

SENATE BILL NO. 307
INTRODUCED BY D. RYAN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SCHOOL DISTRICT INVESTMENT LAWS; ELIMINATING THE REQUIREMENT FOR A SCHOOL DISTRICT TO ESTABLISH A SEPARATE INVESTMENT ACCOUNT FOR EACH FUND; ~~ELIMINATING THE REQUIREMENT THAT AN AGREEMENT BETWEEN A SCHOOL DISTRICT AND A COUNTY TREASURER BE BINDING~~; REQUIRING THAT ONLY DEBT SERVICE FUNDS MUST BE COLLECTED BY A COUNTY TREASURER AND REPORTED TO A SCHOOL DISTRICT; AND AMENDING SECTION 20-9-235, MCA."

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

Section 1. Section 20-9-235, MCA, is amended to read:

"20-9-235. Authorization for school district investment account. (1) The trustees of a school district may establish investment accounts and may temporarily transfer into the accounts all or a portion of any of its budgeted or nonbudgeted funds. ~~The trustees shall establish a separate account for each fund from which transfers are made.~~

(2) Money transferred into investment accounts established under this section may be expended from a subsidiary checking account under the conditions specified in subsection (3)(b).

(3) The district may either:

(a) establish and use the accounts as nonspending accounts to ensure that district funds remain in an interest-bearing status until money is reverted to the budgeted or nonbudgeted fund of original deposit as necessary for use by the county treasurer to pay claims against the district. The district shall ensure that sufficient money is reverted to the district's budgeted and nonbudgeted funds maintained by the county treasurer in sufficient time to pay all claims presented against the applicable funds of the district. The county treasurer shall accept all money that is reverted upon tendered transfer of the district.

(b) establish a subsidiary checking account for expenditures from the investment accounts. The district may write checks on or provide electronic payments from the account if:

(i) the payments made from the accounts representing budgeted funds are in compliance with the budget adopted by the trustees;

(ii) the accounts are subject to the audit of district finances completed for compliance with 2-7-503 and

20-9-503; and

(iii) the district complies with all accounting system requirements required by the superintendent of public instruction.

(4) (a) A district that chooses to establish a school district investment account described in this section shall enter into a written agreement with the county treasurer. The agreement must:

(i) establish specific procedures and reporting dates to comply with the requirements of subsection (3);

~~(ii) be binding upon the district and the county treasurer for a period of not less than 5 years;~~

(II) BE BINDING UPON THE DISTRICT AND THE COUNTY TREASURER FOR A NEGOTIATED PERIOD OF TIME;

~~(iii)(ii)(III)~~ be signed by the presiding officer of the board of trustees and the county treasurer; and

~~(iv)(iii)(IV)~~ except as provided in subsection (4)(b), coincide with fiscal years beginning on July 1 and ending on June 30.

(b) An agreement that establishes a school district investment account for fiscal year 2002 must be entered into no later than October 1, 2001.

(c) The district and the county treasurer may renew an agreement, including terms and conditions on which they agree, provided that the terms and conditions comply with the provisions of this section.

(5) Except for ~~electronic transfers of BASE aid and state advances for county equalization debt service money that the county treasurer is required by law to collect and report to the districts~~, all other revenue may be sent directly to a participating district's investment account under 20-9-346(3), the county treasurer shall, as required by law, continue to collect money and report to the districts that elect to establish a school district investment account.

(6) The trustees shall implement an accounting system for the investment account pursuant to rules adopted by the superintendent of public instruction. The rules for the accounting system must include but are not limited to:

(a) providing for the internal control of deposits into and transfers between a district's investment accounts and budgeted and nonbudgeted funds of the district;

(b) requiring that the principal and interest earned on the principal is allocated to the budgeted or nonbudgeted fund from which the deposit was originally made; and

(c) ensuring that other proper accounting principles are followed.

(7) All interest earned on the district's general fund deposits must be allocated for district property tax reduction as required by 20-9-141.

(8) In making deposits to investment accounts under this section, a district shall comply with the

requirements of Title 17, chapter 6, part 1, with respect to deposits in excess of the amount insured by the federal deposit insurance corporation or the national credit union administration, as applicable.

(9) A district establishing investment accounts under the section shall pay the automated clearinghouse system charges for all automated clearinghouse transfers made by the office of public instruction to the district's accounts."

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