



JANET BARRESI  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION  
STATE OF OKLAHOMA

MEMORANDUM

**TO:** The Honorable Members of the State Board of Education  
**FROM:** Janet C. Barresi  
**DATE:** December 18, 2014  
**SUBJECT:** Request for Approval to use FY2015 General Fund for Capital Expenditures

State Board of Education approval is being requested for the following school district to use \$50,000 of the district's FY2015 General Fund for Capital Expenditures pursuant to 70 O.S. § 1-117 and OAC 210:25-5-4.

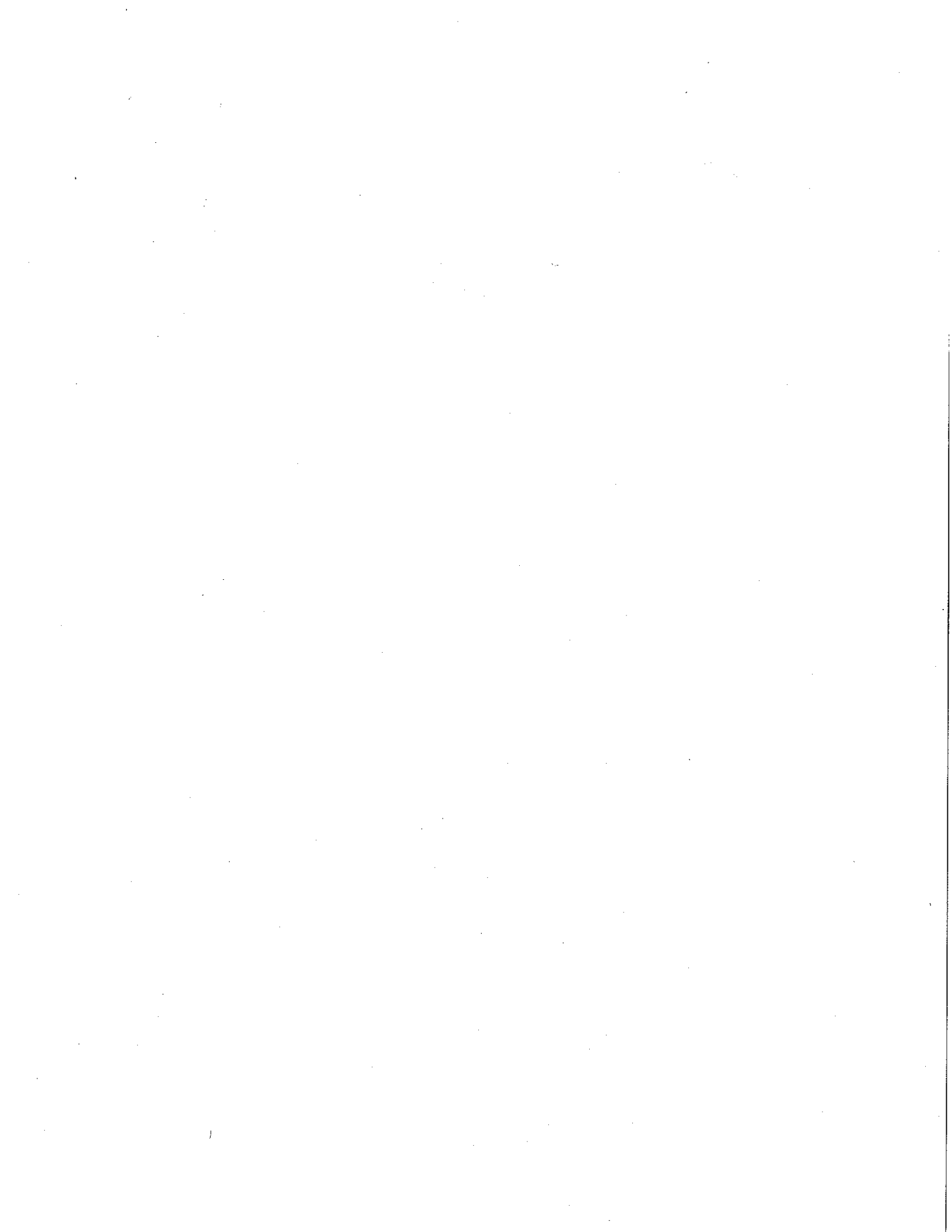
The below district has voted in excess of eighty-five (85%) bonded indebtedness within the preceding three (3) school years and has the maximum five (5) building fund mills. District meets the qualifications to request the State Board of Education for approval to use \$50,000 of the FY2015 General Fund to be used for Capital Expenditures.

**District does not meet the qualifications of a total assessed property valuation per average daily attendance (per capita) less than sixty percent (60%) of the state average, to approve the requested five percent (5%).**

<u>District</u>	<u>County</u>	<u>Request</u>	<u>Congressional District</u>
Cordell (I078)	Washita (75)	5% and \$50,000 <b>(District only qualifies for approval to use \$50,000)</b>	3

ki

Attachments





**Oklahoma State Board Authorization Request Form**  
 for use of Five Percent (5%) and/or Fifty Thousand (\$50,000) of  
 District's General Fund for Capital Expenditures per O.S. 70 § 1-117

Submit completed form by email <StateAid@state.ok.gov>, fax (405) 522-3559 or mail to:  
 Oklahoma State Department of Education, State Aid Section, 2500 N Lincoln Blvd, Rm 427, OKC, OK 73105-4599

Date of Request:	October 13, 2014	Fiscal Year of Request:	2015
County Number:	75	County Name:	Washita
District Number:	1078	District Name:	Cordell
Person requesting authorization:	Brad Overton		
Title:	Superintendent	Contact number:	680-832-1000
Requesting:	<input checked="" type="checkbox"/> Five Percent (5%) <input checked="" type="checkbox"/> Fifty Thousand (\$50,000)		

Type of Capital Expenditure:

- Purchase of Land or Existing Building
- Purchased of Real Property
- Ground or site improvement for construction purposes
- Additions to Buildings
- Remodeling (structural involving roof or load-bearing walls)
- Architects & Engineers (professional services, salaries & expenses, except for those covered by bond issue)
- Heat & Air (initial installation or extension of existing buildings systems)
- Destroyed building replacement
- Installments and Lease payments on property including interest, which has a terminal date and results in the acquisition of property.

Provide a detailed description of the anticipated capital expenditures, detailing purchases, construction, improvements, professional service, etc. that is to be paid with the requested District General Funds if qualified:

Under professional services, I would like to pay my Architects & Engineers fees from the general fund. These fees will total around \$250,000, paying \$50,000 from the general fund simply allows more funds to flow to the building project.

I certify that all General Revenue Funds requested and expended for the above referenced capital expenditure, will comply with O.S. 70 § 1-117.

Authorized Signature: Brad Overton  
 Date: 10/13/2014

For State Department of Education Office Use Only

Indexed within the preceding 3 school years	Circle YES (X) NO	Fundral Aid reviewed	Date
Valuation/ADA Per Capita < 60% of state average	YES (X) NO	State Aid reviewed <u>Yes</u>	Submit to Board <u>11-13-14</u>

**Janet Barresi**  
**State Superintendent of Public Instruction**  
**Oklahoma State Department of Education**

**75 WASHITA**  
**1078 CORDELL**

2014 Total Net Valuation		\$38,307,819
divided by		
2014 Full Year ADA		724.60
Average Daily Attendance (ADA)	=	724.60

2014 Total District Net Valuation		
Per Cap	=	52,868

Category (A)	Per Cap Valuation < 60% of		
	27,261	=	NO

Category (B)	85% Bonded Indebtedness		
	Over one of the last 3 years	=	YES

District qualifies with a Yes in both categories A & B; approved to use 5% of General Fund (see calculation below) and approved to request State Board approval to use \$50,000 from General Fund per 70 O.S. § 1-117 (L)		NO
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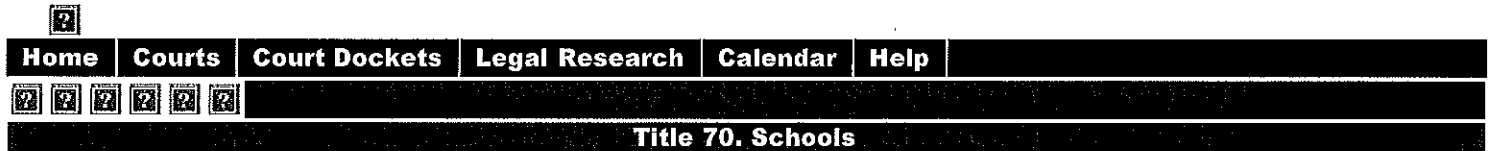
District qualifies with Yes in category B only, approved to request State Board approval to use \$50,000 from General Fund per 70 O.S. § 1-117 (K) and OAC 210:25-5-4 (f)		YES
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2013 General Fund Revenue		\$5,321,867.20
times 5%	x	0.05
General Fund Revenue Allowable	=	DNQ

Report request date: emailed on 10/13/14  
 Requesting: Five Percent (5%) & \$50,000  
 Person requesting Report: Brad Overton, Superintendent

**Based on FY15 Initial SB53 Report 10/13/2014**

(FY2015 Initial uses 2014 Net Valuation, 2013 OCAS General Fund Revenue and 2014 Full Year ADA.  
 Midyear calculation will use 2015 Net Valuation, 2014 OCAS General Fund Revenue and 2015 1st 9 Weeks  
 ADA)



## Oklahoma Statutes Citationized

### Title 70. Schools

#### Chapter 1 - School Code of 1971

#### Article Article I - Scope, Organization, and Definitions

#### Section 1-117 - Definition of General Fund of School District - Capital Expenditures - Noncapital Expenditures

Cite as: O.S. §, \_\_\_

A. The general fund of any school district is hereby defined as a current expense fund and shall consist of all revenue or monies that can legally be expended within a certain specified fiscal year, but shall not be considered as including any money derived from a special building fund levy made in accordance with the provisions of Section 10 of Article X of the Oklahoma Constitution, nor shall it include any monies derived from the sale of bonds issued under the provisions of Section 26 of Article X of the Oklahoma Constitution. All monies derived from the proceeds of the school levies made pursuant to the provisions of Section 9 of Article X of the Oklahoma Constitution shall be placed in the general fund provided by this section. Expenditures from the general fund shall be noncapital in nature. All monies derived from state-dedicated revenue, state-appropriated revenue unless otherwise provided for by law, and county sources shall be placed in the general fund provided for by this section. Except as provided for in subsections K and L of this section, a district shall not be authorized to make capital expenditures as defined by this section from the general fund.

B. For purposes of this section, state-dedicated revenue shall be any registration or license fees, taxes, or penalties collected at the state level and distributed to common school districts. County sources shall be all funds collected by the county and distributed to common school districts but shall not include any funds derived from the building fund levy made in accordance with the provisions of Section 10 of Article X of the Oklahoma Constitution or funds derived from the sinking fund levy made in accordance with the provisions of Section 26 of Article X of the Oklahoma Constitution.

C. For the purposes of this section, a capital expenditure shall be an expenditure which results in the acquisition of fixed assets or additions to fixed assets. Capital expenditures shall include, but shall not be limited to, purchases of land or existing buildings, purchases of real property, improvements of grounds and sites for construction purposes, all expenditures for construction of buildings unless authorized by the State Board of Education or the State Board of Career and Technology Education upon application to the appropriate state board pursuant to subsection F of this section, additions to buildings, remodeling of buildings if such remodeling involves changes to roof structures or load-bearing walls, professional services, salaries and expenses of architects and engineers hired or assigned to capital projects except for such services, salaries and expenses as are applicable in preparation for a bond issue, expenditures for the initial installation and extension of service systems and built-in heat or air equipment to existing buildings, expenditures for the replacement of a building which has been destroyed, installments and lease payments on property, including interest, that have a terminal date and result in the acquisition of property, and expenditures for preliminary studies made prior to the time that authority to proceed with a construction project is given if authority is received within the same fiscal year that the expenditure was made.

D. Noncapital expenditures shall include, but shall not be limited to expenditures for maintenance, repair and replacement of property and equipment, initial or additional purchases of furniture and equipment, direct expenses for maintenance of plant, including grounds, salaries for maintenance of plant, including salaries for the upkeep of grounds, and repair and replacement of building structures which do not add to existing facilities and which do not involve changes in roof structures or load-bearing walls and which are not classified as a capital expenditure by this section.

E. The State Board of Education shall adopt and amend regulations regarding the classification, definition and financial administration of funds, accounts and expenditures in accordance with the requirements of this section.

F. A school district shall be authorized to make capital expenditures from the general fund to defray the cost of rebuilding a school building only if a school building or facility has been destroyed by a fire or natural disaster, such as flood, tornado or other act of God, or by an act of a public enemy of the United States or this state and monies received by the district through insurance coverage, federal reimbursement, contributions and allocation from the State Board of Education from the State Public Common School Building

Equalization Fund are insufficient to rebuild the facility. Capital expenditures from the general fund pursuant to this subsection shall be limited to an amount necessary to defray the cost of rebuilding the facility which exceeds monies received by the school district through insurance, federal reimbursement, contributions and state allocations.

G. Schools which receive gifts or donations or state-appropriated monies for the purpose of capital expenditures or projects shall place such monies in the building fund, as provided by Section 1-118 of this title, and not in the general fund. School districts which receive gifts, grants, or donations of monies for noncapital expenditures may place the monies in the general fund, and such monies shall not be required to be used during the year in which the money was received but may accumulate from year to year and shall not be considered a part of the general fund collections when calculating the general fund carryover as provided for in subsection G of Section 18-200.1 of this title.

H. School districts which receive monies from rental, sale, or lease of buildings, impact aid monies, or grants, gifts or donations for capital purposes, whether from state, federal, or other sources, may place such monies in the building fund authorized by Section 1-118 of this title or the general fund authorized by this section.

I. Any construction of a building included as a capital expenditure from the general fund of a school district which is authorized and has had a contractual agreement concerning such construction executed prior to July 1, 1991, may be proceeded with and completed as authorized prior to July 1, 1991, as a capital expenditure from such general fund.

J. School districts receiving revenues authorized by Section 9B of Article X of the Oklahoma Constitution shall be authorized to make capital expenditures from the general revenue fund no greater than the amount levied by the incentive millage.

K. Upon the approval of the State Board of Education, a school district shall be authorized to make capital expenditures as defined in this section from its general fund if:

1. A bond issue has been rejected at an election by the school district electors voting on that question within the current school year, as certified by the secretary of the county election board; or
2. The school district has voted indebtedness at any time within the preceding three (3) school years through the issuance of bonds or through approval by voters of issuance of new bonds for more than eighty-five percent (85%) of the maximum allowable pursuant to the provisions of Section 26 of Article X of the Oklahoma Constitution as shown on the school district budget filed with the State Board of Equalization for the current school year and certifications by the Attorney General prior to April 1 of the current school year. The State Board of Education shall establish the rules to administer the provisions of this subsection which shall include, but not be limited to, specification of a maximum amount of general fund monies to be used for capital expenditures, the purposes for which such funds may be expended and the period of time in which such funds shall be encumbered.

L. Other provisions of this section notwithstanding, a school district shall be authorized to make capital expenditures from the general fund if the total assessed property valuation per average daily attendance is less than sixty percent (60%) of the state average total assessed property valuation per average daily attendance and if, for each year in which general fund revenue is used for capital expenditures, the district has voted the five-mill building fund levy authorized in Section 10 of Article X of the Oklahoma Constitution and has voted indebtedness through the issuance of new bonds for at least eighty-five percent (85%) within the last three (3) years of the maximum allowable pursuant to the provisions of Section 26 of Article X of the Oklahoma Constitution as shown on the school district budget filed with the State Board of Equalization for the current school year and certifications by the Attorney General prior to April 1 of the school year. Provided, the maximum amount of general fund revenue used for capital expenditures pursuant to this subsection shall not exceed five percent (5%) of the total yearly revenue to the general fund. Said fund may not be used for capital expenditures for more than five (5) consecutive years and may only be utilized for remodeling or construction of classroom facilities and such ancillary facilities to said classrooms as may be necessary. Provided, further, the State Superintendent of Public Instruction shall certify in writing, prior to the expenditure of the funds for which provision is made in this subsection, that such expenditures are in compliance with the provisions of this subsection.

#### **Historical Data**

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Added by Laws 1971, HB 1155, c. 281, § 1-117, emerg. eff. July 2, 1971; Amended by Laws 1989, 1st Extr. Sess., HB 1017, c. 2, § 114, emerg. eff. April 25, 1990; Amended by Laws 1991, HB 1189, c. 209, § 2, emerg. eff. July 1, 1991; Amended by Laws 1992, SB 986, c. 324, § 6, emerg. eff. July 1, 1992; Amended by Laws 1995, SB 53, c. 153, § 2, emerg. eff. May 2, 1995; Amended by Laws 2001, HB 1214, c. 33, § 65, emerg. eff. July 1, 2001 (superseded document available); Amended by Laws 2002, HB 2314, c. 89, § 1, emerg. eff. July 1, 2002 (superseded document available); Amended by Laws 2003, HB 1572, c. 173, § 1, emerg. eff. July 1, 2003 (superseded document available); Amended by Laws 2009, HB 1592, c. 250, § 1, emerg. eff. July 1, 2009 (superseded document available).

#### **Citationizer® Summary of Documents Citing This Document**

## Permanent Rules and Executive Orders effective as of 2-18-14

*[Emergency Rules are considered promulgated and effective immediately upon the Governor's approval (unless a later date is specified), and are published in the Oklahoma Register AFTER the Governor's approval. They are NOT published in the Code. To find emergency rules that are currently effective and have been submitted by the issuing agency for publication in the Register, click on View Register or Search Register. ]*

**The Secretary of State does not interpret or enforce the Oklahoma Administrative Code. If you need interpretation of a current rule, please contact the agency that promulgated the rule.**

## Title 210 - State Department of Education

### Chapter 25 - Finance

#### Subchapter 5 - Budgeting and Business Management

#### Part 1 - IMPLEMENTATION

Section 210:25-5-1	Budgeting
Section 210:25-5-2	Appropriations, allocations and fund balance reserves
Section 210:25-5-3	Analysis and reporting [Revoked]
Section 210:25-5-4	Accounting
Section 210:25-5-5	Auditing

#### **210:25-5-4. Accounting**

(a) The financial structure of an Oklahoma public school district consists of various classifications as referenced in Oklahoma Administrative Code (OAC) 210:25-7-1, (Oklahoma Cost Accounting System [OCAS]). School District accounting systems shall be organized and operated on a basis that assures legal compliance by the recording and summarizing of financial transactions within funds, each of which is completely independent of any other. Each fund shall account for and continually maintain the identity of its revenues and expenditures. Financial transactions for purposes of this regulation and as referenced in 70 O.S. 2001, § 5-135.2 shall be defined as a detailed reporting of revenue within the Source of Revenue dimension. Revenue shall be reported to the bold codes within each of the following broad categories: District Source of Revenue, Intermediate Source of Revenue, State Source of Revenue, and Federal Source of Revenue. Expenditures shall be reported by the bold codes within the Function dimension as follows: Instruction, Support Services-Students, Support Services-Instructional Staff, Support Services-General Administration, Support Services-School Administration, Support Services-Central, Operation and Maintenance of Plant Services, Student Transportation Services, Child Nutrition Programs Operations, Community Services Operations and Facilities Acquisition and Construction Services. Additional dimensions for Revenue and Expenditures are coded to provide classification by Fiscal Year, Fund, Project Reporting, Object, Program, Subject, Job Classification, and Operational Unit, where applicable.

(b) The year-end financial report recording and summarizing all revenue and expenditure financial transactions will be completed and certified on the due date.

(c) The school district must inform the Financial Accounting Section of the State Department of Education of any changes made at the district level to any of the financial transactions already submitted to the State Department of Education. Further, none of the data submitted by Law can be changed or altered by either the school district or the Financial Accounting Section after November 15 of each year.

(d) As referenced in 70 O.S. 2001, § 5-135.2 (B), the State Department of Education shall reduce the monthly payment of a district's State Aid funds if the district is not operating pursuant to said system. Not operating pursuant to said system shall be defined as a district not:

- (1) accurately recording and reporting all revenue and expenditures by applicable OCAS bold code dimensions;
- (2) submitting OCAS financial records via the Web-based system of all recorded and reported revenue and expenditures by applicable OCAS bold code dimensions to the State Department of Education;
- (3) ascertaining that current and accurate applicable OCAS codes are being utilized as updated and maintained by the State Department of Education;

(4) complying with regulations as outlined in OAC 210:25-3-7 (Financial information processing), OAC 210:25-5-10 (The encumbrance clerk), OAC 210:25-5-11 (The school district treasurer), OAC 210:25-5-12 (Purchase order procedures for schools), or OAC 210:25-5-13 (School activity fund);

(5) reconciling all recorded and reported revenue and expenditures by applicable OCAS bold code dimensions by balancing data with bank receipts and statements, purchase orders, warrant registers, investment ledgers, and all balance sheet accounts; and

(e) For appropriated funds, all indebtedness should be encumbered (have a purchase order issued and be recorded) on the day the obligation is incurred, rather than when it becomes due, and supporting documentation should be provided for all indebtedness.

(f) Upon the approval of the State Board of Education, school districts may make capital expenditures up to a maximum amount of \$50,000 (fifty thousand dollars) during the current fiscal year within the General Fund pursuant to 70 O.S. 2001, § 1-117, if the school district meets the established criteria as outlined in the Statutes. School districts shall be voting the maximum five (5) building fund mills. General Fund monies authorized by the State Board of Education for expenditures must be expended within the current fiscal year. Any such funds encumbered as of June 30th of the current fiscal year, but not expended by November 15th of the subsequent fiscal year, shall lapse and return to the original purpose of such funds.

(g) A school district shall be authorized to utilize general fund monies for capital expenditures, in addition to the amount specified in subsection (c), pursuant to the provisions of 70 O.S. 2001, § 1-117.

(h) Inventory cards or data processing records shall be kept on all equipment and removable fixtures, showing purchase order number when known, date of purchase (when known, if not known an estimated date shall be used), amount of purchase (if known, if not known present value must be estimated) a description of the item, the serial number (when applicable) and the location of the item. New purchases shall be included in the records on the same day in which they are physically received by the district. Disposed equipment must be removed from the records on the disposal date and a detailed description of the circumstances which results in the disposal recorded. Disposed equipment should not be included in the records of future years.

[Source: Amended at 9 Ok Reg 3101, eff 6-11-92 (emergency); Amended at 10 Ok Reg 1141, eff 3-9-93 (emergency); Amended at 11 Ok Reg 1997, eff 5-26-94; Amended at 12 Ok Reg 3620, eff 7-31-95 (emergency); Amended at 13 Ok Reg 1353, eff 5-13-96; Amended at 14 Ok Reg 3347, eff 5-5-97 (emergency); Amended at 15 Ok Reg 2293, eff 6-11-98; Amended at 17 Ok Reg 23, eff 9-10-99 (emergency); Amended at 17 Ok Reg 1092, eff 5-11-00; Amended at 17 Ok Reg 2909, eff 7-13-00; Amended at 20 Ok Reg 822, eff 5-15-03; Amended at 21 Ok Reg 234, eff 8-21-03 (emergency); Amended at 21 Ok Reg 1280, eff 5-27-04; Amended at 22 Ok Reg 1849, eff 6-25-05]