and loan associations receiving
 25 such deposits, shall, through its president and cashier or

1 secretary, make a statement quarter annually of account,
 2 under oath, showing all such moneys that have been deposited
 3 with such bank, building and loan association or savings and
 4 loan association during the quarter, the amount of daily
 5 balance in dollars, and the amount of interest by such
 6 banks, building and loan associations or savings and loan
 7 associations credited or paid therefor, and showing that
 8 neither such bank, building and loan association or savings
 9 and loan association nor any officer thereof, nor any person
 10 for it, has paid or given any consideration or emolument
 11 whatsoever to the treasurer or to any other person other
 12 than the interest provided for herein, for or on account of
 13 the making of such deposits, with any such bank, building
 14 and loan association or savings and loan association. All
 15 such deposits shall be subject to withdrawal by the
 16 treasurer in such amounts as may be necessary from time to
 17 time, and no deposit of funds shall be made, or permitted to
 18 remain in any bank, building and loan association or savings
 19 and loan association, until the security for such deposits
 20 shall have been first approved by the board of county
 21 commissioners in the case of county funds, or by the council
 22 in the case of city or town funds, and delivered to the
 23 treasurer.

24 (6) ~~Except--as--provided--in--subsection--(9)--of--this~~
 25 ~~section,--and~~ All interest paid and collected on such

1 deposits or investments shall be credited to the general
 2 fund of the county, city or town to whose credit such funds
 3 are deposited. Where moneys shall have been deposited in
 4 accordance with the provisions of this act, the treasurer
 5 shall not be liable for loss on account of any such deposit
 6 that may occur through damage by the elements or for any
 7 other cause or reason occasioned through means other than
 8 his own neglect, fraud, or dishonorable conduct.

9 (7) Any bank, building and loan association or savings
 10 and loan association pledging securities as provided in this
 11 act at any time it deems advisable or desirable may
 12 substitute like securities for all or any part of the
 13 securities pledged. The collateral so substituted shall be
 14 approved by the governing body of the county, city or town
 15 at its next official meeting. Such securities so substituted
 16 shall at the time of substitution be at least equal in
 17 principal amount to the securities for which substitution is
 18 made. In the event that the securities so substituted are
 19 held in trust, the trustee shall, on the same day the
 20 substitution is made, forward by registered or certified
 21 mail to the county, city or town and to the depository bank,
 22 building and loan association or savings and loan
 23 association, a receipt specifically describing and
 24 identifying both the securities so substituted and those
 25 released and returned to the depository bank, building and

1 loan association or savings and loan association.

2 ~~(8) Whenever in the judgment of the trustees of any~~
 3 ~~common school district, high school district, or county high~~
 4 ~~school it would be advantageous to invest any money of such~~
 5 ~~school or school district in savings or time deposits in a~~
 6 ~~state or national bank, building and loan association or~~
 7 ~~savings and loan association insured by the Federal or the~~
 8 ~~Federal, or in direct obligations of the United States~~
 9 ~~government, payable within one hundred eighty (180) days~~
 10 ~~from the time of investment, such governing body may in its~~
 11 ~~discretion direct the county treasurer to make such~~
 12 ~~investments. All interest collected on such deposits or~~
 13 ~~investments shall be credited to the fund from which the~~
 14 ~~money was withdrawn, provided that nothing in this act shall~~
 15 ~~be interpreted to conflict with section 16-2050.~~"

16 Section 3. Section 75-6805, R.C.M. 1947, is amended to
 17 read as follows:

18 "75-6805. Duties of county treasurer. The county
 19 treasurer of each county shall:

20 (1) receive and hold all school moneys subject to
 21 apportionment, and keep a separate accounting of their
 22 apportionments to the several districts which are entitled
 23 to a portion of such moneys according to the apportionments
 24 ordered by the county superintendent. A separate accounting
 25 shall be maintained for each county fund supported by a

1 county-wide levy for a specific, authorized purpose,
2 including:

3 (a) the basic county tax in support of the elementary
4 foundation programs,

5 (b) the basic special tax for high schools in support
6 of the high school foundation programs,

7 (c) the county tax in support of the county's high
8 school transportation obligation,

9 (d) the county tax in support of the high school
10 obligations to the retirement systems of the state of
11 Montana,

12 (e) any additional county tax required by law to
13 provide for deficiency financing of the elementary
14 foundation programs,

15 (f) any additional county tax required by law to
16 provide for deficiency financing of the high school
17 foundation programs,

18 (g) the county tax for a post-secondary
19 vocational-technical center when levied by the board of
20 county commissioners, and

21 (h) any other county tax for schools which may be
22 authorized by law and levied by the county commissioners;

23 (2) whenever requested, notify the county
24 superintendent of the amount of county school moneys on
25 deposit in each of the funds enumerated in subsection (1) of

1 this section and the amount of any other school moneys
2 subject to apportionment, and apportion such county and
3 other school moneys to the districts in accordance with the
4 apportionment ordered by the county superintendent;

5 (3) keep a separate accounting of the expenditures for
6 each budgeted fund included on the final budget of each
7 district;

8 (4) keep a separate accounting of the receipts,
9 expenditures, and cash balances for each budgeted fund
10 included on the final budget of each district and for each
11 nonbudgeted fund established by each district;

12 (5) except as otherwise limited by law, pay all
13 warrants properly drawn on the county or district school
14 moneys and properly endorsed by their holders;

15 (6) receive all revenue collected by and for each
16 district and deposit these receipts in the fund designated
17 by law, or by the district if no fund is designated by law.
18 Interest and penalties on delinquent school taxes shall be
19 credited to the same fund and district for which the
20 original taxes were levied;

21 (7) send all revenues received for a joint district,
22 part of which is situated in his county, to the county
23 treasurer designated as the custodian of such revenues, no
24 later than the fifteenth day of December of each year and
25 every three (3) months thereafter until the end of the

1 school fiscal year;

2 (8) register district warrants drawn on a budgeted
3 fund in accordance with section 16-2604, R. C. M., 1947,
4 when there are insufficient moneys available in such
5 budgeted fund to make payment of such warrant. Redemption of
6 registered warrants shall be made in accordance with
7 sections 16-2605, 16-2602, and 16-2607, R. C. M., 1947;

8 (9) invest the moneys of any district as directed by
9 the trustees of the district ~~but in accordance with~~
10 ~~subsection (2) of section 16-2650 or subsection (8) of~~
11 ~~section 16-2610, R. C. M., 1947, whichever is applicable;~~
12 and

13 (10) give to the trustees of each district, at least
14 quarterly, an itemized report for each fund maintained by
15 the district showing the paid warrants, outstanding
16 warrants, registered warrants, amount and types of revenue
17 received, and the cash balance."

18 Section 4. Section 75-6806, R.C.M. 1947, is amended to
19 read as follows:

20 "75-6806. Duties of trustees. The trustees of each
21 district shall have the sole power and authority to transact
22 all fiscal business and execute all contracts in the name of
23 such district. No person, other than the trustees, acting as
24 a governing board, shall have the authority to expend moneys
25 of the district. In conducting the fiscal business of the

1 district, the trustees shall:

2 (1) cause the keeping of an accurate, detailed
3 accounting of all receipts and expenditures of school moneys
4 for each fund maintained by the district in accordance with
5 rules and regulations prescribed by the superintendent of
6 public instruction. The record of such accounting shall be
7 open to public inspection at any meeting of the trustees;

8 (2) authorize all expenditures of district moneys, and
9 cause warrants to be issued for the payment of lawful
10 obligations;

11 (3) have the authority to issue warrants on any
12 budgeted fund in anticipation of budgeted revenues, except
13 that such expenditures shall not exceed the amount budgeted
14 for such fund;

15 (4) invest any moneys of the district ~~in accordance~~
16 ~~with subsection (2) of section 16-2650 or subsection (8) of~~
17 ~~section 16-2610, R. C. M., 1947, whichever is applicable~~
18 whenever in the judgment of the trustees such investment
19 would be advantageous to the district, by directing the
20 county treasurer to invest any money of the district in
21 savings or time deposits in a state or national bank,
22 building or loan association or savings and loan association
23 insured by the F.D.I.C. or the F.S.L.I.C. LOCATED IN THE
24 COUNTY IN WHICH THE DISTRICT IS LOCATED, PROVIDED HOWEVER
25 THAT IF NO SUCH BANK, BUILDING AND LOAN ASSOCIATION OR

1 SAVINGS AND LOAN ASSOCIATION IS LOCATED IN THE COUNTY WHERE
 2 THE DISTRICT IS SITUATED SUCH INVESTMENT MAY BE MADE IN SAID
 3 BANKS OR ASSOCIATIONS LOCATED IN ADJACENT COUNTIES or in
 4 direct obligations of the United States government, payable
 5 within one hundred eighty (180) days from the time of
 6 investment. All interest collected on such deposits or
 7 investments shall be credited to the fund from which the
 8 money was withdrawn except that interest earned on account
 9 of the investment of money realized from the sale of bonds
 10 shall be credited to the debt service fund, OR THE BUILDING
 11 FUND AT THE DISCRETION OF THE BOARD OF TRUSTEES. The
 12 placement of the investment by the county treasurer shall
 13 not be subject to ratable distribution laws and shall be
 14 done in accordance with the directive from the board of
 15 trustees. A district may invest moneys under the state
 16 unified investment program established in Title 79, chapter
 17 3, R.C.M. 1947;

18 (5) report annually to the county superintendent not
 19 later than the first day of August, the financial activities
 20 of each fund maintained by the district during the last
 21 completed school fiscal year on the forms prescribed and
 22 furnished by the superintendent of public instruction.
 23 Annual fiscal reports for joint school districts shall be
 24 submitted to the county superintendent of each county in
 25 which part of the joint district is situated;

1 (6) whenever requested, report any other fiscal
 2 activities to the county superintendent, superintendent of
 3 public instruction, or board of education;
 4 (7) cause the accounting records of the district to be
 5 audited annually as required by law; and
 6 (8) perform, in the manner permitted by law, such
 7 other fiscal duties that are in the best interests of the
 8 district."

-End-

1 SENATE BILL NO. 243

2 INTRODUCED BY BOYLAN, SEIBEL

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE COUNTY
5 AUTHORITY TO INVEST SCHOOL DISTRICT FUNDS UNDER THE
6 PROVISIONS OF SECTIONS 16-2050 AND 16-2618, R.C.M. 1947, AND
7 TO PRESCRIBE THE LIMITATIONS FOR SCHOOL DISTRICT INVESTMENTS
8 UNDER SECTION 75-6806, R.C.M. 1947; AMENDING SECTIONS
9 16-2050, 16-2618, 75-6805, AND 75-6806, R.C.M. 1947."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:12 Section 1. Section 16-2050, R.C.M. 1947, is amended to
13 read as follows:

14 "16-2050. Investment of county moneys in county
15 warrants and investment of school district or county high
16 school moneys. (1) Except as provided in subsection (2) of
17 this section, whenever the county has under its control any
18 moneys, for which there is no immediate demand, in any
19 special fund subject to deposit which in the judgment of the
20 board of county commissioners it would be advantageous to
21 invest in county warrants, the county commissioners are
22 authorized in their discretion to direct the county
23 treasurer to purchase county warrants of the same county,
24 thereafter issued against funds in which there is not
25 sufficient money to pay such county warrants at the time of

1 issuance, and in case of such purchase the county
2 commissioners shall designate the fund or funds, to be so
3 invested, and shall fix the amount thereof, and shall also
4 designate the county warrant or warrants which are to be
5 purchased by such funds. The county clerk and recorder shall
6 thereupon cause to be attached to or stamped, written or
7 printed upon the warrants so ordered to be purchased a
8 notice to the effect that the county will exercise its
9 preference right to purchase such warrant. The county
10 treasurer shall thereafter when such county warrant is
11 presented to him, purchase the same out of the proper fund
12 as designated by the board of county commissioners, and the
13 warrant so purchased shall be registered as other county
14 warrants, and bear interest as provided by law. When the
15 designated amounts have been invested the county treasurer
16 shall notify the county clerk and recorder. Public funds
17 realized from the sale of bonds by a county for the purpose
18 of constructing public buildings, or for other construction,
19 may be invested in any time or savings deposits, United
20 States certificates of indebtedness, United States treasury
21 notes or United States treasury bonds having a maturity date
22 of one (1) year or less when emergency conditions, beyond
23 the control of the county commissioners, exist which
24 preclude the construction of the projects for which the
25 bonds were issued at the time such investments are made.

REFERENCE BILL

1 Interest earned from such investments, including interest on
 2 the sale of bonds accrued in the period between the date of
 3 issue and the time of purchase, shall be credited to the
 4 sinking fund of the county, notwithstanding the provisions
 5 of subsection (6) of section 16-2618.

6 (2) Whenever the county has under its control any
 7 moneys realized from the sale of bonds by a ~~school--district~~
 8 ~~or~~ county high school for the purpose of construction, for
 9 which there is no immediate demand, which in the judgment of
 10 the governing body of the ~~school--district--or~~ county high
 11 school it would be advantageous to invest in any time or
 12 savings deposits or in short-term obligations of the United
 13 States of America, such governing body may in its discretion
 14 direct the county treasurer to make such investments.
 15 Interest earned from such investments, except interest on
 16 the sale of bonds accrued in the period between the date of
 17 issue and the time of purchase which must be credited to the
 18 sinking fund, may be credited to the sinking fund of the
 19 said ~~school-district-or~~ county high school, provided that in
 20 the event construction of said buildings is delayed for a
 21 period longer than six (6) months due to court action or
 22 other causes beyond the control of the trustees, the
 23 trustees may direct that interest earned be credited to the
 24 fund from which the money was withdrawn. The trustees may
 25 authorize expenditures from interest earned, except as

1 provided above, for furnishing and equipping the buildings
 2 for which the bonds were sold.

3 (3) No provision of this section may be construed to
 4 prevent the investment of county, ~~school-district,~~ or county
 5 high school moneys under the state unified investment
 6 program established in Title 79, chapter 3."

7 Section 2. Section 16-2618, R.C.M. 1947, is amended to
 8 read as follows:

9 "16-2618. Deposit of public funds by county, city and
 10 town treasurers. (1) It shall be the duty of all county,
 11 city and town treasurers to deposit all public moneys in
 12 their possession and under their control in any solvent
 13 banks, building and loan associations or savings and loan
 14 associations located in the county, city or town of which
 15 such treasurer is an officer, subject to national
 16 supervision or state examination as the board of county
 17 commissioners in the case of a county, or of the council in
 18 the case of a city or town, may designate, and no other. The
 19 treasurer shall take from such bank, building and loan
 20 association or savings and loan association such security as
 21 the board of county commissioners, in the case of a county,
 22 or the council in the case of a city or town, may prescribe,
 23 approve and deem fully sufficient and necessary to insure
 24 the safety and prompt payment of all such deposits, together
 25 with the interest on any time or savings deposits, provided

1 that said board of county commissioners or city or town
 2 council is hereby authorized to deposit such public moneys
 3 not necessary for immediate use by such county, city or town
 4 with any bank, building and loan association or savings and
 5 loan association authorized herein above in a savings or
 6 time deposit; provided that the bank or banks or building
 7 and loan association or savings and loan association in
 8 which the money is deposited shall pay on the moneys no less
 9 than the rate of interest as is paid on money from private
 10 sources on the same terms. Refusal of any bank, building and
 11 loan association or savings and loan association to pay said
 12 interest rate shall constitute a waiver of that
 13 institution's right to participate in the ratable
 14 distribution of said moneys as set forth in subsection (4)
 15 of this act, and provided that said board of county
 16 commissioners, or city or town council is hereby authorized
 17 to invest such public moneys not necessary for immediate use
 18 by such county, city or town, in direct obligations of the
 19 United States government, payable within not to exceed one
 20 hundred eighty (180) days from the time of such investment.

21 (2) Said board of county commissioners, city or town
 22 council may require security for only such portion of
 23 deposits as is not guaranteed or insured according to law.
 24 Such security shall consist of cashier's check or checks
 25 issued by the Federal Reserve Bank, bonds of the United

1 States government and its dependents, bonds guaranteed by
 2 the United States government or its dependents, bonds and
 3 warrants of the state of Montana, bonds and warrants of any
 4 county of the state of Montana, and bonds of any city, town
 5 or school district of the state of Montana, which are a
 6 general obligation of such county, city, town or school
 7 district, bonds of the Federal Land Banks, Federal
 8 Intermediate Credit Bank debentures, Federal Home Loan Bank
 9 notes and bonds, Bank for Co-operatives' debentures, Federal
 10 National Mortgage Association notes, bonds and guaranteed
 11 certificates of participation, obligations of or fully
 12 guaranteed by the Government National Mortgage Association,
 13 Farmers' Home Administration insured notes, notes fully
 14 guaranteed as to principal and interest by the Small
 15 Business Administration, Federal Housing Administration
 16 debentures, general obligation bonds of other states and
 17 counties of other states and bonds issued in the United
 18 States of America, which are quoted on the New York market
 19 which shall be acceptable at not to exceed ninety per centum
 20 (90%) of such market quotation.

21 (3) When negotiable securities are furnished, such
 22 securities may be placed in trust and the trustee's receipt
 23 may be accepted in lieu of the actual securities when such
 24 receipt is in favor of the treasurer, his successors and the
 25 state of Montana, and the form of receipt and the trustee

1 have been approved by the department of intergovernmental
 2 relations. All warrants or other negotiable securities must
 3 be properly assigned or endorsed in blank. It shall be the
 4 duty of the board of county commissioners in the case of
 5 county funds, or the council in the case of funds of a city
 6 or town, upon the acceptance and approval of any of the
 7 above-mentioned bonds or securities, to make a complete
 8 minute entry of such acceptance and approval upon the record
 9 of their proceedings, and such bonds and securities shall be
 10 reapproved at least quarter annually thereafter.

11 (4) (a) Demand deposits shall be placed only in
 12 banks. When more than one bank is available in any county,
 13 for the deposit of such county funds, or in any city or town
 14 for the deposit of such city or town funds, such demand
 15 deposits shall be distributed ratably among all of such
 16 banks qualifying therefor, substantially in proportion to
 17 paid-in capital and surplus of each such bank willing to
 18 receive such demand deposits under the terms of this act,
 19 and it shall be the duty of said county, city or town
 20 treasurer to prorate all such demand deposits among all of
 21 the banks qualified to receive the same as in this act
 22 provided, to the end that an equitable distribution of such
 23 demand deposits shall be maintained.

24 (b) Such public moneys not necessary for immediate use
 25 by such county, city or town which are not invested in

1 direct obligations of the United States government as
 2 authorized herein shall be placed in time or savings
 3 deposits with any bank, building and loan association or
 4 savings and loan association in the county, city or town.
 5 When more than one bank, building and loan association or
 6 savings and loan association is available in any county, for
 7 the deposit of such county funds, or in any city or town for
 8 the deposit of such city or town funds, such funds shall be
 9 distributed ratably among all of such banks, building and
 10 loan associations and savings and loan associations
 11 qualifying therefor, substantially in proportion to the
 12 total property taxes paid in such county or the county in
 13 which such city or town is located during the preceding
 14 year, including taxes on shares of bank stock, by each such
 15 bank, building and loan association or savings and loan
 16 association willing to receive such time or savings deposits
 17 under the terms of this act, and it shall be the duty of
 18 said county, city or town treasurer to prorate all such time
 19 or savings deposits among all of the banks, building and
 20 loan associations and savings and loan associations
 21 qualified to receive the same as in this act provided, to
 22 the end that an equitable distribution of such time or
 23 savings deposits shall be maintained.

24 (5) Whenever it shall come to the attention of the
 25 department of intergovernmental relations that the funds of

1 any county, city or town are not properly distributed as
 2 provided in this act, the department of intergovernmental
 3 relations shall order the treasurer of such county, city or
 4 town to distribute said funds in accordance herewith, and if
 5 such treasurer shall refuse or neglect to comply with such
 6 order, it shall be the duty of the department of
 7 intergovernmental relations to institute proceedings against
 8 such treasurer at the cost of the county, city or town of
 9 which such treasurer is an officer, on the official bond of
 10 such treasurer. If no such bank, building and loan
 11 associations or savings and loan associations exists in the
 12 county, city or town, or if any banks, building and loan
 13 associations or savings and loan associations existing
 14 therein fails or refuses to qualify under the terms of this
 15 act to receive such deposits, then and in such case, or in
 16 either of such cases, such moneys as have not been accepted
 17 by any banks, building and loan associations or savings and
 18 loan associations within said county, city or town, shall be
 19 deposited under the terms of this act, in the banks,
 20 building and loan associations or savings and loan
 21 associations most convenient to such county, city or town,
 22 willing to accept such deposits under the terms of this act,
 23 and qualified as above provided. Any banks, building and
 24 loan associations or savings and loan associations receiving
 25 such deposits, shall, through its president and cashier or

1 secretary, make a statement quarter annually of account,
 2 under oath, showing all such moneys that have been deposited
 3 with such bank, building and loan association or savings and
 4 loan association during the quarter, the amount of daily
 5 balance in dollars, and the amount of interest by such
 6 banks, building and loan associations or savings and loan
 7 associations credited or paid therefor, and showing that
 8 neither such bank, building and loan association or savings
 9 and loan association nor any officer thereof, nor any person
 10 for it, has paid or given any consideration or emolument
 11 whatsoever to the treasurer or to any other person other
 12 than the interest provided for herein, for or on account of
 13 the making of such deposits, with any such bank, building
 14 and loan association or savings and loan association. All
 15 such deposits shall be subject to withdrawal by the
 16 treasurer in such amounts as may be necessary from time to
 17 time, and no deposit of funds shall be made, or permitted to
 18 remain in any bank, building and loan association or savings
 19 and loan association, until the security for such deposits
 20 shall have been first approved by the board of county
 21 commissioners in the case of county funds, or by the council
 22 in the case of city or town funds, and delivered to the
 23 treasurer.

24 (6) ~~Except--as--provided--in--subsection--(9)--of--this~~
 25 ~~section,--all~~ All interest paid and collected on such

1 ~~deposits or investments~~ shall be credited to the general
 2 fund of the county, city or town to whose credit such funds
 3 are deposited. Where moneys shall have been deposited in
 4 accordance with the provisions of this act, the treasurer
 5 shall not be liable for loss on account of any such deposit
 6 that may occur through damage by the elements or for any
 7 other cause or reason occasioned through means other than
 8 his own neglect, fraud, or dishonorable conduct.

9 (7) Any bank, building and loan association or savings
 10 and loan association pledging securities as provided in this
 11 act at any time it deems advisable or desirable may
 12 substitute like securities for all or any part of the
 13 securities pledged. The collateral so substituted shall be
 14 approved by the governing body of the county, city or town
 15 at its next official meeting. Such securities so substituted
 16 shall at the time of substitution be at least equal in
 17 principal amount to the securities for which substitution is
 18 made. In the event that the securities so substituted are
 19 held in trust, the trustee shall, on the same day the
 20 substitution is made, forward by registered or certified
 21 mail to the county, city or town and to the depository bank,
 22 building and loan association or savings and loan
 23 association, a receipt specifically describing and
 24 identifying both the securities so substituted and those
 25 released and returned to the depository bank, building and

1 loan association or savings and loan association.
 2 ~~(8) Whenever in the judgment of the trustees of any~~
 3 ~~common school district, high school district, or county high~~
 4 ~~school it would be advantageous to invest any money of such~~
 5 ~~school or school district in savings or time deposits in a~~
 6 ~~state or national bank, building and loan association or~~
 7 ~~savings and loan association insured by the F.D.I.C. or the~~
 8 ~~F.S.I.C., or in direct obligations of the United States~~
 9 ~~government, payable within one hundred eighty (180) days~~
 10 ~~from the time of investment, such governing body may in its~~
 11 ~~discretion direct the county treasurer to make such~~
 12 ~~investments. All interest collected on such deposits or~~
 13 ~~investments shall be credited to the fund from which the~~
 14 ~~money was withdrawn, provided that nothing in this act shall~~
 15 ~~be interpreted to conflict with section 16-2050."~~

16 Section 3. Section 75-6805, R.C.M. 1947, is amended to
 17 read as follows:

18 "75-6805. Duties of county treasurer. The county
 19 treasurer of each county shall:

20 (1) receive and hold all school moneys subject to
 21 apportionment, and keep a separate accounting of their
 22 apportionments to the several districts which are entitled
 23 to a portion of such moneys according to the apportionments
 24 ordered by the county superintendent. A separate accounting
 25 shall be maintained for each county fund supported by a

1 county-wide levy for a specific, authorized purpose,
2 including:

3 (a) the basic county tax in support of the elementary
4 foundation programs,

5 (b) the basic special tax for high schools in support
6 of the high school foundation programs,

7 (c) the county tax in support of the county's high
8 school transportation obligation,

9 (d) the county tax in support of the high school
10 obligations to the retirement systems of the state of
11 Montana,

12 (e) any additional county tax required by law to
13 provide for deficiency financing of the elementary
14 foundation programs,

15 (f) any additional county tax required by law to
16 provide for deficiency financing of the high school
17 foundation programs,

18 (g) the county tax for a post-secondary
19 vocational-technical center when levied by the board of
20 county commissioners, and

21 (h) any other county tax for schools which may be
22 authorized by law and levied by the county commissioners;

23 (2) whenever requested, notify the county
24 superintendent of the amount of county school moneys on
25 deposit in each of the funds enumerated in subsection (1) of

1 this section and the amount of any other school moneys
2 subject to apportionment, and apportion such county and
3 other school moneys to the districts in accordance with the
4 apportionment ordered by the county superintendent;

5 (3) keep a separate accounting of the expenditures for
6 each budgeted fund included on the final budget of each
7 district;

8 (4) keep a separate accounting of the receipts,
9 expenditures, and cash balances for each budgeted fund
10 included on the final budget of each district and for each
11 nonbudgeted fund established by each district;

12 (5) except as otherwise limited by law, pay all
13 warrants properly drawn on the county or district school
14 moneys and properly endorsed by their holders;

15 (6) receive all revenue collected by and for each
16 district and deposit these receipts in the fund designated
17 by law, or by the district if no fund is designated by law.
18 Interest and penalties on delinquent school taxes shall be
19 credited to the same fund and district for which the
20 original taxes were levied;

21 (7) send all revenues received for a joint district,
22 part of which is situated in his county, to the county
23 treasurer designated as the custodian of such revenues, no
24 later than the fifteenth day of December of each year and
25 every three (3) months thereafter until the end of the

1 school fiscal year;

2 (8) register district warrants drawn on a budgeted
 3 fund in accordance with section 16-2604, R. C. M., 1947,
 4 when there are insufficient moneys available in such
 5 budgeted fund to make payment of such warrant. Redemption of
 6 registered warrants shall be made in accordance with
 7 sections 16-2605, 16-2602, and 16-2607, R. C. M., 1947;

8 (9) invest the moneys of any district as directed by
 9 the trustees of the district ~~but in accordance with~~
 10 ~~subsection (2) of section 16-2050 or subsection (8) of~~
 11 ~~section 16-2610, R. C. M., 1947, whichever is applicable;~~
 12 and

13 (10) give to the trustees of each district, at least
 14 quarterly, an itemized report for each fund maintained by
 15 the district showing the paid warrants, outstanding
 16 warrants, registered warrants, amount and types of revenue
 17 received, and the cash balance."

18 Section 4. Section 75-6806, R.C.M. 1947, is amended to
 19 read as follows:

20 "75-6806. Duties of trustees. The trustees of each
 21 district shall have the sole power and authority to transact
 22 all fiscal business and execute all contracts in the name of
 23 such district. No person, other than the trustees, acting as
 24 a governing board, shall have the authority to expend moneys
 25 of the district. In conducting the fiscal business of the

1 district, the trustees shall:

2 (1) cause the keeping of an accurate, detailed
 3 accounting of all receipts and expenditures of school moneys
 4 for each fund maintained by the district in accordance with
 5 rules and regulations prescribed by the superintendent of
 6 public instruction. The record of such accounting shall be
 7 open to public inspection at any meeting of the trustees;

8 (2) authorize all expenditures of district moneys, and
 9 cause warrants to be issued for the payment of lawful
 10 obligations;

11 (3) have the authority to issue warrants on any
 12 budgeted fund in anticipation of budgeted revenues, except
 13 that such expenditures shall not exceed the amount budgeted
 14 for such fund;

15 (4) invest any moneys of the district ~~in accordance~~
 16 ~~with subsection (2) of section 16-2050 or subsection (8) of~~
 17 ~~section 16-2610, R. C. M., 1947, whichever is applicable,~~
 18 whenever in the judgment of the trustees such investment
 19 would be advantageous to the district, by directing the
 20 county treasurer to invest any money of the district in
 21 savings or time deposits in a state or national bank,
 22 building or loan association or savings and loan association
 23 insured by the F.D.I.C. or the F.S.L.I.C. LOCATED IN THE
 24 COUNTY IN WHICH THE DISTRICT IS LOCATED, PROVIDED HOWEVER
 25 THAT IF NO SUCH BANK, BUILDING AND LOAN ASSOCIATION OR

1 SAVINGS AND LOAN ASSOCIATION IS LOCATED IN THE COUNTY WHERE
 2 THE DISTRICT IS SITUATED SUCH INVESTMENT MAY BE MADE IN SAID
 3 BANKS OR ASSOCIATIONS LOCATED IN ADJACENT COUNTIES or in
 4 direct obligations of the United States government, payable
 5 within one hundred eighty (180) days from the time of
 6 investment. All interest collected on such deposits or
 7 investments shall be credited to the fund from which the
 8 money was withdrawn except that interest earned on account
 9 of the investment of money realized from the sale of bonds
 10 shall be credited to the debt service fund, OR THE BUILDING
 11 FUND AT THE DISCRETION OF THE BOARD OF TRUSTEES. The
 12 placement of the investment by the county treasurer shall
 13 not be subject to ratable distribution laws and shall be
 14 done in accordance with the directive from the board of
 15 trustees. A district may invest moneys under the state
 16 unified investment program established in Title 79, chapter
 17 3, R.C.M. 1947;

18 (5) report annually to the county superintendent not
 19 later than the first day of August, the financial activities
 20 of each fund maintained by the district during the last
 21 completed school fiscal year on the forms prescribed and
 22 furnished by the superintendent of public instruction.
 23 Annual fiscal reports for joint school districts shall be
 24 submitted to the county superintendent of each county in
 25 which part of the joint district is situated;

1 (6) whenever requested, report any other fiscal
 2 activities to the county superintendent, superintendent of
 3 public instruction, or board of education;

4 (7) cause the accounting records of the district to be
 5 audited annually as required by law; and

6 (8) perform, in the manner permitted by law, such
 7 other fiscal duties that are in the best interests of the
 8 district."

-End-