

HOUSE BILL 69

Introduced by Raney, et al.

12/06	Introduced
12/06	Referred to Education & Cultural Resources
12/06	First Reading
12/09	Fiscal Note Requested
21/10	Hearing
12/14	Committee Report-Bill Passed as Amended
12/14	2nd Reading Passed
12/15	Fiscal Note Received
12/16	Fiscal Note Printed
	Died in Process

1 INTRODUCED BY House BILL NO. 69
2 Raney
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE
5 ACCOUNTING AND OTHER FINANCIAL MANAGEMENT DUTIES OF THE
6 COUNTY TREASURER WITH REGARD TO SCHOOL DISTRICT FUNDS,
7 EXCEPT FOR THE DUTY TO COLLECT AND DISBURSE REVENUE
8 BELONGING TO THE DISTRICTS; TRANSFERRING TO THE TRUSTEES OF
9 A DISTRICT THOSE ACCOUNTING AND FINANCIAL MANAGEMENT DUTIES;
10 CLARIFYING A COUNTY TREASURER'S DUTIES WITH REGARD TO A
11 COMMUNITY COLLEGE DISTRICT; AMENDING SECTIONS 7-6-2801,
12 20-3-106, 20-3-208, 20-3-209, 20-5-324, 20-6-313, 20-6-406,
13 20-6-413, 20-6-414, 20-6-415, 20-6-703, 20-7-507, 20-9-134,
14 20-9-165, 20-9-202, 20-9-212, 20-9-213, 20-9-221, 20-9-344,
15 20-9-346, 20-9-347, 20-9-432, 20-9-434, 20-9-435, 20-9-438,
16 20-9-440, 20-9-441, 20-9-509, 20-9-514, 20-9-604, 20-10-145,
17 20-10-147, 20-10-205, 20-15-210, AND 20-15-404, MCA;
18 REPEALING SECTIONS 20-9-121, 20-9-206, 20-9-209, 20-9-222,
19 20-9-224, 20-9-442, AND 20-9-443, MCA; AND PROVIDING AN
20 EFFECTIVE DATE AND AN APPLICABILITY DATE."

21
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23 **Section 1.** Section 7-6-2801, MCA, is amended to read:

24 "7-6-2801. Management of school funds. The county
25 treasurer must shall:

1 (1) ~~keep all school money in a separate fund and keep a~~
2 ~~separate account of its disbursement to the several school~~
3 ~~districts which are entitled to receive it, according to the~~
4 ~~apportionment of the county superintendent of schools except~~
5 ~~as provided in subsection (3), remit to the school districts~~
6 ~~of the county any school district revenue received by the~~
7 ~~county treasurer on behalf of the districts as provided in~~
8 ~~20-9-212;~~

9 (2) notify the county superintendent of the amount of
10 the ~~county school fund in the county treasury subject to~~
11 ~~apportionment revenue remitted to each school district,~~
12 whenever required, and inform him the county superintendent
13 of the amount of school money belonging to any other fund
14 subject to apportionment, or as otherwise provided by law;

15 (3) (a) keep all revenue belonging to a community
16 college district in a separate fund and keep a separate
17 account of its disbursement to the community college
18 district as provided in 20-15-210; and

19 (b) pay all warrants drawn on county or community
20 college district school money revenue, in accordance with
21 the provisions of law, whenever such the warrants are
22 ~~countersigned by the district clerk and properly endorsed by~~
23 the holders; and

24 (4) make annually, during the month of September, a
25 ~~financial~~ report for the preceding year ending August 31 to

the county superintendent, ~~---in-such-form-as-is-required-by~~
~~him on the tax receipts and taxes receivable for each school~~
~~district."~~

Section 2. Section 20-3-106, MCA, is amended to read:

"20-3-106. Supervision of schools -- powers and duties.

The superintendent of public instruction has the general supervision of the public schools and districts of the state and shall perform the following duties or acts in implementing and enforcing the provisions of this title:

(1) resolve any controversy resulting from the proration of costs by a joint board of trustees under the provisions of 20-3-362;

(2) issue, renew, or deny teacher certification and emergency authorizations of employment;

(3) negotiate reciprocal tuition agreements with other states in accordance with the provisions of 20-5-314;

(4) serve on the teachers' retirement board in accordance with the provisions of 2-15-1010;

(5) approve or disapprove the orders of a high school boundary commission in accordance with the provisions of 20-6-311;

(6) approve or disapprove the opening or reopening of a school in accordance with the provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-505;

(7) approve or disapprove school isolation within the

limitations prescribed by 20-9-302;

(8) generally supervise the school budgeting procedures prescribed by law in accordance with the provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of 20-9-103 and 20-9-506;

(9) establish a system of communication for calculating joint district revenues in accordance with the provisions of 20-9-151;

(10) approve or disapprove the adoption of a district's budget amendment resolution under the conditions prescribed in 20-9-163 and adopt rules for an application for additional direct state aid for a budget amendment in accordance with the approval and disbursement provisions of 20-9-166;

(11) generally supervise the school financial administration provisions as prescribed by 20-9-201(2);

(12) prescribe and furnish the annual report forms to enable the districts to report to the county superintendent in accordance with the provisions of 20-9-213(5) and the annual report forms to enable the county superintendents to report to the superintendent of public instruction in accordance with the provisions of 20-3-209;

(13) approve, disapprove, or adjust an increase of the average number belonging (ANB) in accordance with the provisions of 20-9-313 and 20-9-314;

1 (14) distribute BASE aid and special education allowable
 2 cost payments in support of the BASE funding program, in
 3 accordance with the provisions of 20-9-331, 20-9-333,
 4 20-9-342, 20-9-346, 20-9-347, and 20-9-366 through 20-9-369;
 5 (15) provide for the uniform and equal provision of
 6 transportation by performing the duties prescribed by the
 7 provisions of 20-10-112;
 8 (16) approve or disapprove an adult education program
 9 for which a district proposes to levy a tax in accordance
 10 with the provisions of 20-7-705;
 11 (17) request, accept, deposit, and expend federal money
 12 in accordance with the provisions of 20-9-603;
 13 (18) authorize the use of federal money for the support
 14 of an interlocal cooperative agreement in accordance with
 15 the provisions of 20-9-703 and 20-9-704;
 16 (19) prescribe the form and contents of and approve or
 17 disapprove interstate contracts in accordance with the
 18 provisions of 20-9-705;
 19 (20) approve or disapprove the conduct of school on a
 20 Saturday or on pupil-instruction-related days in accordance
 21 with the provisions of 20-1-303 and 20-1-304;
 22 (21) recommend standards of accreditation for all
 23 schools to the board of public education and evaluate
 24 compliance with the standards and recommend accreditation
 25 status of every school to the board of public education in

1 accordance with the provisions of 20-7-101 and 20-7-102;
 2 (22) collect and maintain a file of curriculum guides
 3 and assist schools with instructional programs in accordance
 4 with the provisions of 20-7-113 and 20-7-114;
 5 (23) establish and maintain a library of visual, aural,
 6 and other educational media in accordance with the
 7 provisions of 20-7-201;
 8 (24) license textbook dealers and initiate prosecution
 9 of textbook dealers violating the law in accordance with the
 10 provisions of the textbooks part of this title;
 11 (25) as the governing agent and executive officer of the
 12 state of Montana for K-12 vocational education, adopt the
 13 policies prescribed by and in accordance with the provisions
 14 of 20-7-301;
 15 (26) supervise and coordinate the conduct of special
 16 education in the state in accordance with the provisions of
 17 20-7-403;
 18 (27) administer the traffic education program in
 19 accordance with the provisions of 20-7-502;
 20 (28) administer the school food services program in
 21 accordance with the provisions of 20-10-201, 20-10-202, and
 22 20-10-203;
 23 (29) review school building plans and specifications in
 24 accordance with the provisions of 20-6-622;
 25 (30) prescribe the method of identification and signals

1 to be used by school safety patrols in accordance with the
2 provisions of 20-1-408;

3 (31) provide schools with information and technical
4 assistance for compliance with the student assessment rules
5 provided for in 20-2-121 and collect and summarize the
6 results of the student assessment for the board of public
7 education and the legislature;

8 (32) administer the distribution of guaranteed tax base
9 aid in accordance with 20-9-366 through 20-9-369; and

10 (33) perform any other duty prescribed from time to time
11 by this title, any other act of the legislature, or the
12 policies of the board of public education."

13 **Section 3.** Section 20-3-208, MCA, is amended to read:

14 **"20-3-208. Authority to request, accept, and disburse**
15 **money.** (1) A county superintendent may, with the advice and
16 consent of the appropriate school boards, request and accept
17 money made available from federal, state, or private sources
18 for purposes of public education.

19 (2) Subject to applicable federal and state guidelines
20 and, in the case of money received from private sources,
21 subject to any guidelines fixed by the donor, a county
22 superintendent may~~7--in--his--discretion7~~ disburse money
23 received under this section to one or more public elementary
24 or high school districts according to their needs. The
25 county superintendent shall supervise the utilization of

1 such the money with the approval of the appropriate school
2 boards.

3 ~~{3}--The-county-superintendent-may-establish-a-fund7-for~~
4 ~~which--the--county--treasurer--shall--maintain--a--separate~~
5 ~~accounting7--for--the--deposit--of-money-received-under-this~~
6 ~~section--"~~

7 **Section 4.** Section 20-3-209, MCA, is amended to read:

8 **"20-3-209. Annual report.** The county superintendent of
9 each county shall submit an annual report to the
10 superintendent of public instruction not later than
11 September 1. Such The report ~~shall~~ must be completed on the
12 forms supplied by the superintendent of public instruction,
13 ~~which-shall~~ and must require the reporting of:

14 (1) the final budget information for each district of
15 the county, as prescribed by 20-9-134(1);

16 (2) the financial activities of each district of the
17 county for the immediately preceding school fiscal year as
18 provided by the trustees' annual report to the county
19 superintendent under the provisions of 20-9-213~~(5)~~(6);

20 (3) the pupil information for each district provided
21 the county superintendent under the provisions of
22 20-4-301(1)(d) or 20-4-402(7); and

23 (4) any other information that may be requested by the
24 superintendent of public instruction which is within his the
25 superintendent's authority prescribed by this title."

Section 5. Section 20-5-324, MCA, is amended to read:

"20-5-324. Tuition report and payment provisions. (1)

At the close of the school term of each school fiscal year and before July 15, the trustees of a district shall report to the county superintendent:

(a) the name and district of residence of each child who is attending a school of the district under an approved mandatory out-of-district attendance agreement;

(b) the number of days of enrollment for each child reported under the provisions of subsection (1)(a);

(c) the annual tuition rate for each child's tuition payment, as determined under the provisions of 20-5-323, and the tuition cost for each reported child; and

(d) the names, districts of attendance, and amount of tuition to be paid by the district for resident students attending public schools out of state.

(2) The county superintendent shall send, as soon as practicable, the reported information to the county superintendent of the county in which a reported child resides.

(3) Before July 30, the county superintendent shall report the information in subsection (1)(d) to the superintendent of public instruction, who shall determine the total foundation amount for which the district would be eligible if the student were enrolled in the resident

district. The reimbursement amount is the difference between the actual amount paid and the amount calculated in this subsection.

(4) Notwithstanding the requirements of subsection (5), tuition payment provisions for out-of-district placement of students with disabilities must be determined pursuant to Title 20, chapter 7, part 4.

(5) Except as provided in subsection (6), when a child has approval to attend a school outside the child's district of residence under the provisions of 20-5-320 or 20-5-321, the district of residence shall finance the tuition amount from the district tuition fund and any transportation amount from the transportation fund.

(6) When a child has mandatory approval under the provisions of 20-5-321, the tuition and transportation obligation for an elementary school child attending a school outside of the child's county of residence must be financed by the county basic tax for elementary districts, as provided in 20-9-331, for the child's county of residence or for a high school child attending a school outside the county of residence by the county basic tax for high school districts, as provided in 20-9-333, for the child's county of residence.

(7) By December 31 of the school fiscal year, the county superintendent or the trustees shall pay at least

one-half of any tuition and transportation obligation established under this section out of the money realized to date from the appropriate basic county tax account provided for in 20-9-334 or from the district tuition or transportation fund. The remaining tuition and transportation obligation must be paid by June 15 of the school fiscal year. ~~The payments must be made to the county treasurer in each county with a school district that is entitled to tuition and transportation.~~

~~(8)~~ Except as provided in subsection ~~(9)~~ (10), the county ~~treasurer~~ trustees shall credit tuition receipts to the general fund of a school district entitled to a tuition payment. The tuition receipts must be used in accordance with the provisions of 20-9-141. ~~The county treasurer shall credit transportation receipts to the transportation fund of a school district entitled to a transportation payment.~~

~~(8)~~ (9) The superintendent of public instruction shall reimburse the district of residence from the state equalization account for the foundation amount determined in subsection (3).

~~(9)~~ (10) (a) Any tuition receipts received under the provisions of Title 20, chapter 7, part 4, or 20-5-323(3) for the current school fiscal year that exceed the tuition receipts of the prior year may be deposited in the district miscellaneous programs fund and must be used for that year

in the manner provided for in 20-9-507 to support the costs of the program for which the tuition was received.

(b) Any other tuition receipts received for the current school fiscal year that exceed the tuition receipts of the prior year may be deposited in the district miscellaneous programs fund and may be used for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must be credited to the district general fund budget."

Section 6. Section 20-6-313, MCA, is amended to read:

"20-6-313. Transactions after approved county high school unification. (1) Whenever a county high school is unified with the elementary district where in which the county high school building is located, the following transactions ~~shall~~ must be completed on or before the July 1 when the unification becomes effective:

(a) The high school boundary commission, without the approval of the superintendent of public instruction, shall order the creation of a high school district if the county has not already been divided into high school districts.

(b) The county high school trustees, who ~~shall not have~~ the capacity do not have authority to govern the high school district upon unification, shall surrender all minutes, documents, and other records of the county high school to the trustees of the high school district.

1 (c) The county superintendent shall order the
 2 establishment of additional high school trustee nominating
 3 areas in the manner prescribed in 20-3-352 and 20-3-353, if
 4 requested to do so by a majority of the outlying elementary
 5 districts located in the high school district. When the
 6 county superintendent establishes such the areas, he the
 7 county superintendent shall appoint additional high school
 8 district trustees from each area who shall hold office until
 9 a successor is elected at the next regular school election
 10 and qualified.

11 (d) ~~The county treasurer~~ After allowing for any
 12 outstanding or registered warrants, the trustees of the
 13 county high school district shall transfer all
 14 end-of-the-year fund cash balances of the county high school
 15 to similar funds established for the high school district.
 16 All previous years' taxes levied and collected for the
 17 county high school ~~shall~~ must be credited to the appropriate
 18 fund of the high school district.

19 (e) The board of county commissioners shall execute, in
 20 the name of the county, all necessary and appropriate deeds,
 21 bills of sale, and other instruments for the conveyance of
 22 title to all real and personal property of the county high
 23 school, including all appurtenances and hereditaments, to
 24 the high school district.

25 (2) All county high school bonds outstanding at the

1 time of unification ~~shall~~ remain the obligation of the
 2 county or that portion of the county against which the bonds
 3 were originally issued. The high school district ~~shall be~~ is
 4 responsible for the maintenance of the debt service fund for
 5 such the bonds. It ~~shall be~~ is the duty of the board of
 6 county commissioners and the trustees of the high school
 7 district to perform the duties prescribed in the school
 8 budgeting and bond redemption provisions of this title for
 9 the redemption and interest payments of the county high
 10 school bonds in the same manner and by the same means as
 11 though the county high school had not been unified."

12 **Section 7.** Section 20-6-406, MCA, is amended to read:

13 **"20-6-406. Disbursal and deposit of bonus payments.** On
 14 or before June 30 of the next 3 consecutive years following
 15 the year of application, the superintendent of public
 16 instruction shall disburse the bonus payments for approved
 17 applications to the enlarged school district, and such the
 18 disbursement is statutorily appropriated as provided in
 19 17-7-502. The general bonus payment ~~shall~~ must be deposited
 20 ~~by the county treasurer~~ in the enlarged district's general
 21 fund, and the transportation bonus payment ~~shall~~ must be
 22 deposited ~~by the county treasurer~~ in the transportation
 23 fund. These bonus payments ~~shall~~ may not be considered as a
 24 part of the regular state equalization aid or state
 25 transportation aid received by the enlarged district."

Section 8. Section 20-6-413, MCA, is amended to read:

"20-6-413. Cash disposition when district ceases to exist -- special levy for tuition debt. Whenever a district ~~shall cease~~ ceases to exist in any manner prescribed in this title, except when districts are consolidated, the cash on hand to the credit of the funds of the district and the debts of ~~such~~ the district ~~shall~~ must be allocated in the following manner:

(1) Any cash to the credit of the district ~~shall~~ must be used to pay any debts of the district, including bonded indebtedness, except that any cash available in the debt service fund ~~shall~~ must be used first to pay bond interest and all outstanding bonds.

(2) If any cash remains to the credit of the district after paying its debts, the cash ~~shall~~ must be transferred by the ~~county--treasurer~~ trustees to the ~~credit--of--the~~ district or districts assuming its territory. When the territory is assumed by more than one district, the remaining cash ~~shall~~ must be prorated between the districts on the basis of the number of children attending school and residing within the territory assumed by each district as determined by the county superintendent.

(3) If any tuition debt remains as an obligation of the district, the tuition debt ~~shall-be~~ is the obligation of the taxable property of the discontinued district, except when

the tuition debt has been assumed by the consolidated or annexing district. The tuition debt ~~shall~~ must be financed by a mill levy on the property of the discontinued district and paid from these proceeds by the county superintendent.

(4) If any debts, other than bonded indebtedness and tuition, remain as an obligation of the district after the cash has been utilized under the provisions of subsection (1) ~~above~~, the debts ~~shall~~ must be assigned in the same manner prescribed for the transfer of cash under subsection (2) ~~above~~."

Section 9. Section 20-6-414, MCA, is amended to read:

"20-6-414. Cash disposition when districts consolidated. Whenever two or more districts are consolidated without the mutual assumption of bonded indebtedness, the trustees shall credit all cash and debts, other than cash credited to the debt service fund and debts for bonded indebtedness, ~~shall-be-credited-or-debited~~ to the same types of funds of the consolidated district ~~as-the funds--from--which--they--were--transferred--by--the--county treasurer~~. In addition, when two or more elementary districts are consolidated with the mutual assumption of bonded indebtedness, the cash credited to the debt service fund and the bonded indebtedness also ~~shall~~ must be transferred to a similar fund of the consolidated district."

Section 10. Section 20-6-415, MCA, is amended to read:

1 **"20-6-415. Cash disposition when new elementary**
 2 **district created.** Whenever a new district is created under
 3 the provisions of 20-6-217, the end-of-the-year cash balance
 4 in each fund of each district having territory that has been
 5 placed in the new district, except the debt service fund,
 6 ~~shall~~ must be apportioned by the county superintendent on
 7 the basis of the proportion that the number of school
 8 children residing in the new district is of the total number
 9 of school children residing in the old district before the
 10 creation of the new district. After the new district has
 11 operated a school for 1 month, the county superintendent
 12 shall order the ~~county-treasurer-to~~ transfer of the cash to
 13 which the new district is entitled to the credit of the fund
 14 of the new district ~~which that~~ corresponds with the fund
 15 from which it was transferred. The new district ~~shall~~ may
 16 not assume any debts of the old district other than existing
 17 bonded indebtedness ~~which that~~ remains an obligation against
 18 the taxable property of the territory included in the new
 19 district."

20 **Section 11.** Section 20-6-703, MCA, is amended to read:

21 **"20-6-703. Transitions after formation of K-12 school**
 22 **district.** (1) When an attachment order for a K-12 school
 23 district becomes effective on July 1 under the provisions of
 24 20-6-701:

25 (a) the board of county commissioners shall execute all

1 necessary and appropriate deeds, bills of sale, or other
 2 instruments for the conveyance of title to all real and
 3 personal property of the elementary district to the high
 4 school district;

5 (b) the trustees of the elementary district shall
 6 entrust the minutes of the board of trustees, the elementary
 7 district documents, and other records to the high school
 8 district to which it is attached; and

9 (c) the ~~county--treasurer~~ trustees shall transfer all
 10 end-of-the-year warrants and fund balances of the attached
 11 elementary district to the similar funds established for the
 12 K-12 school district in the high school district.

13 (2) All taxes levied by and revenue due from a previous
 14 school fiscal year to an elementary district attached to a
 15 high school district must be payable to the appropriate fund
 16 of the high school district.

17 (3) The previous year's general fund budget amounts for
 18 the elementary district and the high school district that
 19 form a K-12 school district must be combined to determine
 20 the budget limitation for the ensuing school fiscal year
 21 pursuant to 20-9-308.

22 (4) An elementary district and a high school district
 23 that form a K-12 school district under the provisions of
 24 20-6-701 may not be considered an enlarged district for the
 25 purpose of bonus payments under 20-6-401 through 20-6-408."

Section 12. Section 20-7-507, MCA, is amended to read:

"20-7-507. District traffic education fund. The trustees of any district maintaining a traffic education course shall establish a special nonbudgeted fund ~~with the county-treasurer~~ for traffic education. The state traffic education reimbursement and all nontax receipts for traffic education ~~shall~~ must be deposited in the district's traffic education fund. The expenditure of the moneys deposited in the district's traffic education fund ~~shall~~ is not be subject to the budgeting provisions of this title, and the ~~moneys~~ money may be expended for traffic education."

Section 13. Section 20-9-134, MCA, is amended to read:

"20-9-134. Completion, filing, and delivery of final budgets. After the final budget of the elementary, high school, or community college district has been adopted by the trustees, the county superintendent shall complete all the remaining portions of the budget forms and shall:

(1) send the final budget information to the superintendent of public instruction, on the forms provided by the superintendent, on or before September 1; and

(2) in the case of the community college districts, send the final budget information to the board of regents, on the forms provided by the community college coordinator, on or before September 1; and

~~(3)~~ deliver a copy of the final budget for the district

to the county treasurer on or before September 1."

Section 14. Section 20-9-165, MCA, is amended to read:

"20-9-165. Budget amendment limitation, preparation, and adoption procedures. (1) The meeting of the trustees to consider and adopt a budget amendment must be open to the public, and any taxpayer in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find that there is sufficient need for a budget amendment, the trustees may make and adopt a preliminary budget amendment, setting forth fully the facts constituting the need for the budget amendment. In adopting the preliminary budget amendment, the trustees may budget for any fund that was included on the final budget of the district for the current school fiscal year. The budget must be itemized to show the amount appropriated for each item.

(2) When the budget amendment is the result of increased enrollment, the maximum amount of the budget amendment for all funds must be determined in the following manner:

(a) Determine the total amount in the final budget for the current school fiscal year of all funds affected by the enrollment increase, less any amounts appropriated as capital outlay and any amount appropriated for addition to the operating reserve.

(b) Divide the amount determined in subsection (2)(a)

by the number of pupils originally enrolled in the district during the immediately preceding school fiscal year. The resulting cost per pupil is the maximum permissible per-pupil expenditure in the budget amendment.

(c) Determine the enrollment increase of the current school fiscal year by subtracting the number of pupils originally enrolled during the immediately preceding school fiscal year from the number of pupils enrolled for the current school year. The result is the enrollment increase for the current school fiscal year.

(d) Multiply the cost per pupil determined in subsection (2)(b) by the enrollment increase determined in subsection (2)(c). The result is the maximum limitation on a budget amendment for amendments resulting from increased enrollment.

(3) For other types of budget amendments, the budget amendment is limited to the expenditures considered by the trustees to be reasonable and necessary to finance the conditions of the budget amendment and the preliminary budget amendment must include the details of the proposed expenditures.

(4) Whenever the trustees adopt a preliminary budget amendment for the transportation fund, the trustees shall attach to the budget amendment a copy of each transportation contract that is connected with the budget amendment and

that has been prepared and executed in accordance with the school transportation contract laws.

(5) After the trustees have adopted the budget amendment by a majority vote of the trustees, it must be signed by the chairman presiding officer of the trustees and the clerk of the district and copies must be sent to the county superintendent, ~~the county treasurer,~~ and the superintendent of public instruction."

Section 15. Section 20-9-202, MCA, is amended to read:

"20-9-202. County officials for financial administration when joint district. (1) When all of the schools of the joint district are located in one county, the school financial administration duties assigned to county officials ~~shall~~ must be performed by those officials of the county ~~wherein~~ in which the schools of the district are located. When the schools of a joint district are located in more than one county, the superintendent of public instruction shall designate the county officials to perform ~~such the~~ duties for the joint district.

(2) The designated county treasurer ~~shall be the custodian of all joint district moneys and~~ shall perform ~~all other~~ the duties of the county treasurer for the joint district. ~~The superintendent of public instruction shall disburse all moneys for a joint district to such county treasurer."~~

Section 16. Section 20-9-212, MCA, is amended to read:

"20-9-212. Duties of county treasurer. The county treasurer of each county shall:

(1) receive ~~and--hold~~ and remit monthly all county sources of school money subject to apportionment and keep a separate accounting of its apportionment to the several districts that are entitled to a portion of the money according to the apportionments ordered by the county superintendent or by the superintendent of public instruction. A separate accounting must be maintained for each county fund supported by a countywide levy for a specific, authorized purpose, including:

(a) the basic county tax in support of the elementary BASE aid;

(b) the basic special tax for high schools in support of the high school BASE aid;

(c) the county tax in support of the transportation schedules;

(d) the county tax in support of the elementary and high school district retirement obligations; and

(e) any other county tax for schools, including the community colleges, which may be authorized by law and levied by the county commissioners.

(2) whenever requested, notify the county superintendent and the superintendent of public instruction

of the amount of county school money on deposit in each of the funds enumerated in subsection (1) and the amount of any other school money subject to apportionment and apportion the county and other school money to the districts in accordance with the apportionment ordered by the county superintendent or the superintendent of public instruction;

(3) keep a separate accounting of the receipts, expenditures, and cash fund balances for each county fund;

(4) except as otherwise limited by law, pay all warrants properly drawn on the county ~~or--district--school~~ money and properly endorsed by their holders;

(5) receive ~~all--revenue--collected--by--and--for--each district--and--deposit--these--receipts--in--the--fund--designated by--law--or--by--the--district--if--a--fund--is--not--designated--by--law~~ and remit to each district, on a monthly basis, any district revenue belonging to the district under provisions of law related to collection of property taxation or fees in lieu of taxation, including but not limited to 15-23-607, 15-23-703, 15-31-702, 15-36-112, 20-9-331, 20-9-333, 23-2-518, 23-2-803, 61-3-502, 61-3-509, 61-3-521, 61-3-537, and 67-3-205. Interest and penalties on delinquent school taxes must be credited remitted to the ~~same--fund--and~~ district for which the original taxes were levied.

(6) send all revenue received for a joint district, part of which is situated in the county, to the county

1 treasurer designated as the custodian of the revenue, no
2 later than December 15 of each year and every 3 months after
3 that date until the end of the school fiscal year;

4 (7) at the direction of the trustees of a district,
5 assist the district in the issuance and sale of tax and
6 revenue anticipation notes as provided in Title 7, chapter
7 6, part 11;

8 (8) register community college district warrants drawn
9 on a budgeted fund in accordance with 7-6-2604 when there is
10 insufficient money available in all funds of the district to
11 make payment of the warrant. Redemption of registered
12 warrants must be made in accordance with 7-6-2116, 7-6-2605,
13 and 7-6-2606.

14 (9) invest the money of any a community college
15 district as directed by the trustees of the district within
16 3 working days of the direction;

17 (10) each month give to the trustees of each a community
18 college district an itemized report for each fund maintained
19 by the district, showing the paid warrants, outstanding
20 warrants, registered warrants, amounts and types of revenue
21 received, and the cash balance;

22 (11) remit promptly to the state treasurer receipts for
23 the county tax for a vocational-technical center when levied
24 by the board of county commissioners under the provisions of
25 20-16-202;

1 (12) invest the money received from the basic county
2 tax, the basic special tax, the county levy in support of
3 the elementary and high school district retirement
4 obligations, and the county levy in support of the
5 transportation schedules within 3 working days of receipt.
6 The money must be invested until the working day before it
7 is required to be distributed to school districts within the
8 county or remitted to the state. Permissible investments are
9 specified in 20-9-213(4). All investment income must be
10 deposited, and credited proportionately, in the funds
11 established to account for the taxes received for the
12 purposes specified in subsections (1)(a) through (1)(d).

13 (13) remit on a monthly basis to the state treasurer, in
14 accordance with the provisions of 15-1-504, all county
15 equalization revenue received under the provisions of
16 20-9-331 and 20-9-333, including all interest earned and
17 excluding any amount required for high school out-of-county
18 tuition under the provisions of 20-9-334, in repayment of
19 the state advance for county equalization prescribed in
20 20-9-347. Any funds in excess of a state advance must be
21 used as required in 20-9-331(1)(b) and 20-9-333(1)(b)."

22 **Section 17.** Section 20-9-213, MCA, is amended to read:

23 "20-9-213. Duties of trustees. The trustees of each a
24 district have the sole power and authority to transact all
25 fiscal business and execute all contracts in the name of the

1 district. A person other than the trustees acting as a
2 governing board may not expend money of the district. In
3 conducting the fiscal business of the district, the trustees
4 shall:

5 (1) ~~cause--the--keeping-of-an-accurate--detailed~~ keep a
6 separate accounting of all receipts ~~and,~~ expenditures, and
7 fund balances of--school--money for each budgeted and
8 nonbudgeted fund maintained by the district in accordance
9 with generally accepted accounting principles and the rules
10 prescribed by the superintendent of public instruction. The
11 record of the accounting must be open to public inspection
12 at any meeting of the trustees.

13 (2) authorize all expenditures of district money and
14 cause warrants to be issued for the payment of lawful
15 obligations;

16 (3) ~~issue-warrants-on-any-budgeted-fund-in-anticipation~~
17 ~~of-budgeted-revenue--except-that-the--expenditures--may--not~~
18 ~~exceed--the--amount--budgeted--for--the--fund~~ register all
19 warrants drawn on a budgeted fund in accordance with
20 7-6-2603 when there is insufficient money available in all
21 funds of the district to make payment of the warrants and
22 pay all properly endorsed warrants and checks that are drawn
23 on district money;

24 (4) invest any money of the district, whenever in the
25 judgment of the trustees the investment would be

1 advantageous to the district, by ~~directing--the--county~~
2 ~~treasurer--to--invest~~ investing any money of the district in
3 direct obligations of the United States government; in
4 savings or time deposits in a state or national bank,
5 building or loan association, savings and loan association,
6 or credit union insured by the FDIC or NCUA located in the
7 state; or in a repurchase agreement, as authorized in
8 7-6-213. All interest collected on the deposits or
9 investments must be credited to the fund from which the
10 money was withdrawn, except that interest earned on account
11 of the investment of money realized from the sale of bonds
12 must be credited to the debt service fund or the building
13 fund, at the discretion of the board of trustees. ~~The~~
14 ~~placement--of--the--investment--by--the--county--treasurer--is--not~~
15 ~~subject-to-ratable-distribution-laws--and--must--be--done--in~~
16 ~~accordance--with--the--directive--from--the--board--of--trustees.~~ A
17 district may invest money under the state unified investment
18 program established in Title 17, chapter 6.

19 (5) cause the district to record each transaction in
20 the appropriate account before the accounts are closed at
21 the end of the fiscal year in order to properly report the
22 receipt, use, and disposition of all money and property for
23 which the district is accountable;

24 (6) report annually to the county superintendent, not
25 later than August 15, the financial activities of each fund

maintained by the district during the last completed school fiscal year, on the forms prescribed and furnished by the superintendent of public instruction. Annual fiscal reports for joint school districts must be submitted not later than September 1 to the county superintendent of each county in which part of the joint district is situated.

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

(8) cause the accounting records of the district to be audited as required by 2-7-503; and

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

Section 18. Section 20-9-221, MCA, is amended to read:

"20-9-221. Procedure for issuance of warrants. (1) The trustees of each district shall issue all warrants, and the warrants must identify:

(a) the budgeted fund or nonbudgeted fund on which the warrant is drawn; and

(b) the warrant as a budget amendment warrant if it is drawn on a budget amendment.

(2) All warrants issued by a district must be countersigned by the chairman presiding officer of the trustees and the clerk of the district before the warrants

are negotiable. Facsimile signatures may be used in accordance with the provisions of 2-16-114. A facsimile signature device used under authority of this section may not be available to the other countersigner of the warrant, or the device must have a nonresettable metering control that can provide a positive reconciliation between the number of warrants issued and the number of signatures applied. Either split signature plates or a double signature plate may be used according to the requirements of the district. The signature plates and the device keys must be kept secure by the district clerk under the supervision of the board of trustees of the district.

(3) The trustees shall issue warrants in single copy or in ~~triplicate~~ duplicate copy. When the warrants are issued in single copy, the trustees shall ~~immediately provide a listing of the issued warrants on a--fund-by-fund--basis--to the county treasurer and~~ retain a copy of the listing in the district accounting records. When the warrants are issued in ~~triplicate~~ duplicate, the original copy of the warrant must be delivered to the payee, and the duplicate must ~~be--sent immediately to the county treasury and the triplicate must~~ be retained by the district for accounting record purposes. The duplicate ~~and triplicate~~ copies must be identified on the face of the warrant as "Not Negotiable--Copy of Original".

(4) However, the trustees may elect to issue warrants in payment of wages and salaries on a direct deposit basis to the employee's account in a local bank, provided the consent of the employee has been obtained and the employee is given an itemized statement of payroll deductions for each pay period.

(5) In the case of a community college, the trustees shall supply the county treasurer with either a copy of each warrant or a listing of all warrants that were issued in single copy."

Section 19. Section 20-9-344, MCA, is amended to read:

"20-9-344. Duties of board of public education for distribution of BASE aid. (1) The board of public education shall administer and distribute the BASE aid and state advances for county equalization in the manner and with the powers and duties provided by law. To this end, the board of public education shall:

(a) adopt policies for regulating the distribution of BASE aid and state advances for county equalization in accordance with the provisions of law;

(b) have the power to require reports from the county superintendents, budget boards, ~~county--treasurers,~~ and trustees as it considers necessary; and

(c) order the superintendent of public instruction to distribute the BASE aid on the basis of each district's

annual entitlement to the aid as established by the superintendent of public instruction. In ordering the distribution of BASE aid, the board of public education may not increase or decrease the BASE aid distribution to any district on account of any difference that may occur during the school fiscal year between budgeted and actual receipts from any other source of school revenue.

(2) The board of public education may order the superintendent of public instruction to withhold distribution of BASE aid from a district when the district fails to:

(a) submit reports or budgets as required by law or rules adopted by the board of public education; or

(b) maintain accredited status.

(3) Prior to any proposed order by the board of public education to withhold distribution of BASE aid or county equalization money, the district is entitled to a contested case hearing before the board of public education, as provided under the Montana Administrative Procedure Act.

(4) If a district or county receives more BASE aid than it is entitled to, the county treasurer or the trustees shall return the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed by the superintendent of public instruction.

(5) Except as provided in 20-9-347(3), the BASE aid

1 payment must be distributed according to the following
2 schedule:

3 (a) from August to October of the school fiscal year,
4 10% of the direct state aid to each district;

5 (b) from December to April of the school fiscal year,
6 10% of the direct state aid to each district;

7 (c) in November of the school fiscal year, one-half of
8 the guaranteed tax base aid payment to each district or
9 county that has submitted a final budget to the
10 superintendent of public instruction in accordance with the
11 provisions of 20-9-134;

12 (d) in May of the school fiscal year, the remainder of
13 the guaranteed tax base aid payment to each district or
14 county; and

15 (e) in June of the school fiscal year, one-half of the
16 remaining payment to each district of direct state aid and
17 on the following July 15, the remaining payment to each
18 district of direct state aid for the school fiscal year
19 ending on the preceding June 30.

20 (6) The distribution provided for in subsection (5)
21 must occur by the last working day of each month."

22 **Section 20.** Section 20-9-346, MCA, is amended to read:

23 "20-9-346. Duties of superintendent of public
24 instruction for state and county equalization aid
25 distribution. The superintendent of public instruction shall

1 administer the distribution of the state and county
2 equalization aid by:

3 (1) establishing the annual entitlement of each
4 district and county to state and county equalization aid,
5 based on the data reported in the retirement and general
6 fund budgets for each district that have been duly adopted
7 for the current school fiscal year and verified by the
8 superintendent of public instruction;

9 (2) for the purposes of state reimbursements for school
10 facilities, limiting the distribution from the state
11 equalization aid account to no more than \$1 million for the
12 school fiscal year ending June 30, 1994, and to no more than
13 \$2 million for the biennium ending June 30, 1995, to the
14 districts that are eligible under the provisions of 20-9-366
15 through 20-9-371 by:

16 (a) determining by May 1 of each school fiscal year the
17 number of mills levied in each district for debt service on
18 bonds that were issued as provided in 20-9-370(2)(b)(i) or
19 (2)(b)(ii) and that qualify for guaranteed tax base aid
20 under the provisions of 20-9-366 through 20-9-369 and
21 20-9-370;

22 (b) based on the limitation of state equalization aid
23 available for debt service purposes in this subsection (2),
24 determining the percentage of state equalization aid that
25 each eligible district must receive for the school fiscal

1 year;

2 (c) distributing that amount to each eligible district
3 for reducing the property tax for the debt service fund for
4 the ensuing school fiscal year; and

5 (d) at the end of the school fiscal year ending June
6 30, 1994, determining whether there is an unused portion of
7 the amount of state equalization aid appropriated in this
8 subsection (2) to be carried into the next school fiscal
9 year for the purposes of this subsection (2).

10 (3) distributing by electronic transfer the BASE aid
11 and state advances for county equalization, for to each
12 district or county entitled to the aid, ~~to-the-county~~
13 ~~treasurer-of-the---respective---county---or---county---where---the~~
14 ~~district---is---located,~~ in accordance with the distribution
15 ordered by the board of public education;

16 (4) keeping a record of the full and complete data
17 concerning money available for state equalization aid, state
18 advances for county equalization, and the entitlements for
19 BASE aid of the districts of the state;

20 (5) reporting to the board of public education the
21 estimated amount that will be available for state
22 equalization aid; and

23 (6) reporting to the office of budget and program
24 planning as provided in 17-7-111:

25 (a) the figures and data available concerning

1 distributions of state and county equalization aid during
2 the preceding 2 school fiscal years;

3 (b) the amount of state equalization aid then
4 available;

5 (c) the apportionment made of the available money but
6 not yet distributed;

7 (d) the latest estimate of accruals of money available
8 for state equalization aid; and

9 (e) the amount of state advances and repayment for
10 county equalization."

11 **Section 21.** Section 20-9-347, MCA, is amended to read:

12 "20-9-347. Distribution of BASE aid and special
13 education allowable cost payments in support of BASE funding
14 program -- exceptions. (1) The superintendent of public
15 instruction shall:

16 (a) supply ~~the---county---treasurer---and~~ the county
17 superintendent with a monthly report of the payment of BASE
18 aid in support of the BASE funding program of each district
19 of the county;

20 (b) in the manner described in 20-9-344, provide for a
21 state advance to each county in an amount that is no less
22 than the amount anticipated to be raised for the basic
23 county tax fund as provided in 20-9-331 and for the basic
24 special tax fund as provided in 20-9-333;

25 (c) adopt rules to implement the provisions of

1 subsection (1)(b).

2 (2) (a) The superintendent of public instruction is
3 authorized to adjust the schedule prescribed in 20-9-344 for
4 distribution of the BASE aid payments if the distribution
5 will cause a district to register warrants under the
6 provisions of ~~20-9-212(0)~~ 20-9-213(3).

7 (b) To qualify for an adjustment in the payment
8 schedule, a district shall demonstrate to the superintendent
9 of public instruction, in the manner required by the office,
10 that the payment schedule prescribed in 20-9-344 will result
11 in insufficient money available in all funds of the district
12 to make payment of the district's warrants. ~~The county~~
13 ~~treasurer--shall--confirm--the--anticipated--deficit.~~ This
14 section may not be construed to authorize the superintendent
15 of public instruction to exceed a district's annual payment
16 for BASE aid.

17 (3) The superintendent of public instruction shall:

18 (a) distribute special education allowable cost
19 payments to districts; and

20 (b) supply ~~the--county--treasurer---~~and the county
21 superintendent of public instruction with a report of
22 payments for special education allowable costs to districts
23 of the county."

24 **Section 22.** Section 20-9-432, MCA, is amended to read:

25 "20-9-432. Sale of school district bonds. (1) The

1 trustees shall meet at the time and place fixed in the
2 notice to consider bids on the bond issue. The bonds ~~shall~~
3 must be sold at not less than par with accrued interest to
4 date of delivery, ~~--and each.~~ Each bidder shall specify the
5 form of bonds to be issued, whether amortization or serial,
6 and the rate of interest at which ~~he~~ the bidder will
7 purchase the bonds. A bid for amortization bonds ~~shall--have~~
8 has the preference over a bid for serial bonds, all other
9 things being equal, ~~--and in.~~ In considering bids on these
10 classes of bonds, the trustees shall take into consideration
11 not only the rate of interest demanded on each kind but also
12 every other known element affecting the total cost of the
13 bonds to the district when paid in full. The trustees shall
14 accept the bid ~~which~~ that they ~~shall~~ judge to be most
15 advantageous to the school district. Consultants' fees and
16 attorney fees may be paid to any person or corporation for
17 assisting in the proceedings or in the preparation of the
18 bonds or in negotiating the sale. The trustees are
19 authorized to reject any or all bids and to sell the bonds
20 at private sale if they ~~deem~~ consider it for the best
21 interests of the school district, ~~--except that such.~~ However,
22 the bonds shall may not be sold at less than par with
23 accrued interest to date of delivery.

24 (2) The trustees may cooperate and combine with other
25 school districts within the same county for the purpose of

preparing and negotiating for sale of bond issues if, in the opinion of the trustees, such the cooperation or combination will facilitate the sale of school district bonds under more advantageous terms or with lower interest rates. ~~Provided,~~ however, that However, bond issues prepared or negotiated for sale under this section ~~shall~~ may not be combined for any other purpose but ~~shall~~ may be entered separately on the books of the ~~county-treasurer~~ district and ~~shall~~ must be otherwise treated as separate bond issues."

Section 23. Section 20-9-434, MCA, is amended to read:

"20-9-434. Registration of school district bonds by ~~county-treasurer~~ district clerk and copy for preservation. ~~(1)~~ When the school district bonds have been duly executed by the ~~chairman~~ presiding officer of the trustees and the school district clerk, all such bonds ~~shall~~ must be registered by the ~~county-treasurer~~ district clerk in ~~his~~ a bond registration book before ~~such~~ the bonds are delivered to the purchaser. The bond registration ~~shall~~ must show:

- ~~(a)~~ (1) the number and amount of each bond;
- ~~(b)~~ (2) the date of issue;
- ~~(c)~~ (3) the redeemable date of each bond;
- ~~(d)~~ (4) the name of the purchaser; and
- ~~(e)~~ (5) the amount and due date of all payments required on the bonds.

~~(2) The trustees shall provide the county treasurer~~

~~with an unsigned and canceled printed copy of each issue of school district bonds for preservation in the office of the county treasurer."~~

Section 24. Section 20-9-435, MCA, is amended to read:

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

(a) when the board of investments has purchased the bonds, forward the bonds to the board that, in turn, shall send the bonds to the state treasurer and shall pay the bonds in the manner provided by law; or

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

(2) ~~if any of the trustees fails or refuses to pay into the proper county treasury the money arising from the sale of a bond, the trustee is guilty of a felony and shall be punished by imprisonment in the state prison for not less than one year or more than ten years or by a fine of not more than \$50,000 or both.~~

~~(3) All money realized from the sale of school district bonds must be paid to the county treasurer. The county treasurer shall credit the money credited to the building fund of the school district issuing the bonds, except money~~

1 realized for accrued interest or the purposes defined in
 2 20-9-403(1)(c) and (1)(d) must be deposited in the debt
 3 service fund and money realized for the purposes authorized
 4 in 20-9-403(1)(e) must be deposited in a fund, as provided
 5 for in 2-9-316, to pay a final judgment against the school
 6 district. The ~~money--realized--from--the--sale--of--school~~
 7 ~~district-bonds-must-be-immediately-available-to--the--school~~
 8 ~~district,--and--the~~ trustees may expend the money without
 9 budgeted authorization only for the purposes for which the
 10 bonds were authorized by the school district bond election.
 11 Under the provisions of 7-6-2802, the trustees may invest
 12 the money for which there is no immediate demand and the
 13 interest earned by investment must be used in the manner
 14 provided in 7-6-2802. After the full accomplishment of the
 15 purpose or purposes of a bond issue, the excess money
 16 realized from the bond issue must be transferred to the debt
 17 service fund of the school district to be used for the
 18 redemption or purchase of bonds of the issue."

19 **Section 25.** Section 20-9-438, MCA, is amended to read:

20 "20-9-438. Preparation of debt service fund budget --
 21 operating reserve. (1) The trustees of each a school
 22 district having that has outstanding bonds shall include in
 23 the debt service fund of the preliminary budget adopted in
 24 accordance with 20-9-113 an amount of money that is
 25 necessary to pay the interest and the principal amount

1 becoming due during the ensuing school fiscal year for each
 2 series or installment of bonds, according to the terms and
 3 conditions of the bonds and the redemption plans of the
 4 trustees.

5 (2) The trustees shall also include in the debt service
 6 fund of the preliminary budget:

7 (a) the amount of money necessary to pay the special
 8 improvement district assessments levied against the school
 9 district that become due during the ensuing school fiscal
 10 year; and

11 (b) a limited operating reserve for the school fiscal
 12 year following the ensuing school fiscal year as provided in
 13 subsection (3).

14 (3) At the end of each school fiscal year, the trustees
 15 of a school district may designate a portion of the
 16 end-of-the-year fund balance of the debt service fund to be
 17 earmarked as a limited operating reserve for the purpose of
 18 paying, whenever a cash flow shortage occurs, debt service
 19 fund warrants and bond obligations that must be paid from
 20 July 1 through November 30 of the school fiscal year
 21 following the ensuing school fiscal year. Any portion of the
 22 debt service fund end-of-the-year fund balance not earmarked
 23 for limited operating reserve purposes must be
 24 reappropriated to be used for property tax reduction as
 25 provided in 20-9-439.

1 (4)---The---county---superintendent---shall---compare---the
 2 preliminary-budgeted-amount-for-the-debt-service--fund--with
 3 the-bond-retirement-and-interest-requirement-and-the-special
 4 improvement--district-assessments-for-the-school-fiscal-year
 5 just-beginning-as-reported-by-the-county--treasurer--in--his
 6 statement--supplied-under-the-provisions-of-20-9-121--if-the
 7 county-superintendent-finds-that-the-requirement--stated--by
 8 the--county--treasurer--is--more-than-the-preliminary-budget
 9 amounty--the--county--superintendent--shall---increase---the
 10 budgeted--amount--for--interest--or--principal--in--the-debt
 11 service-fund-of-the-preliminary-budget--The-amount-confirmed
 12 or-revised-by-the-county-superintendent-is-the-final--budget
 13 expenditure--amount--for-the-debt-service-fund-of-the-school
 14 district."

15 **Section 26.** Section 20-9-440, MCA, is amended to read:

16 "20-9-440. Payment of debt service obligations --
 17 termination of interest. (1) The county-treasurer trustees
 18 shall maintain a separate debt service fund for each--school
 19 district--and--shall-credit-all-tax-moneys revenue collected
 20 for debt service to-such-fund and use the moneys revenue
 21 credited to such the fund for the payment of debt service
 22 obligations in accordance with the school financial
 23 administration provisions of this title.

24 (2) The county--treasurer trustees shall pay from the
 25 debt service fund all amounts of interest and principal on

1 school district bonds as such the interest or principal
 2 becomes due when the coupons or bonds are presented and
 3 surrendered for payment and shall pay all special
 4 improvement district assessments as the ~~same~~ assessments
 5 become due. If the bonds are held by the state of Montana,
 6 then all payments ~~shall~~ must be remitted to the state
 7 treasurer who shall cancel the coupons or bonds and return
 8 such the coupons or bonds to the county--treasurer trustees
 9 with ~~his~~ a receipt. If the bonds are not held by the state
 10 of Montana and the interest or principal is made payable at
 11 some designated bank or financial institution, the county
 12 treasurer trustees shall remit the amount due for interest
 13 or principal to such the bank or financial institution for
 14 payment against the surrender of the canceled coupons or
 15 bonds.

16 (3) Whenever any school district bond or installment on
 17 school district bonds ~~shall-become~~ becomes due and payable,
 18 interest ~~shall--cease~~ ceases on such that date unless
 19 sufficient funds are available to pay such the bond when it
 20 is presented for payment or when payment of an installment
 21 is demanded. In either case, interest on such the bond or
 22 installment ~~shall-continue~~ continues until payment is made.

23 (4) Any installment on interest and principal on bonds
 24 held by the state that is not promptly paid when due ~~shall~~
 25 must draw interest at an annual rate of 6% from the date due

until actual payment, irrespective of the rate of interest on the bonds."

Section 27. Section 20-9-441, MCA, is amended to read:

"20-9-441. Redemption of bonds -- investment of debt service fund moneys money. (1) Whenever there is a sufficient amount of money in any a school district debt service fund available to pay and redeem one or more bonds of such the school district held by the state of Montana, the county-treasurer trustees shall apply such the money in payment of as many of such the bonds as can be paid and redeemed. The county--treasurer trustees shall give notice not less than 30 days before the next interest due date to the board of investments that on such the interest due date such, the bonds will be paid. Before such the interest due date, the county-treasurer trustees shall remit to the state treasurer the amount of money that is necessary to pay the bonds that are being redeemed and the interest due on such those bonds. When the state treasurer receives such the payment, he the state treasurer shall cancel such the bonds and any unpaid coupons of such the bonds and return the canceled bonds and coupons to the county-treasurer trustees.

(2) Whenever there is a sufficient amount of money in any school district debt service fund available to pay and redeem one or more optional bonds of such the school district not held by the state of Montana, not yet due but

then redeemable or becoming redeemable on the next interest due date, the county-treasurer trustees shall apply such the available money in payment of as many of such the bonds as can be paid and redeemed. The county--treasurer trustees shall give notice to the holder of the bonds, if known to him, or to any bank or financial institution at which the bonds are payable, at least 30 days before the next interest due date, that the bonds will be paid and redeemed on such the due date. If the bonds are payable at some bank or financial institution, the county-treasurer trustees shall remit to the bank or financial institution, before such the interest due date, an amount sufficient to pay and redeem the bonds. If the bonds are not presented for payment and redemption on such the interest due date, the accrual of interest ~~shall cease~~ ceases on such the interest due date.

(3) Whenever there is money available in any school district debt service fund sufficient to pay and redeem one or more outstanding bonds not yet due or redeemable and not held by the state of Montana, the trustees ~~of-such-school district~~ may ~~direct-the-county-treasurer--to~~ purchase such the bonds of the district if this can be done at not more than par and accrued interest or at such as reasonable a premium as the trustees may feel justified in paying, but in no case exceeding 6%.

(4) Whenever the trustees cannot purchase outstanding

bonds of the school district at a reasonable price, the available debt service fund money ~~shall~~ must be invested by the trustees under the provisions of 20-9-213(4). ~~Such~~ The investments ~~shall~~ must be sold in ample time before the debt service fund money is required for the payment of the bonds of the school district."

Section 28. Section 20-9-509, MCA, is amended to read:

"20-9-509. Lease or rental agreement fund. (1) The trustees of ~~any~~ a district that provides pupil or teacher housing in district-owned buildings under a lease or rental agreement with pupils or teachers or receives ~~moneys~~ revenue under the provision of 20-6-607 may establish a lease or rental agreement fund. All ~~moneys~~ revenue received from ~~such~~ lease or rental agreements may be deposited ~~with-the--county treasurer~~ to the credit of the lease or rental agreement fund, general fund, the debt service fund, or any other appropriate fund. Whenever the end-of-the-year cash balance of a lease or rental agreement fund is more than \$10,000, ~~such~~ the cash balance in excess of \$10,000 ~~shall~~ must be transferred to the general fund of the district.

(2) Any expenditure of ~~moneys~~ money from a lease or rental agreement fund ~~shall~~ must be made for the maintenance and operation of the district-owned buildings to which the lease or rental agreements apply or for the acquisition of additional housing or dormitory facilities. The financial

administration of the lease or rental agreement fund ~~shall~~ must be in accordance with the financial administration provisions of this title for a nonbudgeted fund."

Section 29. Section 20-9-514, MCA, is amended to read:

"20-9-514. Impact aid fund. (1) The trustees of a district that receives federal funds under the provisions of Title I of Public Law 81-874 shall establish an impact aid fund. Money received under the provisions of Public Law 81-874 must be deposited ~~with-the-county-treasurer~~ to the credit of the impact aid fund.

(2) The expenditure of money from the impact aid fund must be made pursuant to Title I of Public Law 81-874. The impact aid fund must be administered pursuant to the financial administration provisions of this title for nonbudgeted funds."

Section 30. Section 20-9-604, MCA, is amended to read:

"20-9-604. Gifts, legacies, devises, and administration of endowment fund. (1) The trustees ~~of-any-district~~ may accept gifts, legacies, and devises, subject to the conditions imposed by the deed of the donor or the will of the testator or without any conditions imposed. Unless otherwise specified by the donor, deviser, or testator, when a district receives a gift, legacy, or devise, the trustees shall deposit ~~such~~ the gift, legacy, devise, or the proceeds ~~therefrom~~ in an endowment fund. The trustees shall

1 administer the endowment fund so as to preserve the
2 principal from loss, and only the income from the fund ~~shall~~
3 may be appropriated for any purpose.

4 (2) Unless the conditions of the endowment instrument
5 require an immediate disbursement of the money, the money
6 deposited in the endowment fund ~~shall~~ must be invested by
7 the trustees, notwithstanding the provisions of any other
8 state law, in:

- 9 (a) school district bonds of the district;
- 10 (b) bonds of other school districts within the state;
- 11 (c) first mortgage bonds, debentures, notes, and other
12 evidences of indebtedness issued, assumed, or guaranteed by
13 any solvent and operating public utility corporation
14 existing under the laws of the United States of America or
15 any state ~~thereof~~, which bonds, debentures, notes, and other
16 evidences of indebtedness are, at the time of ~~such~~ the
17 investment, within the three highest quality grades for the
18 rating of ~~such~~ the bonds, debentures, notes, and other
19 evidences of indebtedness by any nationally recognized
20 investment rating agency;

21 (d) certificates of deposit of Montana banks insured by
22 the federal deposit insurance corporation; or

23 (e) direct obligations of the United States government.

24 (3) All interest collected on the deposits or
25 investments ~~shall~~ must be credited to the endowment fund. No

1 portion of the endowment fund may be loaned to the district,
2 nor may any money of the fund be invested in warrants of the
3 district.

4 (4) Whenever any district has been abandoned, the
5 endowment fund of the abandoned district ~~shall~~ must be
6 transferred and placed in the endowment fund in the district
7 to which the territory is attached.

8 ~~(5) As--the-custodian-of-the-endowment-fund, the-county~~
9 ~~treasurer-is-liable-on-his-official-bond-for--the--endowment~~
10 ~~fund--of--any--district--of-the-county--No-later-than-July-1~~
11 ~~each-school-fiscal-year, the-county-treasurer-shall--account~~
12 ~~to--the--trustees--of--each-district-on-the-condition-of-its~~
13 ~~endowment-fund-including-the-status-of-the-investments--that~~
14 ~~have--been--made--with--the--money--of--the-fund, The-county~~
15 ~~treasurer-shall-also--include--the--endowment--fund--in--his~~
16 ~~reports-to-the-board-of-county-commissioners.~~

17 (6) The trustees of any a district having an endowment
18 fund shall provide suitable memorials for all persons or
19 associations of persons making gifts to the district ~~which~~
20 that become a part of the endowment fund."

21 **Section 31.** Section 20-10-145, MCA, is amended to read:

22 **"20-10-145. State transportation reimbursement.** (1) A
23 district providing school bus transportation or individual
24 transportation in accordance with this title, board of
25 public education transportation policy, and superintendent

1 of public instruction transportation rules must receive a
 2 state reimbursement of its transportation expenditures under
 3 the transportation reimbursement rate provisions of
 4 20-10-141 and 20-10-142. The state transportation
 5 reimbursement is one-half of the reimbursement amounts
 6 established in 20-10-141 and 20-10-142 or one-half of the
 7 district's transportation fund budget, whichever is smaller,
 8 and must be computed on the basis of the number of days the
 9 transportation services were actually rendered, not to
 10 exceed 180 pupil-instruction days. In determining the amount
 11 of the state transportation reimbursement, an amount claimed
 12 by a district may not be considered for reimbursement unless
 13 the amount has been paid in the regular manner provided for
 14 the payment of other financial obligations of the district.

15 (2) Requests for the state transportation reimbursement
 16 must be made by each district semiannually during the school
 17 fiscal year on the claim forms and procedure promulgated by
 18 the superintendent of public instruction. The claims for
 19 state transportation reimbursements must be routed by the
 20 district to the county superintendent, who after reviewing
 21 the claims shall send them to the superintendent of public
 22 instruction. The superintendent of public instruction shall
 23 establish the validity and accuracy of the claims for the
 24 state transportation reimbursements by determining
 25 compliance with this title, board of public education

1 transportation policy, and the transportation rules of the
 2 superintendent of public instruction. After making any
 3 necessary adjustments to the claims, the superintendent of
 4 public instruction shall order a disbursement from the state
 5 money appropriated by the legislature of the state of
 6 Montana for the state transportation reimbursement. ~~The~~
 7 ~~payment-of-all-the-district's-claims-within-one-county--must~~
 8 ~~be--made--to--the--county--treasurer--of-the-county--and-the~~
 9 ~~county--superintendent--shall--apportion--the--payment--in~~
 10 ~~accordance--with--the--apportionment--order--supplied-by-the~~
 11 ~~superintendent-of-public-instruction."~~

12 **Section 32.** Section 20-10-147, MCA, is amended to read:

13 "20-10-147. Bus depreciation reserve. (1) The trustees
 14 of a district owning a bus or a two-way radio used for
 15 purposes of transportation, as defined in 20-10-101, or for
 16 purposes of conveying pupils to and from school functions or
 17 activities may establish a bus depreciation reserve fund to
 18 be used for the conversion, remodeling, or rebuilding of a
 19 bus or for the replacement of a bus or radio.

20 (2) Whenever a bus depreciation reserve fund is
 21 established, the trustees may include in the district's
 22 budget, in accordance with the school budgeting provisions
 23 of this title, an amount each year that does not exceed 20%
 24 of the original cost of a bus or a two-way radio. The amount
 25 budgeted may not, over time, exceed 150% of the original

1 cost of a bus or two-way radio. The annual revenue
 2 requirement for each district's bus depreciation reserve
 3 fund, determined within the limitations of this section,
 4 must be reported by the county superintendent to the county
 5 commissioners on the fourth Monday of August as the bus
 6 depreciation reserve fund levy requirement for that
 7 district, and a levy must be made by the county
 8 commissioners in accordance with 20-9-142.

9 (3) Any expenditure of bus depreciation reserve fund
 10 money must be within the limitations of the district's final
 11 bus depreciation reserve fund budget and the school
 12 financial administration provisions of this title and may be
 13 made only to convert, remodel, or rebuild buses or to
 14 replace the buses or radios for which the bus depreciation
 15 reserve fund was created.

16 (4) Whenever the trustees of a district maintaining a
 17 bus depreciation reserve fund consider it to be in the best
 18 interest of the district to transfer any portion or all of
 19 the bus depreciation reserve fund balance to any other fund
 20 maintained by the district, the trustees shall submit the
 21 proposition to the electors of the district. The electors
 22 qualified to vote at the election shall qualify under
 23 20-20-301, and the election must be called and conducted in
 24 the manner prescribed by this title for school elections. If
 25 a majority of those electors voting at the election approve

1 the proposed transfer from the bus depreciation reserve
 2 fund, the transfer is approved ~~and--the--trustees--shall~~
 3 ~~immediately-order-the-county-treasurer-to-make-the--approved~~
 4 ~~transfer."~~

5 **Section 33.** Section 20-10-205, MCA, is amended to read:

6 "20-10-205. Allocation of federal funds to school food
 7 services fund for federally connected, indigent pupils. The
 8 trustees of ~~any~~ a school district receiving federal
 9 reimbursement in lieu of taxes may request the allocation of
 10 a portion of ~~such~~ the federal funds to the school food
 11 services fund to provide free meals for federally connected,
 12 indigent pupils when the pupils are declared eligible. In
 13 granting the request, the county superintendent shall comply
 14 with the following procedures:

15 (1) The indigency must be certified by the county
 16 department of welfare, assisted by a committee of three
 17 composed of the county superintendent, a representative of
 18 the county health department, and an authorized
 19 representative of the district.

20 (2) A certified, detailed claim for the amount of the
 21 federal reimbursement in lieu of taxes that is to be
 22 allocated to the school food services fund ~~shall~~ must be
 23 filed by the district with the county superintendent. The
 24 county superintendent shall confirm or adjust the amount of
 25 the claim by:

(a) determining that the pupils included on the claim have been declared indigent under subsection (1);

(b) determining the number of meals provided the indigent pupils by the school food services;

(c) determining the price per meal charged the nonindigent pupil; and

(d) multiplying the number of meals provided to indigent pupils by the price per meal.

(3) After the county superintendent's confirmation or adjustment of the claim, ~~he~~ the county superintendent shall notify the district ~~and the county treasurer~~ of the approved amounts for allocation to the school food services fund. The district shall deposit the approved amount in the school food services fund on receipt of the succeeding federal payment in lieu of taxes."

Section 34. Section 20-15-210, MCA, is amended to read:

"20-15-210. Qualification and organization of board of trustees. (1) Newly elected members of the board of trustees of the community college district ~~shall be~~ are qualified by taking the oath of office prescribed by the constitution of Montana. At the organization meeting called by the board of regents, the board of trustees ~~shall must~~ be organized by the election of a chairman presiding officer and a secretary.

(2) The treasurer of the community college district is

the county treasurer of the county in which the community college facilities are located. The duties of the county treasurer are referenced in 20-9-206, 20-9-212, ~~20-9-222, and 20-9-224~~ and [sections 36 through 38]."

Section 35. Section 20-15-404, MCA, is amended to read:

"20-15-404. Trustees to adhere to certain other laws. Unless the context clearly indicates otherwise, the trustees of a community college district shall adhere to:

(1) the teachers' retirement provisions of Title 19, chapter 20;

(2) the provisions of 20-1-201, 20-1-205, 20-1-211, and 20-1-212;

(3) the school property provisions of 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631, and 20-6-633 through 20-6-636;

(4) the adult education provisions of 20-7-701 through 20-7-713;

(5) the administration of finances provisions of 20-9-115, 20-9-134, 20-9-207, 20-9-208, 20-9-210, 20-9-215, 20-9-221 ~~through 20-9-224~~, 20-9-223, and 20-9-512;

(6) the school bond provisions of 20-9-401 through 20-9-412, 20-9-421 through 20-9-446, 20-9-451 through 20-9-456, and 20-9-461 through 20-9-465;

(7) the special purpose funds provisions of 20-9-502, 20-9-503, 20-9-507, 20-9-508, and 20-9-511;

(8) the educational cooperative agreements provisions of 20-9-701 through 20-9-704;

(9) the school elections provisions of Title 20, chapter 20;

(10) the students' rights provisions of 20-25-511 through 20-25-516; and

(11) the health provisions of 50-1-206."

NEW SECTION. Section 36. County treasurer's duties -- warrants. (1) By July 10, the county treasurer shall prepare a statement for each community college district showing the amount of cash on hand for each fund maintained by the community college district and the amount of the outstanding obligations against each fund at the close of the last-completed school fiscal year. The county treasurer shall also include on each community college district's statement the details on the obligation for bond retirement and interest for the school fiscal year just beginning.

(2) On or before July 10, the county treasurer shall deliver the statements of community college district cash balances and the bond information for each community college district to the trustees of the community college district.

(3) When the county treasurer receives the final budget of a community college district, the county treasurer shall open a fund for each budgeted fund included on the final budget of the community college district by entering the

amount appropriated for the fund on the accounting record.

(4) (a) Immediately after receiving a duplicate warrant or a warrant listing from a community college district as provided in 20-9-221, the county treasurer shall enter the amount and number of the warrant on the accounting records under the fund identified on the warrant or listing. The recording of the warrants must allow for the computation of the unexpended amount of a budgeted fund from the accounting records.

(b) Whenever it appears to the county treasurer that a budgeted fund is so nearly exhausted that the issuance of another warrant will cause the overexpenditure of a budget, the county treasurer shall immediately notify the community college district of the expended condition of the budget and the community college district shall not issue another warrant against the fund that would overexpend the budget.

(c) After receiving a duplicate warrant or warrant listing that contains a warrant that will exceed the unexpended balance of a budgeted or nonbudgeted fund, the county treasurer shall immediately notify the community college district of the overdraft. If the community college district has not corrected the overdraft before the presentation of the warrant for payment, the county treasurer shall refuse to pay or register the warrant and shall endorse across the face of the warrant "Payment and

1 Registration Refused, Insufficient Budget" and return the
2 warrant to the person presenting it for payment.

3 NEW SECTION. Section 37. Credit of refund -- refund of
4 revenue not charged against spending authority. (1) Whenever
5 a community college district deposits with the county
6 treasurer a refund or rebate, the county treasurer shall
7 credit the budgeted fund to which it is deposited and
8 restore the community college district's spending authority
9 in that fund in the amount of the refund or rebate.

10 (2) A refund of revenue previously received by a
11 community college district may not be charged against a
12 community college district's spending authority.

13 NEW SECTION. Section 38. Lapse of budgeted
14 appropriations and provision for unpaid claims. (1) All
15 appropriations for a community college district budgeted
16 fund in the regular budget or for a budget amendment for a
17 given school fiscal year lapse on the last day of the school
18 fiscal year except the appropriations for:

19 (a) uncompleted improvements in progress of
20 construction; and

21 (b) an obligation for the purchase of personal property
22 ordered but not paid for during the current school fiscal
23 year and recorded with the county treasurer.

24 (2) A lawful claim presented to the community college
25 district for payment under a lapsed appropriation is an

1 obligation of the budget for the next ensuing school fiscal
2 year.

3 NEW SECTION. Section 39. Codification instruction.
4 [Sections 36 through 38] are intended to be codified as an
5 integral part of Title 20, and the provisions of Title 20
6 apply to [sections 36 through 38].

7 NEW SECTION. Section 40. Repealer. Sections 20-9-121,
8 20-9-206, 20-9-209, 20-9-222, 20-9-224, 20-9-442, and
9 20-9-443, MCA, are repealed.

10 NEW SECTION. Section 41. Effective date --
11 applicability. [This act] is effective July 1, 1994, and
12 applies to school district budgets for the school fiscal
13 year beginning July 1, 1994.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0069, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act eliminating the accounting and other financial management duties of the county treasurer with regard to school district funds, except for the duty to collect and disburse revenue belonging to the districts; transferring to the trustees of a district those accounting and financial management duties; clarifying a county treasurer's duties with regard to a community college district.

ASSUMPTIONS:

1. Districts will be continue to invest available cash balances in the general fund and retirement fund, and will do so at the same rates as are currently available through county investment pools.
2. State payments to districts for direct state aid, special education allowable costs and guaranteed tax base aid will continue to be made through electronic transfer of funds.
3. State payment of federal funds to school districts, currently done monthly by sending paper warrants to 56 counties, would eventually also be accomplished through electronic transfer of funds.
4. It is assumed that each school district will need to establish time and/or demand deposit accounts at a financial institution to allow the county treasurer to comply with the provisions of section 16.
5. Electronic transfers from OPI will go to approximately 490 districts instead of 56 counties.


FISCAL IMPACT: None.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. All school districts would need to establish the means to receive payments through electronic funds transfer.
2. Counties and school districts that currently pool resources for investment in the state unified investment program established in Title 17, chapter 6, may realize reduced interest earnings due to smaller amounts available for investment that will effect the terms.

TECHNICAL NOTES:

1. Sections 20-9-209 and 20-9-443 should be amended to only eliminate the county treasurer's responsibilities, rather than repealed.
2. The bill does not address whether school district's demand and time deposits greater than FDIC insurance coverage (\$100,000) would have to be protected by pledged securities similar to counties, cities, and towns (7-6-207 and 17-6-102).
3. The bill does not address whether school district's demand and time deposits will have to be distributed among the financial institutions in the district, like counties (7-6-203/205(2)/7-6-213), cities, and towns.
4. A school district cannot issue both warrants and checks. Language needs to be added to the bill to allow schools to issue check/warrants like towns.
5. With the repeal of 20-9-442 and 20-9-443, MCA, it is unclear who is responsible for the requirements contained in the referenced statutes for those bonds that are outstanding prior to the effective date of this bill.


DAVID LEWIS, BUDGET DIRECTOR DATE 12-15
Office of Budget and Program Planning

12-15-93
BOB RANEY, PRIMARY SPONSOR DATE
Fiscal Note for HB0069, as introduced

HB 69

APPROVED BY COMM. ON EDUCATION
AND CULTURAL RESOURCES

HOUSE BILL NO. 69

INTRODUCED BY RANEY, GROSFIELD

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE ACCOUNTING AND OTHER FINANCIAL MANAGEMENT DUTIES OF THE COUNTY TREASURER WITH REGARD TO SCHOOL DISTRICT FUNDS, EXCEPT FOR THE DUTY TO COLLECT AND DISBURSE REVENUE BELONGING TO THE DISTRICTS; TRANSFERRING TO THE TRUSTEES OF A DISTRICT THOSE ACCOUNTING AND FINANCIAL MANAGEMENT DUTIES; CLARIFYING A COUNTY TREASURER'S DUTIES WITH REGARD TO A COMMUNITY COLLEGE DISTRICT; AMENDING SECTIONS 7-6-2801, 20-3-106, 20-3-208, 20-3-209, 20-5-324, 20-6-313, 20-6-406, 20-6-413, 20-6-414, 20-6-415, 20-6-703, 20-7-507, 20-9-134, 20-9-165, 20-9-202, 20-9-212, 20-9-213, 20-9-221, 20-9-344, 20-9-346, 20-9-347, 20-9-432, 20-9-434, 20-9-435, 20-9-438, 20-9-440, 20-9-441, 20-9-509, 20-9-514, 20-9-604, 20-10-145, 20-10-147, 20-10-205, 20-15-210, AND 20-15-404, MCA; REPEALING SECTIONS 20-9-121, 20-9-206, 20-9-209, 20-9-222, 20-9-224, 20-9-442, AND 20-9-443, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 7-6-2801, MCA, is amended to read:

"7-6-2801. **Management** of school funds. The county treasurer must shall:

(1) ~~keep all school money in a separate fund and keep a separate account of its disbursement to the several school districts which are entitled to receive it, according to the apportionment of the county superintendent of schools except as provided in subsection (3), remit to the school districts of the county any school district revenue received by the county treasurer on behalf of the districts as provided in 20-9-212;~~

(2) notify the county superintendent of the amount of the ~~county school fund in the county treasury subject to apportionment~~ revenue remitted to each school district, whenever required, and inform him the county superintendent of the amount of school money belonging to any other fund subject to apportionment, or as otherwise provided by law;

(3) (a) keep all revenue belonging to a community college district in a separate fund and keep a separate account of its disbursement to the community college district as provided in 20-15-210; and

(b) pay all warrants drawn on county--or community college district school--money revenue, in accordance with the provisions of law, whenever such the warrants are ~~countersigned by the district clerk and~~ properly endorsed by the holders; and

(4) make annually, during the month of September, a ~~financial~~ report for the preceding year ending August 31 to

1 the county superintendent--in-such-form-as-is-required-by
 2 him on the tax receipts and taxes receivable for each school
 3 district."

4 **Section 2.** Section 20-3-106, MCA, is amended to read:

5 "20-3-106. Supervision of schools -- powers and duties.

6 The superintendent of public instruction has the general
 7 supervision of the public schools and districts of the state
 8 and shall perform the following duties or acts in
 9 implementing and enforcing the provisions of this title:

10 (1) resolve any controversy resulting from the
 11 proration of costs by a joint board of trustees under the
 12 provisions of 20-3-362;

13 (2) issue, renew, or deny teacher certification and
 14 emergency authorizations of employment;

15 (3) negotiate reciprocal tuition agreements with other
 16 states in accordance with the provisions of 20-5-314;

17 (4) serve on the teachers' retirement board in
 18 accordance with the provisions of 2-15-1010;

19 (5) approve or disapprove the orders of a high school
 20 boundary commission in accordance with the provisions of
 21 20-6-311;

22 (6) approve or disapprove the opening or reopening of a
 23 school in accordance with the provisions of 20-6-502,
 24 20-6-503, 20-6-504, or 20-6-505;

25 (7) approve or disapprove school isolation within the

1 limitations prescribed by 20-9-302;

2 (8) generally supervise the school budgeting procedures
 3 prescribed by law in accordance with the provisions of
 4 20-9-102 and prescribe the school budget format in
 5 accordance with the provisions of 20-9-103 and 20-9-506;

6 (9) establish a system of communication for calculating
 7 joint district revenues in accordance with the provisions of
 8 20-9-151;

9 (10) approve or disapprove the adoption of a district's
 10 budget amendment resolution under the conditions prescribed
 11 in 20-9-163 and adopt rules for an application for
 12 additional direct state aid for a budget amendment in
 13 accordance with the approval and disbursement provisions of
 14 20-9-166;

15 (11) generally supervise the school financial
 16 administration provisions as prescribed by 20-9-201(2);

17 (12) prescribe and furnish the annual report forms to
 18 enable the districts to report to the county superintendent
 19 in accordance with the provisions of 20-9-213(5)(6) and the
 20 annual report forms to enable the county superintendents to
 21 report to the superintendent of public instruction in
 22 accordance with the provisions of 20-3-209;

23 (13) approve, disapprove, or adjust an increase of the
 24 average number belonging (ANB) in accordance with the
 25 provisions of 20-9-313 and 20-9-314;

1 (14) distribute BASE aid and special education allowable
2 cost payments in support of the BASE funding program, in
3 accordance with the provisions of 20-9-331, 20-9-333,
4 20-9-342, 20-9-346, 20-9-347, and 20-9-366 through 20-9-369;

5 (15) provide for the uniform and equal provision of
6 transportation by performing the duties prescribed by the
7 provisions of 20-10-112;

8 (16) approve or disapprove an adult education program
9 for which a district proposes to levy a tax in accordance
10 with the provisions of 20-7-705;

11 (17) request, accept, deposit, and expend federal money
12 in accordance with the provisions of 20-9-603;

13 (18) authorize the use of federal money for the support
14 of an interlocal cooperative agreement in accordance with
15 the provisions of 20-9-703 and 20-9-704;

16 (19) prescribe the form and contents of and approve or
17 disapprove interstate contracts in accordance with the
18 provisions of 20-9-705;

19 (20) approve or disapprove the conduct of school on a
20 Saturday or on pupil-instruction-related days in accordance
21 with the provisions of 20-1-303 and 20-1-304;

22 (21) recommend standards of accreditation for all
23 schools to the board of public education and evaluate
24 compliance with the standards and recommend accreditation
25 status of every school to the board of public education in

1 accordance with the provisions of 20-7-101 and 20-7-102;

2 (22) collect and maintain a file of curriculum guides
3 and assist schools with instructional programs in accordance
4 with the provisions of 20-7-113 and 20-7-114;

5 (23) establish and maintain a library of visual, aural,
6 and other educational media in accordance with the
7 provisions of 20-7-201;

8 (24) license textbook dealers and initiate prosecution
9 of textbook dealers violating the law in accordance with the
10 provisions of the textbooks part of this title;

11 (25) as the governing agent and executive officer of the
12 state of Montana for K-12 vocational education, adopt the
13 policies prescribed by and in accordance with the provisions
14 of 20-7-301;

15 (26) supervise and coordinate the conduct of special
16 education in the state in accordance with the provisions of
17 20-7-403;

18 (27) administer the traffic education program in
19 accordance with the provisions of 20-7-502;

20 (28) administer the school food services program in
21 accordance with the provisions of 20-10-201, 20-10-202, and
22 20-10-203;

23 (29) review school building plans and specifications in
24 accordance with the provisions of 20-6-622;

25 (30) prescribe the method of identification and signals

1 to be used by school safety patrols in accordance with the
2 provisions of 20-1-408;

3 (31) provide schools with information and technical
4 assistance for compliance with the student assessment rules
5 provided for in 20-2-121 and collect and summarize the
6 results of the student assessment for the board of public
7 education and the legislature;

8 (32) administer the distribution of guaranteed tax base
9 aid in accordance with 20-9-366 through 20-9-369; and

10 (33) perform any other duty prescribed from time to time
11 by this title, any other act of the legislature, or the
12 policies of the board of public education."

13 **Section 3.** Section 20-3-208, MCA, is amended to read:

14 **"20-3-208. Authority to request, accept, and disburse**
15 **money.** (1) A county superintendent may, with the advice and
16 consent of the appropriate school boards, request and accept
17 money made available from federal, state, or private sources
18 for purposes of public education.

19 (2) Subject to applicable federal and state guidelines
20 and, in the case of money received from private sources,
21 subject to any guidelines fixed by the donor, a county
22 superintendent may, ~~in his discretion,~~ disburse money
23 received under this section to one or more public elementary
24 or high school districts according to their needs. The
25 county superintendent shall supervise the utilization of

1 such the money with the approval of the appropriate school
2 boards.

3 ~~{3}--The county superintendent may establish a fund, for~~
4 ~~which the county treasurer shall maintain a separate~~
5 ~~accounting, for the deposit of money received under this~~
6 ~~section."~~

7 **Section 4.** Section 20-3-209, MCA, is amended to read:

8 **"20-3-209. Annual report.** The county superintendent of
9 each county shall submit an annual report to the
10 superintendent of public instruction not later than
11 September 1. Such The report ~~shall~~ must be completed on the
12 forms supplied by the superintendent of public instruction,
13 ~~which shall and must~~ require the reporting of:

14 (1) the final budget information for each district of
15 the county, as prescribed by 20-9-134(1);

16 (2) the financial activities of each district of the
17 county for the immediately preceding school fiscal year as
18 provided by the trustees' annual report to the county
19 superintendent under the provisions of 20-9-213(5)(6);

20 (3) the pupil information for each district provided
21 the county superintendent under the provisions of
22 20-4-301(1)(d) or 20-4-402(7); and

23 (4) any other information that may be requested by the
24 superintendent of public instruction which is within ~~his~~ the
25 superintendent's authority prescribed by this title."

Section 5. Section 20-5-324, MCA, is amended to read:

"20-5-324. Tuition report and payment provisions. (1)

At the close of the school term of each school fiscal year and before July 15, the trustees of a district shall report to the county superintendent:

(a) the name and district of residence of each child who is attending a school of the district under an approved mandatory out-of-district attendance agreement;

(b) the number of days of enrollment for each child reported under the provisions of subsection (1)(a);

(c) the annual tuition rate for each child's tuition payment, as determined under the provisions of 20-5-323, and the tuition cost for each reported child; and

(d) the names, districts of attendance, and amount of tuition to be paid by the district for resident students attending public schools out of state.

(2) The county superintendent shall send, as soon as practicable, the reported information to the county superintendent of the county in which a reported child resides.

(3) Before July 30, the county superintendent shall report the information in subsection (1)(d) to the superintendent of public instruction, who shall determine the total foundation amount for which the district would be eligible if the student were enrolled in the resident

district. The reimbursement amount is the difference between the actual amount paid and the amount calculated in this subsection.

(4) Notwithstanding the requirements of subsection (5), tuition payment provisions for out-of-district placement of students with disabilities must be determined pursuant to Title 20, chapter 7, part 4.

(5) Except as provided in subsection (6), when a child has approval to attend a school outside the child's district of residence under the provisions of 20-5-320 or 20-5-321, the district of residence shall finance the tuition amount from the district tuition fund and any transportation amount from the transportation fund.

(6) When a child has mandatory approval under the provisions of 20-5-321, the tuition and transportation obligation for an elementary school child attending a school outside of the child's county of residence must be financed by the county basic tax for elementary districts, as provided in 20-9-331, for the child's county of residence or for a high school child attending a school outside the county of residence by the county basic tax for high school districts, as provided in 20-9-333, for the child's county of residence.

(7) By December 31 of the school fiscal year, the county superintendent or the trustees shall pay at least

one-half of any tuition and transportation obligation established under this section out of the money realized to date from the appropriate basic county tax account provided for in 20-9-334 or from the district tuition or transportation fund. The remaining tuition and transportation obligation must be paid by June 15 of the school fiscal year. ~~The payments must be made to the county treasurer in each county with a school district that is entitled to tuition and transportation.~~

~~(8)~~ Except as provided in subsection ~~(9)~~ (10), the ~~county treasurer~~ trustees shall credit tuition receipts to the general fund of a school district entitled to a tuition payment. The tuition receipts must be used in accordance with the provisions of 20-9-141. ~~The county treasurer shall credit transportation receipts to the transportation fund of a school district entitled to a transportation payment.~~

~~(8)(9)~~ The superintendent of public instruction shall reimburse the district of residence from the state equalization account for the foundation amount determined in subsection (3).

~~(9)(10)~~ (a) Any tuition receipts received under the provisions of Title 20, chapter 7, part 4, or 20-5-323(3) for the current school fiscal year that exceed the tuition receipts of the prior year may be deposited in the district miscellaneous programs fund and must be used for that year

in the manner provided for in 20-9-507 to support the costs of the program for which the tuition was received.

(b) Any other tuition receipts received for the current school fiscal year that exceed the tuition receipts of the prior year may be deposited in the district miscellaneous programs fund and may be used for that year in the manner provided for in that fund. For the ensuing school fiscal year, the receipts must be credited to the district general fund budget."

Section 6. Section 20-6-313, MCA, is amended to read:

"20-6-313. Transactions after approved county high school unification. (1) Whenever a county high school is unified with the elementary district where in which the county high school building is located, the following transactions ~~shall~~ must be completed on or before the July 1 when the unification becomes effective:

(a) The high school boundary commission, without the approval of the superintendent of public instruction, shall order the creation of a high school district if the county has not already been divided into high school districts.

(b) The county high school trustees, who ~~shall not have the capacity do not have authority~~ to govern the high school district upon unification, shall surrender all minutes, documents, and other records of the county high school to the trustees of the high school district.

1 (c) The county superintendent shall order the
 2 establishment of additional high school trustee nominating
 3 areas in the manner prescribed in 20-3-352 and 20-3-353, if
 4 requested to do so by a majority of the outlying elementary
 5 districts located in the high school district. When the
 6 county superintendent establishes such the areas, he the
 7 county superintendent shall appoint additional high school
 8 district trustees from each area who shall hold office until
 9 a successor is elected at the next regular school election
 10 and qualified.

11 (d) ~~The county treasurer, after~~ After allowing for any
 12 outstanding or registered warrants, the trustees of the
 13 county high school district shall transfer all
 14 end-of-the-year fund cash balances of the county high school
 15 to similar funds established for the high school district.
 16 All previous years' taxes levied and collected for the
 17 county high school ~~shall must~~ be credited to the appropriate
 18 fund of the high school district.

19 (e) The board of county commissioners shall execute, in
 20 the name of the county, all necessary and appropriate deeds,
 21 bills of sale, and other instruments for the conveyance of
 22 title to all real and personal property of the county high
 23 school, including all appurtenances and hereditaments, to
 24 the high school district.

25 (2) All county high school bonds outstanding at the

1 time of unification ~~shall~~ remain the obligation of the
 2 county or that portion of the county against which the bonds
 3 were originally issued. The high school district ~~shall-be is~~
 4 responsible for the maintenance of the debt service fund for
 5 ~~such the~~ bonds. It ~~shall-be is~~ the duty of the board of
 6 county commissioners and the trustees of the high school
 7 district to perform the duties prescribed in the school
 8 budgeting and bond redemption provisions of this title for
 9 the redemption and interest payments of the county high
 10 school bonds in the same manner and by the same means as
 11 though the county high school had not been unified."

12 **Section 7.** Section 20-6-406, MCA, is amended to read:

13 "20-6-406. Disbursal and deposit of bonus payments. On
 14 or before June 30 of the next 3 consecutive years following
 15 the year of application, the superintendent of public
 16 instruction shall disburse the bonus payments for approved
 17 applications to the enlarged school district, and such the
 18 disbursement is statutorily appropriated as provided in
 19 17-7-502. The general bonus payment ~~shall must~~ be deposited
 20 ~~by-the-county-treasurer~~ in the enlarged district's general
 21 fund, and the transportation bonus payment ~~shall must~~ be
 22 deposited ~~by-the-county-treasurer~~ in the transportation
 23 fund. These bonus payments ~~shall may~~ not be considered as a
 24 part of the regular state equalization aid or state
 25 transportation aid received by the enlarged district."

Section 8. Section 20-6-413, MCA, is amended to read:

"20-6-413. Cash disposition when district ceases to exist -- special levy for tuition debt. Whenever a district ~~shall cease~~ ceases to exist in any manner prescribed in this title, except when districts are consolidated, the cash on hand to the credit of the funds of the district and the debts of such the district ~~shall~~ must be allocated in the following manner:

(1) Any cash to the credit of the district ~~shall~~ must be used to pay any debts of the district, including bonded indebtedness, except that any cash available in the debt service fund ~~shall~~ must be used first to pay bond interest and all outstanding bonds.

(2) If any cash remains to the credit of the district after paying its debts, the cash ~~shall~~ must be transferred by the ~~county--treasurer~~ trustees to the ~~credit--of--the~~ district or districts assuming its territory. When the territory is assumed by more than one district, the remaining cash ~~shall~~ must be prorated between the districts on the basis of the number of children attending school and residing within the territory assumed by each district as determined by the county superintendent.

(3) If any tuition debt remains as an obligation of the district, the tuition debt ~~shall-be~~ is the obligation of the taxable property of the discontinued district, except when

the tuition debt has been assumed by the consolidated or annexing district. The tuition debt ~~shall~~ must be financed by a mill levy on the property of the discontinued district and paid from these proceeds by the county superintendent.

(4) If any debts, other than bonded indebtedness and tuition, remain as an obligation of the district after the cash has been utilized under the provisions of subsection (1) above, the debts ~~shall~~ must be assigned in the same manner prescribed for the transfer of cash under subsection (2) above."

Section 9. Section 20-6-414, MCA, is amended to read:

"20-6-414. Cash disposition when districts consolidated. Whenever two or more districts are consolidated without the mutual assumption of bonded indebtedness, the trustees shall credit all cash and debts, other than cash credited to the debt service fund and debts for bonded indebtedness, ~~shall-be-credited-or-debited~~ to the same types of funds of the consolidated district ~~as-the funds--from--which--they--were--transferred--by--the--county treasurer~~. In addition, when two or more elementary districts are consolidated with the mutual assumption of bonded indebtedness, the cash credited to the debt service fund and the bonded indebtedness also ~~shall~~ must be transferred to a similar fund of the consolidated district."

Section 10. Section 20-6-415, MCA, is amended to read:

1 "20-6-415. Cash disposition when new elementary
 2 district created. Whenever a new district is created under
 3 the provisions of 20-6-217, the end-of-the-year cash balance
 4 in each fund of each district having territory that has been
 5 placed in the new district, except the debt service fund,
 6 ~~shall~~ must be apportioned by the county superintendent on
 7 the basis of the proportion that the number of school
 8 children residing in the new district is of the total number
 9 of school children residing in the old district before the
 10 creation of the new district. After the new district has
 11 operated a school for 1 month, the county superintendent
 12 shall order the ~~county-treasurer-to~~ transfer of the cash to
 13 which the new district is entitled to the credit of the fund
 14 of the new district which that corresponds with the fund
 15 from which it was transferred. The new district ~~shall~~ may
 16 not assume any debts of the old district other than existing
 17 bonded indebtedness which that remains an obligation against
 18 the taxable property of the territory included in the new
 19 district."

20 **Section 11.** Section 20-6-703, MCA, is amended to read:

21 "20-6-703. Transitions after formation of K-12 school
 22 district. (1) When an attachment order for a K-12 school
 23 district becomes effective on July 1 under the provisions of
 24 20-6-701:

25 (a) the board of county commissioners shall execute all

1 necessary and appropriate deeds, bills of sale, or other
 2 instruments for the conveyance of title to all real and
 3 personal property of the elementary district to the high
 4 school district;

5 (b) the trustees of the elementary district shall
 6 entrust the minutes of the board of trustees, the elementary
 7 district documents, and other records to the high school
 8 district to which it is attached; and

9 (c) the ~~county--treasurer~~ trustees shall transfer all
 10 end-of-the-year warrants and fund balances of the attached
 11 elementary district to the similar funds established for the
 12 K-12 school district in the high school district.

13 (2) All taxes levied by and revenue due from a previous
 14 school fiscal year to an elementary district attached to a
 15 high school district must be payable to the appropriate fund
 16 of the high school district.

17 (3) The previous year's general fund budget amounts for
 18 the elementary district and the high school district that
 19 form a K-12 school district must be combined to determine
 20 the budget limitation for the ensuing school fiscal year
 21 pursuant to 20-9-308.

22 (4) An elementary district and a high school district
 23 that form a K-12 school district under the provisions of
 24 20-6-701 may not be considered an enlarged district for the
 25 purpose of bonus payments under 20-6-401 through 20-6-408."

Section 12. Section 20-7-507, MCA, is amended to read:

"20-7-507. District traffic education fund. The trustees of any district maintaining a traffic education course shall establish a special nonbudgeted fund ~~with the county-treasurer~~ for traffic education. The state traffic education reimbursement and all nontax receipts for traffic education ~~shall~~ must be deposited in the district's traffic education fund. The expenditure of the moneys deposited in the district's traffic education fund ~~shall~~ is not be subject to the budgeting provisions of this title, and the ~~moneys~~ money may be expended for traffic education."

Section 13. Section 20-9-134, MCA, is amended to read:

"20-9-134. Completion, filing, and delivery of final budgets. After the final budget of the elementary, high school, or community college district has been adopted by the trustees, the county superintendent shall complete all the remaining portions of the budget forms and shall:

(1) send the final budget information to the superintendent of public instruction, on the forms provided by the superintendent, on or before September 1; and

(2) in the case of the community college districts, send the final budget information to the board of regents, on the forms provided by the community college coordinator, on or before September 1; and

(3) deliver a copy of the final budget for the district

to the county treasurer on or before September 1."

Section 14. Section 20-9-165, MCA, is amended to read:

"20-9-165. Budget amendment limitation, preparation, and adoption procedures. (1) The meeting of the trustees to consider and adopt a budget amendment must be open to the public, and any taxpayer in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find that there is sufficient need for a budget amendment, the trustees may make and adopt a preliminary budget amendment, setting forth fully the facts constituting the need for the budget amendment. In adopting the preliminary budget amendment, the trustees may budget for any fund that was included on the final budget of the district for the current school fiscal year. The budget must be itemized to show the amount appropriated for each item.

(2) When the budget amendment is the result of increased enrollment, the maximum amount of the budget amendment for all funds must be determined in the following manner:

(a) Determine the total amount in the final budget for the current school fiscal year of all funds affected by the enrollment increase, less any amounts appropriated as capital outlay and any amount appropriated for addition to the operating reserve.

(b) Divide the amount determined in subsection (2)(a)

1 by the number of pupils originally enrolled in the district
2 during the immediately preceding school fiscal year. The
3 resulting cost per pupil is the maximum permissible
4 per-pupil expenditure in the budget amendment.

5 (c) Determine the enrollment increase of the current
6 school fiscal year by subtracting the number of pupils
7 originally enrolled during the immediately preceding school
8 fiscal year from the number of pupils enrolled for the
9 current school year. The result is the enrollment increase
10 for the current school fiscal year.

11 (d) Multiply the cost per pupil determined in
12 subsection (2)(b) by the enrollment increase determined in
13 subsection (2)(c). The result is the maximum limitation on a
14 budget amendment for amendments resulting from increased
15 enrollment.

16 (3) For other types of budget amendments, the budget
17 amendment is limited to the expenditures considered by the
18 trustees to be reasonable and necessary to finance the
19 conditions of the budget amendment and the preliminary
20 budget amendment must include the details of the proposed
21 expenditures.

22 (4) Whenever the trustees adopt a preliminary budget
23 amendment for the transportation fund, the trustees shall
24 attach to the budget amendment a copy of each transportation
25 contract that is connected with the budget amendment and

1 that has been prepared and executed in accordance with the
2 school transportation contract laws.

3 (5) After the trustees have adopted the budget
4 amendment by a majority vote of the trustees, it must be
5 signed by the chairman presiding officer of the trustees and
6 the clerk of the district and copies must be sent to the
7 county superintendent, ~~the county treasurer,~~ and the
8 superintendent of public instruction."

9 **Section 15.** Section 20-9-202, MCA, is amended to read:

10 "20-9-202. County officials for financial
11 administration when joint district. (1) When all of the
12 schools of the joint district are located in one county, the
13 school financial administration duties assigned to county
14 officials ~~shall~~ must be performed by those officials of the
15 county wherein in which the schools of the district are
16 located. When the schools of a joint district are located in
17 more than one county, the superintendent of public
18 instruction shall designate the county officials to perform
19 such the duties for the joint district.

20 (2) The designated county treasurer ~~shall be the~~
21 ~~custodian of all joint district moneys and~~ shall perform ~~all~~
22 ~~other the~~ duties of the county treasurer for the joint
23 district. ~~The superintendent of public instruction shall~~
24 ~~disburse all moneys for a joint district to such county~~
25 ~~treasurer."~~

Section 16. Section 20-9-212, MCA, is amended to read:

"20-9-212. Duties of county treasurer. The county treasurer of each county shall:

(1) receive ~~and hold~~ and remit monthly all county sources of school money subject to apportionment and keep a separate accounting of its apportionment to the several districts that are entitled to a portion of the money according to the apportionments ordered by the county superintendent or by the superintendent of public instruction. A separate accounting must be maintained for each county fund supported by a countywide levy for a specific, authorized purpose, including:

(a) the basic county tax in support of the elementary BASE aid;

(b) the basic special tax for high schools in support of the high school BASE aid;

(c) the county tax in support of the transportation schedules;

(d) the county tax in support of the elementary and high school district retirement obligations; and

(e) any other county tax for schools, including the community colleges, which may be authorized by law and levied by the county commissioners.

(2) whenever requested, notify the county superintendent and the superintendent of public instruction

of the amount of county school money on deposit in each of the funds enumerated in subsection (1) and the amount of any other school money subject to apportionment and apportion the county and other school money to the districts in accordance with the apportionment ordered by the county superintendent or the superintendent of public instruction;

(3) keep a separate accounting of the receipts, expenditures, and ~~cash~~ fund balances for each county fund;

(4) except as otherwise limited by law, pay all warrants properly drawn on the county ~~or district school~~ money and properly endorsed by their holders;

(5) receive ~~all revenue collected by and for each district and deposit these receipts in the fund designated by law or by the district if a fund is not designated by law~~ and remit to each district, on a monthly basis, any district revenue belonging to the district under provisions of law related to collection of property taxation or fees in lieu of taxation, including but not limited to 15-23-607, 15-23-703, 15-31-702, 15-36-112, 20-9-331, 20-9-333, 23-2-518, 23-2-803, 61-3-502, 61-3-509, 61-3-521, 61-3-537, and 67-3-205. Interest and penalties on delinquent school taxes must be credited remitted to the ~~same fund and~~ district for which the original taxes were levied.

(6) send all revenue received for a joint district, part of which is situated in the county, to the county

1 treasurer designated as the custodian of the revenue, no
2 later than December 15 of each year and every 3 months after
3 that date until the end of the school fiscal year;

4 (7) at the direction of the trustees of a district,
5 assist the district in the issuance and sale of tax and
6 revenue anticipation notes as provided in Title 7, chapter
7 6, part 11;

8 (8) register community college district warrants drawn
9 on a budgeted fund in accordance with 7-6-2604 when there is
10 insufficient money available in all funds of the district to
11 make payment of the warrant. Redemption of registered
12 warrants must be made in accordance with 7-6-2116, 7-6-2605,
13 and 7-6-2606.

14 (9) invest the money of any a community college
15 district as directed by the trustees of the district within
16 3 working days of the direction;

17 (10) each month give to the trustees of each a community
18 college district an itemized report for each fund maintained
19 by the district, showing the paid warrants, outstanding
20 warrants, registered warrants, amounts and types of revenue
21 received, and the cash balance;

22 (11) remit promptly to the state treasurer receipts for
23 the county tax for a vocational-technical center when levied
24 by the board of county commissioners under the provisions of
25 20-16-202;

1 (12) invest the money received from the basic county
2 tax, the basic special tax, the county levy in support of
3 the elementary and high school district retirement
4 obligations, and the county levy in support of the
5 transportation schedules within 3 working days of receipt.
6 The money must be invested until the working day before it
7 is required to be distributed to school districts within the
8 county or remitted to the state. Permissible investments are
9 specified in 20-9-213(4). All investment income must be
10 deposited, and credited proportionately, in the funds
11 established to account for the taxes received for the
12 purposes specified in subsections (1)(a) through (1)(d).

13 (13) remit on a monthly basis to the state treasurer, in
14 accordance with the provisions of 15-1-504, all county
15 equalization revenue received under the provisions of
16 20-9-331 and 20-9-333, including all interest earned and
17 excluding any amount required for high school out-of-county
18 tuition under the provisions of 20-9-334, in repayment of
19 the state advance for county equalization prescribed in
20 20-9-347. Any funds in excess of a state advance must be
21 used as required in 20-9-331(1)(b) and 20-9-333(1)(b)."

22 **Section 17.** Section 20-9-213, MCA, is amended to read:

23 "20-9-213. Duties of trustees. The trustees of each a
24 district have the sole power and authority to transact all
25 fiscal business and execute all contracts in the name of the

1 district. A person other than the trustees acting as a
2 governing board may not expend money of the district. In
3 conducting the fiscal business of the district, the trustees
4 shall:

5 (1) ~~cause--the--keeping-of-an-accurate,-detailed~~ keep a
6 separate accounting of all receipts ~~and,~~ expenditures, and
7 fund balances of--school--money for each budgeted and
8 nonbudgeted fund maintained by the district in accordance
9 with generally accepted accounting principles and the rules
10 prescribed by the superintendent of public instruction. The
11 record of the accounting must be open to public inspection
12 at any meeting of the trustees.

13 (2) authorize all expenditures of district money and
14 cause warrants to be issued for the payment of lawful
15 obligations;

16 (3) ~~issue-warrants-on-any-budgeted-fund-in-anticipation~~
17 ~~of-budgeted-revenue,-except-that-the--expenditures--may--not~~
18 ~~exceed--the--amount--budgeted--for--the--fund~~ register all
19 warrants drawn on a budgeted fund in accordance with
20 7-6-2603 when there is insufficient money available in all
21 funds of the district to make payment of the warrants and
22 pay all properly endorsed warrants and-checks that are drawn
23 on district money;

24 (4) invest any money of the district, whenever in the
25 judgment of the trustees the investment would be

1 advantageous to the district, by ~~directing--the--county~~
2 ~~treasurer--to--invest~~ investing any money of the district in
3 direct obligations of the United States government; in
4 savings or time deposits in a state or national bank,
5 building or loan association, savings and loan association,
6 or credit union insured by the FDIC or NCUA located in the
7 state; or in a repurchase agreement, as authorized in
8 7-6-213. All interest collected on the deposits or
9 investments must be credited to the fund from which the
10 money was withdrawn, except that interest earned on account
11 of the investment of money realized from the sale of bonds
12 must be credited to the debt service fund or the building
13 fund, at the discretion of the board of trustees. ~~The~~
14 ~~placement--of--the-investment-by-the-county-treasurer-is-not~~
15 ~~subject-to-ratable-distribution-laws-and--must--be--done--in~~
16 ~~accordance--with-the-directive-from-the-board-of-trustees-~~ A
17 district may invest money under the state unified investment
18 program established in Title 17, chapter 6. DEPOSITS IN
19 EXCESS OF THE AMOUNT INSURED BY THE FDIC OR NCUA MUST BE
20 MADE IN ACCORDANCE WITH THE PROVISIONS OF 17-6-102.

21 (5) cause the district to record each transaction in
22 the appropriate account before the accounts are closed at
23 the end of the fiscal year in order to properly report the
24 receipt, use, and disposition of all money and property for
25 which the district is accountable;

(6) report annually to the county superintendent, not later than August 15, the financial activities of each fund maintained by the district during the last completed school fiscal year, on the forms prescribed and furnished by the superintendent of public instruction. Annual fiscal reports for joint school districts must be submitted not later than September 1 to the county superintendent of each county in which part of the joint district is situated.

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

(8) cause the accounting records of the district to be audited as required by 2-7-503; and

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

Section 18. Section 20-9-221, MCA, is amended to read:

"20-9-221. Procedure for issuance of warrants. (1) The trustees of each district shall issue all warrants, and the warrants must identify:

(a) the budgeted fund or nonbudgeted fund on which the warrant is drawn; and

(b) the warrant as a budget amendment warrant if it is drawn on a budget amendment.

(2) All warrants issued by a district must be

countersigned by the chairman presiding officer of the trustees and the clerk of the district before the warrants are negotiable. Facsimile signatures may be used in accordance with the provisions of 2-16-114. A facsimile signature device used under authority of this section may not be available to the other countersigner of the warrant, or the device must have a nonresettable metering control that can provide a positive reconciliation between the number of warrants issued and the number of signatures applied. Either split signature plates or a double signature plate may be used according to the requirements of the district. The signature plates and the device keys must be kept secure by the district clerk under the supervision of the board of trustees of the district.

(3) The trustees shall issue warrants in single copy or in ~~triplicate~~ duplicate copy. When the warrants are issued in single copy, the trustees shall ~~immediately-provide-a listing-of-the-issued-warrants-on-a--fund-by-fund--basis--to the-county-treasurer-and~~ retain a copy of the listing in the district accounting records. When the warrants are issued in ~~triplicate~~ duplicate, the original copy of the warrant must be delivered to the payee; and the duplicate must ~~be--sent immediately-to-the-county-treasurer--and-the-triplicate-must~~ be retained by the district for accounting record purposes. The duplicate ~~and-triplicate~~ copies must be identified on

1 the face of the warrant as "Not Negotiable--Copy of
2 Original".

3 (4) However, the trustees may elect to issue warrants
4 in payment of wages and salaries on a direct deposit basis
5 to the employee's account in a local bank, provided the
6 consent of the employee has been obtained and the employee
7 is given an itemized statement of payroll deductions for
8 each pay period.

9 (5) In the case of a community college, the trustees
10 shall supply the county treasurer with either a copy of each
11 warrant or a listing of all warrants that were issued in
12 single copy."

13 **Section 19.** Section 20-9-344, MCA, is amended to read:

14 "20-9-344. Duties of board of public education for
15 distribution of BASE aid. (1) The board of public education
16 shall administer and distribute the BASE aid and state
17 advances for county equalization in the manner and with the
18 powers and duties provided by law. To this end, the board of
19 public education shall:

20 (a) adopt policies for regulating the distribution of
21 BASE aid and state advances for county equalization in
22 accordance with the provisions of law;

23 (b) have the power to require reports from the county
24 superintendents, budget boards, ~~county--treasurers~~ and
25 trustees as it considers necessary; and

1 (c) order the superintendent of public instruction to
2 distribute the BASE aid on the basis of each district's
3 annual entitlement to the aid as established by the
4 superintendent of public instruction. In ordering the
5 distribution of BASE aid, the board of public education may
6 not increase or decrease the BASE aid distribution to any
7 district on account of any difference that may occur during
8 the school fiscal year between budgeted and actual receipts
9 from any other source of school revenue.

10 (2) The board of public education may order the
11 superintendent of public instruction to withhold
12 distribution of BASE aid from a district when the district
13 fails to:

14 (a) submit reports or budgets as required by law or
15 rules adopted by the board of public education; or

16 (b) maintain accredited status.

17 (3) Prior to any proposed order by the board of public
18 education to withhold distribution of BASE aid or county
19 equalization money, the district is entitled to a contested
20 case hearing before the board of public education, as
21 provided under the Montana Administrative Procedure Act.

22 (4) If a district or county receives more BASE aid than
23 it is entitled to, the county treasurer or the trustees
24 shall return the overpayment to the state upon the request
25 of the superintendent of public instruction in the manner

1 prescribed by the superintendent of public instruction.

2 (5) Except as provided in 20-9-347(3), the BASE aid
3 payment must be distributed according to the following
4 schedule:

5 (a) from August to October of the school fiscal year,
6 10% of the direct state aid to each district;

7 (b) from December to April of the school fiscal year,
8 10% of the direct state aid to each district;

9 (c) in November of the school fiscal year, one-half of
10 the guaranteed tax base aid payment to each district or
11 county that has submitted a final budget to the
12 superintendent of public instruction in accordance with the
13 provisions of 20-9-134;

14 (d) in May of the school fiscal year, the remainder of
15 the guaranteed tax base aid payment to each district or
16 county; and

17 (e) in June of the school fiscal year, one-half of the
18 remaining payment to each district of direct state aid and
19 on the following July 15, the remaining payment to each
20 district of direct state aid for the school fiscal year
21 ending on the preceding June 30.

22 (6) The distribution provided for in subsection (5)
23 must occur by the last working day of each month."

24 **Section 20.** Section 20-9-346, MCA, is amended to read:

25 "20-9-346. Duties of superintendent of public

1 instruction for state and county equalization aid
2 distribution. The superintendent of public instruction shall
3 administer the distribution of the state and county
4 equalization aid by:

5 (1) establishing the annual entitlement of each
6 district and county to state and county equalization aid,
7 based on the data reported in the retirement and general
8 fund budgets for each district that have been duly adopted
9 for the current school fiscal year and verified by the
10 superintendent of public instruction;

11 (2) for the purposes of state reimbursements for school
12 facilities, limiting the distribution from the state
13 equalization aid account to no more than \$1 million for the
14 school fiscal year ending June 30, 1994, and to no more than
15 \$2 million for the biennium ending June 30, 1995, to the
16 districts that are eligible under the provisions of 20-9-366
17 through 20-9-371 by:

18 (a) determining by May 1 of each school fiscal year the
19 number of mills levied in each district for debt service on
20 bonds that were issued as provided in 20-9-370(2)(b)(i) or
21 (2)(b)(ii) and that qualify for guaranteed tax base aid
22 under the provisions of 20-9-366 through 20-9-369 and
23 20-9-370;

24 (b) based on the limitation of state equalization aid
25 available for debt service purposes in this subsection (2),

1 determining the percentage of state equalization aid that
2 each eligible district must receive for the school fiscal
3 year;

4 (c) distributing that amount to each eligible district
5 for reducing the property tax for the debt service fund for
6 the ensuing school fiscal year; and

7 (d) at the end of the school fiscal year ending June
8 30, 1994, determining whether there is an unused portion of
9 the amount of state equalization aid appropriated in this
10 subsection (2) to be carried into the next school fiscal
11 year for the purposes of this subsection (2).

12 (3) distributing by electronic transfer the BASE aid
13 and state advances for county equalization, ~~for to~~ each
14 district or county entitled to the aid, ~~to-the-county~~
15 ~~treasurer-of-the--respective--county--or--county--where--the~~
16 ~~district--is--located,~~ in accordance with the distribution
17 ordered by the board of public education;

18 (4) keeping a record of the full and complete data
19 concerning money available for state equalization aid, state
20 advances for county equalization, and the entitlements for
21 BASE aid of the districts of the state;

22 (5) reporting to the board of public education the
23 estimated amount that will be available for state
24 equalization aid; and

25 (6) reporting to the office of budget and program

1 planning as provided in 17-7-111:

2 (a) the figures and data available concerning
3 distributions of state and county equalization aid during
4 the preceding 2 school fiscal years;

5 (b) the amount of state equalization aid then
6 available;

7 (c) the apportionment made of the available money but
8 not yet distributed;

9 (d) the latest estimate of accruals of money available
10 for state equalization aid; and

11 (e) the amount of state advances and repayment for
12 county equalization."

13 **Section 21.** Section 20-9-347, MCA, is amended to read:

14 "20-9-347. Distribution of BASE aid and special
15 education allowable cost payments in support of BASE funding
16 program -- exceptions. (1) The superintendent of public
17 instruction shall:

18 (a) supply ~~the--county--treasurer---and~~ the county
19 superintendent with a monthly report of the payment of BASE
20 aid in support of the BASE funding program of each district
21 of the county;

22 (b) in the manner described in 20-9-344, provide for a
23 state advance to each county in an amount that is no less
24 than the amount anticipated to be raised for the basic
25 county tax fund as provided in 20-9-331 and for the basic

1 special tax fund as provided in 20-9-333;

2 (c) adopt rules to implement the provisions of
3 subsection (1)(b).

4 (2) (a) The superintendent of public instruction is
5 authorized to adjust the schedule prescribed in 20-9-344 for
6 distribution of the BASE aid payments if the distribution
7 will cause a district to register warrants under the
8 provisions of ~~20-9-212(8)~~ 20-9-213(3).

9 (b) To qualify for an adjustment in the payment
10 schedule, a district shall demonstrate to the superintendent
11 of public instruction, in the manner required by the office,
12 that the payment schedule prescribed in 20-9-344 will result
13 in insufficient money available in all funds of the district
14 to make payment of the district's warrants. ~~The county~~
15 ~~treasurer--shall--confirm--the--anticipated--deficit.~~ This
16 section may not be construed to authorize the superintendent
17 of public instruction to exceed a district's annual payment
18 for BASE aid.

19 (3) The superintendent of public instruction shall:

20 (a) distribute special education allowable cost
21 payments to districts; and

22 (b) supply ~~the--county--treasurer---~~and the county
23 superintendent of public instruction with a report of
24 payments for special education allowable costs to districts
25 of the county."

1 **Section 22.** Section 20-9-432, MCA, is amended to read:

2 "20-9-432. Sale of school district bonds. (1) The
3 trustees shall meet at the time and place fixed in the
4 notice to consider bids on the bond issue. The bonds ~~shall~~
5 must be sold at not less than par with accrued interest to
6 date of delivery~~--and each.~~ Each bidder shall specify the
7 form of bonds to be issued, whether amortization or serial,
8 and the rate of interest at which ~~he~~ the bidder will
9 purchase the bonds. A bid for amortization bonds ~~shall--have~~
10 has the preference over a bid for serial bonds, all other
11 things being equal~~--and in.~~ In considering bids on these
12 classes of bonds, the trustees shall take into consideration
13 not only the rate of interest demanded on each kind but also
14 every other known element affecting the total cost of the
15 bonds to the district when paid in full. The trustees shall
16 accept the bid ~~which~~ that they ~~shall~~ judge to be most
17 advantageous to the school district. Consultants' fees and
18 attorney fees may be paid to any person or corporation for
19 assisting in the proceedings or in the preparation of the
20 bonds or in negotiating the sale. The trustees are
21 authorized to reject any or all bids and to sell the bonds
22 at private sale if they ~~deem~~ consider it for the best
23 interests of the school district~~--except that such.~~ However,
24 the bonds ~~shall~~ may not be sold at less than par with
25 accrued interest to date of delivery.

1 (2) The trustees may cooperate and combine with other
 2 school districts within the same county for the purpose of
 3 preparing and negotiating for sale of bond issues if, in the
 4 opinion of the trustees, such the cooperation or combination
 5 will facilitate the sale of school district bonds under more
 6 advantageous terms or with lower interest rates. Provided,
 7 ~~however, that~~ However, bond issues prepared or negotiated
 8 for sale under this section ~~shall~~ may not be combined for
 9 any other purpose but ~~shall~~ may be entered separately on the
 10 books of the county-treasurer district and ~~shall~~ must be
 11 otherwise treated as separate bond issues."

12 **Section 23.** Section 20-9-434, MCA, is amended to read:

13 "20-9-434. Registration of school district bonds by
 14 county-treasurer district clerk and copy for preservation.
 15 ~~{t}~~ When the school district bonds have been duly executed
 16 by the chairman presiding officer of the trustees and the
 17 school district clerk, all such bonds ~~shall~~ must be
 18 registered by the county-treasurer district clerk in his a
 19 bond registration book before such the bonds are delivered
 20 to the purchaser. The bond registration ~~shall~~ must show:

- 21 ~~{a}~~ (1) the number and amount of each bond;
- 22 ~~{b}~~ (2) the date of issue;
- 23 ~~{c}~~ (3) the redeemable date of each bond;
- 24 ~~{d}~~ (4) the name of the purchaser; and
- 25 ~~{e}~~ (5) the amount and due date of all payments required

1 on the bonds.

2 ~~{t}~~ --The-trustees-shall--provide--the--county--treasurer
 3 with--an-unsigned-and-canceled-printed-copy-of-each-issue-of
 4 school-district-bonds-for-preservation-in-the-office-of--the
 5 county-treasurer--"

6 **Section 24.** Section 20-9-435, MCA, is amended to read:

7 "20-9-435. Delivery of school district bonds and
 8 disposition of sale moneys money. (1) After the school
 9 district bonds have been registered, the county-treasurer
 10 trustees shall:

11 (a) when the board of investments has purchased the
 12 bonds, forward the bonds to the board that, in turn, shall
 13 send the bonds to the state treasurer and shall pay the
 14 bonds in the manner provided by law; or

15 (b) if the purchaser is anybody other than the board of
 16 investments, deliver the bonds to the purchaser when full
 17 payment of the bonds has been made by the purchaser.

18 (2) ~~if-any-of-the-trustees-fails-or-refuses-to-pay-into~~
 19 ~~the-proper-county-treasury-the-money-arising-from--the--sale~~
 20 ~~of--a--bond--the-trustee-is-guilty-of-a-felony-and-shall-be~~
 21 ~~punished-by-imprisonment-in-the-state-prison--for--not--less~~
 22 ~~than--1--year-or-more-than-10-years-or-by-a-fine-of-not-more~~
 23 ~~than-\$50,000--or-both--~~

24 ~~{t}~~ All money realized from the sale of school district
 25 bonds must be paid--to--the--county--treasurer--The--county

1 ~~treasurer--shall--credit--the-money~~ credited to the building
 2 fund of the school district issuing the bonds, except money
 3 realized for accrued interest or the purposes defined in
 4 20-9-403(1)(c) and (1)(d) must be deposited in the debt
 5 service fund and money realized for the purposes authorized
 6 in 20-9-403(1)(e) must be deposited in a fund, as provided
 7 for in 2-9-316, to pay a final judgment against the school
 8 district. The ~~money--realized--from--the--sale--of--school~~
 9 ~~district-bonds-must-be-immediately-available-to--the--school~~
 10 ~~district,--and--the~~ trustees may expend the money without
 11 budgeted authorization only for the purposes for which the
 12 bonds were authorized by the school district bond election.
 13 Under the provisions of 7-6-2802, the trustees may invest
 14 the money for which there is no immediate demand and the
 15 interest earned by investment must be used in the manner
 16 provided in 7-6-2802. After the full accomplishment of the
 17 purpose or purposes of a bond issue, the excess money
 18 realized from the bond issue must be transferred to the debt
 19 service fund of the school district to be used for the
 20 redemption or purchase of bonds of the issue."

21 **Section 25.** Section 20-9-438, MCA, is amended to read:

22 "20-9-438. Preparation of debt service fund budget --
 23 operating reserve. (1) The trustees of each a school
 24 district having that has outstanding bonds shall include in
 25 the debt service fund of the preliminary budget adopted in

1 accordance with 20-9-113 an amount of money that is
 2 necessary to pay the interest and the principal amount
 3 becoming due during the ensuing school fiscal year for each
 4 series or installment of bonds, according to the terms and
 5 conditions of the bonds and the redemption plans of the
 6 trustees.

7 (2) The trustees shall also include in the debt service
 8 fund of the preliminary budget:

9 (a) the amount of money necessary to pay the special
 10 improvement district assessments levied against the school
 11 district that become due during the ensuing school fiscal
 12 year; and

13 (b) a limited operating reserve for the school fiscal
 14 year following the ensuing school fiscal year as provided in
 15 subsection (3).

16 (3) At the end of each school fiscal year, the trustees
 17 of a school district may designate a portion of the
 18 end-of-the-year fund balance of the debt service fund to be
 19 earmarked as a limited operating reserve for the purpose of
 20 paying, whenever a cash flow shortage occurs, debt service
 21 fund warrants and bond obligations that must be paid from
 22 July 1 through November 30 of the school fiscal year
 23 following the ensuing school fiscal year. Any portion of the
 24 debt service fund end-of-the-year fund balance not earmarked
 25 for limited operating reserve purposes must be

reappropriated to be used for property tax reduction as provided in 20-9-439.

~~{4}--The---county---superintendent---shall---compare---the preliminary-budgeted-amount-for-the-debt-service--fund--with the-bond-retirement-and-interest-requirement-and-the-special improvement--district-assessments-for-the-school-fiscal-year just-beginning-as-reported-by-the-county--treasurer--in--his statement--supplied-under-the-provisions-of-20-9-121--If-the county-superintendent-finds-that-the-requirement--stated--by the--county--treasurer--is--more-than-the-preliminary-budget amount--the--county--superintendent--shall---increase---the budgeted--amount--for--interest--or--principal--in--the-debt service-fund-of-the-preliminary-budget--The-amount-confirmed or-revised-by-the-county-superintendent-is-the-final--budget expenditure--amount--for-the-debt-service-fund-of-the-school district--"~~

Section 26. Section 20-9-440, MCA, is amended to read:

"20-9-440. Payment of debt service obligations -- termination of interest. (1) The county-treasurer trustees shall maintain a separate debt service fund for each--school district--and--shall-credit-all-tax-moneys revenue collected for debt service to-such-fund and use the moneys revenue credited to such the fund for the payment of debt service obligations in accordance with the school financial administration provisions of this title.

(2) The county--treasurer trustees shall pay from the debt service fund all amounts of interest and principal on school district bonds as such the interest or principal becomes due when the coupons or bonds are presented and surrendered for payment and shall pay all special improvement district assessments as the same assessments become due. If the bonds are held by the state of Montana, then all payments ~~shall~~ must be remitted to the state treasurer who shall cancel the coupons or bonds and return such the coupons or bonds to the county--treasurer trustees with his a receipt. If the bonds are not held by the state of Montana and the interest or principal is made payable at some designated bank or financial institution, the county treasurer trustees shall remit the amount due for interest or principal to such the bank or financial institution for payment against the surrender of the canceled coupons or bonds.

(3) Whenever any school district bond or installment on school district bonds ~~shall-become~~ becomes due and payable, interest ~~shall--cease~~ ceases on such that date unless sufficient funds are available to pay such the bond when it is presented for payment or when payment of an installment is demanded. In either case, interest on such the bond or installment ~~shall-continue~~ continues until payment is made.

(4) Any installment on interest and principal on bonds

1 held by the state that is not promptly paid when due ~~shall~~
 2 must draw interest at an annual rate of 6% from the date due
 3 until actual payment, irrespective of the rate of interest
 4 on the bonds."

5 **Section 27.** Section 20-9-441, MCA, is amended to read:

6 "20-9-441. Redemption of bonds -- investment of debt
 7 service fund ~~moneys~~ money. (1) Whenever there is a
 8 sufficient amount of money in ~~any a~~ school district debt
 9 service fund available to pay and redeem one or more bonds
 10 of ~~such the~~ school district held by the state of Montana,
 11 the county-treasurer trustees shall apply ~~such the~~ money in
 12 payment of as many of ~~such the~~ bonds as can be paid and
 13 redeemed. The county--treasurer trustees shall give notice
 14 not less than 30 days before the next interest due date to
 15 the board of investments that on ~~such the~~ interest due date
 16 ~~such, the~~ bonds will be paid. Before ~~such the~~ interest due
 17 date, the county-treasurer trustees shall remit to the state
 18 treasurer the amount of money that is necessary to pay the
 19 bonds that are being redeemed and the interest due on ~~such~~
 20 ~~those~~ bonds. When the state treasurer receives ~~such the~~
 21 payment, ~~he the state treasurer~~ shall cancel ~~such the~~ bonds
 22 and any unpaid coupons of ~~such the~~ bonds and return the
 23 canceled bonds and coupons to the county-treasurer trustees.

24 (2) Whenever there is a sufficient amount of money in
 25 any school district debt service fund available to pay and

1 redeem one or more optional bonds of ~~such the~~ school
 2 district not held by the state of Montana, not yet due but
 3 then redeemable or becoming redeemable on the next interest
 4 due date, the county-treasurer trustees shall apply ~~such the~~
 5 available money in payment of as many of ~~such the~~ bonds as
 6 can be paid and redeemed. The county--treasurer trustees
 7 shall give notice to the holder of the bonds, if known to
 8 ~~him~~, or to any bank or financial institution at which the
 9 bonds are payable, at least 30 days before the next interest
 10 due date, that the bonds will be paid and redeemed on ~~such~~
 11 the due date. If the bonds are payable at some bank or
 12 financial institution, the county-treasurer trustees shall
 13 remit to the bank or financial institution, before ~~such the~~
 14 interest due date, an amount sufficient to pay and redeem
 15 the bonds. If the bonds are not presented for payment and
 16 redemption on ~~such the~~ interest due date, the accrual of
 17 interest ~~shall cease~~ ceases on ~~such the~~ interest due date.

18 (3) Whenever there is money available in any school
 19 district debt service fund sufficient to pay and redeem one
 20 or more outstanding bonds not yet due or redeemable and not
 21 held by the state of Montana, the trustees of ~~such school~~
 22 ~~district~~ may ~~direct the county-treasurer to~~ purchase ~~such~~
 23 the bonds of the district if this can be done at not more
 24 than par and accrued interest or at ~~such as~~ reasonable a
 25 premium as the trustees may feel justified in paying, but in

1 no case exceeding 6%.

2 (4) Whenever the trustees cannot purchase outstanding
3 bonds of the school district at a reasonable price, the
4 available debt service fund money ~~shall~~ must be invested by
5 the trustees under the provisions of 20-9-213(4). ~~Such~~ The
6 investments ~~shall~~ must be sold in ample time before the debt
7 service fund money is required for the payment of the bonds
8 of the school district."

9 **Section 28.** Section 20-9-509, MCA, is amended to read:

10 "20-9-509. Lease or rental agreement fund. (1) The
11 trustees of any a district that provides pupil or teacher
12 housing in district-owned buildings under a lease or rental
13 agreement with pupils or teachers or receives moneys revenue
14 under the provision of 20-6-607 may establish a lease or
15 rental agreement fund. All moneys revenue received from such
16 lease or rental agreements may be deposited ~~with-the--county~~
17 ~~treasurer~~ to the credit of the lease or rental agreement
18 fund, general fund, the debt service fund, or any other
19 appropriate fund. Whenever the end-of-the-year cash balance
20 of a lease or rental agreement fund is more than \$10,000,
21 such the cash balance in excess of \$10,000 ~~shall~~ must be
22 transferred to the general fund of the district.

23 (2) Any expenditure of moneys money from a lease or
24 rental agreement fund ~~shall~~ must be made for the maintenance
25 and operation of the district-owned buildings to which the

1 lease or rental agreements apply or for the acquisition of
2 additional housing or dormitory facilities. The financial
3 administration of the lease or rental agreement fund ~~shall~~
4 must be in accordance with the financial administration
5 provisions of this title for a nonbudgeted fund."

6 **Section 29.** Section 20-9-514, MCA, is amended to read:

7 "20-9-514. Impact aid fund. (1) The trustees of a
8 district that receives federal funds under the provisions of
9 Title I of Public Law 81-874 shall establish an impact aid
10 fund. Money received under the provisions of Public Law
11 81-874 must be deposited ~~with-the-county-treasurer~~ to the
12 credit of the impact aid fund.

13 (2) The expenditure of money from the impact aid fund
14 must be made pursuant to Title I of Public Law 81-874. The
15 impact aid fund must be administered pursuant to the
16 financial administration provisions of this title for
17 nonbudgeted funds."

18 **Section 30.** Section 20-9-604, MCA, is amended to read:

19 "20-9-604. Gifts, legacies, devises, and administration
20 of endowment fund. (1) The trustees ~~of-any-district~~ may
21 accept gifts, legacies, and devises, subject to the
22 conditions imposed by the deed of the donor or the will of
23 the testator or without any conditions imposed. Unless
24 otherwise specified by the donor, deviser, or testator, when
25 a district receives a gift, legacy, or devise, the trustees

1 shall deposit ~~such~~ the gift, legacy, devise, or the proceeds
2 ~~therefrom~~ in an endowment fund. The trustees shall
3 administer the endowment fund so as to preserve the
4 principal from loss, and only the income from the fund ~~shall~~
5 may be appropriated for any purpose.

6 (2) Unless the conditions of the endowment instrument
7 require an immediate disbursement of the money, the money
8 deposited in the endowment fund ~~shall~~ must be invested by
9 the trustees, notwithstanding the provisions of any other
10 state law, in:

11 (a) school district bonds of the district;

12 (b) bonds of other school districts within the state;

13 (c) first mortgage bonds, debentures, notes, and other
14 evidences of indebtedness issued, assumed, or guaranteed by
15 any solvent and operating public utility corporation
16 existing under the laws of the United States of America or
17 any state thereof, which bonds, debentures, notes, and other
18 evidences of indebtedness are, at the time of ~~such~~ the
19 investment, within the three highest quality grades for the
20 rating of ~~such~~ the bonds, debentures, notes, and other
21 evidences of indebtedness by any nationally recognized
22 investment rating agency;

23 (d) certificates of deposit of Montana banks insured by
24 the federal deposit insurance corporation; or

25 (e) direct obligations of the United States government.

1 (3) All interest collected on the deposits or
2 investments ~~shall~~ must be credited to the endowment fund. No
3 portion of the endowment fund may be loaned to the district,
4 nor may any money of the fund be invested in warrants of the
5 district.

6 (4) Whenever any district has been abandoned, the
7 endowment fund of the abandoned district ~~shall~~ must be
8 transferred and placed in the endowment fund in the district
9 to which the territory is attached.

10 (5) ~~As--the-custodian-of-the-endowment-fund, the-county~~
11 ~~treasurer-is-liable-on-his-official-bond-for--the--endowment~~
12 ~~fund--of--any--district--of-the-county. No-later-than-July-1~~
13 ~~each-school-fiscal-year, the-county-treasurer-shall--account~~
14 ~~to--the--trustees--of--each-district-on-the-condition-of-its~~
15 ~~endowment-fund-including-the-status-of-the-investments--that~~
16 ~~have--been--made--with--the--money--of--the-fund. The-county~~
17 ~~treasurer-shall-also--include--the--endowment--fund--in--his~~
18 ~~reports-to-the-board-of-county-commissioners.~~

19 (6) The trustees of any a district having an endowment
20 fund shall provide suitable memorials for all persons or
21 associations of persons making gifts to the district ~~which~~
22 that become a part of the endowment fund."

23 **Section 31.** Section 20-10-145, MCA, is amended to read:

24 "20-10-145. State transportation reimbursement. (1) A
25 district providing school bus transportation or individual

1 transportation in accordance with this title, board of
 2 public education transportation policy, and superintendent
 3 of public instruction transportation rules must receive a
 4 state reimbursement of its transportation expenditures under
 5 the transportation reimbursement rate provisions of
 6 20-10-141 and 20-10-142. The state transportation
 7 reimbursement is one-half of the reimbursement amounts
 8 established in 20-10-141 and 20-10-142 or one-half of the
 9 district's transportation fund budget, whichever is smaller,
 10 and must be computed on the basis of the number of days the
 11 transportation services were actually rendered, not to
 12 exceed 180 pupil-instruction days. In determining the amount
 13 of the state transportation reimbursement, an amount claimed
 14 by a district may not be considered for reimbursement unless
 15 the amount has been paid in the regular manner provided for
 16 the payment of other financial obligations of the district.

17 (2) Requests for the state transportation reimbursement
 18 must be made by each district semiannually during the school
 19 fiscal year on the claim forms and procedure promulgated by
 20 the superintendent of public instruction. The claims for
 21 state transportation reimbursements must be routed by the
 22 district to the county superintendent, who after reviewing
 23 the claims shall send them to the superintendent of public
 24 instruction. The superintendent of public instruction shall
 25 establish the validity and accuracy of the claims for the

1 state transportation reimbursements by determining
 2 compliance with this title, board of public education
 3 transportation policy, and the transportation rules of the
 4 superintendent of public instruction. After making any
 5 necessary adjustments to the claims, the superintendent of
 6 public instruction shall order a disbursement from the state
 7 money appropriated by the legislature of the state of
 8 Montana for the state transportation reimbursement. ~~The~~
 9 ~~payment-of-all-the-district's-claims-within-one-county--must~~
 10 ~~be--made--to--the--county--treasurer--of-the-county--and-the~~
 11 ~~county--superintendent--shall--apportion--the---payment---in~~
 12 ~~accordance--with--the--apportionment--order--supplied-by-the~~
 13 ~~superintendent-of-public-instruction."~~

14 **Section 32.** Section 20-10-147, MCA, is amended to read:

15 "20-10-147. Bus depreciation reserve. (1) The trustees
 16 of a district owning a bus or a two-way radio used for
 17 purposes of transportation, as defined in 20-10-101, or for
 18 purposes of conveying pupils to and from school functions or
 19 activities may establish a bus depreciation reserve fund to
 20 be used for the conversion, remodeling, or rebuilding of a
 21 bus or for the replacement of a bus or radio.

22 (2) Whenever a bus depreciation reserve fund is
 23 established, the trustees may include in the district's
 24 budget, in accordance with the school budgeting provisions
 25 of this title, an amount each year that does not exceed 20%

1 of the original cost of a bus or a two-way radio. The amount
 2 budgeted may not, over time, exceed 150% of the original
 3 cost of a bus or two-way radio. The annual revenue
 4 requirement for each district's bus depreciation reserve
 5 fund, determined within the limitations of this section,
 6 must be reported by the county superintendent to the county
 7 commissioners on the fourth Monday of August as the bus
 8 depreciation reserve fund levy requirement for that
 9 district, and a levy must be made by the county
 10 commissioners in accordance with 20-9-142.

11 (3) Any expenditure of bus depreciation reserve fund
 12 money must be within the limitations of the district's final
 13 bus depreciation reserve fund budget and the school
 14 financial administration provisions of this title and may be
 15 made only to convert, remodel, or rebuild buses or to
 16 replace the buses or radios for which the bus depreciation
 17 reserve fund was created.

18 (4) Whenever the trustees of a district maintaining a
 19 bus depreciation reserve fund consider it to be in the best
 20 interest of the district to transfer any portion or all of
 21 the bus depreciation reserve fund balance to any other fund
 22 maintained by the district, the trustees shall submit the
 23 proposition to the electors of the district. The electors
 24 qualified to vote at the election shall qualify under
 25 20-20-301, and the election must be called and conducted in

1 the manner prescribed by this title for school elections. If
 2 a majority of those electors voting at the election approve
 3 the proposed transfer from the bus depreciation reserve
 4 fund, the transfer is approved ~~and--the--trustees--shall~~
 5 ~~immediately-order-the-county-treasurer-to-make-the--approved~~
 6 ~~transfer."~~

7 **Section 33.** Section 20-10-205, MCA, is amended to read:

8 "20-10-205. Allocation of federal funds to school food
 9 services fund for federally connected, indigent pupils. The
 10 trustees of ~~any~~ a school district receiving federal
 11 reimbursement in lieu of taxes may request the allocation of
 12 a portion of ~~such~~ the federal funds to the school food
 13 services fund to provide free meals for federally connected,
 14 indigent pupils when the pupils are declared eligible. In
 15 granting the request, the county superintendent shall comply
 16 with the following procedures:

17 (1) The indigency must be certified by the county
 18 department of welfare, assisted by a committee of three
 19 composed of the county superintendent, a representative of
 20 the county health department, and an authorized
 21 representative of the district.

22 (2) A certified, detailed claim for the amount of the
 23 federal reimbursement in lieu of taxes that is to be
 24 allocated to the school food services fund ~~shall~~ must be
 25 filed by the district with the county superintendent. The

1 county superintendent shall confirm or adjust the amount of
2 the claim by:

3 (a) determining that the pupils included on the claim
4 have been declared indigent under subsection (1);

5 (b) determining the number of meals provided the
6 indigent pupils by the school food services;

7 (c) determining the price per meal charged the
8 nonindigent pupil; and

9 (d) multiplying the number of meals provided to
10 indigent pupils by the price per meal.

11 (3) After the county superintendent's confirmation or
12 adjustment of the claim, he the county superintendent shall
13 notify the district ~~and the county treasurer~~ of the approved
14 amounts for allocation to the school food services fund. The
15 district shall deposit the approved amount in the school
16 food services fund on receipt of the succeeding federal
17 payment in lieu of taxes."

18 **Section 34.** Section 20-15-210, MCA, is amended to read:

19 "20-15-210. Qualification and organization of board of
20 trustees. (1) Newly elected members of the board of trustees
21 of the community college district ~~shall be~~ are qualified by
22 taking the oath of office prescribed by the constitution of
23 Montana. At the organization meeting called by the board of
24 regents, the board of trustees ~~shall~~ must be organized by
25 the election of a chairman presiding officer and a

1 secretary.

2 (2) The treasurer of the community college district is
3 the county treasurer of the county in which the community
4 college facilities are located. The duties of the county
5 treasurer are referenced in ~~20-9-206, 20-9-212, 20-9-222,~~
6 ~~and 20-9-224~~ and [sections 36 through 38]."

7 **Section 35.** Section 20-15-404, MCA, is amended to read:

8 "20-15-404. Trustees to adhere to certain other laws.
9 Unless the context clearly indicates otherwise, the trustees
10 of a community college district shall adhere to:

11 (1) the teachers' retirement provisions of Title 19,
12 chapter 20;

13 (2) the provisions of 20-1-201, 20-1-205, 20-1-211, and
14 20-1-212;

15 (3) the school property provisions of 20-6-604,
16 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631, and
17 20-6-633 through 20-6-636;

18 (4) the adult education provisions of 20-7-701 through
19 20-7-713;

20 (5) the administration of finances provisions of
21 20-9-115, 20-9-134, 20-9-207, 20-9-208, 20-9-210, 20-9-215,
22 20-9-221 ~~through 20-9-224,~~ 20-9-223, and 20-9-512;

23 (6) the school bond provisions of 20-9-401 through
24 20-9-412, 20-9-421 through 20-9-446, 20-9-451 through
25 20-9-456, and 20-9-461 through 20-9-465;

(7) the special purpose funds provisions of 20-9-502, 20-9-503, 20-9-507, 20-9-508, and 20-9-511;

(8) the educational cooperative agreements provisions of 20-9-701 through 20-9-704;

(9) the school elections provisions of Title 20, chapter 20;

(10) the students' rights provisions of 20-25-511 through 20-25-516; and

(11) the health provisions of 50-1-206."

NEW SECTION. Section 36. County treasurer's duties -- warrants. (1) By July 10, the county treasurer shall prepare a statement for each community college district showing the amount of cash on hand for each fund maintained by the community college district and the amount of the outstanding obligations against each fund at the close of the last-completed school fiscal year. The county treasurer shall also include on each community college district's statement the details on the obligation for bond retirement and interest for the school fiscal year just beginning.

(2) On or before July 10, the county treasurer shall deliver the statements of community college district cash balances and the bond information for each community college district to the trustees of the community college district.

(3) When the county treasurer receives the final budget of a community college district, the county treasurer shall

open a fund for each budgeted fund included on the final budget of the community college district by entering the amount appropriated for the fund on the accounting record.

(4) (a) Immediately after receiving a duplicate warrant or a warrant listing from a community college district as provided in 20-9-221, the county treasurer shall enter the amount and number of the warrant on the accounting records under the fund identified on the warrant or listing. The recording of the warrants must allow for the computation of the unexpended amount of a budgeted fund from the accounting records.

(b) Whenever it appears to the county treasurer that a budgeted fund is so nearly exhausted that the issuance of another warrant will cause the overexpenditure of a budget, the county treasurer shall immediately notify the community college district of the expended condition of the budget and the community college district shall not issue another warrant against the fund that would overexpend the budget.

(c) After receiving a duplicate warrant or warrant listing that contains a warrant that will exceed the unexpended balance of a budgeted or nonbudgeted fund, the county treasurer shall immediately notify the community college district of the overdraft. If the community college district has not corrected the overdraft before the presentation of the warrant for payment, the county

1 treasurer shall refuse to pay or register the warrant and
2 shall endorse across the face of the warrant "Payment and
3 Registration Refused, Insufficient Budget" and return the
4 warrant to the person presenting it for payment.

5 NEW SECTION. Section 37. Credit of refund -- refund of
6 revenue not charged against spending authority. (1) Whenever
7 a community college district deposits with the county
8 treasurer a refund or rebate, the county treasurer shall
9 credit the budgeted fund to which it is deposited and
10 restore the community college district's spending authority
11 in that fund in the amount of the refund or rebate.

12 (2) A refund of revenue previously received by a
13 community college district may not be charged against a
14 community college district's spending authority.

15 NEW SECTION. Section 38. Lapse of budgeted
16 appropriations and provision for unpaid claims. (1) All
17 appropriations for a community college district budgeted
18 fund in the regular budget or for a budget amendment for a
19 given school fiscal year lapse on the last day of the school
20 fiscal year except the appropriations for:

21 (a) uncompleted improvements in progress of
22 construction; and

23 (b) an obligation for the purchase of personal property
24 ordered but not paid for during the current school fiscal
25 year and recorded with the county treasurer.

1 (2) A lawful claim presented to the community college
2 district for payment under a lapsed appropriation is an
3 obligation of the budget for the next ensuing school fiscal
4 year.

5 NEW SECTION. Section 39. Codification instruction.
6 [Sections 36 through 38] are intended to be codified as an
7 integral part of Title 20, and the provisions of Title 20
8 apply to [sections 36 through 38].

9 NEW SECTION. Section 40. Repealer. Sections 20-9-121,
10 20-9-206, 20-9-209, 20-9-222, 20-9-224, 20-9-442, and
11 20-9-443, MCA, are repealed.

12 NEW SECTION. Section 41. Effective date --
13 applicability. [This act] is effective July 1, 1994, and
14 applies to school district budgets for the school fiscal
15 year beginning July 1, 1994.

-End-

HOUSE BILL NO. 69

INTRODUCED BY RANEY, GROSFIELD

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE ACCOUNTING AND OTHER FINANCIAL MANAGEMENT DUTIES OF THE COUNTY TREASURER WITH REGARD TO SCHOOL DISTRICT FUNDS, EXCEPT FOR THE DUTY TO COLLECT AND DISBURSE REVENUE BELONGING TO THE DISTRICTS; TRANSFERRING TO THE TRUSTEES OF A DISTRICT THOSE ACCOUNTING AND FINANCIAL MANAGEMENT DUTIES; CLARIFYING A COUNTY TREASURER'S DUTIES WITH REGARD TO A COMMUNITY COLLEGE DISTRICT; AMENDING SECTIONS 7-6-2801, 20-3-106, 20-3-208, 20-3-209, 20-5-324, 20-6-313, 20-6-406, 20-6-413, 20-6-414, 20-6-415, 20-6-703, 20-7-507, 20-9-134, 20-9-165, 20-9-202, 20-9-212, 20-9-213, 20-9-221, 20-9-344, 20-9-346, 20-9-347, 20-9-432, 20-9-434, 20-9-435, 20-9-438, 20-9-440, 20-9-441, 20-9-509, 20-9-514, 20-9-604, 20-10-145, 20-10-147, 20-10-205, 20-15-210, AND 20-15-404, MCA; REPEALING SECTIONS 20-9-121, 20-9-206, 20-9-209, 20-9-222, 20-9-224, 20-9-442, AND 20-9-443, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 7-6-2801, MCA, is amended to read:

"7-6-2801. Management of school funds. The county treasurer must shall:

THERE ARE NO CHANGES IN THIS BILL
AND WILL NOT BE REPRINTED. PLEASE
REFER TO YELLOW COPY FOR COMPLETE TEXT.