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# *SCHOOL FINANCE*



## **TECHNICAL ASSISTANCE DOCUMENT**

- **SOURCES OF REVENUE**
- **STATE AID FORMULA**
- **PENALTIES/ADJUSTMENTS**
- **POLICIES/PROCEDURES**

**FINANCIAL SERVICES DIVISION**  
**Revised**  
**JULY 2009**

# **OKLAHOMA SCHOOL FINANCE**

## **Technical Assistance Document**



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## PREFACE

Pursuant to the Oklahoma statutes and State Board of Education regulations, certain individuals are appointed or designated by the local board of education to be responsible for proper receipting and disbursement of public funds within the public school districts in Oklahoma. Periodically, statutory provisions or board regulations are amended to meet current financial or administrative situations.

This Technical Assistance Document for School Finance should be utilized to complement the statutes and regulations. It is presented in an easy-to-use format using a combination of actual statutory/regulatory provisions and an easy-to-understand narrative.

The document provides an overview of revenues for local school districts and provides an explanation of the various sources. Typically, the State Aid Formula is the prominent source of funding for the average school district. The formula with its weighted components is explained in detail.

Various penalties/adjustments that affect school district funding are outlined and defined to allow school district personnel to monitor the local district's compliance with statutory provisions or board regulations. Policies/procedures governing school finance are also presented in an understandable manner.

Members of the local board of education, superintendents, business office personnel, budget makers, independent auditors, and others who have the responsibility for school district funds, preparation of school district budgets, and the administration of local school districts should become familiar with this Technical Assistance Document for School Finance - July 2009.



Sandy Garrett  
State Superintendent of Public Instruction

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**SECTION I**

**SOURCES OF REVENUE  
for  
OKLAHOMA SCHOOL DISTRICTS**



**CHART NO. 1**  
**Revenues--State Totals**

This chart reflects state totals for collections from the various sources for General Fund revenue and the amount collected by source among the common schools of Oklahoma for the 2007-08 fiscal year as reported by the Oklahoma Cost Accounting System. State totals for Building Fund and Sinking Fund collections are also included.

<b>LOCAL AND COUNTY SOURCES</b>	<b>\$</b>	<b>AMOUNT</b>	<b>PERCENT (%) OF TOTAL</b>
35-mill Ad Valorem Tax .....	\$	803,309,991	
County 4-mill .....	\$	91,434,458	
County Apportionment.....	\$	22,029,682	
Resale Property Fund .....	\$	71,200	
Miscellaneous.....	\$	100,071,317	
 Total Local and County.....	 \$	 1,016,916,648	 23.82%
 <b>STATE SOURCES (Dedicated and Appropriated)</b>			
Gross Production Tax.....	\$	83,597,904	
Motor Vehicle Collections .....	\$	218,095,368	
Rural Electrification Association Cooperative Tax.....	\$	28,254,363	
State School Land Earnings .....	\$	53,387,632	
State Aid Allocations .....	\$	2,012,148,524	
Driver Education .....	\$	1,342,546	
Vehicle Tax Stamp .....	\$	1,169,169	
Farm Implement Tax Stamp.....	\$	173,786	
Other Dedicated Revenue.....	\$	1,585,816	
Mentor Teacher Stipend .....	\$	706,250	
Flexible Benefit Allowance.....	\$	269,689,862	
Alternative and At-Risk Education. ....	\$	12,945,285	
Instructional, Cooperative and Tech. Educ. (I.C.T.E.)..	\$	116,689	
Arts-in-Education .....	\$	127,299	
State-Categorical .....	\$	58,025,661	
Special Programs.....	\$	2,021,569	
Other State Sources .....	\$	22,993,726	
Child Nutrition Programs .....	\$	648,556	
Career-Technology Programs.....	\$	19,885,747	
 Total State .....	 \$	 2,786,915,752	 65.29%
 <b>FEDERAL SOURCES</b>			
Capital Outlay .....	\$	71,832,250	
Disadvantaged Students .....	\$	185,250,630	
Individuals with Disabilities.....	\$	126,331,614	
Minority.....	\$	19,946,575	
Operations .....	\$	8,503,037	
Other Federal Sources .....	\$	21,655,393	
Child Nutrition Programs .....	\$	24,970,859	
Federal Vocational Education .....	\$	6,308,827	
 Total Federal .....	 \$	 464,799,185	 10.89%
 <b>GENERAL FUND TOTAL .....</b>	 <b>\$</b>	 <b>4,268,631,585</b>	 <b>100.00%</b>
 <b>Building Fund Total.....</b>	 <b>\$</b>	 <b>154,594,360</b>	
<b>Sinking Fund Total.....</b>	<b>\$</b>	<b>399,826,496</b>	
 <b>GRAND TOTAL .....</b>	 <b>\$</b>	 <b>4,823,052,441</b>	



## LOCAL SOURCES OF REVENUE FOR SCHOOL DISTRICTS

The principal sources of local revenue are as follows:

- General Fund Levies
- Building Fund Levy
- County 4-mill Levy
- Sinking Fund Levy
- County Apportionment
- Other Local Miscellaneous Revenues

### The Ad Valorem Tax Levy

The property tax (ad valorem tax) is the traditional source of local revenue for schools throughout the United States. In Oklahoma, this tax is levied in mills (1 mill is 1/1000 of a dollar or .001) against real, personal and public service property. Ten mills equal one penny. Stated another way, a mill is a tax of one dollar per thousand dollars of property valuation subject to taxation.

**Real property** is the land itself and all rights and privileges that add value to the property, such as irrigation, mines, minerals, quarries, and trees on or under the same, and all buildings, structures, and improvements of any kind. Excluded are machinery and fixtures, which are defined as personal property. Property owners receive a tax exemption of \$1,000 if the property is claimed as a homestead. **Personal property** includes all goods, chattels and effects; all improvements made by others upon lands; all stock of nurserymen; all horses, cattle, mules, sheep, swine, goats, and other livestock; all household furniture, and personal libraries; wagons, vehicles, or carriages; machinery and materials used by manufacturers and all manufactured articles; all goods and capital used in merchandising; all abstractors' books and records; all agriculture implements and machinery; all tanks and containers used to hold or store oil or any of its by-products; all gas, oil, water or other pipelines; telephone or telegraph lines, railroad tracks, oil and petroleum products; and all other property having an actual, constructive or taxable situs in this state and not included within the definition of real property. **Public service property** is that property used to provide services, usually utility services, for the public in general. This includes oil and gas pipelines, generating plants for electricity, railroads and other such utilities.

Taxes are not levied on the full value of properties. The Constitution limits taxation to 35 percent of the fair cash value of the property. Fair cash value is the value and price at which a willing buyer would purchase property, and a willing seller would sell property, if both parties are knowledgeable about the property and its uses, and if neither party is under any undue pressure to buy or sell. Some percentage of full value is established which is called an assessment ratio. This percentage, when applied to the fair cash value, determines the assessed value at which property will be taxed. Real and personal property are assessed by a county official, the county assessor. Public service property is assessed by the state. The State Board of Equalization, with recommendations from the Oklahoma Tax Commission, Ad Valorem Division, orders equalization of locally assessed property when counties are not in compliance and ultimately approves all property value assessment, including public service property. The ratio used for public service property is 22.85 percent (22.85%), which is higher than the ratio that is used at the local level. Chart No. 2 (page 8) summarizes the various property classifications and school tax levies.

## Separate Tax Levies

There are seven different ad valorem tax levies that are used in Oklahoma for the support of the public schools at the local level. The state Constitution provides for each levy, which in one way or another is constrained by the constitutional provisions. Three of the seven require direct authorization by a majority of electors in the school district at the annual school election. Chart No. 3 (page 9) illustrates the constitutional levies for taxing jurisdictions in Oklahoma.

Each levy is listed below with an explanation of the specific provisions of each:

### General Fund Levies

#### MILLAGE LEVY

#### AUTHORITY

**Certification of Need  
15 mills**

**Resolution by Board of Education**

Each board of education in Oklahoma is authorized to levy up to 15 mills (plus increased millage because of personal property tax adjustment) on the property in the district based on certification of need for the financial support of the schools. **School districts should be aware that when this millage is increased, the higher millage rate will be used when calculating the amount of adjusted valuation that will be used as a chargeable in the Foundation Aid portion of the State Aid formula (70 O.S. § 18-200.1).** The board is required to file a "Preliminary Estimate of Needs" that is published in a local newspaper no later than December 31 specifying a proposed budget for the coming year that demonstrates the need for the levy. The election for such levies and board member elections occur in school districts annually.

**County Levy  
5 mills (minimum)**

**County Excise Board**

There is a 15-mill county levy over which the county excise board has jurisdiction. The law requires that at least 5 mills of that 15 must be allocated to the schools. For all practical purposes, the other 10 mills are allotted to the support of county government, but technically, the law would allow the excise board to allocate a portion of the 10 mills to municipalities and/or school districts.

**Emergency Levy  
5 mills (maximum)**

**Majority of voters in  
annual school election**

This levy was an amendment to the Constitution. Originally, criteria constituting an emergency had to be met in order for a school district to ask for approval. Those emergency criteria were abandoned many years ago, and it is now a routine supporting levy for every school district in the state.

**Local Support Levy  
10 mills (maximum)**

**Majority of voters in  
annual school election**

This levy was another amendment to the Constitution of the state. As in the case of the emergency levy, it has become a routine tax issue that every district in the state levies every year.

These four levies add up to a total of 35 mills (plus increased millage because of personal property tax adjustment) for the General Fund. The system has evolved to the point that these millage levies are not really optional. They are also interrelated with state aid to the point that no district, even one with considerable property wealth, can afford not to levy the maximum. In effect, there is no constitutionally permissible way for districts, even by approval of voters, to raise additional ad valorem levies to support the general operation of the schools.

## **Building Fund Levy**

**Building Fund Levy  
5 mills (maximum)**

**Majority of voters in  
annual school election**

The Constitution provides that each school district may levy up to 5 mills for the purpose of erecting, remodeling, and repairing school buildings, or for purchasing furniture. In the early history of the state, it was envisioned that the 5 mills might be sufficient to provide the money necessary for building facilities for the many school districts. However, it became unrealistic for most districts a long time ago.

Through various legal interpretations, the use of money in the Building Fund levy has been liberalized so that it can be used not only for maintenance, but also for the purchase of equipment. In some cases, it is used even for operational expenses. The Attorney General has ruled that payment of property and casualty insurance can be made from this fund.

## **County 4-mill Levy**

**4-mill Countywide Levy**

**Constitutional**

During the days of the so-called “separate” schools in Oklahoma, this levy was provided as a means of raising money to support those schools. When desegregation was implemented in Oklahoma in the mid-fifties, this 4-mill levy became a countywide source to be divided among the school districts within the county. This is the only school support levy that is countywide and is divided among the school districts in each county on the basis of each district’s average daily attendance. In some counties, this contributes to a much more equal distribution of at least these 4 mills of the money derived from a single piece of valuable industrial or public service property.

## **Sinking Fund Levy**

**Sinking Fund Levy**

**Through bond issue election  
with 60 percent (60%) majority  
vote and judgments against  
the district**

Each school district in Oklahoma is authorized to borrow money up to an amount that does not exceed 10 percent of its total assessed valuation. Money is borrowed through the issuance of bonds after the bond issue has been approved by the voters. **The issue does not carry unless 60 percent of those voting in the election vote “yes.”**

A Sinking Fund levy is determined following the approval of the bond issue to yield enough money to pay the principal and the interest on the bond issue. In other words, the number of mills levied will vary from district to district in terms of the size of the bond issue, the term of the bonds (how long until they are paid off), and the interest rate. Many districts have no Sinking Fund levy, and others have levies exceeding 30 mills. Additionally, Sinking Fund levies may be ordered by the court to fund debts of the school district when the district has unlawfully expended beyond its appropriation.

## **County Apportionment and Other Local Miscellaneous Revenues**

There is a county apportionment that comes from revenue from a mortgage tax in each county. It is distributed among the school districts on an average daily attendance basis. Other miscellaneous revenues, such as interest income, gifts, student fees, the sale of property, transfer fees, tuition, rental, and refunds are collected locally.



## CHART NO. 3

### Ad Valorem Levies by Jurisdiction

Constitutional Authority	Levy by Jurisdictional Category	Current Mill Levy Limitation
	<u>School Districts</u>	
Art. X, Sec. 9(a)	15-mill County Levy .....	5
Art. X, Sec. 9(b)	County 4-mill Levy .....	4
Art. X, Sec. 9(c)	School District Levy (Board Certified) .....	15+
Art. X, Sec. 9(d)	Emergency Levy .....	5
Art. X, Sec. 9(d-1)	Local Support Levy .....	10
Art. X, Sec. 10	Building Fund Levy .....	5
Art. X, Sec. 26, 28	Sinking Fund Levy .....	10% NAV*
	<u>County Government</u>	
Art. X, Sec. 9(a)	15-mill County Levy .....	10
Art. X, Sec. 9A	Health Department Levy .....	2.5
Art. X, Sec. 10	Building Fund Levy .....	5
Art. X, Sec. 35	Industry Development Incentive Bond Levy .....	5
Art. X, Sec. 26, 28	Sinking Fund Levy .....	10% NAV*
	<u>Municipal Government</u>	
Art. X, Sec. 10	Building Fund Levy .....	5
Art. X, Sec. 35	Industry Development Incentive Bond Levy .....	5
Art. X, Sec. 26, 27, 28	Sinking Fund Levy .....	10% NAV*
	<u>Special Districts</u>	
Art. X, Sec. 9B(A)	Career Tech/Community College School Levy .....	5
Art. X, Sec. 9B(B)	Career Tech Local Incentive Levy .....	5
Art. X, Sec. 10	Career Tech Building Fund Levy .....	5
Art. X, Sec. 9B(C)	Career Tech Sinking Fund Levy .....	5% NAV*
Art. X, Sec. 10A	County and City-County Library Fund Levy .....	1-4
Art. X, Sec. 9C(a)	Emergency Medical Service District Levy .....	3
Art. X, Sec. 9C(d)	Emergency Medical Service District Sinking Fund Levy .....	3
Art. X, Sec. 9D(A)	Solid Waste Management District Levy .....	3
Art. X, Sec. 9D(G)	Solid Waste Management District Sinking Fund Levy .....	3
Art. X, Sec. 7 <sup>1</sup>	Fire Protection District Levy .....	7
Art. X, Sec. 7, 26	Fire Protection District Sinking Fund Levy .....	10% NAV*
Art. X, Sec. 7 <sup>2</sup>	Sewer Improvement District Levy .....	10
Art. X, Sec. 7, 26	Sewer Improvement District Sinking Fund Levy (on real property only) <sup>3</sup> .....	10% NAV*
Art. X, Sec. 7 <sup>4</sup>	Rural Road Improvement District Levy .....	3
Art. X, Sec. 7	Rural Road Improvement District Sinking Fund Levy .....	5

<sup>1</sup> See also 19 O.S., Sec. 901.1 et seq.

<sup>2</sup> See also 19 O.S., Sec. 871 et seq.

<sup>3</sup> Tax base limitation also applies to jurisdictional general fund.

<sup>4</sup> See also 19 O.S., Sec. 902.1 et seq.

\* NAV: Net assessed valuation



## **STATE SOURCES OF REVENUE FOR SCHOOL DISTRICTS**

Most school districts in Oklahoma receive more money from the state for the support of their schools than from any other source. However, the money comes in a number of different ways.

The two major categories of state money are the monies that come from dedicated revenues and those that come from appropriations by the Legislature. In the case of the former, from time to time during the years since the state came into existence, certain portions of certain taxes or other revenue sources have been earmarked for use by the schools. These provisions have been incorporated in the statutes, and there is usually little or no discussion about them each year as the Legislature meets. However, use of these earmarked taxes occurs when the state aid formula is calculated for state appropriation purposes.

The second category, the money that is received by the schools from appropriations by the Legislature, is the largest single revenue source for almost all public schools in Oklahoma. Appropriated revenue is debated each time the Legislature meets. The debate centers not only on how much money will be provided, but on how the money will be distributed among school districts. The common school appropriation is by far the largest single appropriation that the Legislature makes each year. Since it affects every school district in the state, the concerns about how many dollars are spent and where the dollars go are universal and intense. Either directly or indirectly, almost every person in Oklahoma is affected by the decisions the Legislature makes about how much money is to be appropriated for the schools and how that money is to be distributed.

### **STATE-DEDICATED REVENUES**

The principal sources of state-dedicated revenues are established in law and are very rarely changed by the legislature. These revenue sources are:

- Gross Production Tax
- Motor Vehicle Collections
- Rural Electrification Association (R.E.A.) Tax
- State School Land Earnings

#### **Gross Production Tax**

Since Oklahoma is an energy state, a major source of tax revenue has been the tax on oil, gas and other minerals as they are produced. This tax is called gross production tax. A portion of the tax generated from production in each county is allocated back to the county for distribution on an average daily attendance basis among the county's independent school districts (68 O.S. § 1004). Since some counties have large amounts of production, and others very little, there is substantial variation in the revenues received by school districts from the portion of the gross production tax that is dedicated to the public schools.

#### **Motor Vehicle Collections**

Revenues generated by all motor vehicle taxes and fees now go into one fund at the state level and are apportioned to the recipients, including schools, from that fund. The money for schools is remitted to the respective county and independent treasurers, but the amount of money received depends on the allocations from the state to the respective school districts--not on the sales of tags in the respective counties. Effective October 1, 2000, and approved by a popular vote of the people, registration fees for car tags were significantly reduced and a new fee schedule went into effect. The most expensive car tag for Oklahoma residents is \$91, excluding related fees; however, those purchasing used vehicles now pay a higher excise tax fee than under the former schedule. Under the updated fee schedule, funds collected for schools should remain constant with no adverse effect to school funding.

The percentage that comes to the schools is 36.2 percent (36.2%) of this total state fund (47 O.S. § 1104 B[1][c]). There is also a provision in the law, which states that all school districts receive the same amount of money per month as they did in the same month of the previous year. In effect, it is a guarantee provision of these collections. Money collected above what is necessary to meet the monthly guarantee provision will be distributed statewide on the basis of average daily attendance. If the monies fall below the monthly guarantee, all school districts are reduced proportionately.

A separate allocation of money to schools for boat and motor fees and for manufactured (mobile) homes no longer exists. They are combined with the other vehicle fees and registrations, which also include those for motorcycles, recreational vehicles, ambulances, and travel trailers.

A separate statute for manufactured homes requires that such homes be initially registered for one year with subsequent placement on the ad valorem tax rolls as either real or personal property.

### **Rural Electrification Association Cooperative Tax (R.E.A. Tax)**

A tax is levied on rural electric cooperatives in accordance to property valuation and distributed in proportion to the number of miles of transmission lines within each district served. Such money is considered in lieu of property tax and goes to the schools in the respective counties.

### **School Land Earnings**

When Oklahoma came into the union, a substantial amount of federal lands were granted to Oklahoma from the federal government. The federal requirement was that the revenue from those lands must be used for the benefit of the public schools. The land is administered by the Commissioners of the Land Office and the revenue derived from it, whether it be interest or rent, for example, is distributed to school districts across the state on the basis of average daily attendance. The money derived from the selling of this property must go into what is called the "Permanent School Fund." Only interest from the investment of that money can be distributed to the schools. The principal must be permanently maintained.

## STATE-APPROPRIATED REVENUES

In the 2009 legislative session, the Legislature appropriated more than \$2.5 billion for elementary and secondary schools of Oklahoma. Included in that amount was over \$167 million for the American Recovery and Reinvestment Act (ARRA--Stabilization funding). The 2009-10 appropriation, including ARRA, exceeded the 2008-09 appropriation by \$40,304,649.

A major function of the Legislature is to allocate the monies available to the state from taxes; the tax proceeds go into the state's general revenue fund. Higher education, career and technology education, highways, corrections, and other state agencies compete with the schools to receive what they consider their share of the available money.

The principal sources of state-appropriated revenues are as follows:

Academic Achievement Awards	Mentor Teacher Stipend
ACE Remediation	Middle School Mathematics Laboratories
ACE Technology	Oklahoma Parents as Teachers
Adult Education Matching	Professional (Staff) Dev./Reading Sufficiency Act
Advanced Placement Incentives	Purchase of Textbooks
Alternative and High Challenge Education	School Consolidation Assistance Fund
Driver Education	School Lunch – State Matching
Flexible Benefit Allowance – Certified/Support	School Community Network for Arts-in-Education
Foundation and Salary Incentive Aid	

### Academic Achievement Awards

For the 2009-10 school year, \$4,962,340 is appropriated for funding Academic Achievement Awards pursuant to 70 O.S. § 3-152.1. Monetary awards will be provided by the State Board of Education to qualified school employees who attain (1) the highest overall student achievement, (2) the highest annual improvement in student achievement as measured by the Academic Performance Index, and (3) a score of 1,500. The awards will be calculated for five categories based upon average daily membership and will be provided by January 31 of each year.

### ACE Remediation

During 2009-10, \$8,617,800 will be allocated to school districts for costs associated with providing remediation to students on a per-student basis (see 70 O.S. § 1210.522). The per-student rate shall be based on the most current test results with a maximum of \$240 for each student scoring “Unsatisfactory” on a qualifying test and a maximum of \$180 for each student scoring “Limited Knowledge” on a qualifying test (see 70 O.S. § 1210.526). “Funds for remediation shall be utilized to provide intervention and remediation for qualifying students as described in this section. Allowable expenditures include salaries and stipends for highly qualified teachers and tutors under the supervision of highly qualified teachers; instructional materials such as textbooks, workbooks, teacher-made materials, computer-assisted instructional software, manipulatives, and classroom instructional tools necessary to provide remediation; assessments designed to monitor the progress of students in remediation programs; transportation to and from tutoring sessions held outside of the school day; and training in best practices for providing remediation. Funds for remediation may not be used for salaries, materials, or administrative services not directly related to remediation or for students who do not qualify for remediation as described in this section” (OAC 210:10-13-2).

### ACE Technology

When the *School Consolidation and Assistance Fund* equals \$5 Million dollars, monies above that limit are allocated to school districts based upon the audited end-of-year Average Daily Membership (ADM) in Grades 8 through 12 of the preceding fiscal year. Schools with Grades 8-12 are to use the ACE Technology funds to purchase

technology equipment (primarily computers, computer wiring) in order to conduct on-line student testing required by the *Achieving Classroom Excellence Act of 2005*.

### **Adult Education Matching**

In order to establish or maintain Adult Education and Literacy programs that will enable adults to acquire the basic literacy skills needed to function effectively as workers, parents, and citizens, to complete secondary school, and to become more employable, productive, and responsible citizens, \$2,315,297 has been appropriated by the Legislature for the 2009-10 school year to match a portion of federal funds appropriated for this purpose.

### **Advanced Placement Incentives**

During 2009-10, \$3,111,169 will be available for the purpose of expanding the Advanced Placement program in Oklahoma. Funds will be used for professional development, course materials, and school incentives.

### **Alternative and High Challenge Education**

Revenue is distributed through the State Board of Education for students who are at-risk of not completing a high school education. For 2009-10, the Legislature appropriated \$19,378,231 for alternative education programs including those funded through competitive grants as well as the Statewide Alternative Academy programs. Programs include stand-alone schools, multidistrict cooperatives, evening programs, alternative classrooms, programs providing targeted services to high challenge children, and a truancy program in a large urban county.

### **Driver Education**

Revenue is appropriated by the Legislature and allocated to school districts as a reimbursement for providing a driver education program during the preceding school year. Courses offered during (1) the regular school day, (2) the summer, or (3) on Saturday will be reimbursed at \$82.50 per pupil. Courses offered before or after the regular school day will be reimbursed at \$95 per pupil.

### **Flexible Benefit Allowance (Certified and Support Personnel)**

The purpose of the Flexible Benefit Allowance (FBA) is to furnish school district employees with choices about insurance benefits or cash compensation. Flexible benefit allowance means amounts credited by the school district for each school district employee for the purpose of benefits under the cafeteria plan. For the 2009-10 school year, the FBA for certified personnel taking insurance with the district will be equal to 100 percent (100%) of the HealthChoice (Hi) option; but, for certified employees not taking insurance, the "In Lieu of FBA" amount is \$69.71 a month. The FBA for full-time support employees taking insurance with the district will be equal to 100 percent (100%) of the HealthChoice (Hi) option; but, for support employees not taking insurance, the "In Lieu of FBA" amount is \$189.69 a month. The 2009-10 appropriation for certified staff exceeded \$218 million; the appropriation for support staff exceeded \$97 million.

### **Foundation and Salary Incentive Aid**

Revenue is distributed through the state aid formula as administered by the State Board of Education. This source of appropriated funding is the primary funding provided to Oklahoma school districts.

### **Mentor Teacher Stipend**

Revenue is appropriated by the Legislature for classroom teachers responsible for providing guidance and assistance to a beginning year teacher. The statute specifies a stipend of not more than \$500. However, based on

available appropriated funds and the number of qualifying mentor teachers, the stipend will be prorated, as in past years.

### **Middle School Mathematics Laboratories**

For 2009-10, \$2.5 million is appropriated for funding middle school mathematics laboratories pursuant to 70 O.S. § 1210.558.

### **Oklahoma Parents as Teachers**

For 2009-10, \$2,045,709 was appropriated for the Parent Training Program (Oklahoma Parents as Teachers [OPAT] – 70 O.S. § 10-105.3). The OPAT program is designed to foster an early partnership between home and school to support parents in preparation for their children’s formal years of schooling. The program serves families with children from birth to aged three and is designed to maximize a child’s overall development.

### **Professional (Staff) Development on ADA Basis**

A line-item appropriation from the Legislature is distributed on an average daily attendance basis to all districts for the exclusive purpose of professional development of all certified and licensed teachers and administrators.

### **Professional (Staff) Development for Reading Sufficiency Act**

The Legislature also appropriates funds under the Staff Development line-item for the Reading Sufficiency Act. Part of this line item, Part A, includes appropriated funds designated for school districts on a reimbursement basis. Under this act, students enrolled in the first, second, and third grades shall be assessed at the beginning of the school year and throughout the school year for the acquisition of reading skills. Students not reading at the appropriate grade level will be provided with a program of reading instruction and will be provided reading remediation. Districts may receive up to \$150 for each enrolled first-, second-, and third-grade student of the current school year who is on a program of reading instruction.

Districts also may be reimbursed up to \$400 for each student completing third grade who is found not to be reading at the third-grade level and who participates in a summer reading remediation program. The program must be taught by teachers who have successfully completed a professional development institute in reading administered by the Oklahoma Commission for Teacher Preparation or a scientifically-based reading professional development program administered by the State Board of Education, or teachers who are certified reading specialists. The program must be a minimum of four weeks, and held four days each week for a least one-half day each day.

### **Purchase of Textbooks**

Purchase of textbooks is an operating expense, and the amount of funds available to a particular school district through the appropriations for textbook support is unrelated to its revenue-raising capacity, types of pupils, or other characteristics. Textbook monies are sent directly to schools based upon a district’s Average Daily Attendance multiplied by \$55 (70 O.S. § 16-114a). If sufficient funding is not available, the \$55 amount will be prorated. One percent (1%) of the Textbook appropriation will be retained by the Oklahoma State Department of Education (SDE) to increase funding for growth districts in January. If the increased ADA times \$55 is greater than the retained amount, the additional allocation for the growth districts will be prorated. School districts are faced with ever-increasing costs of textbooks annually. Of your textbook allocation, 20 percent (20%) may be used to purchase books not adopted by the State Textbook Committee, or for the rebinding of textbooks.

### **School Consolidation Assistance Fund**

For 2009-10, from the Oklahoma Education Lottery Trust Fund, \$3,168,725 or so much thereof as necessary for transfer to the School Consolidation Assistance Fund. School districts that consolidate are provided additional funds to ease the transition and costs incurred by the act of consolidating. Once a capped amount of \$5 Million is reached in this fund, excess monies are allocated for ACE Technology (see page 13).

### **School Lunch—State Matching**

Revenue is appropriated by the Legislature for the purpose of matching a portion of the federal funds expended by school districts for student lunches.

### **School/Community Network for Arts-in-Education**

Grant or contractual revenue is distributed through the State Board of Education to help provide students, K-12, access to all the arts, including music, art, drama, and dance. This access is provided through specific components of the Arts-in-Education program including: (1) Arts Education—skill development in a specific art form; (2) Arts in Basic Education—infusion of the arts into other basic skills; and (3) Specialized Arts—the use of arts to reach the special learner, both gifted children and youth with disabilities. These grants will also allow school districts to design and implement arts assessment strategies as required by 70 O.S. § 1210.508.

Grant Awards: Approximately \$113,000 will be available to support Arts-in-Education/Arts Assessment programs for the 2009-10 school year. The Oklahoma State Department of Education expects to fund up to forty (40) school district awards ranging from \$2,500 to \$4,500.



**"STATE AID" IN THE BANK**  
 (Foundation and Salary Incentive Aid)  
 Electronic Funds Transfer Dates  
 (Target Date for Payment is **Bold and Outlined**)

JULY 2009*						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

\*(No Scheduled State Aid Payments in July)

JANUARY 2010						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	<b>14</b>	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

AUGUST 2009						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	<b>13</b>	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

FEBRUARY 2010						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	<b>11</b>	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

SEPTEMBER 2009						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	<b>17</b>	18	19
20	21	22	23	24	25	26
27	28	29	30			

MARCH 2010						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	<b>11</b>	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

OCTOBER 2009						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	<b>15</b>	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

APRIL 2010						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	<b>15</b>	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

NOVEMBER 2009						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	<b>12</b>	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

MAY 2010						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	<b>13</b>	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

DECEMBER 2009						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	<b>17</b>	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

JUNE 2010 (Pmt. Range: June 17 to June 22)						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	<b>17</b>	18	19
20	21	<b>22</b>	23	24	25	26
27	28	29	30			

**Tentative Payment Schedule  
Foundation and Salary Incentive Aid (State Aid)**

<u>Month</u>	<u>Percentage</u>	<u>Accumulated Percentage</u>	<u>Month</u>	<u>Percentage</u>	<u>Accumulated Percentage</u>
July	0%	0%	January	9%	54%
August	8%	8%	February	9%	63%
September	10%	18%	March	9%	72%
October	9%	27%	April	9%	81%
November	9%	36%	May	10%	91%
December	9%	45%	June	9%	100%

To calculate the state aid payment each month, multiply the accumulated percentage (see chart above) by the most recent allocation, then subtract the amount paid to date. The result is the amount of payment for any given month.

Example: The accumulated percentage for September's state aid is 18 percent (18%); (August 8% + September 10%). Multiply your district's most recent allocation x 18%, subtract the amount already paid to date, and the result will be the payment amount for September.

**CHART NO. 4**

**OKLAHOMA STATE DEPARTMENT OF EDUCATION  
COMMON EDUCATION APPROPRIATIONS**

<b>ACTIVITY</b>	<b>2008-09 APPROPRIATIONS</b>	<b>2009-10 APPROPRIATIONS</b>	<b>DIFFERENCE</b>
Academic Achievement Awards	\$ 2,595,000	\$ 4,962,340	\$ 2,367,340
ACE Remediation	8,617,800	8,617,800	0
Adult Education Matching	2,315,297	2,315,297	0
Advanced Placement Incentives	3,111,169	3,111,169	0
AG in the Classroom	43,788	43,788	0
Alternative and High Challenge Education	19,378,231	19,378,231	0
Certified Employee Health Benefit Allowance	190,203,545	218,503,545	28,300,000
Charter Schools Incentive Fund	50,000	50,000	0
Community Education Grants	40,000	0	(40,000)
*Driver Education	442,547	442,547	0
Early Childhood Initiative	10,000,000	10,000,000	0
Early Intervention	16,260,919	16,323,919	63,000
Education Leadership Oklahoma	16,505,307	14,137,967	(2,367,340)
Financial Support of Schools	2,035,970,233	1,882,300,431	(153,669,802)
Instructional, Cooperative and Technological Educ.	135,017	485,017	350,000
Mentor Teacher Stipend	700,000	700,000	0
Middle School Mathematics Laboratories	2,500,000	2,500,000	0
Oklahoma Ambassador of Teaching	33,277	33,277	0
Oklahoma Parents as Teachers	2,045,709	2,045,709	0
Purchase of Textbooks and Instructional Materials	33,000,000	33,000,000	0
Recreation Therapy Grants	35,000	35,000	0
Robotics Program	100,000	100,000	0
Rural Infant Stimulation Environment Program	150,000	600,000	450,000
School Lunch Matching	4,424,288	4,601,288	177,000
**School Lunch Programs	359,000	359,000	0
School/Community Network/Arts-in-Education	113,379	113,379	0
School Consolidation Assistance Fund	3,461,325	3,168,725	(292,600)
Special Education Litigation ( <i>H.B. 1355, 2008 Leg. Session</i> )	200,000	0	(200,000)
Staff Development	17,630,174	16,330,174	(1,300,000)
Summer Arts Institute	447,076	447,076	0
Support Personnel Health Benefit Allowance	97,006,230	97,006,230	0
Teachers' Retirement Credit	35,311,375	35,311,375	0
Teachers' Retirement System of Oklahoma (TRS)	3,461,325	3,168,725	(292,600)
<i>State Department of Education (Agency, The Wave, Student Testing Contracts)</i>	24,255,542	24,255,542	0
<i>Duties imposed upon the State Board of Education (H.B. 1137)</i>	800,000	0	(800,000)
<i>Educ. Stabilization Component/Amer. Recovery &amp; Reinvest. Act (ARRA)</i>	0	167,559,651	167,559,651
<b>SUBTOTAL</b>	\$ 2,531,702,553	\$ 2,572,007,202	\$ 40,304,649
<b>**Driver Education (Revolving Fund)</b>	900,000	900,000	0
<b>BUDGET TOTAL</b>	\$ 2,532,602,553	\$ 2,572,907,202	\$ 40,304,649

\*House Bill 1420 (1997-98) initiated a revolving fund for Driver Education.

\*\*For 2008-09 and 2009-10, the amount shown for School Lunch Programs (\$359,000) is for SDE use only: Maintenance of Effort.



**Examples of  
Oklahoma Cost Accounting System (OCAS) Coding**



**TEXTBOOKS  
CODING FOR STATE FUNDING: PROPER USE OF PROJECT 333**

Title 70, Section 16-102, Paragraph B. states: . . . *“Textbooks,” as used in Sections 16–101 through 16–124 of this title, means instructional materials that are designed for use by pupils as a learning resource. Instructional materials may be printed or nonprinted and may include textbooks, technology based and other educational materials. Technology-based materials do not include the equipment required to make use of those materials.*

**FOR REVENUE**

**STATE TEXTBOOK.** Revenue appropriated by the Legislature and allocated to the LEA for the purchase of student textbooks including freight and cartage.

**Project 333 Source of Revenue 3420  
Year-Fund-Project-Source-Program-Unit  
0-11-333-3420-000-xxx**

**FOR EXPENDITURES**

**STATE TEXTBOOK.** Expenditure of funds appropriated by the Legislature and allocated to the LEA for the purchase of student textbooks including freight and cartage.

**Use of Project 333 with:**

- **Object 643** will be used with Project Code 333 when coding expenditures for any item on the state-adopted textbook lists. (At least 80 percent of allocation must be spent on these approved books.)  
Year-Fund-Project-Function-Object-Program-Subject-Job-Oper. Unit  
**0-11-333-1000-643-xxx-xxxx-xxx-xxx**

**NO MORE THAN 20 PERCENT OF THE STATE ALLOCATION MAY BE SPENT ON:**

- **Object 644** will be used with Project Code 333 when coding expenditures for any supplemental textbooks (Nonstate-adopted).  
Year-Fund-Project-Function-Object-Program-Subject-Job-Oper. Unit  
**0-11-333-1000-644-xxx-xxxx-xxx-xxx**
- **Object 645** will be used with Project Code 333 when coding expenditures for any nonstate-adopted workbooks.  
Year-Fund-Project-Function-Object-Program-Subject-Job-Oper. Unit  
**0-11-333-1000-645-xxx-xxxx-xxx-xxx**
- **Object 646** will be used with Project Code 333 when coding expenditures for any binding and repair of textbooks only.  
Year-Fund-Project-Function-Object-Program-Subject-Job-Oper. Unit  
**0-11-333-1000-646-xxx-xxxx-xxx-xxx**

**IF LOCAL MONEY IS USED:**

**Use of Project 000 with:**

- **Object 643** will be used with Project Code 000 when local money is used to purchase textbooks from the state-adopted list.  
Year-Fund-Project-Function-Object-Program-Subject-Job-Oper. Unit  
**0-11-000-1000-643-xxx-xxxx-xxx-xxx**
- **Object 646** will be used with Project Code 000 when using local money to repair library books or textbooks.  
Year-Fund-Project-Function-Object-Program-Subject-Job-Oper. Unit  
**0-11-000-1000-646-xxx-xxxx-xxx-xxx**

**Example: State Allocation \$22,600**

<b>Spend:</b>	State-Adopted Textbooks \$20,300	Rebinding \$800	Other Textbooks \$1,500	\$20,300 1,500 <u>800</u> \$22,600	State-adopted books Supplemental Textbooks (Nonstate adopted) Rebinding
<b>OCAS Expenditure:</b>	Project 333 Function 1000	Project 333 Function 1000	Project 333 Function 1000		
<b>Object</b>	(Dependent on computer software or software license; see Oklahoma Cost Accounting System manual as appropriate.)				



**FEDERAL SOURCES OF REVENUE FOR SCHOOL DISTRICTS**  
***IMPORTANT: Federal funds must be used to supplement and may not supplant state and local funds.***

The principal sources of federal revenues are as follows:

IDEA-(Subparts)	<b>Other Federal Sources:</b>
National School Lunch Program	Adult Basis Education
Child and Adult Care Food Program	Career-Technology Reimbursement
School Breakfast Program	Indian Services/Johnson O'Malley
Special Milk Program	Technology Education
Summer Food Service Program	
After School Snack Program	
Fresh Fruit/Vegetable Program	<b>American Recovery and Reinvestment Act of 2009</b>
No Child Left Behind	<b>(ARRA):</b>
Reading First	ARRA – Child Nutrition
Title I	ARRA – IDEA (Subparts)
Title II (Training High Quality Teachers/Principals)	ARRA – Title I
Title III (English Language Instruction)	ARRA Stabilization Funding: State Aid Formula
Title VI-Part A (Safe and Drug Free Schools)	
Title V (Innovative Programs)	
Title VI (Rural Education Achievement Program [REAP])	
Title VIII (Impact Aid)	

On the average, only about eleven percent (11%) of the money received by school districts in Oklahoma comes from federal government sources. For some districts it is substantially more than that; for most school districts it is a key element in their budgets.

There is hardly any federal program that does not require some initiative on the part of local districts for obtaining funds. The State Department of Education is available to work with local school districts in the development of applications, preparation of reports, and overseeing other activities related to the receipt of federal funds.

**IDEA-2004 (Individuals with Disabilities Improvement Education Act)**  
**(P.L. 108-446)**

This large and visible federal support program for children with disabilities includes a variety of special education services. IDEA is well-known to most public school officials. The federal government not only supplies funds, but it sets many legal requirements that make it necessary for public schools to provide appropriate educational services on an individual basis for children who have disabilities; this includes children with significant disabilities. The costs of such programs often exceed the amount of funds that are available through federal and state sources combined.

**IDEA-2004 (Section 619, Preschool)**  
**(P.L. 108-446)**

This program provides additional federal funding for children with disabilities, aged three through five. Children must qualify for services under the requirements of both the IDEA and the Policies and Procedures for Special Education in Oklahoma, 2007. Federal regulations require that public schools provide a free and appropriate public education (FAPE) for children who have been identified with a disability.

### **National School Lunch Program**

The National School Lunch Program (NSLP) was established in 1946 to safeguard the health and well-being for the nation's children and to encourage the consumption of agricultural abundance. The objectives of the program are (1) to make available to all students a lunch that is nutritionally adequate and acceptable, (2) to provide assistance to participants to ensure that minimum meal requirements are met, and (3) to ensure that all programs are accountable. This program requires some matching money from the state.

### **Child and Adult Care Food Programs**

Any public or nonprofit institution, including school districts, that provide care for children or adults during the day, may apply for the Child and Adult Care Food Programs (CACFP). Profit institutions that have 25 percent (25%) of their participants receiving Title XX or Title XIX benefits or that have 25% of their participants receiving free or reduced-price meal benefits may also apply. In Oklahoma, only a few school districts have day care centers that participate in the CACFP. The program is supported 100 percent (100%) with federal funds.

### **School Breakfast Program**

Federal funds are provided for the support of breakfasts served in public schools. Every school district is eligible for this program and about 96.5 percent (96.5%) currently participate. The program is supported 100 percent (100%) with federal funds.

### **Special Milk Program**

Federal funds are provided for the support of the Special Milk Program for students in Oklahoma schools. The program is supported 100 percent (100%) with federal funds and serves split-session prekindergarten and kindergarten students who do not have access to the National School Lunch or School Breakfast programs.

### **Summer Food Service Program**

Children need good food all year long, even when they are not in school. The Summer Food Service Program provides healthy meals to children aged 18 and younger, free of charge, when school is out. Any public or private nonprofit organization, where the area the meals are served has at least 50 percent (50%) of its children qualifying for free or reduced-price meals, can apply. Most sponsors are approved to receive reimbursement for up to two (2) meal services per day. The program is supported 100 percent (100%) with federal funds.

### **After School Snack Program**

The After School Snack Program authorizes reimbursement to be paid for snacks served to children through the age of 18, who participate in programs organized to provide after-school care. Any public or private nonprofit school, that is already participating in the National School Lunch Program, may apply. The program is supported 100 percent (100%) with federal funds.

### **Fresh Fruit/Vegetable Program**

The Fresh/Fruit Vegetable Program provides all children in participating elementary schools with a variety of free fresh fruits and vegetables throughout the school day. It is an effective and creative way of introducing fresh fruits and vegetables as healthy snack options, outside the normal lunch or breakfast meal service. Any elementary

site with at least 50 percent (50%) of its enrollment qualifying for free or reduced-price meals is eligible to apply. The program is supported 100 percent (100%) with federal funds.

### **No Child Left Behind**

The *No Child Left Behind Act of 2001* is the reauthorization of the Elementary and Secondary Education Act of 1965 (ESEA). It incorporates major reforms particularly in the areas of assessment, accountability, and school improvement. The law requires states to develop standards in reading and math, and assessments linked to those standards for all students in Grades 3-8. In addition, high school students must be assessed one time in reading/language arts and mathematics. In addition, the law requires states to develop standards in science and assessments linked to those standards for students in elementary, middle, and high school. States also must develop annual adequate yearly progress (AYP) objectives—disaggregated by student groups based on poverty, race and ethnicity, disability, and limited English proficiency—that will result in all students achieving proficiency in reading and mathematics within 12 years.

### **Reading First**

Reading First is a federal program established as a part of the *No Child Left Behind Act of 2001* (NCLB). Its primary goal is to ensure that all children in United States schools learn to read well by the end of the third grade. States apply for funds to establish research-based reading programs for students in Kindergarten through Grade 3 (K-3) and to prepare classroom teachers to effectively screen, diagnose, and make instructional decisions using classroom-based reading assessments. In addition, states' grants provide for increased teacher professional development to ensure that all K-3 teachers, as well as all special education teachers, have the skills they need to teach reading effectively.

### **Title I**

Title I of the *No Child Left Behind Act of 2001* is the largest of the federal education programs. The purpose of Title I is to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic achievement standards and state academic assessment, which in Oklahoma is based on *Priority Academic Student Skills (PASS)*. The eligibility qualification for schools is the number of children in poverty, determined either by census poverty or free and reduced-price lunch eligibility, residing in the district.

The largest of the Title I programs is Title I-Part A, Improving Basic Programs Operated by Local Educational Agencies (LEAs), which provides funds to improve the educational performance of low-achieving children in high-poverty schools. For 2009-2010, Oklahoma will receive approximately \$161 million to fund Parts A, D, and F. Almost every school district in Oklahoma is eligible for funds through Title I-Part A. Title I also funds several other programs: Part B, Subpart 1, Reading First and Part B, Subpart 2, Even Start Family Literacy programs; Part C, Education of Migratory Children; Part D, Prevention and Intervention programs for Youth who are Neglected, Delinquent, or At Risk; and Part F, Comprehensive School Reform.

Part F of Title I provides the system of school support. This is a comprehensive system including School Support Teams that assist schools in strengthening instructional programs to improve student achievement for Title I schools. Support is provided on-site and through the Oklahoma State Department of Education's statewide Title I videoconference network.

### **Title II (Improving Teacher and Principal Quality)**

Title II-Part A, Improving Teacher and Principal Quality, of the *No Child Left Behind Act of 2001* which amended the Elementary and Secondary Education Act of 1965, is a formula grant program. Under this program,

funds are made available to support and help shape state and district activities that aim to improve teacher quality and increase the number of highly qualified teachers and principals. The purpose of Title II-Part A is to increase the academic achievement of all students by helping to improve teacher quality. The program focuses on using practices grounded in scientifically based research to prepare, train, and recruit high-quality teachers. Districts may select from several strategies that best meet their particular needs. A district must assure that it will target program funds to schools that have the lowest proportion of highly qualified teachers, have the largest average class size, or are identified for school improvement under Title I, section 1116(b). Districts must further assure that they will provide for the equitable participation of eligible private nonprofit school children and teachers.

### **Title III (English Language Acquisition, Language Enhancement, and Academic Achievement)**

Grants are provided to help ensure that children who are limited English proficient, including immigrant children and youth, attain English proficiency, develop high levels of academic attainment in English, and meet challenging academic content and achievement standards.

### **Title IV (Safe and Drug-Free Schools and Communities Act)**

The purpose of the *Safe and Drug-Free Schools and Communities Act (SDFSCA)* is to support programs for the prevention of violence in and around schools and to strengthen programs that prevent the illegal use of alcohol, tobacco, and other drugs. Title IV-Part A funds for local education agencies are to be used for student and staff substance abuse prevention education and violence prevention, using research-based curriculum. Other allowable uses included: professional staff development, parent education training, student drug testing, school safety and security measures and coordination of activities related to illegal drugs, tobacco prevention, alcohol prevention education, and suicide prevention. A coordination of efforts through community links, other public and nonprofit agencies, and youth service organizations is important in the planning and development of strong and effective prevention programs for youth. State and local entities are accountable for achieving measurable results.

Local education agencies must consult, on an ongoing basis, with state and local governments, school representatives, parents, teachers, students, community-based organizations, and others in the development of applications as well as the design and implementation of prevention education programs and activities with Title IV funding.

In addition, recipients of Title IV-Part A funding must follow the six “Principles of Effectiveness” which were developed by the United States Department of Education as a framework for the planning, implementation, and evaluation of local Title IV-Part A programs. The “Principles of Effectiveness” require programs and activities to:

- (1) Be based on a needs assessment of objective data regarding the incidence of violence and illegal drug use in the schools and communities;
- (2) Be based on an established set of performance measures to meet those needs for a safe and drug-free learning environment;
- (3) Be based on scientifically-based research demonstrating that the program being used will reduce violence and illegal drug use;
- (4) Be based on research demonstrating the effectiveness of the program(s) used;
- (5) Be based on an analysis of data of the prevalence of risk and protective factors, buffers, and assets; and,
- (6) Include meaningful and ongoing consultation and input from parents in the development of the application and administration of the program or activity.

State and local entities must collect data on an ongoing basis, through assessments and evaluation activities. All assessment efforts must include data regarding illegal drug usage and violence which is reported electronically annually to the State Department of Education.

### **Title V (Innovative Programs)**

Title V-Part A, Innovative Programs, of the *No Child Left Behind Act of 2001* (ESEA of 1965) provides formula grant funds to states and districts for innovative educational programs. The district may choose an activity from an array of program options based on the needs of the district. The Title V program contains certain requirements for the use of funds. The innovative assistance program selected must be tied to promoting challenging academic achievement standards, used to improve student academic achievement, and part of an overall education reform strategy.

### **Title VI (Rural Education Achievement Program [REAP])**

Title VI is a federal formula grant administered by the State Department of Education. The purpose of the program is to provide financial assistance to rural districts to assist them in meeting their state's definition of adequate yearly progress (AYP). Applicants do not compete, but rather are entitled to funds if they meet basic eligibility requirements. Eligibility is restricted by statute.

The Rural Education Achievement Program (REAP) is designed to assist rural school districts in using federal resources more effectively to improve the quality of instruction and student academic achievement. It consists of two separate programs—the Small, Rural School Achievement (SRSA) program and the Rural and Low-Income Schools (RLIS) program.

The SRSA program provides eligible local educational agencies (LEAs) with greater flexibility in using the formula grant funds received under certain state-administered federal programs. It also authorizes formula grant awards directly to these LEAs to support a wide range of local activities that support student achievement.

The RLIS program authorizes formula grant awards to state educational agencies (SEAs), which in turn, make subgrants to eligible LEAs either competitively or by formula. LEAs may use RLIS funds to support a broad array of local activities to support student achievement.

An LEA that is eligible to participate in the SRSA program may not receive funding under the RLIS program.

### **Title VIII (Impact Aid)**

One of the most widely discussed general assistance federal programs is that of Impact Aid (Elementary and Secondary Education Act (ESEA) Title VIII). From its beginning during World War II until now, it has been directed to the alleviation of the problems of school districts that are heavily impacted by federal installations or institutions. Often districts are confronted with the responsibility of educating many additional pupils because of the federal institution. Because it is a federal enterprise, it pays no taxes. Impact Aid is provided to replace that loss to school districts.

This program is the only current federal assistance program in which funds are provided without stringent regulations. These funds can be placed in the general fund or building fund of the school district and can be used for capital expenditures or operational purposes. Generally, the district must have at least three percent or 400 of their student population (average daily attendance) connected to the federal property, either by living on it or having parents employed on it. Impact Aid allocations are based on a formula using attendance ratios.

The *Impact Aid Reauthorization Act of 2000* has provided a minimum grant to small school districts with fewer than 1,000 children and a per pupil expenditure less than the state or national average. Small districts would be guaranteed a payment of no less than 40 percent of what they would receive if the program were fully funded. There are 138 schools benefiting from the small school factor.

In the 1994 formula change, Civilian B student eligibility was restricted. To be eligible for this category, the district must have at least 1,000 of these students or ten percent of the district's average daily attendance must fall

within this category. This caused a tremendous funding impact on Oklahoma because these children represent the largest number of federally connected students in our state. Fortunately for Oklahoma, even though the eligibility criteria has not changed under the new reauthorization, the student weight for these children increased from .10 to .20, thus providing additional revenues to many districts.

### **Title X (Education for Homeless Children and Youth)**

Title X-Part C (No Child Left Behind) is applicable to local school districts that serve students experiencing homelessness. The *McKinney-Vento Act* defines homeless children and youth (*twenty-one years of age or younger*) as **children and youth who**: (1) lack a fixed, regular, and adequate nighttime residence; (2) share the housing of other persons due to the loss of housing, economic hardship, or a similar reason; (3) live in motels, hotels, trailer parks or camping grounds due to the lack of alternative adequate accommodations; and, who live in cars, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; (4) live in a public or private place not designed or ordinarily used as a regular sleeping accommodation for human beings; (5) are abandoned in hospitals, or (6) awaiting foster care placement; and (7) are migratory children who qualify as homeless because they are living in circumstances described above.

The term “unaccompanied youth” includes youth not in the physical custody of a parent or guardian and living in much the same circumstances as described above, as well as youth denied housing by their families, and school-age unwed mothers, living in homes for unwed mothers, who have no other housing available.

### **American Recovery and Reinvestment Act of 2009 (ARRA)**

On February 17, 2009, President Obama signed this stimulus plan into law. As a part of the nation’s economic recovery strategy, this stimulus funding includes a significant investment in Pre K-12 and higher education aid for Oklahoma. These funds will help boost Oklahoma’s economy and present an opportunity for increased student achievement. Three areas were targeted to receive ARRA stimulus funds: Child Nutrition, IDEA (Special Education), and Title I.

In addition to the ARRA stimulus funding, more than \$167 million in ARRA Education stabilization funding was appropriated in House Bill 1137 (2009 legislative session) for distribution to Oklahoma’s school districts through the state aid formula. School districts will be paid on a reimbursement basis as they decide how these funds will be used locally.

### **Other Miscellaneous Federal Revenues**

In addition to the programs mentioned above, there are federally assisted programs for Adult Basic Education, Career-Technology Reimbursements, Indian Services/Johnson O’Malley, Technology Education, and several others. The amounts of federal funding coming to the state for these programs are generally less than those for the major assistance programs.

## **SECTION II**

# **STATE AID FORMULA for OKLAHOMA SCHOOL DISTRICTS**



## SECTION II

### STATE AID FORMULA CALCULATION

When the Legislature adopted new formulas for the distribution of state money in 1981, and amended those formulas in 1989 and 1996, it committed itself to several principles. One of these is often called “vertical equity.” That principle is simply an effort to recognize that the costs of providing education vary with students and with districts. Some students, who have one or more disabilities, may not receive an equal educational opportunity unless more money is spent on them than for nondisabled students. Such a need has long been recognized in Oklahoma through special supplements that school districts have received to support special education services.

It is equally true that various conditions within many school districts lead to higher expenses in the delivery of education to their pupils than in other districts. For example, the costs of education are greater in a district with a small number of pupils for each teacher. Additionally, if teachers’ salaries are inordinately high due to a concentration of salaries at the high end of the salary schedule, the costs for the school district are greater than would be the case in a district which has a high percentage of its teachers at the lower levels of its salary schedule.

#### Changes In Formula

**The premise of the latest formula changes that were enacted by the 1996 legislation and used for the 2008-09 school year is “current year funding using current year information.”**

- **School districts who are losing student enrollment will still have the “safety net” of using the highest year total weighted average daily membership (TWADM), second preceding year, preceding year, or first nine-week total weighted ADM.**
- **School districts cannot/will not lose formula funding because of a loss in students and their student characteristics. Funding may be reduced at midyear because of increased chargeables.**
- **The change implemented by 1998 legislation also designated two grade weights for Early Childhood: 0.7 for a half-day program and 1.3 for a full-day program.**
- **A full-day kindergarten grade weight of 1.5 was designated in 70 O.S. § 18-108 as amended during the 2005 legislative session.**

#### Pupil Weighting

The Legislature chose to consider the cost factors through pupil weighting. This concept has been around for more than 60 years. Many states adopted pupil weighting systems in the 1970s and on into the 1980s. Actually, Oklahoma has had a limited form of pupil weighting for many years. Prior to the adoption of new formulas, secondary pupils were weighted at 1.2 as opposed to 1.0 for elementary pupils. The assumption of such weight was that secondary education is somewhat more expensive to provide than is elementary education.

If the weighting system considered the varying conditions in each school district in the state regarding both pupils and districts, then all that would remain would be to apply the formulas that consider the wealth of the various districts. In a perfect equalization program, the revenue of every school district would be identical per weighted pupil unit. Such a program would mean that the weighting system was taking into full account the differences in the kinds of pupils in each district as well as individual district characteristics. It would not mean rigidity because the variation in revenue per pupil in average daily attendance or membership might well be substantial. It would simply mean that some districts would have greater numbers of weighted pupil units than others.

Whatever the theoretical base, the present formula calls for the determination of numbers of weighted pupil units as the first step in determining a given district’s eligibility for state-appropriated money. What follows is a description of the weights used in Oklahoma at the present time, along with an explanation of how the number of weighted pupils in a given district is determined. The complexity of the formula makes it difficult for a local school district to easily calculate state aid at the district level. However, the formula has been presented in the next few pages using a step-by-step format to make the calculations easier to understand.

## STATE AID FORMULA COMPONENTS

### CHANGES IN STATE AID FORMULA

FROM: 2008-09 ( <i>End of year</i> )		TO: 2009-10 ( <i>**Beginning of year</i> )
Foundation Aid:		
Weighted ADM* Factor	\$1,667.00	Weighted ADM* Factor**
		\$1,617.00
		Weighted ADM* Factor***
		\$1,690.00
Transportation Factor	1.39	Transportation Factor
		1.39
Salary Incentive Aid:		
Weighted ADM*		Weighted ADM*
Incentive Aid Factor	\$80.43	Incentive Aid Factor**
		\$75.31
		Incentive Aid Factor***
		\$80.06

\*ADM = Average Daily Membership

\*\*Factor without Stabilization Component of the American Recovery and Reinvestment Act of 2009 (ARRA)

\*\*\*Factor with Stalization Component of the American Recovery and Reinvestment Act of 2009 (ARRA)

### FOUNDATION AND SALARY INCENTIVE AID COMPONENTS: STATE AID FORMULA 2009-10

**The same components are used in both the Foundation and Salary Incentive Aid parts of the State Aid Formula. Weighted ADM is based on the following:**

1. Raw Average Daily Membership
2. Weighted ADM Calculation
  - a. Pupil Grade Level
  - b. Pupil Category
  - c. District Calculation
    1. Small school district formula
    - or
    2. District sparsity-isolation formula
  - d. Teacher Index

#### **Base Support Factors**

Foundation Aid Factor: \$1,617 (\$1,690 with ARRA) x Weighted ADM

Incentive Aid Factor: \$75.31 (\$80.06 with ARRA) x Weighted ADM

Once a Weighted ADM is calculated for the 2007-08 data and for the 2008-09 data, whichever Weighted ADM is higher will be used for the initial, tentative allocation. The components will be collected and calculated again after the first nine weeks for a new nine-week Weighted ADM during the 2009-10 school year. Whichever year has the highest of the three Weighted ADMs will be used for the January final, tentative allocation.

## 2009-10 State Aid Formula

### 2007-08 Weighted ADM\*

FY08 Raw ADM x Grade Level Weight

#### Student Category Weights:

Special Education = October 1, 2007  
Gifted = October 1, 2007  
Bilingual = October 1, 2007  
Econ. Disadv. = October 2007

Teacher Index = November 2007

#### District Weights:

Small School Weight  
using final 2008 Raw ADM  
or  
Isolation Weight  
using final 2008 Raw ADM

---

**Total 2007-08 Weighted ADM\*\***

### 2008-09 Weighted ADM

FY09 Raw ADM x Grade Level Weight

#### Student Category Weights:

Special Education = October 1, 2008  
Gifted = October 1, 2008  
Bilingual = October 1, 2008  
Econ. Disadv. = October 2008

Teacher Index = November 2008

#### District Weights:

Small School Weight  
using final 2009 Raw ADM  
or  
Isolation Weight  
using final 2009 Raw ADM

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**Total 2008-09 Weighted ADM\*\***

\*ADM=Average Daily Membership

\*\*The higher of the two totals is to be used for the 2009-10 initial allocation in July.

## 2009-10 Weighted ADM

First Nine-Week Raw ADM x Grade Level Weight

#### Student Category Weights:

Special Education = October 1, 2009  
Gifted = October 1, 2009  
Bilingual = October 1, 2009  
Econ. Disadv. = October 2009

Teacher Index = November 2009

#### District Weights:

Small School Weight using 2009-10 First Nine-Week Raw ADM  
or  
Isolation Weight using 2009-10 First Nine-Week Raw ADM

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**Total 2009-10 First Nine-Week Weighted ADM\*\*\***

\*\*\*The highest of the three totals is to be used for the 2009-10 allocation in January 2010.

## FOUNDATION AND SALARY INCENTIVE AID CALCULATION

A. Calculation of Weighted ADM for each year to be considered.

1. Pupil Grade Level Weight Calculation

a. Raw ADM Calculation

- Source: State Department of Education Audit.
- (1) Review Audits.
  - (2) Using the Days of membership on audit, divide each grade's membership by the number of days taught.
  - (3) Add each grade average to compile Raw ADM.

b. Weighted Pupil Grade Level Calculation

- Source: Utilize computation of original ADM from Audit.
- Procedure: (1) Total each grade average based on the following categories and multiply (x) grade totals by the following weights.
- |  |       |                              |     |
|--|-------|------------------------------|-----|
| Early Childhood/PK 3*                              | 1.2   | Out of Home Placement (OHP): |     |
| Early Childhood/PK(Half Day)                       | 0.7   | OHP1                         | 1.5 |
| Early Childhood/PK (Full Day)                      | 1.3   | OHP2                         | 1.8 |
| Kindergarten (Half Day)                            | 1.3   | OHP3                         | 2.3 |
| Kindergarten (Full Day) <small>Beg. FY2006</small> | 1.5   | OHP4                         | 3.0 |
| 1 <sup>st</sup> – 2 <sup>nd</sup> grade            | 1.351 |                              |     |
| 3 <sup>rd</sup> grade                              | 1.051 | *3-year-olds with an "IEP"   |     |
| 4 <sup>th</sup> – 6 <sup>th</sup> grade            | 1.0   | Note: PK = Prekindergarten   |     |
| 7 <sup>th</sup> – 12 <sup>th</sup> grade           | 1.2   |                              |     |
- (2) Add each weighted pupil grade level category computed above. This figure will be the Weighted Pupil Grade Level Calculation.

Weighted Pupil Category Calculation

- Source: The Special Education Child Count form (October 1) and the Gifted and Talented Education Child Count Report (due by October 1) are collected each year. The students approved for free and reduced-price lunches in October are also considered. Bilingual counts are obtained from the October Accreditation Report.
- Procedure: (1) Multiply the number of students counted in each category by the weight assigned to those categories in the law. The weights are as follows:
- |           |      |                  |      |
|-----------|------|------------------|------|
| LD        | .40  | MR (EMH+TMR)     | 1.30 |
| HI (D+HH) | 2.90 | ED               | 2.50 |
| VI        | 3.80 | PH (OI + OHI)    | 1.20 |
| MH        | 2.40 | Gifted           | .34  |
| SI        | .05  | D/B              | 3.80 |
| Bilingual | .25  | Spec. Ed. Summer | 1.20 |
| TBI       | 2.40 | Economically     |      |
| Autism    | 2.40 | Disadvantaged    | .25  |
- (2) Add the weighted categories computed above. This figure will be the Weighted Pupil Category calculation.

Weighted District Calculation

- Source: Utilize the same year ADM to determine if district qualifies at less than 529 ADM.
- Procedure: (1) If ADM is less than 529, the following formula is used to compute this area. If district ADM is 529 or greater, go to Step 2.

$$\frac{\text{Same Year } 529 - \text{Raw ADM}}{529} = \underline{\hspace{2cm}} \times .2 = \underline{\hspace{2cm}} \times \frac{\text{Same Year Raw ADM}}{\text{Small School District Weight}} = \underline{\hspace{2cm}}$$

(2) District may qualify for district sparsity-isolation formula. Compute the following:

(a) If school district's total area in square miles \_\_\_\_\_ is greater than the state average area in square miles (131), go to next step and compute areal density. If district has less than state average area in square miles (131), go to paragraph "d" at the end of the Weighted District Calculation.

(b) Compute areal density: School district's same year Raw ADM \_\_\_\_\_ divided by district's total area in square miles \_\_\_\_\_ = \_\_\_\_\_  
District's Areal Density

If school district's Areal Density is less than 2.29, calculate the District Sparsity-Isolation Formula as follows in the next step. If district has an areal density of 2.29 or greater, proceed to paragraph "d" at the end of the Weighted District Calculation.

(c) Group the subtotals of the same year Raw ADM (unweighted) as follows:

Grades EC-5 \_\_\_\_\_ + 23 = \_\_\_\_\_ (Ca)

Grades 6-8 \_\_\_\_\_ + 133 = \_\_\_\_\_ (Cb)

Grades 9-OHP \_\_\_\_\_ + 128 = \_\_\_\_\_ (Cc)

Use these Grade Level Group amounts in the following formula:

1) 74 divided by ("Ca" from above) \_\_\_\_\_ = \_\_\_\_\_ + .85 = \_\_\_\_\_ x  $\frac{\text{EC-5 ADM}}{\text{EC-5 Cost Factor}}$  = \_\_\_\_\_

2) 122 divided by ("Cb" from above) \_\_\_\_\_ = \_\_\_\_\_ + .85 = \_\_\_\_\_ x  $\frac{\text{6-8 ADM}}{\text{6-8 Cost Factor}}$  = \_\_\_\_\_

3) 292 divided by ("Cc" from above) \_\_\_\_\_ = \_\_\_\_\_ + .78 = \_\_\_\_\_ x  $\frac{\text{9-OHP ADM}}{\text{9-OHP Cost Factor}}$  = \_\_\_\_\_

4) Sum 1 + 2 + 3 from above \_\_\_\_\_ divided by district's same year RAW ADM \_\_\_\_\_ = \_\_\_\_\_ - 1.00 = \_\_\_\_\_  
District Cost Factor

5) (District's Square Miles \_\_\_\_\_ - 131) divided by 131 = \_\_\_\_\_  
Area Factor

6) Multiply District Cost Factor (Line 4 above) \_\_\_\_\_ by the lesser of the Area Factor (Line 5 above) \_\_\_\_\_ or 1.00 = \_\_\_\_\_  
Isolation Factor

7) Multiply the Isolation Factor on line 6 times the same year Raw ADM \_\_\_\_\_ = \_\_\_\_\_  
Isolation Weight

(d) Select the greater weight of the Small School District Weight or the Isolation Weight and use that weight for the Weighted District Weight.

\_\_\_\_\_ Weighted District Weight

4. Weighted Teacher Index Calculation

Source: Refer to the latest Teacher Personnel Report to determine the number of teachers, degrees held, and total years of experience.

Procedure: (1) Compile information on each teacher by type of degree held and years of experience.  
 (2) Add the total number of teachers within each degree level (Bachelor's, Master's, Doctorate) and group them by the following years of experience.

<u>Years of Experience</u>	<u>"B" Degree</u>	<u>"M" or "MT" Degree</u>	<u>"D" Degree</u>
0-2	.7	.9	1.1
3-5	.8	1.0	1.2
6-8	.9	1.1	1.3
9-11	1.0	1.2	1.4
12-15	1.1	1.3	1.5
Over 15	1.2	1.4	1.6

- (3) Multiply (x) the total number of teachers in each degree and years of experience level by the following weights assigned by law.
- (4) Add (+) all of the weights computed for a total Degree Index.
- (5) Divide (÷) this total Degree Index by the total number of teachers (not FTE). This equals the Weighted Average District Teacher.
- (6) Subtract (-) the Weighted Average State Teacher (FY10 State Average is not available at this time) from Weighted Average District Teacher. This equals the School District Teacher Index.
- (7) Multiply (x) School District Teacher Index times 0.7. This computation (School District Factor) is then multiplied (x) by a partial Weighted ADM. (This partial Weighted ADM is the total of Grade Level Weight and Pupil Category Weight for Economically Disadvantaged.)
- (8) The final figure is the Teacher Index Weighted Calculation. The following formula is used for this computation.

$$\begin{aligned}
 &\text{Degree Index} \underline{\hspace{2cm}} \\
 &\div \text{No. of Teachers} \underline{\hspace{2cm}} = \text{Weighted Average District Teacher} \underline{\hspace{2cm}} \\
 &\text{(Round to 4 places)} \\
 &\text{Weighted Average District Teacher} \underline{\hspace{2cm}} \text{ (from above)} \\
 &(-) \text{Weighted Average State Teacher } \underline{1.0875} \text{ (Unknown FY10 State Average at this time; FY09 State Average is shown)} \\
 &= \text{School District Tchr. Index} \underline{\hspace{2cm}} \times .7 = \underline{\hspace{2cm}} \times (\underline{\hspace{2cm}} + \underline{\hspace{2cm}}) =
 \end{aligned}$$

Grd. Wtd. ADM    Econ. Dis. Wtd.

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**Weighted Teacher Index**

B. Compiling Individual Weighted Calculations to determine Total Weighted ADM.

Source: Use weighted totals compiled for Pupil Grade Level, Pupil Category, District Calculation, and Teacher Index.

Procedure: Add each of these weighted areas together. This figure is the Total Weighted ADM for computing the Foundation Program and the Salary Incentive Program in the State Aid Formula.

C. The Total Weighted ADM for 2009-10 is then multiplied by the Base Support Level of \$1,617 (\$1,690 w/ARRA) for the Foundation Program in the State Aid Formula.

D. The Transportation Supplement shall be equal to the average daily haul (ADH) times the per capita allowance times the appropriate transportation factor. **The ADH is the number of children in a district who are legally transported and who live one and one-half (1 ½) miles or more by commonly traveled road from the school attended.** Students living less than one and one-half (1½) miles from school may be transported, but shall not be counted in determining state aid.

The Area Served, which is the total square miles in each school district, is required for calculating the transportation supplement. For independent districts with an elementary transportation area, the area served is the total square miles in the district plus the total square miles in the assigned transportation area outside the independent district.

The district ADH of the preceding year, divided by the district Area Served will provide a Density Figure\*. Use the density figure in the chart below to determine the Per Capita Allowance.

ADH \_\_\_\_\_ x Per Capita Allowance \_\_\_\_\_ x Transportation Factor 1.39 (an appropriation level [factor] set by the Legislature) = Transportation Aid (transportation supplement) \_\_\_\_\_ for a school. The current formula transportation factor is 1.39 and has been unchanged in statute for many years.

The Per Capital Allowance is determined using the following chart (70 O.S. § 18-200.1 [D-2]):

DENSITY *FIGURE	PER CAPITA ALLOWANCE	DENSITY *FIGURE	PER CAPITA ALLOWANCE
.3000 - .3083	\$167.00	.9334 - .9599	\$99.00
.3084 - .3249	\$165.00	.9600 - .9866	\$97.00
.3250 - .3416	\$163.00	.9867 - 1.1071	\$95.00
.3417 - .3583	\$161.00	1.1072 - 1.3214	\$92.00
.3584 - .3749	\$158.00	1.3215 - 1.5357	\$90.00
.3750 - .3916	\$156.00	1.5358 - 1.7499	\$88.00
.3917 - .4083	\$154.00	1.7500 - 1.9642	\$86.00
.4084 - .4249	\$152.00	1.9643 - 2.1785	\$84.00
.4250 - .4416	\$150.00	2.1786 - 2.3928	\$81.00
.4417 - .4583	\$147.00	2.3929 - 2.6249	\$79.00
.4584 - .4749	\$145.00	2.6250 - 2.8749	\$77.00
.4750 - .4916	\$143.00	2.8750 - 3.1249	\$75.00
.4917 - .5083	\$141.00	3.1250 - 3.3749	\$73.00
.5084 - .5249	\$139.00	3.3750 - 3.6666	\$70.00
.5250 - .5416	\$136.00	3.6667 - 3.9999	\$68.00
.5417 - .5583	\$134.00	4.0000 - 4.3333	\$66.00
.5584 - .5749	\$132.00	4.3334 - 4.6666	\$64.00
.5750 - .5916	\$130.00	4.6667 - 4.9999	\$62.00
.5917 - .6133	\$128.00	5.0000 - 5.5000	\$59.00
.6134 - .6399	\$125.00	5.5001 - 6.0000	\$57.00
.6400 - .6666	\$123.00	6.0001 - 6.5000	\$55.00
.6667 - .6933	\$121.00	6.5001 - 7.0000	\$53.00
.6934 - .7199	\$119.00	7.0001 - 7.3333	\$51.00
.7200 - .7466	\$117.00	7.3334 - 7.6667	\$48.00
.7467 - .7733	\$114.00	7.6668 - 8.0000	\$46.00
.7734 - .7999	\$112.00	8.0001 - 8.3333	\$44.00
.8000 - .8266	\$110.00	8.3334 - 8.6667	\$42.00
.8267 - .8533	\$108.00	8.6668 - 9.0000	\$40.00
.8534 - .8799	\$106.00	9.0001 - 9.3333	\$37.00
.8800 - .9066	\$103.00	9.3334 - 9.6667	\$35.00
.9067 - .9333	\$101.00	9.6668 or more	\$33.00

Note: If annexation or annexations or area served makes necessary an additional unit of transportation, adjustments may be made upon the basis of ADH and Area Served during the first one-half of the current school year. School districts becoming eligible for transportation aid for the first time will be calculated on the basis of an adjustment at midyear. (OAC 210: 25-3-5)

E. Total Weighted ADM is then multiplied by the Incentive Aid Factor of \$75.31 (\$80.06 w/ARRA) for the Salary Incentive Aid in the State Aid Formula.

## TOTAL WEIGHTED ADM\*

### Foundation and Salary Incentive Aid Components

Raw ADM	_____
ADM Grade Weight	_____
Special Education Weight	_____
Gifted Weight	_____
Bilingual Weight	_____
Summer Program Weight	_____
Economically Disadvantaged Weight	_____
Small School Weight (#)	_____
Isolation Weight (#)	_____
Teacher Index	_____
<b>TOTAL WEIGHTED ADM</b>	<b>_____</b>

\*ADM = Average Daily Membership

# Uses Higher of Small School Weight or Isolation Weight in the Total Weighted ADM Formula

**RAW ADM  
WEIGHTED PUPIL GRADE LEVEL CALCULATION**

EC/PK 3*		EC/PK 3*		x	1.2	=	
EC/PK (Half Day)		EC/PK (Half Day)		x	.7	=	
EC/PK (Full Day)		EC/PK (Full Day)		x	1.3	=	
KG (Half Day)		KG (Half Day)		x	1.3	=	
KG (Full Day)		KG (Full Day)		x	1.5	=	
01		01 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
02		02 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
		<b>Total</b> <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span> x 1.351 = <span style="border-bottom: 1px solid black; display: inline-block; width: 50px;"></span>					
03		03 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span> x 1.051 = <span style="border-bottom: 1px solid black; display: inline-block; width: 50px;"></span>					
04		04 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
05		05 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
06		06 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
		<b>Total</b> <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span> x 1.0 = <span style="border-bottom: 1px solid black; display: inline-block; width: 50px;"></span>					
07		07 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
08		08 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
09		09 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
10		10 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
11		11 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
12		12 <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span>					
		<b>Total</b> <span style="border-bottom: 1px solid black; display: inline-block; width: 100px;"></span> x 1.2 = <span style="border-bottom: 1px solid black; display: inline-block; width: 50px;"></span>					
OHP1		OHP1		x	1.5	=	
OHP2		OHP2		x	1.8	=	
OHP3		OHP3		x	2.3	=	
OHP4		OHP4		x	3.0	=	
Original Raw ADM				Grade Level			
Grade Level Weight				Weighted ADM			

\*3-year-olds with an Individualized Education Program (IEP)

**WEIGHTS FOR WEIGHTED PUPIL CATEGORIES  
(70 O.S. § 18-109.5 and 70 O.S. 18-201.1)**

Learning Disabilities (LD) _____	x	.40	=	_____
Hearing Impaired (HI) _____ (Deaf + Hard of Hearing [HH])	x	2.90	=	_____
Vision Impaired (VI) _____	x	3.80	=	_____
Multiple Handicapped (MH) _____	x	2.40	=	_____
Speech Impaired (SI) _____	x	.05	=	_____
Mentally Retarded (MR) _____ (Educable Mentally Handicapped [EMH] + Trainable Mentally Retarded [TMR])	x	1.30	=	_____
Emotionally Disturbed (ED) _____	x	2.50	=	_____
Physically Handicapped (PH) _____ (Orthopedically Impaired [OI] + Other Health Impaired [OHI])	x	1.20	=	_____
Autism _____	x	2.40	=	_____
Traumatic Brain Injury (TBI) _____	x	2.40	=	_____
Deaf-Blind (D/B) _____	x	3.80	=	_____
Special Education Summer Program _____	x	1.20	=	_____
<b>Total Special Education Weight Calculation</b>				<b>_____</b>
<i>plus</i>				
Gifted _____	x	.34	=	_____
Bilingual _____	x	.25	=	_____
Economically Disadvantaged _____	x	.25	=	_____
<b>TOTAL WEIGHTED PUPIL CATEGORY CALCULATION</b>				<b>_____</b>

**WEIGHTED DISTRICT CALCULATION  
SIZE OF DISTRICT  
SMALL SCHOOL FORMULA**

$$\frac{\text{Raw ADM}}{529} = \frac{\text{Raw ADM}}{\text{Raw ADM}} \times .2 \frac{\text{Raw ADM}}{\text{Raw ADM}} \times \frac{\text{Same Year Raw ADM}}{\text{Raw ADM}} = \frac{\text{Small School District Weight}}{\text{Raw ADM}}$$

**DISTRICT SPARSITY-ISOLATION FORMULA**

A. If school district's total area in square miles \_\_\_\_\_ is greater than the state average area in square miles (131), go to next step and compute areal density. If district has less than state average area in square miles (131), go to paragraph "D" at the end of the Weighted District Calculation.

B. Compute areal density: School district's Raw ADM \_\_\_\_\_ divided by district's total area in square miles \_\_\_\_\_ = District's Areal Density \_\_\_\_\_

If school district's areal density is less than 2.29, calculate the District Sparsity-Isolation Formula as follows in the next step. If district has an areal density of 2.29 or greater, proceed to Paragraph "D" at the end of the Weighted District Calculation

C. Group the subtotals of the Raw ADM (unweighted) as follows:

Grades EC-5                    \_\_\_\_\_ + 23 = \_\_\_\_\_ (Ca)

Grades 6-8                    \_\_\_\_\_ + 133 = \_\_\_\_\_ (Cb)

Grades 9-OHP                \_\_\_\_\_ + 128 = \_\_\_\_\_ (Cc)

Use these Grade Level Group amounts in the following formula:

1) 74 divided by "Ca" from above  
 \_\_\_\_\_ = \_\_\_\_\_ + .85 = \_\_\_\_\_ x  $\frac{\text{EC-5 ADM}}{\text{EC-5 ADM}}$  =  $\frac{\text{EC-5 Cost Factor}}{\text{EC-5 Cost Factor}}$

2) 122 divided by "Cb" from above  
 \_\_\_\_\_ = \_\_\_\_\_ + .85 = \_\_\_\_\_ x  $\frac{\text{6-8 ADM}}{\text{6-8 ADM}}$  =  $\frac{\text{6-8 Cost Factor}}{\text{6-8 Cost Factor}}$

3) 292 divided by "Cc" from above  
 \_\_\_\_\_ = \_\_\_\_\_ + .78 = \_\_\_\_\_ x  $\frac{\text{9-OHP ADM}}{\text{9-OHP ADM}}$  =  $\frac{\text{9-OHP Cost Factor}}{\text{9-OHP Cost Factor}}$

4) Sum 1+2+3 from above \_\_\_\_\_ divided by district's Raw ADM \_\_\_\_\_ =  
 \_\_\_\_\_ - 1.00 = District Cost Factor \_\_\_\_\_

5) (District's Square Miles \_\_\_\_\_ - 131) divided by 131 = Area Factor \_\_\_\_\_

6) Multiply District Cost Factor (Line 4 above) \_\_\_\_\_ by lesser of the Area Factor (Line 5 above) \_\_\_\_\_ or 1.00 = Isolation Factor \_\_\_\_\_

7) Multiply the Isolation Factor on line 6 times the Raw ADM \_\_\_\_\_ = Isolation Weight \_\_\_\_\_

D. Select the greater weight of the Small School District Weight or the Isolation Weight and use that weight for the Weighted District Weight \_\_\_\_\_.

### WEIGHTED TEACHER INDEX

	1.1			1.2			1.3			1.4			1.5				1.6	
Experience	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+	TOTAL
"D" Degree																		
	0.9			1.0			1.1			1.2			1.3				1.4	
Experience	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+	
"M" or "MT" Degree																		
	0.7			0.8			0.9			1.0			1.1				1.2	
Experience	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+	
"B" Degree																		

44

Degree Index \_\_\_\_\_  
 ÷ No. of Teachers \_\_\_\_\_ = Weighted Avg. Dist. Tchr. \_\_\_\_\_ (Round to 4 places)  
 - Weighted Avg. State Tchr. 1.0875 (Unknown FY10 State Average at this time; FY09 State Average is shown)  
 = School Dist. Tchr. Index \_\_\_\_\_ x .7 \_\_\_\_\_ x ( \_\_\_\_\_ + \_\_\_\_\_ ) = \_\_\_\_\_  
Grade Weight ADM Econ. Disadv. Wt. **Weighted Teacher**

# CALCULATING THE STATE AID FORMULA

## **FOUNDATION AID**

$$\text{Weighted ADM} \underline{\hspace{2cm}} \times \text{Foundation Aid Factor} \frac{\$1,617}{(\$1,690 \text{ w/ARRA}^*)} = \underline{\hspace{2cm}} \quad (1)$$

### SUBTRACT CHARGEABLE INCOME

(Valuations: Up to 11% - Down to 11%)

**2009 Net Assessed Valuation (In January: 2010 Net Assessed Valuation)**

$$\text{Adjusted Valuation} \times 15 \text{ Mills:} \underline{\hspace{2cm}} \times .015^* = \underline{\hspace{2cm}}$$

\*plus increased millage because of personal property tax adjustment

(2008-09 Collections of:)

$$75\% \text{ of County 4-Mill Levy} \underline{\hspace{2cm}} \times .75 = \underline{\hspace{2cm}}$$

School Land \_\_\_\_\_

Gross Production \_\_\_\_\_

Motor Vehicle Collections \_\_\_\_\_

R.E.A. Tax \_\_\_\_\_

$$\text{TOTAL CHARGEABLES} \qquad \qquad \qquad \text{TOTAL} = \underline{\hspace{2cm}} \quad (2)$$

$$\text{FOUNDATION AID TOTAL} \quad (\text{Amount [1] Less Amount [2]}) = \underline{\hspace{2cm}} \quad (3)$$

(Zero if Less Than Zero)

## **TRANSPORTATION:**

(Average Daily Haul x Per Capita x Transportation Factor)

$$\frac{\underline{\hspace{2cm}}}{ADH} \times \frac{\underline{\hspace{2cm}}}{Per\ Capita} \times \frac{1.39}{Transp.\ Factor} \qquad \qquad \qquad \text{TOTAL} = \underline{\hspace{2cm}} \quad (4)$$

---

## **SALARY INCENTIVE AID**

\$75.31

$$\text{A. } \frac{\$80.06 \text{ w/ARRA}^*}{\underline{\hspace{2cm}}} \text{ Incentive Aid Factor} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

(Weighted ADM)

$$\text{B. } \underline{\hspace{2cm}} \text{ Adjusted District Assessed Valuation} / 1000 = \underline{\hspace{2cm}}$$

$$\text{C. Step A (-) Step B} = \underline{\hspace{2cm}}$$

$$\text{Step C} \times 20 \text{ Mills} = \text{SALARY INCENTIVE AID} = \underline{\hspace{2cm}} \quad (5)$$

$$\text{TOTAL STATE AID} \quad (\text{Amount 3 + 4 + 5}) = \underline{\hspace{2cm}}$$

\*Stabilization Component of the American Recovery and Reinvestment Act (ARRA)



**SECTION III**

**OKLAHOMA ADMINISTRATIVE CODE (OAC)  
for  
OKLAHOMA SCHOOL DISTRICTS**



## **DRIVER EDUCATION**

(OAC 210:15-19-4 through OAC 210:15-19-12)

### **210:15-19-4. Teacher qualifications**

Each teacher assigned to teach Driver and Traffic Safety Education in an accredited high school must have:

- (1) A valid Oklahoma Secondary, Elementary-Secondary, Library Media Specialist, Speech-Language Pathology or Vocational Technical License/Certificate;
- (2) A credential in Driver and Traffic Safety Education;
- (3) A valid Oklahoma Driver's License as verified by the Department of Public Safety;
- (4) The teacher shall meet the requirements in (1) and (2) of this subsection before the State Department of Education recommends to the State Department of Public Safety that an instructor's permit be issued. The Instruction Certification, Assurances and Permit (ICAP) application shall be submitted to the State Aid Section. Provided the program meets all requirements and the teacher is properly qualified, the (ICAP) application will be forwarded to the Department of Public Safety to consider the instructor's driving record and to issue or renew a current driver education instructor's permit.

### **210:15-19-5. Reporting**

The State Aid Section of the State Department of Education will furnish all forms of the required reports. There must be on file with the State Aid Section at the State Department of Education:

- (1) A copy of the current Instructor Certification, Assurances and Permit (ICAP) application approved by both the State Department of Education and Department of Public Safety. Such approved application shall be prerequisite to any behind-the-wheel instruction. An approved application must be filed for the appropriate session(s) of the school year;
- (2) A copy of the Driver Education Application for Prior Year Reimbursement form shall be submitted to the State Department of Education to claim reimbursement. For reimbursement purposes, each student must receive 30 hours of classroom instruction and 6 hours of behind-the-wheel instruction.
- (3) Any other reports requested by the State Aid Section of the State Department of Education.

### **210:15-19-6 Reimbursements**

- (a) Beginning with the reimbursement for the 1998-99 school year driver education program, and each year thereafter, the State Superintendent of Public Instruction shall allow to each school district the amount per pupil as stated in law, providing the driver education program was completed during the preceding fiscal year and is in accordance with OAC 210:15-19-4 through OAC 210:15-19-12. No fee shall be charged to the student if the driver education program is offered during the regular school day. Every public school qualifying for reimbursement shall, upon conclusion of a school year, submit a report showing the total students per program, and a statement that all of the minimum standards have been met. These reports must be filed on forms supplied by the State Department of Education.
- (b) No allowance shall be made under this act for the instruction of pupils in driver education unless the school district has complied with these rules and regulations governing the establishment, conduct, and scope of driver education.

### **210:15-19-7. Instructional time requirements**

The Driver and Traffic Safety Education Program shall be conducted a minimum of one (1) semester. Students to be counted by the school under these regulations for reimbursement shall receive a minimum of 30 hours of classroom instruction and a minimum of 6 hours of actual driving in the Driver and Traffic Safety Education vehicle, all under a qualified Driver and Traffic Safety education instructor.

### **210:15-19-8. Summer programs**

- (a) Summer School Driver Education shall comply with rules and regulations for summer high school. Schools desiring Summer School Driver Education shall make application on forms furnished for this purpose. The application shall be properly completed and filed with the State Aid Section, State Department of Education.
- (b) The summer session must be in compliance with OAC 210:15-19-7, Instructional Time Requirements, and rules and regulations for summer high school.

- (c) Application for Instructor Certification, Assurances and Permit (ICAP) must be filed on forms furnished for this purpose and approved by the State Aid Section of the State Department of Education and the State Department of Public Safety before behind-the-wheel instruction begins.

**210:15-19-9. Simulation**

Simulators may be used to substitute for part of the time requirements in the behind-the-wheel phase of the program. Where such devices are used, a minimum of 3 hours instruction must be given in the vehicle, under actual driving conditions. The time spent on the simulator shall be at the ratio of 4 to 1 . . . 4 hours on a simulator may be substituted for 1 hour of actual behind-the-wheel driving experience.

**210:15-19-10. Scheduling**

- (a) Classroom instruction should be scheduled in keeping with the regular scheduling policy for other subjects in the school curriculum. It is highly recommended that the classroom, simulation (where used), and the behind-the-wheel instruction be integrated to the extent that each phase supplements the other.
- (b) Behind-the-wheel instruction should be scheduled in keeping with the needs of the students and, if possible, should be scheduled the same hour as classroom instruction. However, the driving phase of the class shall begin and end, with all students and the instructor, at the school.

**210:15-19-11. Student eligibility**

- (a) Students who enroll in Driver and Traffic Safety Education in any public school of this state must show evidence that they are physically and mentally capable of receiving instruction and may profit from the course.
- (b) Any student receiving instruction in Driver and Traffic Safety Education, under the provisions of the law shall be:
  - (1) at least fifteen (15) years of age and a secondary school student.
  - (2) The student shall meet the requirements in (b) (1) of this section while regularly enrolled and certified by an instructor as a student taking a prescribed course of secondary school driver education, to operate a motor vehicle while accompanied by, and receiving instruction from said instructor who is actually occupying a seat beside the driver.

**210:15-19-12. Specifications for the vehicle**

- (a) All Driver and Traffic Safety Education (D/TSE) vehicles must be equipped with dual controls, sideview mirrors (right and left), and front and rear seat belts for all occupants of the vehicle.
- (b) All D/TSE vehicles shall be clearly identified "Student Driver" on front and back of vehicle in a clearly visible place. It is recommended that the letters be at least 4" high.

Note: You may view the online Code at the Secretary of State's Web site <[www.sos.state.ok.us](http://www.sos.state.ok.us)>.

## **OKLAHOMA COST ACCOUNTING SYSTEM (OCAS)**

(Title 70 § 5-135.2 and OAC 210:25-5-4, Finance: Budgeting and Business Management, Accounting)

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. The Oklahoma Administrative Code (OAC 210-25-5-4) states *in part*:

- (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. . . .

Note: You may view the online Code at the Secretary of State's Web site <[www.sos.state.ok.us](http://www.sos.state.ok.us)>.



**SECTION IV**

**PENALTIES/ADJUSTMENTS  
for  
OKLAHOMA SCHOOL DISTRICTS**



## SCHEDULE OF PENALTIES/ADJUSTMENTS

Reports Must Be Filed: ..... Assessed as Needed

September 1 – Expenditure and Revenue Reports for Previous Fiscal Year

(No later than 10 days after the end of the first nine weeks) – First Quarter Statistical Report

February 1 – Annual Final Personnel Reports for Certified and Support Personnel

(No later than 10 days after the close of school) – Annual Statistical Report

Per Pupil Revenue in Excess of 150 Percent ..... Assessed on Original Allocation in July

Per Pupil Revenue in Excess of 300 Percent ..... Assessed on Original Allocation in July

Maintenance of Effort Penalty ..... Assessed on October Payment of State Aid

Minimum Teacher Salaries Penalty ..... Assessed on October Payment of State Aid

Noncertified Teacher Penalty ..... Assessed on October Payment of State Aid

Oklahoma Cost Accounting System Penalty for Noncompliance ..... Assessed on the November Payment of State Aid

Delinquent Final Certified and Support Personnel Reports ..... Assessed on February Payment of State Aid

Class Size Penalties ..... Assessed on March Payment of State Aid

General Fund Carryover Penalty ..... Assessed on March Payment of State Aid

Administrative Cost Penalty ..... Assessed on March Payment of State Aid

Noncompliance Penalty on Late Audits ..... Assessed on August Payment of State Aid

Penalty for Insufficient Days or Hours (per school year) ..... (Assessed on a case-by-case basis)

**PER PUPIL REVENUE IN EXCESS OF 150 PERCENT  
FOR SCHOOL DISTRICTS RECEIVING FUNDS  
THROUGH THE WEIGHTED DISTRICT CALCULATION**

**SMALL SCHOOL WEIGHT  
OR  
ISOLATION WEIGHT**

*Pursuant to 70 O.S. § 18-201.1 . . . If after the weighted district calculation is applied, the district's projected per pupil revenue exceeds one hundred fifty percent (150%) of the projected state average per pupil revenue then the district's State Aid shall be reduced by an amount that will restrict the district's projected per pupil revenue to one hundred fifty percent (150%) of the projected state average per pupil revenue. Provided, in applying the restriction provided in this division, the district's State Aid shall not be reduced by an amount greater than by the amount of State Aid which was generated by the weighted district calculation.*

*The July calculation of the projected per pupil revenue shall be determined by dividing the highest of the district's preceding two years average daily membership (ADM) as weighted by the pupil grade level, the pupil category, the district and the teacher experience degree index calculations for projected State Aid into the district's projected total revenue including projected funds for the State Aid Formula for the preceding year, net assessed valuation for the preceding calendar year times thirty-nine (39) mills, county revenues excluding the county four-mills revenues for the second preceding year, other state appropriations for the preceding year and the collections for the preceding year of state apportionment, motor vehicle revenue, gross production tax and R.E.A. tax.*

*The December calculation of the projected per pupil revenue shall be determined by dividing the highest of the district's first nine (9) weeks of the current school year or the two preceding school years average daily membership (ADM) as weighted by the pupil grade level, the pupil category, the district and the teacher experience degree index calculations for projected State Aid into the district's projected total revenues including funds for the December calculation of the current year State Aid Formula, net assessed valuation for the current calendar year times thirty-nine (39) mills, county revenues excluding the county four-mills revenue for the preceding year, other state appropriations for the preceding year and the collections for the preceding year of state apportionment, motor vehicle revenue, gross production tax and R.E.A. tax.*

*The district's projected total revenues for each calculation shall exclude the following collections for the preceding year: federal revenue, insurance loss payments, reimbursements, recovery of overpayments and refunds, unused reserves, prior expenditures recovered, prior year surpluses, and other local miscellaneous revenues.*

If the School District Per Pupil Revenue exceeds the State Average Per Pupil Revenue at 150 percent (150%), calculate the difference and multiply by the *highest year* Weighted ADM. This calculated product is the amount of revenue which the school district has in excess of 150 percent (150%) of the State Average Per Pupil Revenue. This amount in excess will be assessed as a penalty in state aid. However, the amount calculated as a penalty cannot be greater than the amount generated by the small school or isolation weight. Whichever is the smaller dollar amount will be the actual penalty amount. If required, such penalty will be assessed at the time of the initial and final allocation of state aid formula funds.



**PER PUPIL REVENUE IN EXCESS OF 300 PERCENT**

*Pursuant to 70 O.S. § 18-200.1 . . . no district having per pupil revenue in excess of three hundred percent (300%) of the average per pupil revenue of all districts shall receive any State Aid or Supplement in State Aid.*

*The July calculation of per pupil revenue shall be determined by dividing the district's second preceding year's total weighted average daily membership (ADM) into the district's second preceding year's total revenues excluding federal revenue, insurance loss payments, reimbursements, recovery of overpayments and refunds, unused reserves, prior expenditures recovered, prior year surpluses, and less the amount of any transfer fees paid in that year.*

*The December calculation of per pupil revenue shall be determined by dividing the district's preceding year's total weighted average daily membership (ADM) into the district's preceding year's total revenues excluding federal revenue, insurance loss payments, reimbursements, recovery of overpayments and refunds, unused reserves, prior expenditures recovered, prior year surpluses, and less the amount of any transfer fees paid in that year.*

For the 2010 school year, the per pupil revenue will be calculated using data taken from the 2008 and the 2009 School District Revenue and Expenditure Reports as reported by the Oklahoma Cost Accounting System (OCAS). The July calculation will use 2008 OCAS data and the 2008 Weighted Average Daily Membership (ADM). The December calculation will use 2009 OCAS data and the 2009 Weighted ADM.

The calculation is determined as follows:

<b>DISTRICT TOTAL</b>			Source of Revenue
Total Receipts		_____	1000-4000
	<b>Less:</b>		
Total Federal Revenue		_____	4000
Insurance Loss Payments		_____	1510
Reimbursements		_____	1590
Overpayment/Refunds (Rebates/Refunds)		_____	1680
Transfer Fees Paid	(Expenditure)	_____	Function/ Object 1000 560
Total Adjusted Revenue	<b>OCAS (2008)    OCAS (2009)</b>	_____	(A)
	<b>(A) Divided by</b>	_____	
	July:	2008 Weighted ADM	
	December:	2009 Weighted ADM	
	=	_____	(B)
		School District Per Pupil Revenue	
	<b>(B) Divided by</b>	_____	
	July:	2008 State Average Pupil Per Cap	(C)
	December:	2009 State Average Pupil Per Cap	
	=	_____	(B)/(C)
		<b>Percent (%) of District Per Cap vs. State Per Cap</b>	

## MAINTENANCE OF EFFORT PENALTY

The Policies and Procedures for Special Education in Oklahoma (2007), states:

“In the spring of the subsequent fiscal year, the Oklahoma Cost Accounting System (OCAS) will compare the MOE for special education from state and local funds to the previous fiscal year. Each LEA that fails to meet maintenance of effort will receive a written notice from the SEA requesting the submission of any documentation of exceptions to MOE that would allow the LEA to reduce the state and local expenditures, in accordance with 34 CFR 300.204.

Following the submission of documentation regarding these exceptions, the SEA will review the status of each LEA for failure to meet MOE. If the LEA does not meet maintenance of effort, the SEA will reduce the LEA’s state funding in the amount not met, as a sanction for noncompliance.”

*MOE=Maintenance of Effort*

*LEA=Local Educational Agency*

*SEA=State Educational Agency*

Note: Phone Number for Special Education: (405) 522-3248

## MINIMUM TEACHER SALARIES—2009-10 SCHOOL YEAR

Pursuant to 70 O.S. § 18-114.7, the Annual Certified Personnel Report from each school district is verified for compliance with the “State Minimum Teacher Salary Schedule.” For the 2009-10 school year (*no change from 2008-09*), teachers in the public schools of Oklahoma shall receive in salary and/or fringe benefits not less than the amounts specified in the following schedule. When determining minimum salary, “fringe benefits” shall mean only the employee’s share of retirement, if paid by the district.

YEARS OF EXPERIENCE	BACHELOR’S DEGREE	MASTER’S DEGREE	DOCTOR’S DEGREE
0	\$31,600	\$32,800	\$34,000
1	\$31,975	\$33,175	\$34,375
2	\$32,350	\$33,550	\$34,750
3	\$32,725	\$33,925	\$35,125
4	\$33,100	\$34,300	\$35,500
5	\$33,500	\$34,700	\$35,900
6	\$33,900	\$35,100	\$36,300
7	\$34,300	\$35,500	\$36,700
8	\$34,700	\$35,900	\$37,100
9	\$35,100	\$36,300	\$37,500
10	\$35,950	\$37,575	\$39,625
11	\$36,375	\$38,000	\$40,050
12	\$36,800	\$38,425	\$40,475
13	\$37,225	\$38,850	\$40,900
14	\$37,650	\$39,275	\$41,325
15	\$38,075	\$39,700	\$41,750
16	\$38,500	\$40,125	\$42,175
17	\$38,925	\$40,550	\$42,600
18	\$39,350	\$40,975	\$43,025
19	\$39,775	\$41,400	\$43,450
20	\$40,200	\$41,825	\$43,875
21	\$40,625	\$42,250	\$44,300
22	\$41,050	\$42,675	\$44,725
23	\$41,475	\$43,100	\$45,150
24	\$41,900	\$43,525	\$45,575
25+	\$42,325	\$43,950	\$46,000

To verify compliance with the State Minimum Teacher Salary Schedule, compare the individual teacher’s base salary, fringe benefits, degree, and total years of experience. If the base salary and fringe benefits are equal to or exceed the required salary as indicated by the State Minimum Teacher Salary Schedule, the school district is considered to be in compliance with the statutory requirements and no penalty is assessed. However, if the base salary and fringe benefits for the certified employee are less than the statutory amount, a penalty may be assessed equal to the difference between the statutory amount and the actual amount paid for the base salary plus fringe benefits, unless the employee’s salary and fringe benefits are adjusted to meet the state minimum salary requirements.

**NOTE:** Extra-duty pay and Flexible Benefit Allowance cannot be used in meeting State Minimum Teacher Salary.

Pursuant to OAC Title 210, 25-3-4 [h] (Finance) . . . *If the district pays a teacher less than the minimum salary required by law, the difference will be deducted from the next payment of state aid. . . .*

**NOTE:** Teachers employed that are drawing retirement pay from the Oklahoma Teachers' Retirement System are not subject to the above minimum salary schedule. (70 O.S. § 18-114.7)

## NONCERTIFIED TEACHERS

Pursuant to 70 O.S. § 6-101, the statute provides in part:

*. . . B. Except as otherwise provided by law, no board of education shall have authority to enter into any written contract with a teacher who does not hold a valid certificate issued or recognized by the State Board of Education authorizing said teacher to teach the grades or subject matter for which the teacher is employed. Any board of education paying or authorizing the payment of the salary of any teacher not holding a certificate, as required herein, shall be adjudged to be guilty of a fraudulent expenditure of public funds . . .*

Pursuant to 70 O.S. § 6-101, local boards of education are authorized to enter into written contracts with persons who are not certified or licensed to teach by the State Board of Education as long as the person is enrolled in an education degree program at an institution of higher education and is actively in the process of securing certification or licensure. If the person has not obtained valid certification or licensure by the first day of the ensuing school year, the contract would be terminated.

Pursuant to 70 O.S. § 6-107, the statute provides in part:

*. . . It shall be unlawful for a member of the board of education of a school district to employ, approve or vote for the employment of any person to perform services for such district unless the person employed holds a valid certificate of qualification issued in accordance with the rules of the State Board of Education to perform the services the person is employed to perform.*

Pursuant to 70 O.S. § 6-108, the statute provides in part:

*. . . It shall be unlawful for any person to serve, or to contract or agree to serve, as superintendent, elementary superintendent, principal, supervisor, librarian, school nurse, classroom teacher or other instructional, supervisory or administrative employee of a school district unless such person holds a valid certificate of qualification issued in accordance with the rules of the State Board of Education to perform the services the person performs or contracts or agrees to perform.*

The initial monitoring of certification is the responsibility of the School Personnel Records Section within the State Department of Education. Reports are generated for Regional Accreditation Officers (RAO) indicating noncertificated personnel within the school district. The RAO will ascertain the days that the employee was noncertificated.

Pursuant to OAC Title 210, 25-3-4 [c] (Personnel):

*. . . Any district identified as contracting with a teacher, or administrator without a valid certificate shall be penalized in state aid. The state aid penalty amount shall be the salary amount paid by the district for the number of days the teacher or administrator taught without a valid certificate in excess of allowable substitute days.*

Pursuant to Title 70 O.S. § 6-105, the statute provides in part:

*No substitute teacher shall be employed for a total time in excess of seventy (70) school days during a school year; or one hundred (100) school days during the school year if the substitute teacher holds a lapsed or expired certificate or has a bachelors level college degree; or no limit of school days during the school year if the substitute teacher holds a valid certificate. Except as provided in this section, a substitute teacher may not be employed for the same assignment for more than twenty (20) school days during a school year unless the substitute teacher holds a valid certificate. Substitute teachers who do not hold a valid certificate and who are employed to teach special education for students with physical disabilities or students with mental retardation shall not be subject to the restrictions on total time a substitute teacher may be employed or the restrictions on time in the same assignment if no certified teachers are available to teach such students and the students would be denied instruction in special education if the substitute teacher were not employed. . . .*

**OKLAHOMA COST ACCOUNTING SYSTEM  
PENALTY FOR NONCOMPLIANCE**

Pursuant to 70 O.S. § 5-135.2:

*A. For the 1991-92 school year, school districts shall report financial transactions for all funds, except for the school activity fund, using the Oklahoma Cost Accounting System, as adopted by the State Board of Education pursuant to Section 5-135 of this title. Costs shall be reported by curricular subject area where applicable. For the 1992-93 school year and in each subsequent school year, school districts shall report financial transactions for all funds using the Oklahoma Cost Accounting System. Costs shall be reported by curricular subject area where applicable.*

*B. Beginning July 1, 1991, and in each subsequent school year, the State Department of Education shall reduce the monthly payment of a district's State Aid funds if, at the time of such payment, the district is not operating pursuant to the Oklahoma Cost Accounting System. The amount of the reduction shall be one percent (1%) for the first payment, two percent (2%) for the second payment, three percent (3%) for the third payment, four percent (4%) for the fourth payment, and five percent (5%) for each subsequent payment. The reduction may be waived by the State Board of Education if the district can demonstrate that failure to operate pursuant to such system was due to circumstances beyond the control of the district and that every effort is being made by the district to operate pursuant to such system as quickly as possible.*

Any penalties assessed for noncompliance of implementation of the Oklahoma Cost Accounting System would be administered upon verification by the Financial Accounting Section, State Department of Education, that the school district was not operating under such system. The penalty would be ongoing until the system was implemented in a proper manner by the school district.

<b>Example:</b>	<b>Original Allocation</b>	<b>\$537,433</b>
	<b>September Payment</b>	<b>\$53,743</b>
	<b>First Month's Penalty</b>	x <u>1%</u>
	<b>Approximate First Month's Noncompliance Penalty</b>	<b>\$537</b>
	 <b>Second Month's Penalty</b>	 <b>48,369</b>
		x <u>2%</u>
	<b>Approximate Second Month's Noncompliance Penalty</b>	<b>\$967</b>
	 <b><u>Total Penalty After Two Months</u></b>	 <b><u>\$1,504</u></b>

*(Process continues up to 5% reduction for each subsequent payment)*

## PENALTY FOR INSUFFICIENT DAYS OR HOURS

### **70 O.S. § 1-109 (New in 2009 legislative session):**

*For all public schools in Oklahoma, school shall actually be in session and classroom instruction offered for not less than one hundred eighty (180) days; or for not less than one thousand eighty (1,080) hours each school year, if a district board of education adopts a school-hours policy and notifies the State Board of Education prior to September 15 of the applicable school year. Not more than thirty (30) hours each school year may be used for attendance of professional meetings and teachers may be paid for a length of term in excess thereof . . .*  
**(Requirement per calendar year unless specific deregulation applies: 1,050 hours or 175 days of classroom instruction; 30 hours/5 days of professional days; for not less than 1,080 hours or 180 days.)**

## WITHHOLDING STATE AID PAYMENTS FOR DELINQUENT FINAL CERTIFIED AND SUPPORT PERSONNEL REPORTS

### **OAC 210:25-3-4 (f)— Personnel (Certified):**

*No later than February 1 of each year, all public school districts must file an accurate revised “**Final Certified Personnel Report**” with the State Department of Education. The report shall contain any corrections, deletions, and additions that have occurred since the October 1 report was filed so that more accurate information is available for state aid calculations, legislative projections and other statistical requirements. State Aid funds shall be withheld from any school district that does not submit the Final Certified Personnel Report by February 1. Only after the report has been received by the State Department of Education shall the withheld State Aid funds be released to the school district.*

### **OAC 210:20-27-1 (a)(2)—Support personnel; reporting requirements:**

*No later than February 1 of each year, all public school districts must file a revised “**Final Support Personnel Report**” with the State Department of Education. The report shall contain any corrections, deletions, and additions that have occurred since the initial report was filed so that more accurate information is available for state aid calculations, legislative projections and other statistical requirements. State Aid funds shall be withheld from any school district that does not submit the “Final Support Personnel Report” by February 1. Only after the report has been received by the State Department of Education shall the withheld State Aid funds be released to the school district.*

## NONCOMPLIANCE PENALTY ON LATE AUDITS

### **Pursuant to 70 O.S. § 22-108, the statute provides in part:**

*E. . . . If within eleven (11) months after the end of the fiscal year of the public school a copy of the audit report has not been received by the State Board of Education, an inquiry shall be made by the State Board of Education as to why such report has not been filed. Should the State Board of Education find that the local board of education has failed to cause an annual audit to be commenced, the State Board of Education shall make a written demand on said board to complete and file such annual audit within thirty (30) days of the date of such demand.*

### **Pursuant to 70 O.S. § 22-112 (State Aid withheld for failure to comply with article):**

*All further “payment” of State Aid for each district shall be withheld until the provisions of this article (see above paragraph) have been fulfilled by said district.*



# **CLASS SIZE PENALTY INFORMATION**

**INSTRUCTIONS**

**PENALTY EXAMPLES**

**SAMPLE FORMS**

**Note: Class size forms in this document are for reference and working copies only. Class size information will be collected online.**



**CLASS SIZE AUDIT REPORT  
SCHOOL YEAR 2009-10**

COUNTY NAME: \_\_\_\_\_

COUNTY NO. \_\_\_\_\_

DISTRICT NAME: \_\_\_\_\_

DISTRICT NO. \_\_\_\_\_

\_\_\_\_\_ PERSONALLY APPEARED BEFORE ME AND SUBSCRIBED AND  
*Name of Superintendent*

SWORE THAT THE ATTACHED CLASS SIZE AUDIT SITE FORM/FORMS ARE CORRECT THIS

\_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
SUPERINTENDENT'S SIGNATURE

MY COMMISSION EXPIRES: \_\_\_\_\_

NOTARY PUBLIC: \_\_\_\_\_

(SEAL)

APPROVED BY REGIONAL ACCREDITATION OFFICER (RAO):

\_\_\_\_\_  
RAO'S SIGNATURE

DATE: \_\_\_\_\_

**(NOTE: Signatures of both the Superintendent and the RAO must appear on this form before the audit report is submitted by the RAO to the State Department of Education.)**

**CLASS SIZE AUDIT INSTRUCTIONS**  
*(70 O.S. §§ 18.113.1 through 18.113.4)*

**Kindergarten—Grades 1, 2, and 3—Grades 4, 5, and 6**

1. **For Kindergarten only:** Membership for A.M. and P.M. Kindergarten must be shown as separate totals and not combined.
2. **Class size forms are to be submitted online and will be checked by your Regional Accreditation Officer. Do not mail class size forms.**
3. All membership including self-contained special education must be **included** in the total membership days on the first line for each grade level. The second line for each grade level must indicate the membership days of **only** the self-contained special education students. Self-contained special education membership days must be **excluded** from the third line for each grade level. Self-contained special education classes are those classes whose students attend the same class for three (3) or more class periods and have individualized education programs.
4. **For Kindergarten and Grades 1, 2, and 3 only:** Self-contained special education teachers and *assistants* must be **included** in the teacher and assistant totals on the first line for each grade level. The second line for each grade level must indicate **only** self-contained special education teachers and *assistants*. The third line for each grade level must **exclude** self-contained special education teachers and *assistants*. **Names of self-contained special education teachers must be included on the teacher list and noted as such.**
5. **For Grades 4, 5, and 6 only:** Self-contained special education teachers must be **included** in the teacher totals on the first line for each grade level. The second line for each grade level must indicate **only** self-contained special education teachers. The third line for each grade level must **exclude** self-contained special education teachers. **Names of self-contained special education teachers must be included on the teacher list and noted as such.**
6. Do not include physical education (PE), chorus (CH), band (BD), orchestra (OR), and similar music class enrollments in the teacher count; instead, use the appropriate code for those classes on the class size audit form (PE, CH, BD, OR, or PP [Planning Period]).
7. Do not include any Title I teachers or other federally funded supplemental teachers in the teacher totals.
8. **For Kindergarten and Grades 1, 2, and 3 only:** **Do not include** any federally funded bilingual assistants or other federally funded supplemental assistants in the assistant totals.
9. **For Kindergarten and Grades 1, 2, and 3 only:** Developmental or transitional first grade classes shall be reported as first grade classes.
10. State Aid allocations will not be made until this data is verified by an RAO, signed by the school superintendent, notarized, and submitted to the Financial Services Division of the State Department of Education.

**Please note: The figures reported for membership must be actual total membership days (attendance plus absences) for the first nine-week period. The actual number of days taught must also be for the first nine-week period.**

## CLASS SIZE PENALTIES FOR KINDERGARTEN

Penalties for oversized classes are calculated by grade and by school site. The calculations are then combined and penalties are assessed at the district level if penalization is necessary. Audits are made at the various grade levels. Examples below indicate the steps for determining the actual class sizes.

**KINDERGARTEN:** For the 2009-10 school year, kindergarten class size is 20 students for each teacher and the addition of a teaching assistant allows an additional 9 students to be in the classroom. The example below is based on 45 days taught for the first nine weeks.

EXAMPLE: Allowable Calculation

Number of Teachers in this Grade <u>at this Site = 3</u>	Number of Assistants in this Grade <u>at this Site = 1</u>	Membership Days Allowable for this <u>Grade at this Site</u>
3 x 20 = 60; 60 x 45 days =	1 x 9 = 9; 9 x 45 days =	
<b>2,700</b>	<b>405</b>	<b>3,105 (A)</b>

EXAMPLE: Attendance/Membership Register totals for all classes in this grade level at this site:

Membership Days <u>1st Nine Weeks</u>			
45 Days Taught 3,666			
NINE-WEEK MEMBERSHIP DAYS ON REGISTER		<b>3,666</b>	<b>(B)</b>
MEMBERSHIP DAYS IN EXCESS OF ALLOWABLE			
(B)	minus	(A)	<b>561 (C)</b>
AVERAGE DAILY MEMBERSHIP (ADM) TO BE PENALIZED			
(C)	divided by	(Number of days taught) 45	<b>12.47</b>
12.47 ADM	multiplied by	1.3 Kg. Grade Weight	<b>16.21 (D)</b>
STATE AID PENALTY			
(D)	multiplied by	<b>\$3,123.20 (without ARRA)</b>	<b>\$50,627</b>

# CLASS SIZE AUDIT FORM

CO. NAME \_\_\_\_\_ CO. NO. \_\_\_\_\_

**2009-10**

DIST. NAME \_\_\_\_\_ DIST. NO. \_\_\_\_\_

**KINDERGARTEN**

SITE NAME \_\_\_\_\_ SITE NO. \_\_\_\_\_

**\*NUMBER OF TEACHERS AND TEACHER ASSISTANTS MUST MATCH ATTACHED LIST OF TEACHER AND ASSISTANT NAMES**

<b>DAYS TAUGHT First Nine Weeks</b>

KG. AM	* NUMBER OF TEACHERS	* NUMBER OF ASSISTANTS	MEMBERSHIP DAYS FIRST NINE WEEKS
TOTAL MEMBERSHIP DAYS FOR ALL STUDENTS			
TOTAL MEMBERSHIP DAYS FOR SELF-CONTAINED SPECIAL EDUCATION			
TOTAL MEMBERSHIP DAYS "WITHOUT" SELF-CONTAINED SPECIAL EDUCATION FOR CLASS SIZE PURPOSES			

KG. PM	* NUMBER OF TEACHERS	* NUMBER OF ASSISTANTS	MEMBERSHIP DAYS FIRST NINE WEEKS
TOTAL MEMBERSHIP DAYS FOR ALL STUDENTS			
TOTAL MEMBERSHIP DAYS FOR SELF-CONTAINED SPECIAL EDUCATION			
TOTAL MEMBERSHIP DAYS "WITHOUT" SELF-CONTAINED SPECIAL EDUCATION FOR CLASS SIZE PURPOSES			

KG. ALL DAY	* NUMBER OF TEACHERS	* NUMBER OF ASSISTANTS	MEMBERSHIP DAYS FIRST NINE WEEKS
TOTAL MEMBERSHIP DAYS FOR ALL STUDENTS			
TOTAL MEMBERSHIP DAYS FOR SELF-CONTAINED SPECIAL EDUCATION			
TOTAL MEMBERSHIP DAYS "WITHOUT" SELF-CONTAINED SPECIAL EDUCATION FOR CLASS SIZE PURPOSES			

\_\_\_\_\_  
(SITE PRINCIPAL'S SIGNATURE)

prepared this site report and understands that such report will be the basis for class size auditing purposes.



## CLASS SIZE PENALTIES FOR GRADES 1, 2, AND 3

Penalties for oversized classes are calculated by grade and by school site. The calculations are then combined and penalties are assessed at the district level if penalization is necessary. Audits are made at the various grade levels. Examples below indicate the steps for determining the actual class sizes.

**GRADES 1, 2, AND 3:** For the 2009-10 school year, class size for Grades 1, 2, and 3 is 20 students for each teacher and the addition of a teaching assistant allows an additional 9 students to be in the classroom. The example below is based on 45 days taught for the first nine weeks.

EXAMPLE: Allowable Calculation

Number of Teachers in this Grade at this Site = 3	Number of Assistants in this Grade at this Site = 1	Membership Days Allowable for this Grade at this Site
3 x 20 = 60; 60 x 45 days =	1 x 9 = 9; 9 x 45 days =	
<b>2,700</b>	<b>405</b>	<b>3,105 (A)</b>

EXAMPLE: Attendance/Membership Register totals for all classes in this grade level at this site:

Membership Days <u>1st Nine Weeks</u>			
45 Days Taught 3,384			
NINE-WEEK MEMBERSHIP DAYS ON REGISTER		<b>3,384</b>	<b>(B)</b>
MEMBERSHIP DAYS IN EXCESS OF ALLOWABLE			
(B)	minus	(A)	<b>279 (C)</b>
AVERAGE DAILY MEMBERSHIP (ADM) TO BE PENALIZED			
(C)	divided by	(Number of days taught) 45	<b>6.20</b>
6.20 ADM*	multiplied by	1.351 Second Grade Weight	<b>8.38 (D)</b>
STATE AID PENALTY			
(D)	multiplied by	<b>\$3,123.20 (without ARRA)</b>	<b>\$26,172</b>

\*In the above example, the 6.20 ADM is being considered as second graders.

\*\*Grade level weights are multiplied for each ADM as follows:

Grades 1 and 2	=	1.351
Grade 3	=	1.051



## CLASS SIZE PENALTIES FOR GRADES 4, 5, AND 6

Penalties for oversized classes are calculated by grade and by school site. The calculations are then combined and penalties are assessed at the district level if penalization is necessary. Audits are made at the various grade levels. Examples below indicate the steps for determining the actual class sizes.

**GRADES 4, 5, AND 6:** For the 2009-10 school year, class size for Grades 4, 5, and 6 is 20 students for each teacher. At each site, a new class would have to be added when there are 16 additional students over the 20 students allowed for each teacher. The example below is based on 45 days taught for the first nine weeks.

EXAMPLE: Allowable Calculation

Number of Teachers in this Grade at this Site = 3	Number of Students Allowed before an additional class = 15	Membership Days Allowable for this Grade at this Site
3 x 20 = 60; 60 x 45 days =	15 x 45 =	
<b>2,700</b>	<b>675</b>	<b>3,375 (A)</b>

EXAMPLE: Attendance/Membership Register totals for all classes in this grade level at this site:

Membership Days <u>1st Nine Weeks</u>			
45 Days Taught 4,002			
NINE-WEEK MEMBERSHIP DAYS ON REGISTER		<b>4,002</b>	<b>(B)</b>
MEMBERSHIP DAYS IN EXCESS OF ALLOWABLE (B)                      minus                      (A)	=	<b>627</b>	<b>(C)</b>
AVERAGE DAILY MEMBERSHIP (ADM) TO BE PENALIZED (C)                      divided by                      (Number of days taught) 45	=	<b>13.93</b>	<b>(D)**</b>
STATE AID PENALTY (D)                      multiplied by                      \$3,123.20 (without ARRA)	=	<b>\$43,506</b>	

\*\* There is no additional grade level weight for Grades 4, 5, and 6.



# CLASS SIZE AUDIT FORM

2009-10

GRADES 1, 2, 3, 4, 5, AND 6

CO. NAME \_\_\_\_\_ CO. NO. \_\_\_\_\_

DIST. NAME \_\_\_\_\_ DIST. NO. \_\_\_\_\_

SITE NAME \_\_\_\_\_ SITE NO. \_\_\_\_\_

**\*NUMBER OF TEACHERS MUST MATCH ATTACHED LIST OF TEACHER NAMES FOR ALL GRADES (ASSISTANTS MUST ALSO MATCH FOR GRADES 1 THROUGH 3).**

<b>DAYS TAUGHT FIRST NINE WEEKS</b>

GRADE 1	* NUMBER OF TEACHERS	* NUMBER OF ASSISTANTS	MEMBERSHIP DAYS FIRST NINE WEEKS
TOTAL MEMBERSHIP DAYS FOR ALL STUDENTS			
TOTAL MEMBERSHIP DAYS FOR SELF-CONTAINED SPECIAL EDUCATION			
TOTAL MEMBERSHIP DAYS "WITHOUT" SELF-CONTAINED SPECIAL EDUCATION FOR CLASS SIZE PURPOSES			

GRADE 2	* NUMBER OF TEACHERS	* NUMBER OF ASSISTANTS	MEMBERSHIP DAYS FIRST NINE WEEKS
TOTAL MEMBERSHIP DAYS FOR ALL STUDENTS			
TOTAL MEMBERSHIP DAYS FOR SELF-CONTAINED SPECIAL EDUCATION			
TOTAL MEMBERSHIP DAYS "WITHOUT" SELF-CONTAINED SPECIAL EDUCATION FOR CLASS SIZE PURPOSES			

GRADE 3	* NUMBER OF TEACHERS	* NUMBER OF ASSISTANTS	MEMBERSHIP DAYS FIRST NINE WEEKS
TOTAL MEMBERSHIP DAYS FOR ALL STUDENTS			
TOTAL MEMBERSHIP DAYS FOR SELF-CONTAINED SPECIAL EDUCATION			
TOTAL MEMBERSHIP DAYS "WITHOUT" SELF-CONTAINED SPECIAL EDUCATION FOR CLASS SIZE PURPOSES			

GRADE 4	* NUMBER OF TEACHERS	* NUMBER OF ASSISTANTS	MEMBERSHIP DAYS FIRST NINE WEEKS
TOTAL MEMBERSHIP DAYS FOR ALL STUDENTS			
TOTAL MEMBERSHIP DAYS FOR SELF-CONTAINED SPECIAL EDUCATION			
TOTAL MEMBERSHIP DAYS "WITHOUT" SELF-CONTAINED SPECIAL EDUCATION FOR CLASS SIZE PURPOSES			

GRADE 5	* NUMBER OF TEACHERS	* NUMBER OF ASSISTANTS	MEMBERSHIP DAYS FIRST NINE WEEKS
TOTAL MEMBERSHIP DAYS FOR ALL STUDENTS			
TOTAL MEMBERSHIP DAYS FOR SELF-CONTAINED SPECIAL EDUCATION			
TOTAL MEMBERSHIP DAYS "WITHOUT" SELF-CONTAINED SPECIAL EDUCATION FOR CLASS SIZE PURPOSES			

GRADE 6	* NUMBER OF TEACHERS	* NUMBER OF ASSISTANTS	MEMBERSHIP DAYS FIRST NINE WEEKS
TOTAL MEMBERSHIP DAYS FOR ALL STUDENTS			
TOTAL MEMBERSHIP DAYS FOR SELF-CONTAINED SPECIAL EDUCATION			
TOTAL MEMBERSHIP DAYS "WITHOUT" SELF-CONTAINED SPECIAL EDUCATION FOR CLASS SIZE PURPOSES			

\_\_\_\_\_  
**(SITE PRINCIPAL'S SIGNATURE)** prepared this site report and understands that such report will be the basis for class size auditing purposes.

**CLASS SIZE AUDIT INSTRUCTIONS**  
*(70 O.S. §§ 18.113.1 through 18.113.4)*

**(Grades 7, 8, 9, 10, 11, and 12)**

1. **Class size forms are to be submitted online and will be checked and submitted by your Regional Accreditation Officer. Do not mail class size forms.**
2. In accordance with the class size requirements in 70 O.S. §§ 18.113.1 through 18.113.4, “If a district groups its grades as . . . grades six through eight, . . . then . . . the provisions of Section 18-113.3 . . . shall apply to grades six through twelve.” Accordingly, middle schools (Grades 6-7-8) and junior high schools (Grades 7-8) are to be considered as secondary schools for class size purposes.
3. If the district is elementary (Kindergarten through Grade 8), Grade 6 should be reported on appropriate elementary “CLASS SIZE AUDIT FORM.” Information for Grades 7 and 8 will be used on these secondary forms. *(See also information on Item 6 for Multisite teachers.)*
4. Do not include physical education (PE), chorus (CH), band (BD), orchestra (OR), and similar music class enrollments in the teacher count; instead, use the appropriate code for those classes on the class size audit form (PE, CH, BD, OR, or PP [Planning Period]).
5. Designate the hour for planning periods (PP).
6. “MULTISITE ” teachers are those that teach at more than one site during the school day *(there is no longer a separate form for Multisite teachers)*. Multisite teachers are to be completed by the principal at the site where the teacher *maintains the most classes*. Example 1: If a teacher spends 3/7 of the day at the middle school and 3/7 of the day at the high school, but has a planning period (PP) at the high school, the teacher should be placed on the high school site, with classes reflected for the entire day. Example 2: If the teacher spends 4/7 of the day at the middle school, the teacher should be placed only under the middle school site with classes completed for the entire day. The class size form must reflect the teachers complete multisite assignment and complete enrollment by class period for all sites. Grades K-5 must be shown on the elementary site. Grade 6 may be placed on either the elementary or secondary, depending on whether it is self-contained or operates on a secondary class schedule where students move from class to class.
7. State Aid allocation adjustments will not be made until this data is verified by an RAO, signed by the school superintendent, notarized, and submitted by the RAO to the Financial Services Division of the State Department of Education.

**Please note: The figures reported for secondary students taught should be all students in class on October 1. (This is not average days taught as in the elementary sites.)**

## HOW TO CALCULATE CLASS SIZE PENALTIES FOR GRADES 7, 8, 9, 10, 11, AND 12

Penalties for oversized classes are calculated by teacher and by school site. The penalties are then combined and are assessed at the district level if penalization is necessary. Audits are made of the various school site teacher rosters. Examples below indicate the steps for determining the actual class size.

**GRADES 7, 8, 9, 10, 11, and 12:** For the 2009-10 school year, the class size limit for Grades 7 through 12 is **140 students for each teacher**. The secondary class size **limits are based on a single day in the first nine weeks**, not an average of the first nine weeks as in the elementary sites. Physical education (PE), chorus (CH), band (BD), orchestra (OR), and similar music class enrollments are not to be included in these counts.

**EXAMPLE:** Enrollment data by teacher on "CLASS SIZE AUDIT FORM"

TEACHER CERT. NUMBER	TEACHER NAME (LAST) (FIRST)	C1	C2	C3	C4	C5	C6	C7	C8	C9	TOTAL
		123869	Anderson, Tina	25	20	22	PP	28	25		
<b>REGIONAL ACCREDITATION OFFICER (RAO) USE ONLY</b>											
157834	Fisher, George	15	15	30	30	30	PP				120
025387	Kiefer, Jim	15	PP	CH	30	30	30				105
158641	Marshal, John	PP	30	33	22	31	38				154
128955	Smith, Mark	40	45	PE	PE	PE	PP				85
131262	Smith, Sharon	25	PP	35	25	30	35				150

John Marshal is over the class size limit by 14 students.

Sharon Smith is over the class size limit by 10 students.

John Marshal: 14 plus Sharon Smith: 10 = **24 (A)** students over class size limit for this site

### STATE AID PENALTY

(A) multiplied by grade level weight 1.20 = **28.80 (B)** additional weight

(B) multiplied by **\$3,123.20 (without ARRA)** = **\$89,948**

CODE	=	CLASS
PE	=	Physical Education
CH	=	Chorus
BD	=	Band
OR	=	Orchestra
PP	=	Planning Period





## **GENERAL FUND CARRYOVER PENALTY**

### **Calculation for Prior Year's General Fund Balance**

Pursuant to 70 O.S. § 18-200.1, the State Department of Education will send notification to each school district by February 1 of each year, detailing the calculation of the General Fund Carryover Penalty. Within 30 calendar days, each district will respond to the Department in writing, accepting or protesting the penalty amount. Districts will be notified by March 15 of the Department's findings, and the penalty will be assessed by April 1.

Any penalty assessed for excessive general fund carryover will be determined by using data that will be extracted from a school district's Web-based data collection filed with the State Department of Education (Financial Accounting/Oklahoma Cost Accounting System [OCAS]) and crosschecked with the Estimate of Needs filed with the State Board of Equalization and the Financial Accounting/OCAS Section of the State Department of Education. (Examples of the calculation for determining the maximum allowable amount of General Fund Carryover follow.)

In the "**General Fund Balance (GFB) Example Number 1**" on page 84, the GENERAL FUND NEW COLLECTIONS to be considered for the carryover penalty calculation are \$1,593,631. The General Fund Balance Allowable percentage is 35 percent (35%). Therefore, the allowable amount of carryover is \$557,771. The actual amount of the school district's general fund carryover (Line C) is \$327,399. The example district is well within the allowable amount of \$557,771. No penalty will result.

However, if the actual amount of the school district's general fund carryover (Line C) had exceeded the allowable amount (as in "**GFB Example Number 2**" on page 84), **deduct Federal Revenue and Gifts, Donations, and Endowments** received during the 2008-09 school year (Sources of Revenue: 4000 Series, 1610, and 1640). Next, deduct any of the following exclusions that are applicable to your school district (see following paragraphs.) If a balance remains, a State Aid penalty would result.

#### **Title 70, Section 18-200.1 (Paragraph G):**

*"Notwithstanding the provisions of Section 18-112.2 of this title, a school district shall have its State Aid reduced by an amount equal to the amount of carryover in the general fund of the district as of June 30 of the preceding year, that is in excess of the following standards for two consecutive years."*

#### **Exclusions in Law:**

*"Any school district which receives proceeds from a tax settlement or a Federal Emergency Management Agency (FEMA) settlement during the last two (2) months of the preceding fiscal year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the tax settlement."*

*"Any school district which receives an increase in State Aid because of a change in Foundation and/or Salary Incentive aid factors during the last two (2) months of the preceding fiscal year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the increase in State Aid." Note: This applies to all school districts that received an adjusted allocation in Foundation and Salary Incentive Aid in June 2007 because of the factor adjustment.*

*"If a school district does not receive Foundation and/or Salary Incentive Aid during the preceding fiscal year, the State Board of Education may waive the penalty assessed in this subsection if the penalty would result in a loss of more than forty percent (40%) of the remaining State Aid to be allocated to the school district between April 1 and the remainder of the school year and if the Board determines the penalty will cause the school district not to meet remaining financial obligations."*

*"Any school district which receives gross production revenue apportionment during the 2002-2003 school year **or in any subsequent school year** that is greater than the gross production revenue apportionment of the preceding school year shall be exempt from the penalty assessed in this subsection, if the penalty would occur solely as a result of the gross production revenue apportionment, as determined by the State Board of Education."*

*“Beginning July 1, 2003, school districts that participate in consolidation or annexation pursuant to the provisions of the Oklahoma School Voluntary Consolidation and Annexation act shall be exempt from the penalty assessed in this subsection for the school year in which the consolidation or annexation occurs and for the next three (3) years.”*

*“Any school district which receives proceeds from a sales tax levied by a municipality pursuant to Section 22-159 of Title 11 of the Oklahoma Statutes or proceeds from a sales tax levied by a county pursuant to Section 1370 of Title 68 of the Oklahoma Statutes during the 2003–2004 school year or the 2004–2005 school year shall be exempt from the penalties assessed in this subsection, if the penalty would occur solely as a result of receiving funds from the sales tax levy.”*

*“For purposes of calculating the general fund balance penalty, the terms “carryover” and “general fund balance” shall not include federal revenue.”*

\*70 O.S. § 1-117:

*“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 in subsection G of Section 18-200.1.”*

(Please refer to the worksheet on next two pages.)

**GENERAL FUND CARRYOVER PENALTY--2008-09 CALCULATION FOR APPLICABLE PENALTY  
TO BE ASSESSED DURING THE 2009-10 SCHOOL YEAR**

2009-10 Estimate of Needs and 2008-09 Financial Statement for General Fund		
Schedule 2--Revenue and Expenditures	EXAMPLE	YOUR DISTRICT
<b>Add REVENUE:</b>		
<b>A</b> Cash Balance as of June 30, 2008	\$ 155,844.00	
(Source of Revenue 6110)		
Fund Balance Transferred from Prior Years	\$ 3,155.90	
(Sources of Revenue 6130, 6140)		
Current Ad Valorem Tax Apportioned	\$ 231,645.85	
(Source of Revenue 1110)		
Miscellaneous Revenue Apportioned	\$ 1,353,829.25	
(All other Revenue Sources [Excluding 1610 and 1640])		
Return of Assets	\$ 5,000.00	
(Sources of Revenue 5150, 5160, 5190, 6200)		
<b>B TOTAL REVENUE</b>	<b>\$ 1,749,475.00</b>	
<b>Subtract REQUIREMENTS (EXPENDITURES):</b>		
Warrants Issued and Transfer Fees	\$ (1,300,062.00)	
Reserves (Encumbrances)	\$ (122,014.00)	
Interest Paid on Warrants (Object 833)	\$ -	
Reserve for Interest on Warrants (Encumbrances, Object 832)	\$ -	
<b>TOTAL EXPENDITURES</b>	<b>\$ (1,422,076.00)</b>	
<b>C Equals FUND BALANCE</b> (from Estimate of Needs Balance Sheet 6-30-09)	<b>\$ 327,399.00</b>	
Determine your district's TOTAL NEW COLLECTIONS as reported on the 2009-10 Est. of Needs and by OCAS: (per 70 O.S. § 18-200.1):		
Total Revenue (Line B)	\$ 1,749,475.00	
Minus Cash Balance as of June 30, 2008 (Line A)	\$ (155,844.00)	
<b>D TOTAL NEW COLLECTIONS FOR YOUR SCHOOL DISTRICT</b>	<b>\$ 1,593,631.00</b>	
<b>E</b> Based on the TOTAL NEW COLLECTIONS calculated, determine your school district's ALLOWABLE CARRYOVER AMOUNT from the following sliding scale:		
Total Amount of General Fund	Amount of General	
Collections Excluding Previous Year	Fund Balance (GFB)	
Cash Surplus as of June 30	Allowable	
<b>Less than \$1,000,000</b>	<b>40%</b>	
<b>\$1,000,000 to \$2,999,999</b>	<b>35%</b>	
<b>\$3,000,000 to \$3,999,999</b>	<b>30%</b>	
<b>\$4,000,000 to \$4,999,999</b>	<b>25%</b>	
<b>\$5,000,000 to \$5,999,999</b>	<b>20%</b>	
<b>\$6,000,000 to \$7,999,999</b>	<b>18%</b>	
<b>\$8,000,000 to \$9,999,999</b>	<b>16%</b>	
<b>\$10,000,000 or more</b>	<b>14%</b>	
See EXAMPLES on next page:		

**GENERAL FUND CARRYOVER PENALTY--2008-09 CALCULATION FOR APPLICABLE PENALTY  
TO BE ASSESSED DURING THE 2009-10 SCHOOL YEAR**

	EXAMPLE	YOUR DISTRICT
<b>TOTAL NEW COLLECTIONS FOR YOUR SCHOOL DISTRICT</b>	\$ 1,593,631.00	
<b>GFB EXAMPLE NUMBER 1</b> (District is within allowable percentage):		
<b>F The amount of allowable GFB carryover for this example would be 35%:</b>	\$ 557,771.00	
(Line D) \$1,593,631 x 35% = \$557,771)		
<b>G Subtract Fund Balance (Line C)</b>	\$ (327,399.00)	
Note: This example district has NOT exceeded the allowable carryover (Line F).		
<b>GFB EXAMPLE NUMBER 2</b> (District exceeds allowable percentage):		
Amount of allowable GFB carryover at 35%:	\$ 557,771.00	
<b>IF</b> the amount of Fund Balance on Line C was \$657,399:	\$ (657,399.00)	
Amount of General Fund Balance Penalty BEFORE any deductions/exclusions:	\$ (99,628.00)	
<b>District exceeds GFB allowable by:</b>	\$ 99,628.00	
1. Subtract/exclude <i>Federal Revenue and Gifts/Donations/Endowments</i> for 2008-09 (Sources of Revenue: 4000 Series, 1610, and 1640 ):	\$ (50,000.00)	
<b>IF APPLICABLE, apply EXCLUSIONS in law (see preceding pages):</b>		
2. Subtract "FEMA" exclusion:	\$ -	
3. Subtract "Change in State Aid Factors" exclusion:	\$ (200.00)	
4. Subtract "Gross Production" exclusion:	\$ (24,000.00)	
5. Subtract "Sales Tax Levied by Municipality" exclusion (11 O.S. 22-159):	\$ (25,000.00)	
<i>IF APPLICABLE, other exclusions may apply (see exclusion verbiage on preceding pages):</i>		
6. Annexation or Consolidation exclusion:		
7. Decision of State Board of Education--District does <u>not</u> receive Foundation Aid and/or Salary Incentive Aid; loss of more than 40% of remaining State Aid:		
<b>H AMOUNT OF APPROXIMATE GENERAL FUND BALANCE PENALTY:</b>	\$ 428.00	
Note: Legislation in 70 O.S. § 18-200.1 allows a school district to exceed the allowable percentage of carryover for two (2) consecutive years before a General Fund Balance penalty is assessed. However, we encourage you to annually keep your carryover amount within the allowable percentage in law.		
If calculating the General Fund Balance penalty for the 2009-10 school year (ending June 30, 2010), increase the examples' detailed information by one (1) year.		

## ADMINISTRATIVE COST PENALTY

The Oklahoma Cost Accounting System (OCAS) was passed into law and became effective July 1, 1992, (70 O.S. § 5-135.2) and was adopted from Financial Accounting for Local and State School Systems, 1990. Financial Accounting for Local and State School Systems, 1990, was designed as a national standard for state departments of education to use in reporting financial data, and for school districts to use in preparing their comprehensive annual financial reports (CAFRs) that are submitted to their respective state departments of education (SDE). The purpose of the OCAS handbook is to ensure that education fiscal data can be reported in a comprehensive and uniform manner nationwide.

Form ED 2447 from the United States Department of Education gives the definition of reporting “General Administration” as recorded under OCAS using Function Code 2300. We are instructed to include only the Board of Education and staff, Staff Relations and Negotiations staff, and the Superintendent and staff.

The Financial Accounting Division of the State Department of Education computes administrative costs using the new state definition under 70 O.S. § 18-124. The law does not provide for waivers.

If a district shows excess in administrative costs, the administrative costs paid with federal funds are deducted from the penalty as required by 70 O.S. § 18-104 which states, “. . . *no such federal aid estimate shall be used in any way to reduce the State Foundation Aid or Incentive Aid for such school district . . .*”

Total expenditures from the OCAS records (warrants issued and reserves) are divided by the administrative costs to determine a percentage. If this percentage is greater than the amount listed on the percentage scale (70 O.S. § 18-124), then the total expenditures are multiplied by the allowable scale. This allowable amount is subtracted from the coded administrative costs to calculate the amount of penalty.

The allowable percentage scale for administrative costs is:

<u>Average Daily Attendance (ADA)</u>	<u>Percentage Allowed</u>
More than 1,500	6 percent
More than 500-but less than 1,500	8 percent
Fewer than 500	10 percent

**If a school district receives an administrative cost penalty, a performance review of the effectiveness and efficiency of the budget and operations of the district shall be conducted. (70 O.S. § 3-118.1)**

Oklahoma Statutes Title 70, Section 18-124, states that the allowable percentages, six, eight, and ten percent (6, 8, and 10%) remain the same for the 2005-06 school year or any school year thereafter.

## PENALTY FOR DECREASING SALARY AND BENEFITS

Oklahoma Statutes Title 70, Section 18-114.9, forbids the same school district from paying less to a teacher during the next school year than what was paid the year before, unless the hours or the duties of the teacher are reduced proportionately. Any school district that willfully reduces the salary of a teacher shall forfeit the amount underpaid in the district's State Aid.

Additionally, the amount underpaid from the previous year will again be withheld from the school district, and the State Department of Education ***shall send the payment directly to the teacher***. Therefore, it would be to the advantage of the school district to pay the teacher correctly during the year.

Procedural rules are outlined in OAC 210:25-3-4. Oklahoma Statute Title 70, Section 18-114.9 states:

- A. *"If a teacher, as defined in Section 6-101.3 of Title 70 of the Oklahoma Statutes, is employed by the same school district for the next school year as the preceding school year, the salary and fringe benefit level of the teacher shall not be decreased the next school year unless the hours or duties of the teacher are reduced proportionately.*
- B. *Subject to the provisions of this section, any school district that willfully reduces or has in years previous to enactment of this section willfully reduced the salary of a teacher in violation of subsection A of this section shall forfeit as a penalty a portion of its State Aid equal to the total amount that the teacher was underpaid. If the teacher was underpaid for more than one (1) school year, the amount forfeited shall equal the cumulative amount that the teacher was underpaid. The amount to be forfeited shall be deducted from the State Aid payment following confirmation of the underpayment by the State Department of Education.*
- C. *In addition to the amount of State Aid forfeited as a penalty pursuant to subsection B of this section, in order to ensure that the teacher receives the full amount of unpaid salary, the State Department of Education shall withhold an amount which is equal to the total amount that the teacher was underpaid from the State Aid payment of the school district and pay the amount directly to the teacher. The Board shall not withhold an amount for payment to the teacher pursuant to the subsection if the teacher has recovered the underpayment pursuant to judicial action.*
- D. *Complaints filed with the State Board of Education pursuant to this section may be based on alleged underpayments during fiscal years that began:*
  - (1) *On or after July 1, 2002; or*
  - (2) *Before July 1, 2002, if the teacher filed an action to recover the underpayment in a court of competent jurisdiction before July 1, 2002.*
- E. *Complaints filed with the State Board of Education alleging underpayment during fiscal years that began on July 1, 2002, shall be filed within one (1) year of the end of the fiscal year in which the underpayment is alleged to have occurred.*
- F. *Filing a complaint with the State Board of Education pursuant to this section shall not operate to prohibit a teacher from filing an action for underpayment in a court of competent jurisdiction or continuing to pursue an action for underpayment pending in a court of competent jurisdiction on the effective date of this act.*
- G. *The State Board of Education shall promulgate rules necessary to implement the provisions of this section. The rules shall include, but not be limited to, procedures for a teacher to file a complaint for violation of this section and the Department to investigate the complaint."*

**UNDERPAID TEACHER PENALTY**  
(OAC 210:25-3-4 [h])

If the district pays a teacher less than the minimum salary required by law, the difference shall be deducted from the next payment of state aid, or a claim shall be filed by the Director of Finance to recover any such overpayment to the school district.

- (1) The School Personnel Records Section will notify the school superintendent of all potentially underpaid teachers after the Final Certified Personnel Reports are filed with the State Department of Education in February. The school superintendent shall notify the School Personnel Records Section of the district's intent to pay the teacher the underpaid amount or to dispute the amount. If disputed, the school superintendent is responsible for providing documentation to the School Personnel Records Section to show the teacher was not underpaid based on the state minimum salary schedule. The State Aid Section shall withhold from state aid the amount underpaid by October 1 in the school year following the year in which the underpayment occurred.
- (2) The method for calculating teacher salaries to ensure state minimums are met shall be determined by the School Personnel Records Section.

**STATE AID FUNDS MAY BE WITHHELD**

**- REPORTS MUST BE FILED -**

*Pursuant to the statute (70 O.S. § 5-128): "Boards of education of all school districts are hereby required to make annual statistical and financial reports to the State Board of Education . . . It is further provided in the statute (70 O.S. § 3-104): . . . Such authority shall include the right of the State Board of Education to withhold all state funds under its control, to withhold official recognition, including accrediting, until such required reports have been filed and accepted in the office of said Board and to revoke the certificates of persons failing or refusing to make such reports."*

*The statute further provides (70 O.S. § 18-116): ". . . No more than fifty percent (50%) of the funds apportioned to school districts under the provisions of this article shall be paid by the state unless and until there has been filed with the State Board of Education on forms prescribed by such Board an itemized sworn account of the expenditures of the school district during the next preceding fiscal year and a teacher personnel report for the current year . . ."*

Pursuant to State Board of Education regulations (OAC Title 210: Finance, 25-3-1):

School districts shall qualify for an appropriation of funds . . . if the following conditions have been met:

- (1) The district was accredited for the previous year.
- (2) The Annual Statistical Report has been filed.
- (3) The Oklahoma Cost Accounting System reports for revenue and expenditures have been submitted by the Web-based reporting system.



**NONCOMPLIANCE PENALTY ON LATE AUDITS  
(70 O.S. § 22-108)**

*Paragraph E: “. . . If within eleven (11) months after the end of the fiscal year of the public school a copy of the audit report has not been received by the State Board of Education, an inquiry shall be made by the State Board of Education as to why such report has not been filed. Should the State Board of Education find that the local board of education has failed to cause an annual audit to be commenced, the State Board of Education shall make a written demand on said board and file such annual audit within thirty (30) days of the date of such demand.”*

**STATE AID WITHHELD FOR FAILURE TO COMPLY WITH ARTICLE  
(70 O.S. § 22-112)**

*“All further payment of State Aid for each district shall be withheld until the provisions of this article have been fulfilled by said district.”*



**SPECIAL STUDENT ADJUSTMENTS  
AND  
INFORMATION**

- **Out-of-Home Placement Procedures and Weights**
- **Sample Enrollment Report to be Used Between Districts**



**Procedures and Weights for Out-of-Home Placement Students**  
(70 O.S. § 18-201.1)

<b>Out-of-Home Placement Weights</b>	Grade Level Weight
Out-of-Home Placement - OHP1	1.5
*Eleemosynary Child Care Facility (Educational services provided at facility)	1.5
Juvenile Detention Center (10 beds) - OHP2	1.8
Juvenile Detention Center (8 beds) - OHP3	2.3
Juvenile Detention Center (6 beds) - OHP4	3.0

\*Eleemosynary Child Care Facility (Educational services provided at a school site)

Note: These students are residents of the district in which the facility is located.

\*A facility funded predominantly by benevolent or charitable funds. Such facility is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code.

**Out-of-Home Placement Procedures**

The receiving district must notify the resident district of the enrollment date for all out-of-home placement students. This now includes students in Therapeutic Foster Care Homes. (Please see the sample form on page 95 that may be used for the 2009-10 Enrollment Report of Out-of-Home Placement Student). Note: The student **must be dropped** from the resident district's Membership and Attendance Records prior to this enrollment date.

The receiving district shall notify the resident district immediately upon finding that a student requires special education and related services and the resident district shall participate in planning the student's Individualized Education Program (IEP) and in subsequent reviews of the program in accordance with the Individuals with Disabilities Education Act (IDEA). Federal law provides that responsibility for procedural safeguards remains with the resident district and such special education student shall be reported on the resident district's Special Education Child Count.

The students eligible for the out-of-home placement weight shall be students who are not residents of the school district in which they are receiving educational services. Such weight may be claimed by the district providing educational services to such student for the days the student is enrolled in that district. Accurate attendance and membership records must be kept that identify such student by the proper out-of-home placement. The out-of-home placement weight shall be in lieu of the pupil grade level and any pupil category weight for that student. The membership and out-of-home placement pupil weight for such students shall be included in the membership of the district providing the education for the purposes of calculating state aid. Oklahoma Statutes Title 70, Section 18-201.1, eliminated the last elements of "bill backs" by authorizing funding for children in therapeutic and voluntary, specialized foster care home placements under the out-of-home placement weight.

If a student is placed in an eleemosynary child care facility and attends school at a local school site in the district where such facility is located, such student is a resident of that district and shall be counted at the regular grade level weight. If such student has an IEP for special education services, the category weight shall also apply and the student shall be included in that district's special education child count.

If the needs of a student placed in an eleemosynary child care facility require that the district in which such facility is located provide educational services at the facility (the district has to hire a teacher to go out to the facility to teach classes), the student will be counted as an out-of-home placement student and the educating district will receive the 1.5 out-of-home placement weight.



(Sample)

**2009-10 Enrollment Report of Out-of-Home Placement Student  
70 O.S. § 18-201.1**

1. Student's Name: \_\_\_\_\_  
LAST FIRST MIDDLE GRADE AGE DOB

2. Student's resident district: \_\_\_\_\_  
COUNTY NAME and NUMBER DISTRICT NAME DISTRICT NUMBER

3. Student's address in resident district: \_\_\_\_\_

4. \_\_\_\_\_  
PARENT/GUARDIAN ADDRESS (IF SAME AS ABOVE, PLEASE INDICATE)

5. Date student enrolled in district providing services (providing district): \_\_\_\_\_

6. Name and address of residential facility or treatment program or center:

\_\_\_\_\_  
NAME ADDRESS

7. While the student is enrolled in the providing district, the cost of his/her education will be funded by state aid monies (Average Daily Membership [ADM] and Out-of-Home Placement Weights).

8. If this student is to be considered for special education services, the providing district shall give the resident district prior notification of the date, time, and location of the eligibility and/or Individualized Education Program (IEP) team meeting. Responsibility for procedural safeguards remains with the resident district.

**A copy is to be sent to the school district of the student's residence.**

Note to Resident District: This student **must be dropped** from the rolls of the resident district before the enrollment date shown on #5 above.

I hereby certify that this is true and correct according to the records on file in this office.

\_\_\_\_\_  
COUNTY DISTRICT NUMBER SCHOOL DISTRICT PROVIDING SERVICES

\_\_\_\_\_  
DATE SIGNATURE OF AUTHORIZED PROVIDING SCHOOL OFFICIAL



## **SECTION V**

### **WEB-BASED REPORTING FINANCIAL SERVICES DIVISION**



## **Web-based Reporting Financial Services Division**

This section of the Technical Assistance Document covers the basic elements for all of the Financial Services Division's reports that can be submitted over the Web. Additionally, there is a Question and Answer section that answers many of the common questions that have arisen since implementation of Web-based reporting. Specific questions that are not addressed in this document can be addressed to the appropriate section using the telephone number or Web address given.

The next few pages provide information that will hopefully answer many common questions as well as steps to resolve problems encountered.

### **Types of Users and Primary Duties**

The superintendent of the school is automatically assigned as the school district's *system administrator*. He or she is responsible for many aspects of Web-based reporting that makes the system work. One of the most important tasks is assigning duties to others that allow them access to the system. Equally important, is certifying reports back to the appropriate section. This certification verifies to the SDE that the reports are true and accurate and reflect all pertinent information for his/her school district.

Assigned by the superintendent, **District or Site Logon Administrators** assign other designated personnel, **such as Principal**, access to "certify" that site reports are true and accurate and reflect all pertinent information for his/her school site. **District User, Site User, and Authorized Representative** are responsible for the actual inputting of data into the various Web-based forms and/or submitting forms.

Additionally, the superintendent may allow "read only" access to other individuals with a need to know in his or her school district. These persons receive **Site View or District View** access and can view only their school district's site or district information. They do not have the capability to edit or add information to the reports.

### **Helpful Reminders**

When entering the county/district number:

- Use the number zero (0) and not the letter (O).
- Independent districts must use the uppercase letter (I) and not the number one (1).

### **Web-based Reporting**

- Access the Financial Services Division's site through the SDE's home page at: <<http://sde.state.ok.us>>.
- Select the School District Reporting Site link.
- When the Logon screen appears, type in your username and password, then click on "Logon."
- Select the appropriate report.



## **Web-based Reporting Availability and Timelines**

### **1. State Aid Documents (Due in the State Aid Section):**

- First Quarter Statistical Report—Due ten (10) after the end of the first nine weeks
- Annual Statistical Report—Due ten (10) days after the close of school

Phone Number and E-mail: (405) 521-3460; <Renee\_McWaters@sde.state.ok.us>

### **2. Financial Accounting Documents (Due in Financial Accounting Section/OCAS):**

- Revenue and Expenditures Reports—Due September 1

Phone Number and E-mail: (405) 521-2517; <Iona\_Martin@sde.state.ok.us>

### **3. School Personnel Records Documents (Due in the School Personnel Records Section):**

- Initial Certified and Support Personnel Reports—Due October 1
- School Administrator Salary and Fringe Benefit Report—Due October 1  
(Pulled from the Certified Personnel Report)
- School District Approved Salary Schedule—Due November 14
- Final Certified and Support Personnel Reports—Due February 1
- Resident Teacher/Mentor Teacher Report—Due May 1
- Certified Substitute Teachers Report—Due June 15
- End-of-Year Certified and Support Personnel Reports—Due June 15
- Superintendent's Contract—Due 15 days after signing

Phone Number and E-mail: (405) 521-3369; <Tammie\_Hall@sde.state.ok.us>

**Financial Accounting/OCAS Section:**

**1. When can I begin processing "Trial Data"?**

Generally, sometime in March. Check with the Financial Accounting Section before attempting to process trial data.

**2. How many times may I submit my Oklahoma Cost Accounting System (OCAS) data?**

Trial data can be submitted up until June 30. From July 1 to September 1, the data may be submitted as many times as needed to get a clear and accurate report of your district's financial records.

**3. If I find an error after receiving my final reports, can I resubmit my data?**

Yes, data may be submitted as many times as necessary until the September 1 deadline.

**4. If there is an error in the general fund, can I resubmit the general fund data only or must I resubmit all funds?**

All funds must be resubmitted.

**5. If there are only revenue errors, but not expenditure errors, must I resubmit both reports?**

No, only the report with the errors would need to be resubmitted.

**6. Where can I find the OCAS manual?**

To find the OCAS manual, go to the State Department of Education's Home page <<http://sde.state.ok.us>> to find a link.

## **School Personnel Records Section:**

### **1. When are the personnel reports due to School Personnel Records?**

Personnel reports and other School Personnel information are due back to the State Department of Education (SDE) on or about October 1 and February 1 of each school year. The End-of-Year Certified and Support Personnel Reports as well as the Certified Substitute Teacher Report are now due on June 15 of each year. The due date has been extended by two weeks to allow school districts to close out their end-of-year data.

### **2. Do the reports have the same names now that they are on the Web?**

Basically, yes. The reports are still known as the Certified Personnel Report, Support Personnel Report, and so on. However, in the past, each report had a name that identified when it was due. These names were Preliminary (Pre-print), Final, and Supplemental. Now these reports are called the Initial, Final, and End-of-Year, respectively. One of the most important issues to note is the October data is now “final” data and should reflect the school district’s accurate data. The Final and End-of-Year reports reflect additions, deletions, and changes that have occurred since the Initial reports were certified to the SDE.

### **3. Do I have to do anything to the Web-based report if I do not have changes?**

Yes, when the reports are “opened” and made available so you can make any necessary changes you must **CERTIFY** both the Certified and Support reports back to the SDE even if you did not have any changes. This lets us know that all the information previously reported is correct and up-to-date. You will be “certifying” both reports to the SDE three times each school year: October, February, and June.

### **4. Other than the Certified and Support Personnel Reports, what other reports are available online?**

School Personnel Records has available the approved School District’s Salary Schedule and the Certified Substitute Teacher Report. The Resident Teacher Report is also available for the Mentor Teacher Stipend. The Administrator’s Salary and Fringe Benefit Report, along with the Multisite and Cooperative Teacher reports are now pulled from the submitted Certified Personnel Report. Other offices at the SDE also have reports available online. Please check with those offices for further information.

### **5. How do I print a copy of my report? (You must have "Adobe Acrobat Reader" downloaded on your computer before you can print reports.)**

You can print various reports by selecting “Print Reports.”

### **6. Do we still need to accomplish the Multisite and Cooperative Reports?**

When you work your reports using the Web-based reporting system you will be prompted by the computer to complete information for these reports. They are no longer separate reports, but are accomplished at the same time you are completing the Certified Personnel Report.

### **7. When I logged on, I was required to change my password before I could access my reports. Why is this?**

This is done to comply with computer and Internet safety/safeguard policies. You will be asked to change your password every six months unless it was changed earlier in the year.

### **8. I have always used the portion of a teacher’s medical allowance that we pay on his/her behalf to meet the state minimum salary. Can I still do this?**

No, per 70 O. S. § 18-114. The only benefit that can now be used to meet the state minimum salary will be “retirement.”

**State Aid Section:**

**1. Where do I find the Annual Statistical Report (ASR) or the First Quarter Statistical Report (FQSR) online?**

The ASR/FQSR is accessed via The Wave's Reporting Site: <<https://thewave.sde.state.ok.us>>. Once you log in, select the Reporting tab and then select FQSR/ASR. Scroll to the bottom of the instructions and select Access Report. You will be able to see only the data for your access level (site or district) given to you by either your Logon Administrator and/or your District Wave Security Administrator (DWSA).

**2. How is the ASR/FQSR certified?**

Enter the required site data and when it is correct, have the site data "principal certified." When all sites for your district have been principal certified, the superintendent must certify the district report. Your Regional Accreditation Officer (RAO) will review the certified data, and if necessary, ask district staff to make corrections. In order to make corrections, the report must be decertified either by your RAO or by State Aid staff, if necessary. Once corrections have been made, the site principal will recertify the site data, and the superintendent will recertify the district report.

**3. How is the High Year determined for the state aid allocation?**

The ASR collects end-of-year data for high year consideration for the initial state aid allocation in July each year. The FQSR collects first nine-week data for consideration as the high year for the midyear state aid adjustment in December each year.

The initial allocation considers end-of-year data for the previous two fiscal years. The midyear allocation considers end-of-year data for the previous two fiscal years and the first nine-week data of the current year. In both cases, a high year is chosen in order to generate the state aid allocation.

**4. How can I print a blank report to be used as a worksheet for either the ASR or FQSR?**

On The Wave's Home page, you can select the Resources tab to find a blank ASR/FQSR to be used as only a worksheet, the Site Affidavit form, and other related ASR/FQSR instructions.

**SECTION VI**

**SCHOOL CONSOLIDATION  
and  
ANNEXATION IN OKLAHOMA**



## Preface

This technical assistance document has been prepared to assist school districts and local communities in understanding the process of school annexation and consolidation. The purpose of which is to better serve Oklahoma's children and youth.

In 1891, the Oklahoma Territorial Legislature enacted a law organizing the school districts into political subdivisions of four school districts per township. These school districts consisted of approximately nine square miles. The intent for this proximity was to insure that the students live within walking distance of their school. At the time of statehood, the first Oklahoma Legislature also organized Indian Territory into school districts. The school districts in Indian Territory were usually larger than the nine square mile districts of Oklahoma Territory. From this beginning, school districts have made many changes in size and organization.

In 1914, there were 5,880 school districts in the state. As transportation improved and educational demands increased, school districts continued to change in size and organization. School consolidation continued throughout our history. In 1989, there were 609 school districts when Senate Bill 74 passed, which established the Voluntary School Consolidation Act. In 1990, House Bill 1017 amended this legislation. Since 1989, there have been 77 school reorganizations, giving us the current number of 532 school districts. The Legislature transferred all the remaining funds out of the Voluntary School Consolidation Act in 1993.

In 2006, Senate Bill 1493 created in the State Treasury a fund designated as the "School Consolidation Assistance Fund." The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of any monies the Legislature may appropriate or transfer to the fund and any monies contributed for the fund from any other source, public or private.

During the 2009 legislative session, Senate Bill 1169 (effective November 1, 2009) amended language for the School Consolidation Assistance Fund. Related funding will be used for voluntary/mandatory annexations or consolidations.

For voluntary and mandatory consolidations, not more than 200 (formerly 1,000) Average Daily Membership (ADM) of any one school district from the preceding school year of the annexation, shall be counted in determining the combined ADM of any district formed by consolidation. The ADM of any one school district shall only be considered once for allocations from the fund when the school district consolidates with two or more school districts. Allocation will be calculated by multiplying the allowable ADM of the combined districts by \$2,500.

For voluntary and mandatory annexations, not more than 200 (formerly 1,000) Average Daily Membership (ADM) of the annexed district from the preceding school year prior to the annexation shall be counted. Allocations will be calculated by multiplying the allowable ADM of only the annexed district by \$5,000. Allocations will be no less than \$400,000 or no more than \$1 million.

The purpose shall be to provide voluntarily or mandatorily consolidated school districts or districts who have received part or all of the territory and part of or all of the students of a school district dissolved by voluntary or mandatory annexation, during the first year of consolidation or annexation, except as provided for in subsection G of Section 7-203, with a single one-year allocation of funds needed for: (1) Purchase of uniform textbooks in cases where several districts were not using the same textbooks prior to consolidation or annexation; (2) Employment of certified personnel required to teach courses of the district for which personnel from the districts consolidated or annexed are not certified and available; (3) Employment assistance for personnel of the several districts who are not employed by the consolidated or annexing district. Employment assistance may include provision of a severance allowance for administrators, teachers, and support personnel not to exceed eighty percent (80%) of the individual's salary or wages, exclusive of fringe benefits, for the school year preceding the consolidation or annexation. Personnel receiving such severance pay may accumulate one year of creditable service for retirement purposes. Employment assistance may also include the payment of unemployment compensation benefits. The State Board of Education shall provide a severance allowance to employees dismissed from employment due to annexation or consolidation of a school district in the year of the annexation or consolidation and who were denied a severance allowance or unemployment compensation benefits and the voluntary consolidation funding of the annexing or

consolidating district or districts has been paid on or after July 1, 2003, at the maximum allowable amount. Application for severance allowance shall be made to the Finance Division of the State Department of Education by the dismissed employee no later than September 1 of the fiscal year immediately following the fiscal year in which the annexation or consolidation occurred; (4) Furnishing and equipping classrooms and laboratories; (5) Purchase of additional transportation equipment; and (6) When deemed essential by the school district board of education to achieve consolidation or combination by annexation, renovation of existing school buildings and construction or other acquisition of school buildings.

“The State Board of Education shall only make allocations from the fund to school districts formed from the combination of two or more of the districts whose boards of education notify the State Board of Education on or before June 30 of their intent to annex or consolidate and are subsequently combined by such means by January 1 of the second year following the notification of intent.”

“Allocations will be made to school districts formed by voluntary or mandatory consolidation on the basis of combined average daily membership (ADM) of the school year preceding the first year of operation of the school district resulting from the consolidation or annexation; provided, not more than two hundred (200) ADM of any one school district shall be counted in determining the combined ADM of any district formed by consolidation. The ADM of any one school district shall not be considered more than once for allocations from the fund when the school district consolidates with two or more school districts. Allocations from the fund pursuant to this subsection shall be calculated by multiplying the combined ADM by Two Thousand Five Hundred Dollars (\$2,500.00).”

“Allocations will be made to school districts which have received part or all of the territory and students of a school district by voluntary or mandatory annexation on the basis of ADM of the annexed school district for the school year preceding the first year of operation of the school district resulting from the annexation; provided, not more than two hundred (200) ADM of the annexed district shall be counted. Allocations from the fund pursuant to this subsection shall be calculated by multiplying the allowable ADM by Five Thousand Dollars (\$5,000). In no case shall allocations payable pursuant to this subsection be less than Four Hundred Thousand Dollars (\$400,000.00) or greater than One Million Dollars (\$1,000,000.00). If monies in the School Consolidation Assistance Fund are insufficient to make allocations to all qualified combined districts, allocations shall be made based upon earliest date of application.”

### **Voluntary Annexation**

- A. A school district or part of a school district may be annexed to another school district adjacent or not.
- B. A school district may annex to two or more districts when approved at an annexation election. Annexation elections are: (1) called by the State Superintendent of Public Instruction or designee of the state superintendent; (2) conducted by the county election board in pursuance of a resolution for annexation; (3) the resolutions which are submitted to the State Superintendent must be signed by the board of education of the annexing district and school board or boards of the receiving district(s), or by an election called upon the filing of a petition with the State Superintendent of Public Instruction that is signed by a majority of district electors in the affected area.
- C. The State Superintendent or designee shall notify the county election board of the election by delivering a resolution to the secretary of the county election board not less than sixty (60) days preceding the election. (Contact your local county election board for election dates and deadline dates.)
- D. Elections are to be held between the hours of 7:00 a.m. and 7:00 p.m. and are conducted by the county election board.
- E. Annexations shall be approved by a majority of the school district electors either (1) of an entire school district; or (2) of the affected area with prior school board approval.

- F. If the annexation is approved, the designee of the State Superintendent shall within five (5) days after such election make an order declaring the annexation; the annexation shall not become effective until time for filing an appeal has expired.
- G. Within ten (10) days after the order of the State Superintendent of Public Instruction or designee is made, twenty-five percent (25%) of the district electors who were eligible to vote at the annexation election may appeal to the district court of the county in which the territory proposed to be annexed, or the largest part thereof, if such territory lies in more than one county is situated. Thereafter, all proceedings shall be stayed until the district court has rendered judgment.
- H. If the territory proposed to be annexed is situated in more than one county, the State Superintendent or designee shall file the resolution in the county in which the largest part of such territory lies. If the area to be annexed constitutes less than two percent (2%) of the total area of the district and no qualified electors reside in the area, no election is required and the area may be annexed by resolution of both the losing and receiving district.
- I. If an independent district annexes to an elementary district not maintaining a high school, both boards of education are abolished. The Governor shall appoint three members of the newly formed district to the board of education and these members shall appoint the remaining two members.
- J. It is not legally possible to annex territory to a district that has ceased to exist.

#### **Mandatory Annexation**

When the State Board of Education determines that a local school district is to be mandatorily annexed, the following procedure is utilized:

- A. The State Board of Education will assign a school district or districts to inventory and secure the property in the mandatorily annexed district.
- B. The State Superintendent of Public Instruction or designee of the State Superintendent shall notify the parents or guardians of all students in the district being annexed that they must apply for a transfer to the superintendent of the school district they wish to attend. The parent or guardian must also provide the legal description of his or her home. This information is given to the State Superintendent or State Department of Education designee within ten (10) days.
- C. Once the State Department of Education has received the transfer requests and legal descriptions, boundary lines will be drawn to divide the annexed district. To the maximum extent possible, the preference of the parent or guardian regarding school district assignment will be honored.
- D. The assets and liabilities of the annexed district shall become part of the annexing districts. When an annexing district assumes a debt, the district assuming the debt should receive a comparable portion of the assets. The assets and liabilities of the annexed district are divided by agreement between the receiving districts. If the boards of education of the districts are unable to agree, the matter shall be decided by the State Board of Education.

School law requires reporting to the State Board of Education on or before the first Monday in July by the Local Educational Agency (LEA) if it is suspected that a district cannot financially open and maintain school for the next school year.

#### **Voluntary Consolidation**

Two or more school districts may be consolidated into a single district; adjacencies are not a requirement. The first step for a consolidation of two or more districts is a feasibility study conducted by the State Department of Education.

This can be done by:

- a) a board resolution of one of the districts; or
- b) by a petition signed by ten percent (10%) of the qualified school electors of any one district.

Following the feasibility study, an election may be called by;

- a) a petition signed by forty percent (40%) of the qualified voters in each district requesting the consolidation election; or
- b) the concurrence of the boards of education of the districts included as shown by a resolution adopted by each board.

If a petition method is utilized, petitions must be filed with the State Superintendent of Public Instruction, and upon verification, the State Superintendent will call for the election.

If the boards of education concur and adopt resolutions, they must file the resolutions with the State Superintendent of Public Instruction who will call the election.

The county election board will conduct the election in accordance with the general election laws of Oklahoma.

The State Board will declare or deny the consolidation based upon the election result.

The State Superintendent of Public Instruction or the State Superintendent's designee shall meet with the members of the boards of education of the school districts forming the new district who shall (1) be provided an opportunity to select from their membership a board of education for the new district; and (2) select the number of members and designating initial terms of service as required by law. However, if an agreement is not reached, the local board of education members representing the district having the largest number of students shall serve as board members of the new district.

On the effective date of consolidation, the districts are dissolved and a new district is formed; the newly created district will be given a new district number and all agreements and policies will need to be negotiated and approved.

All liabilities, assets, powers, and duties shall become the responsibility of the new school district.

#### **Teacher Status Because of Annexation or Consolidation**

State law provides that "No district shall be liable for the payment of compensation to a teacher or administrator under the provisions of any contract for the ensuing year, if it becomes necessary to close the school because of annexation or consolidation...provided such cause is known or action is taken prior to July 1 of the ensuing year."

The term "school" refers to a high school, middle school, junior high school, or elementary school, not a district, unless all the schools of a district were closed. (Example: If district "A" annexed to district "B" and decided to leave the elementary school in district "B" open and to close the high school, the teachers of high school district "B" would not necessarily be given employment in the new district, but the elementary teachers would).

Another variable in this situation is "action prior to July 1." If a consolidation or annexation occurs at midyear, the new district must use its reduction in force policy or employ all the teachers. If the new board of education elects to utilize any part of a "school," then all teachers in that "school" must be retained.

#### **Dispensing of a School**

A high school, an elementary school or both may be dispensed with by a majority vote of the qualified electors. The election could be a question on the annual district election or at a specially called election if held no later than June 30. An election for dispensing a school may also be called by a petition signed by forty percent (40%) of the electors. To calculate the sufficiency of the number of signatures on a petition, the forty percent (40%) figure shall

be applied to the highest number of voters voting in a regular school election in the district in the preceding five years, as determined by the county election board.

The students of the school who would be entitled to attend the grades dispensed with shall be transferred to another district or districts maintaining courses or grades which the children are entitled to pursue. The parent or guardian of each child desiring to be transferred must file an application for transfer with the State Department of Education designee.

In the event the district dispenses with the entire school, the State Board of Education shall annex the district mandatorily on July 1.

### **Petitions for Annexation or Consolidation**

The State Department of Education, in accordance with state law, will specify what is needed on any petition requesting an election for annexation or consolidation.

The following information should be included on any petition for consolidation or annexation filed with the State Department of Education:

- 1) Petitioner's Request;
- 2) General statement that all signers are legal voters in the school district;
- 3) Voter's name, printed;
- 4) Voter's address;
- 5) Voter's signature; and
- 6) Signature and statement of circulator attesting every voter is a legal voter in the school district.

To calculate sufficiency of the number of signatures on a petition, the given percentage figure shall be applied to the highest number of voters voting in a regular school election in the district or in the case of a partial annexation, in the preceding five years as determined by the county election board, who shall certify the adequacy of the number of the signatures on the petition. Once the county election board has certified the adequacy of the number of signatures on a petition, it is delivered to the State Superintendent of Public Instruction or the designee of the State Superintendent.

### **Requirements of Election Laws**

Special elections for annexations or consolidations are to be called by the State Superintendent of Public Instruction or designee of the State Department of Education. The entity calling the elections shall notify the county election board by delivering a resolution to the secretary of the county election board at least sixty (60) days preceding the election.

The resolution shall contain information necessary for the county election board to conduct the election:

- 1) Date of election;
- 2) Ballot titles of the question to be voted upon;
- 3) Effective date of the annexation or consolidation;
- 4) Description of persons eligible to vote in the election; and
- 5) Legal description if the annexing district is to be divided among two or more districts.

The annexation shall be approved by a majority of the school district electors voting at such election:

1) Of the entire school district, or

2) If a majority of the members of a board of education of a school district losing the territory concurs with the petitioners, or resolution, and only the legal voters of the area so affected shall be eligible to vote at such election.

#### **Legal Election Days**

A schedule of legal election dates and deadlines may be obtained by contacting your county election board, the State Election Board, or the Oklahoma State Department of Education.

#### **Cost of Elections**

The board of education of the school district, for which the election is being called, shall pay the county election board for any costs of the election. The school district shall pay these costs even if the election is called by a petition of the voters of the district.

## **SECTION VII**

# **POLICIES AND PROCEDURES for OKLAHOMA SCHOOL DISTRICTS**



Calendar: Schedule of Due Dates  
Accountability at a Glance

The Calendar: The Accountability at a Glance which includes the Schedule of Due Dates is available via the School District Reporting Site page, which is found on the State Department of Education Web site <<http://www.sde.state.ok.us>>.



## FOREWORD

The *State Board of Education Policies and Procedures for Implementation of the Oklahoma Cost Accounting System (OCAS) and School Finance* was presented to the Oklahoma State Board of Education during a regular meeting on March 19, 1992.

These policies and procedures have been prepared to assist in the implementation for financial transactions utilizing the coding structure of the Oklahoma Cost Accounting System. The goal of the Financial Services Division of the State Department of Education is to have consistency in coding and accurate implementation of school laws and State Board regulations relating to school finance.

The rules describe the basis of funding of public schools; the duties and procedures for the financial operation of districts; and the responsibilities of the State Department of Education and individual districts in regard to securing, dispensing, reporting and accounting for school funds.

Boards of education, superintendents, business managers, encumbrance clerks, treasurers, independent auditors, and others who have the responsibility for preparation of school district budgets and the administration of school district funds must become familiar with these policies and procedures.

## LAWS AND REGULATIONS

Statutory provisions allowing the State Board of Education to administer the laws pertaining to Oklahoma school finance are found primarily within Title 70 of the Oklahoma Statutes, Articles 5 and 18. Related provisions are found in Titles 62 and 68 of the Oklahoma Statutes.

School districts shall report financial transactions for all funds, except for the school activity fund, using the Oklahoma Cost Accounting System (OCAS) as adopted by the State Board of Education pursuant to 70 O.S. §§ 5–135 and 5–135.2. Costs shall be reported by curricular subject area where applicable. For the 1992–93 school year and in each subsequent school year, school districts shall report financial transactions **for all funds** using the Oklahoma Cost Accounting System. Cost shall be reported by curricular subject area where applicable.

A permanent rule was accepted on December 31, 1991, under Oklahoma Administrative Code (OAC) Subchapter 1, 3, 5, and 7, Chapter 25: Finance, Title 210, State Department of Education.



## Accounting System

### **Section 98. Alternate System of Accounting.**

- A. The board of education of each school district shall use the following system of initiating, recording and paying for all purchases, salaries, wages or contractual obligations due from any of the funds under the control of such board of education. However, a school district board of education may use the procedures outlined in Section 304.1 of Title 62 of the Oklahoma Statutes for the payment of salaries and wages only if the board so votes. The provisions contained herein shall not apply to the sinking fund and school activity fund.
- B. The encumbrance clerk and treasurer of the school district shall each enter the authorized amounts in the various appropriation accounts of the funds to which this system is applied. The authorized amounts of appropriations shall be the general fund and building fund appropriations approved by the county excise board and such additional amounts as may be applied in the manner provided by law, the amount received for deposit in a special cash fund where such special cash fund is authorized by law or required by the person or agency providing such funds, or the amount of the net proceeds realized from the sale of bonds of the school district and any other income due such fund.
- C. It shall be the duty and responsibility of the board of education of the school district to prescribe and administer adequate business procedures and controls governing the purchase or confirmation of purchase and delivery of goods or services. The procedures shall include delivery of an acceptable invoice by document, facsimile, electronic or other standard form that includes the information required by the district. Such procedures shall include the designation of authorized persons to purchase goods or services for the district and the method of determining the school employee receiving delivery of each purchase.
- D. Prior to the issuance of a purchase order, the encumbrance clerk must first determine that the encumbrance will not exceed the balance of the appropriation to be charged. The encumbrance clerk shall charge the appropriate appropriation accounts and credit the affected encumbrances outstanding accounts with the encumbrances. Encumbrances must be submitted to the board of education in the order of their issuance on a monthly basis, subject to a monthly business cycle cut-off date determined by the board of education. Approved encumbrances shall be listed in the minutes by the minute clerk.
- E. Before any purchase is completed, a purchase order or encumbrance must be issued. No bill shall be paid unless it is supported by an itemized invoice clearly describing the items purchased, the quantity of each item, its unit price, its total cost and proof of receipt of such goods or services. The bill and/or invoice shall be filed in the encumbrance clerk's official records. If a district has the ability to electronically utilize evaluated receipt settlement (ERS), the district may remit to vendors on that basis if the requirements of this subsection are fulfilled. In the event a district is establishing electronic data interchange, electronic entries will suffice in lieu of paper documents. In order for a district to be authorized to utilize an evaluated receipt settlement system:
  - 1. The ERS must result in payment by the district from vendor receipts that have been matched to the purchase order date;
  - 2. The ERS may only be used when there is an agreement between the district and the vendor for use of an ERS; and
  - 3. The ERS must be included in the district's journal ledger/accounts payable/purchase order software.
- F. The encumbrance clerk shall debit the encumbrances outstanding account and credit the accounts payable account for the amount of the approved bill. The board of education shall determine the extent such costs may fluctuate without additional board action. Minor adjustments not requiring additional board approval shall be referenced to the original encumbrance.
- G. An approved bill may be paid by issuing a warrant or check against the designated fund only after ascertaining that proper accounting of the purchase has been made and that the files contain the required information to justify the expenditure of public funds, except as otherwise provided in subsection I of this section. The

warrants or checks so issued shall be recorded in an orderly numerical system established by the district. The encumbrance clerk shall charge the warrant or checks against the accounts payable account and credit it to the warrants or checks issued account. Provided, if payment is to be made immediately and the board of education deems it advisable, the postings to the accounts payable account may be omitted and the payment of the approved bill may be credited directly to the warrants or checks issued account. The warrant or check shall show on its face the name of the school district, the date of issue, the payee, the amount, the expenditure classification code, and such other information as may be necessary or desirable. The president and clerk of the board of education shall each sign the warrant or check, or approved facsimile thereby denoting to the public that the warrant or check is for the purpose and within the amount of the appropriation charged.

- H. The treasurer shall register the warrant or check in the warrant or check register, charging the appropriation account and crediting the warrants or checks outstanding account of the designated fund. Provided, no warrant or check shall be registered in excess of the appropriation account's balance. All warrants or checks shall be registered in the order of their issuance. Voided warrants or checks shall be registered and filed with the treasurer. The treasurer shall sign each warrant or check through individual signature or approved facsimile showing its registration date and if issuing a warrant, shall state whether it is payable or nonpayable. When a warrant or check is paid, the treasurer shall maintain evidence the warrant or check has been processed and paid. Nothing in this subsection shall prohibit any governing board from using automated recordkeeping procedures, provided the information required in this subsection can be accessed.
- I. Any board of education of a school district of this state may make a payment which would otherwise be made by warrant or check, by disbursement through an Automated Clearing House, bank account debit system, wire transfer through the Federal Reserve System, or any other automated payment system operated by a financial institution insured by the Federal Deposit Insurance Corporation. The internal controls over such payment system shall be reviewed and approved by the independent auditor of the district during the annual audit. The provisions of Sections 601 through 606 of Title 62 of the Oklahoma Statutes shall apply to instruments or payment authorized by this subsection.
- J. School districts complying with the provisions of this act shall use only those forms and accounting systems approved by the State Board of Education. Such forms and systems shall be considered in substantial compliance with this act if they are sufficient to convey the meaning and sequence of transactions contained herein. Provided, nothing contained herein shall be construed to limit or prevent the use of additional or subsidiary accounts, forms, or files which may be deemed necessary or advisable by the board of education of the district or the State Board of Education.
- K. Any school district desiring to utilize the services of a data processing center to furnish any or all of the records herein required may do so if the center and its system complies with this act and the rules and regulations of the State Board of Education. Such center shall furnish an honesty bond in an amount to be set by the board of education but not less than Ten Thousand Dollars (\$10,000.00).
- L. The State Board of Education shall notify the board of education of the school district of the tentative amount the district is to receive from state and federal aid funds or allocations, and the board of education of the school district may include such tentative estimate as an item of probable income in the preparation of the school district's Estimate of Needs and Financial Statement; provided, no such federal aid estimate shall be used in any way to reduce the State Foundation Aid or Incentive Aid for such school district or sustain a protest for the reduction of a tax levy. **(70-5-135)**

## Activity Funds

### 210:25-5-13. School Activity Fund

- (a) The following words and terms, when used in this Section, shall have the following meaning, unless the context clearly indicates otherwise: "**School activities**" means cocurricular or extracurricular activities. Cocurricular activities are school-sponsored activities, under the guidance and supervision of LEA staff, designed to provide students such experiences as motivation, enjoyment, and improvement of skills. Activities normally supplement the regular instructional program. Extracurricular activities mean all direct and personal services for public school pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. Extracurricular activities are usually not offered for school credit nor required for graduation; conducted outside school hours, or a time agreed by the participants if partly during school hours and approved by school authorities; their content of activities is determined primarily by the pupil participants.
- (b) The board of education of each district shall exercise control over the School Activity Fund. Board approval of the School Activity Fund and Sub-Accounts shall be specific. However, the language for approval for the various methods for raising funds and the purposes for which they are to be expended can be of a general nature. The board may delegate authority, through a board policy, to school administrators to approve specific fund raising activities during the year to be approved by the board at the next regular board meeting.
- (c) The board of education of each district may appoint a School Activity Fund Custodian for each operational site, within the district. If a school elects to have operational site, each School Activity Fund Custodian shall be bonded for no less than \$1,000.
- (d) Disbursements from the School Activity Fund, shall be by check, countersigned by the School Activity Fund Custodian and some other person or persons designated by the board of education.
- (e) Deposits to or transfers from any account may be authorized by the board of education except School Lunch, Refund, and Petty Cash Accounts. Provided that reimbursement to the General Fund may be made from the School Lunch Account for food service expenditures paid from the General Fund. Such reimbursements should be properly documented and based solely on actual General Fund Expenditures.
- (f) The School Activity Fund Custodian shall not use funds in one account for another purpose unless a transfer is granted as provided by law.
- (g) Accounts may be established by the board of education of each district by whatever name or style it deems best suited to its needs for the revenue collected.
- (h) A prenumbered receipt shall be obtained when a check is drawn against the Petty Cash Account, and all such prenumbered receipts shall be accounted for at the end of a fiscal year. If a prenumbered receipt is spoiled it should be marked "void" and attached along with others on which reimbursement is being claimed; the copy or stub should also be marked "void" if one is being used.
- (i) A separate bank account may be established for School Lunch or other programs, but it shall be accounted for by the Activity Fund Custodian in charge and disbursements made as provided by law.
- (j) A general or miscellaneous account may be established within the Activity Fund to which all unobligated or uncommitted monies may be transferred. (This does not include Petty Cash, Refund, or School Lunch Accounts where contrary to Federal regulations.)
- (k) Purchases from the School Activity Fund shall not be paid for unless invoices or delivery tickets are furnished.
- (l) Receipts for collections shall be given by the School Activity Fund Custodian. Prenumbered tickets should be used for admissions in order to establish internal control. All tickets not sold by the gate keeper should be accounted for at the end of each event and a written reconciliation made of tickets sold to actual revenues collected. Reconciliation documents should be filed in date order as part of the documentation for the School Activity Fund.

- (m) Standard forms are not prescribed. Many good forms are now in use, and each board of education shall determine if its forms meet the legal requirements.
- (n) School districts shall report all School Activity Fund financial transactions using the Oklahoma Cost Accounting System.
- (o) Specific procedures for the School Activity Fund are as follows:
  - (1) Prenumbered School Activity Fund receipts shall be issued for every Sub-Account for each fiscal year.
  - (2) The secretary-treasurer of each organization or Sub-Account shall issue receipts and keep records of credits, debits and balances.
  - (3) The books of each account must reconcile the records of the School Activity Fund.
  - (4) Requisition or purchase request is presented to the School Activity Fund custodian or their designee.
  - (5) Purchase order is then approved by purchasing agent and the order is placed with the vendor.
  - (6) Checks will be issued only when invoice or supporting document and merchandise have been received.
  - (7) All checks will be issued by the School Activity Fund custodian and countersigned. No check will be issued in excess of Sub-Account balance.
  - (8) Record of all bad checks shall be kept and charged to proper Sub-Account.
  - (9) Each School Activity Fund Sub-Account shall be reported to the State Department of Education through curricular subject dimension of OCAS, where applicable. Reports will be transferred by magnetic media.
  - (10) The School Activity Fund custodian shall furnish a report to superintendent and board of education monthly. This report should show previous balance in each Sub-Account and total School Activity Fund balance. The Activity Fund custodian shall reconcile the bank statement when received. This information will be included in the monthly report to the superintendent and board of education.
  - (11) Every teacher in the school system should be informed that all money received is to be turned in to the School Activity Fund custodian.
  - (12) The petty cash account is the only one Student Activity Sub-Account that can be reimbursed from the general fund.
  - (13) A general fund refund Sub-Account within the School Activity Fund may be established by board resolution.

[Source: 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 2248, eff. 5-9-00 (emergency); Amended at 18 Ok Reg 3012, eff. 7-12-01]

## **Travel Reimbursement Policy**

### **Section 68. Powers and Duties.**

- A. The board of education of each school district shall have power to:
  - 15. Establish a written policy for reimbursement of necessary travel expenses of employees and members of the board. The policy may include in-district travel from the site of employment assignment which is necessary in the performance of employment duties. The written policy shall specify procedures, contain documentation requirements, and may include payment of meal expenses during authorized travel on a per diem allowance basis rather than itemized documentation;

**Administrative Cost  
Criteria**

- D. *For purposes of this section, “administrative services” means costs associated with:*
1. *Staff for the board of education;*
  2. *The secretary/clerk for the board of education;*
  3. *Staff relations;*
  4. *Negotiations staff;*
  5. *Staff for the superintendent;*
  6. *Any superintendent, elementary superintendent, or assistant superintendent;*
  7. *Any employee of a school district employed as a director, coordinator, supervisor, or who has responsibility for administrative functions of a school district; and*
  8. *Any consultant hired by the school district.*
- E. *If an employee of a school district is employed in a position where part of the employee’s time is spent as an administrator and part of the time is spent in nonadministrative functions, the percentage of time spent as an administrator shall be included as administrative services. Except for a superintendent who spends part of the time teaching in the classroom, the total amount of time a superintendent of a school district spends performing services for a school district shall be included as administrative services even if part of the time the superintendent is performing nonadministrative service functions and the total amount received by a superintendent from the school district as salary shall be recorded under the code for superintendent salary as provided for in the Oklahoma Cost Accounting System. (70 O.S. § 18-124)*

**Coding**

To calculate Administrative Costs beginning July 1, 2004, the Oklahoma Cost Accounting System (OCAS) section will use all funds (11 through 60) and the following codes:

**Staff for the Board of Education:**

Functions: 2313 (Board Treasurer Services)  
2318 (Audit Services)  
2319 (Other Board of Education Services)

Objects: 100 and 200 Series (Salaries and related burdens and benefits) or 310 (Official/Administrative Services)

**Secretary/Clerk of the Board of Education:**

Function: 2312 (Board Clerk/Deputy Clerk/Minute Clerk Services)  
Objects: 100 and 200 Series (Salaries and related burdens and benefits)

**Staff Relations and Negotiations Staff:**

Function: 2316 (Staff Relations and Negotiations Services)  
Objects: 100 and 200 Series (Salaries and related burdens and benefits)

**Staff for the Superintendent:**

Function: 2321 (Office of the Superintendent Services)  
Objects: 100 and 200 Series (Salaries and related burdens and benefits) and Object  
310(Official/Administrative Services)  
Job Classes: 615 (Regular or Substitute Secretary/Clerk)  
690 (Superintendent’s Secretary)

*(continued)*

**Superintendent, Elementary Superintendent, and Assistant Superintendent:**

Functions: All

Objects: 100 and 200 (Salaries and related burdens and benefits), or 310 (Official/Administrative Services)

Job Classes: 106 Deputy/Associate/Assistant Superintendent/Commissioner  
115 Superintendent/Commissioner

**Director, Coordinator, Supervisor, or Administrator:**

Function: All

Objects: 100 and 200 Series (Salaries and related burdens and benefits)

Job Classes: 101 Administrative/Supervisory/Ancillary Services Officer  
107 Executive Assistant  
109 Manager  
301 Accountant  
303 Administrative Intern  
332 Network Administrator  
513 Supervisor  
601 Bookkeeping/Accounting/Auditing Clerk  
612 Office Manager

**Consultants (Staff):**

Function: All

Objects: 100 and 200 Series (Salaries and related burdens and benefits)

Job Classes: 108 Instructional Program Director/Coordinator/Consultant  
110 Noninstructional Program Director/Coordinator/Consultant  
325 Grant Developer

**Section 414. Expenditures for Administrative Services in Districts with ADA Exceeding 1,500 Students.**

- A. Any school district with an average daily attendance (ADA) of more than one thousand five hundred (1,500) students for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than six percent (6%) of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the six percent (6%) withheld the following year from the Foundation and Salary Incentive Aid for the school district.
- B. Any school district with an average daily attendance (ADA) of more than five hundred (500) students but not more than one thousand five hundred (1,500) students for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than eight percent (8%) of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the eight percent (8%) withheld the following year from the Foundation and Salary Incentive Aid for the school district.
- C. Any school district with an average daily attendance (ADA) of five hundred (500) or fewer students for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than ten percent (10%) of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the ten percent (10%) withheld the following year from the Foundation and Salary Incentive Aid for the school district.
- D. For purposes of this section, “administrative services” means costs associated with:
  - 1. Staff for the board of education;
  - 2. The secretary/clerk for the board of education;
  - 3. Staff relations;
  - 4. Negotiations staff;
  - 5. Staff for the superintendent;
  - 6. Any superintendent, elementary superintendent, or assistant superintendent;
  - 7. Any employee of a school district employed as a director, coordinator, supervisor, or who has responsibility for administrative functions of a school district; and
  - 8. Any consultant hired by the school district.
- E. If an employee of a school district is employed in a position where part of the employee’s time is spent as an administrator and part of the time is spent in nonadministrative functions, the percentage of time spent as an administrator shall be included as administrative services. Except for a superintendent who spends part of the time teaching in the classroom, the total amount of time a superintendent of a school district spends performing services for a school district shall be included as administrative services even if part of the time the superintendent is performing nonadministrative service functions and the total amount received by a superintendent from the school district as salary shall be recorded under the code for superintendent salary as provided for in the Oklahoma Cost Accounting System.
- F. Each school site within a school district shall take steps to ensure that the administrative costs for the school comply with the expenditure limits established for school districts in this section.
- G. Funds withheld pursuant to the provisions of this section shall be distributed through the State Aid formula to the districts not so penalized.
- H. For the 2003-04 and 2004-05 school year, school districts shall report to the State Department of Education the costs associated with administrative services for the school district as defined in subsection D of this section. (70-18-124)

## Superintendents Paid with Federal Funds

### Office of Management and Budget (OMB) Circular A-87

23. General government expenses.

a. The general costs of government are unallowable (except as provide in section 41). These include:

(1) Salaries and expenses of the Office of the Governor of a State or the chief executive of a political subdivision or the chief executives of federally-recognized Indian tribal governments.

**210:25-5-2. Appropriations, allocations and fund balance reserves**

- (a) An appropriation as used for governmental and special cash account funds, is an authorization to issue warrants against such appropriation or additions thereto. [70 O.S. 5-135-B] Funds are appropriated by use of the following legal documents:
  - (1) A temporary appropriation, S.B.E. Form 12, for 100% of the anticipated revenue for the current year for General Fund and Building Fund may be obtained from the County Excise Board. The original appropriation is S.A.&I. Form 2661, Estimate of Needs, as approved and signed by the County Excise Board.
  - (2) The following funds are considered special cash funds under "Oklahoma Cost Accounting System":
    - (A) General Purpose Bond Funds
    - (B) Child Nutrition Funds
    - (C) Cooperative Funds
  - (3) Funds received during the fiscal year, in excess of the original appropriation, also require County Excise Board or County Clerk approval on one of the following:
    - (A) Form 307 - Request for Approval of State Aid and/or Federal Funds for Schools--Requires County Clerk's approval only.
    - (B) Form 308 - Cash Fund Estimate of Needs and Request for Appropriation (local revenue to be placed in a special cash fund)--Requires excise board approval.
    - (C) Form 150 - Supplemental Estimate (local revenue being placed in General Fund or Building Fund)--Requires excise board approval, does not require publication.
- (b) At the close of the fiscal year, appropriations will be reserved for any contracts pending for outstanding encumbrances (contracted for but not completed and/or paid for) by providing to the treasurer, the auditor, and the local school board the following information on each such purchase order/encumbrance: date, purchase order number, vendor name, amount, and coding dimensions according to the Oklahoma Cost Accounting System (i.e., Fiscal Year, Project Reporting, Function, Object, Program, Subject, Job Classification and Operational Unit as required). The remaining fund balance will be carried forward into the new fiscal year's budget as lapsed appropriations.

[Source: Amended at 9 Ok Reg. 3101, eff. 6-11-92 (emergency); Amended at 9 Ok Reg. 3545, eff. 7-24-92 (emergency); Amended at 10 Ok Reg. 2711, eff. 6-25-93; Amended at 14 Ok Reg. 3347, eff. 5-5-97 (emergency); Amended at 15 Ok Reg. 2293, eff. 6-11-98]

## AUDITS

### **Section 452. Annual Audits Required - Others Authorized.**

- A. The board of education of each school district in this state shall provide for and cause to be made an annual audit of such school district for each fiscal year. Said audit shall be a financial audit and a compliance audit of all funds of the school district, including the records of all student activity funds designated in Section 5-129 of this title. Such audit or audits shall be made at the end of the fiscal year; provided, however, the local board of education may require that audits be made at more frequent intervals.
  
- B. Findings of material weaknesses, qualifications of the auditor's report and of defalcations, or a report of lack of such findings, shall be communicated in writing to the board. Upon completion of an audit, the auditor shall conduct the final exit interview at a meeting of the board. No part of the final exit interview shall be conducted with any employee of the board except in open meeting of the board; provided, portions of the final exit interview related to matters which the board is authorized by law to consider in executive session may be so considered. **(70-22-103)**

### **Section 704. Audits of Political Subdivision and Levies to Raise Public Revenue.**

#### L. PETITION AUDITS

- 1. The State Auditor and Inspector shall audit the books and records of any subdivision of the State of Oklahoma upon petition signed by the requisite number of voters registered in the subdivision and meeting the requirements set out in this subsection.
  
- 2. The petition must contain the number of signatures equivalent to ten percent (10%) of the registered voters of the subdivision as determined by the county election board or, if the county election board determines that the number of registered voters in the subdivision cannot be determined due to boundary lines not conforming to precinct lines, the required number of petitioners shall be twenty-five percent (25%) of the total number of persons voting in the last subdivision-wide general election held in the subdivision. If the subdivision is a public trust, the required number of petitioners shall be the same as those required for an audit of its beneficiary. The appropriate county election board shall provide the number of signatures so required upon request.
  
- 3. The petition shall be in the form of an affidavit wherein the signatory shall declare upon oath or affirmation that the information given is true and correct and that he or she is a citizen of the entity to be audited. The petition shall clearly state that falsely signing shall constitute perjury. It shall include the signature of the individual, the name of the signatory in printed form, the individual's residential address, the date of signing, the public entity to be audited and the anticipated range of the cost of the audit provided by the State Auditor and Inspector.
  
- 4. Any person desiring to petition for an audit shall list the areas, items or concerns they want to be audited, and request from the State Auditor and Inspector the anticipated range of cost of the audit. Within thirty (30) days from the receipt of the request, the State Auditor and Inspector shall mail a petition form to the person requesting the information which shall state the anticipated range of the cost and the items or concerns to be audited. The circulators of the petition shall have thirty (30) days from the date the petition is mailed by the State Auditor and Inspector to obtain the requisite number of signatures and return it to the State Auditor and Inspector.

5. Upon collection of the required number of signatures, the person desiring the audit shall present the signed petitions to the State Auditor and Inspector. Within thirty (30) days of receipt of the petitions, the State Auditor and Inspector shall present the petitions to the county election board located in the county in which the subdivision is located.
6. The county election board shall determine whether the signers of the petition are registered voters of the county in which the subdivision to be audited is located and whether the petition has the requisite number of signatures of such registered voters. The county election board shall certify the petition as having the required number of signatures or as failing to have the required number of signatures and return it to the State Auditor and Inspector.
7. The cost of the audit shall be borne by the public entity audited. Upon notification by the State Auditor and Inspector of receipt of the petition, certified by the county election board as having the required number of signatures, the public entity shall encumber funds in an amount specified by the State Auditor and Inspector, which shall be within the range of anticipated cost stated on the petition from any funds not otherwise specifically appropriated or allocated. Payment for the audit from such encumbered funds shall be made as work progresses, and final payment shall be made on or before its publication.
8. The names of the signers of any petition shall be confidential and neither the State Auditor and Inspector, the county election board nor the county treasurer shall have authority to release them to any other person or entity except upon an order from a court of competent jurisdiction.

#### M. PENALTIES FOR NONPAYMENT

The cost of any services provided by the State Auditor and Inspector shall be due and payable upon the publication of the audit. Any such costs not paid within ninety (90) days of the date of publication shall incur a penalty of Ten Dollars (\$10.00) per day for each day from the date of publication. **(74-212)**

#### **Section 705. Investigative Audits of School Districts.**

- A. It shall be the duty of the State Auditor and Inspector to examine and report upon the books and financial accounts of the public, educational, charitable, penal and reformatory institutions belonging to the state; to prescribe and enforce correct methods of keeping financial accounts of the state institutions and instruct the proper officers thereof in the performance of their duties concerning the same; to examine the books and accounts of all public institutions under the control of the state at least once each year. Any officer of such public, educational, charitable, penal and reformatory institutions who shall refuse or willfully neglect to comply with such direction of the State Auditor and Inspector within a reasonable time shall be guilty of a misdemeanor.
- B. Each board of regents of institutions in The Oklahoma State System of Higher Education shall require a quality control review of the internal audit function required pursuant to subsection D of Section 3909 of Title 70 of the Oklahoma Statutes for each institution under its governance at least once every three (3) years. This review shall be in accordance with the "Quality Assurance Review Manual for Internal Auditing" developed by the Institute of Internal Auditors or any successor organization thereto. A copy of the report on the quality control review shall be filed with the State Auditor and Inspector.
- C. The State Auditor and Inspector shall perform a special audit on common school districts and technology center districts upon receiving a written request to do so by any of the following: the Governor, Attorney General, President Pro Tempore of the Senate, Speaker of the House of Representatives, State Board of Education, or the technology center school district board. The State Auditor and Inspector shall perform a special audit on any institution of higher education within The Oklahoma State System of Higher Education whenever the State Auditor and Inspector deems it appropriate or upon receiving a written request to do so by any of the following: the Governor, the Attorney General, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the governing board of the institution of higher education, or the president of the institution of

higher education. The special audit shall include, but not necessarily be limited to, a compliance audit. The special audit shall be conducted according to the American Institute of Certified Public Accountants' "Statements on Auditing Standards". Such audits shall be designed to review items for management's compliance with statutes, rules, policies and internal control procedures or other items applicable to each entity. The costs of any such audit shall be borne by the audited entity and may be defrayed, in whole or in part, by any federal funds available for that purpose.

- D. The State Auditor and Inspector shall perform a special audit without notice on the office of any district attorney or on any division of the Department of Corrections upon receiving a written request to do so by any of the following: the Governor, the Attorney General, or joint request of the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The State Auditor and Inspector shall perform a special audit without notice on any penal institution, corrections program, contract for service or prison bed space provided to the Department of Corrections, or any program administered by a district attorney's office or staff of such office whenever the State Auditor and Inspector deems it appropriate or upon receiving a written request to do so by any of the following: the Governor, the Attorney General, or joint request of the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The special audit shall include, but not necessarily be limited to, a compliance audit. Such audits shall be designed to review items for compliance with statutes, rules, policies and internal control procedures or other items applicable to each entity. The costs of any such audit shall be paid by the state agency and may be defrayed, in whole or in part, by any federal funds available for that purpose through any audited program. **(74-213)**

#### **Section 706. Authority to Engage State Auditor and Inspector For Audits.**

Notwithstanding the provisions of any other law, any state agency, board, commission, city or town, common school, technology center school, county, institution of higher education, public trust or political subdivision of the state may enter into agreements with the State Auditor and Inspector to perform audits, investigative or consultant services and the entity shall pay the State Auditor and Inspector for the services. Payments made by such entity shall be deposited in the State Treasury to the credit of the State Auditor and Inspector Revolving Fund created by Section 227.9 of this title. Expenses incurred in auditing such books and accounts, including compensation of necessary personnel, including consultants, or causing the books and accounts to be audited, shall be paid by the entity in the same manner as now provided by law for other disbursements. **(74-227.8)**

#### **OAC 210:25-5-5. Auditing**

- (a) The statutes of the State of Oklahoma require the board of education of each school district to cause an annual audit of the district's financial activity. The audit must be made in accordance with State Statutes, State Board of Education Regulations and Federal Office of Management and Budget (OMB) Circular A-133. Audits may be performed only by those auditors possessing basic legal qualifications and admitted to the list of auditors approved by the State Board of Education. The State Board of Education has the option to deny the following year's application of any auditor or audit firm for noncompliance with the "School Audit Law." The auditor or audit firm may make application to be included on the approved list of auditors after one year's suspension. The State Board of Education shall examine each audit report and demand corrections of any existing deficiencies. It is mandatory that State Aid payments be withheld during noncompliance with the "School Audit Law."
- (b) Auditing is process of examining documents, reports, systems of internal control, accounting and financial procedures, and other evidence to ascertain:
- (1) That the statements prepared from the accounts present fairly the financial position and results of financial operations of each of the school's funds;
  - (2) That the school administration has properly complied with statutory requirements and the rules and regulations of the State Board of Education in the conduct of its financial transactions;
  - (3) That the school's financial transactions have been conducted with mathematical accuracy and have been properly recorded;
  - (4) That the school has complied with the terms of grants and special agreements;
  - (5) That adequate stewardship has been exercised by the school board, its officers and employees in the conduct of their duties in the administration of school assets.

- (c) The audit must encompass all of the school district's funds. The requirements in (b) of this Section form the basis for the reporting of the school's general, special revenue, capital projects and debt service funds. School activity funds, including school lunch funds, and other trust or fiduciary funds must also be included in the audit report.
- (d) The accounting principles by which all audits will be performed are as follows:
  - (1) The school district's accounting system must conform with the laws of the State of Oklahoma and the rules and regulations of the State Board of Education.
  - (2) The school district's accounting system shall make it possible to demonstrate compliance with legal provisions.
  - (3) The school district's accounting system shall clearly reflect the financial operations of the school district.
  - (4) If accounting principles, procedures, or standards conflict with legal or regulatory provisions, the legal or regulatory provisions shall take precedence.
  - (5) The accounting system shall be kept in the manner prescribed by the State Board of Education or in the manner of an accounting system approved by the State Board of Education.
  - (6) The school district shall establish the funds prescribed or authorized by law and necessitated by sound financial judgment. The classification of funds shall be faithfully followed in the Estimate of Needs, Accounting System and Financial Reports.
  - (7) A complete self-balancing group of accounts shall be established for each fund. Each such group will include all the accounts necessary to set forth the financial operations of the fund and to reflect compliance with legal and regulatory provisions.
  - (8) If a fixed asset fund is maintained, the accounts shall be kept on the basis of original cost, or the estimated cost if the original cost is not available, or in the case of gifts, the appraised value at the time received.
  - (9) The accounting system shall provide for budgetary control for both revenues and expenditures, and the financial statements will reflect, among other things, budgetary information.
  - (10) The accounts, except activity funds, shall be maintained on a modified cash basis in accordance with the laws of the State of Oklahoma or a school district may elect to file an application with the State Board of Education to convert to Generally Accepted Accounting Principles (GAAP) accounting. The State Board of Education will approve or reject the application based on the district's ability to implement the practice.
  - (11) Revenue and expenditures shall be classified in accordance with State Board of Education regulations in order to provide uniform accounting and consistent statistics.
  - (12) A cost accounting system is required. Cost accounting is in addition to a required financial accounting system, however, and must not be allowed to interfere with its uniform application. Although depreciation is not included in a required accounting system, it should be considered in determining unit cost when a cost accounting system is used.
  - (13) A common terminology and classification based upon that prescribed by State Board of Education rules and regulations, shall be used consistently throughout the estimate of needs, accounts, and financial reports.
- (e) Primary audit procedures will consist of the following:
  - (1) Each Local Education Agency (LEA) will engage an independent auditor, approved by the Oklahoma State Board of Education, to examine its financial statements. Each LEA superintendent shall notify the State Board of Education, prior to the end of the fiscal year to be audited, of the independent auditor who has been engaged to conduct the audit.
  - (2) Where there are differences in state and federal standards due to the statutory and regulatory requirements in both levels of government, the LEA and the auditor will examine and adhere to both in order to be in total compliance.
  - (3) The Oklahoma State Department of Education will establish and maintain a monitoring system to assure that federal and state audit requirements are met. The Oklahoma State Department of Education will review each audit report and notify the appropriate federal program administrator of any deficiencies reported by the independent auditor regarding federal programs. The administrator will implement the procedures deemed necessary to resolve the exceptions noted by the auditor. The final result of the action taken will be filed with the audit report no later than 90 days after the program administrator has been advised of the auditor's findings.
- (f) Audit report requirements are as follows:
  - (1) Audit reports may be presented in the following formats:

- (A) Schools which have obtained prior approval from the State Board of Education to use generally accepted accounting principles (GAAP), must use a straight GAAP Governmental Accounting Standards Board (GASB) No. 34 compliant presentation.
  - (B) Schools using the regulatory basis of accounting as defined by Oklahoma Statutes may use GASB 34 compliant audit report presentations.
  - (C) Schools using the regulatory basis of accounting as defined by Oklahoma Statutes may use another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. An example of a school district single audit report presented in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education is available in the Financial Accounting Section, State Department of Education. Schools need only present the funds and note disclosures that apply to the specific district. The example is not intended to take precedence over professional reporting standards and requirements.
- (2) Informational statements will specify
    - (A) Board members and officers
    - (B) Statutory bonds
    - (C) Other fidelity or honesty bonds
    - (D) Insurance coverage
    - (E) Other desirable statements
  - (3) Size of audit report will conform to the specified dimensions:
    - (A) Length = Maximum, 11"
    - (B) Width = Maximum, 8 1/2"
  - (4) Each audit report shall be presented to and reviewed with the local board of education in a public meeting as required by law. Each audit report must contain a signed Acknowledgement Page on a form supplied by the State Department of Education. The Acknowledgement Page will verify the date the audit was reviewed with the local school board as well as the school board's acknowledgement that as the governing body of the district responsible for the district's financial and compliance operations the audit findings and exceptions have been presented to them.
    - (g) Requirements specific to Federal programs must be included in each audit.
  - (1) Federal regulations (OMB Circular A-133, and Compliance Supplement) require a financial and compliance audit of programs receiving federal funds. These regulations (in accordance with P.L. 98-502) ensure that audits be made on an organization-wide basis rather than a grant-by-grant basis and according to the standards and procedures expressed therein. The Oklahoma State Department of Education shall serve as the recipient agency for A-133 purposes for the local education agencies. Overclaim assessments may be levied where necessary when there has been a lack of compliance and treated as a current expenditure.
  - (2) This rule and the adoption of the standards and regulations for audits of local boards of education does not limit the authority of federal or state agencies to make audits of programs in the local education agencies, and is in keeping with OMB Circular A-133. Some state and local governmental units in Oklahoma prepare their financial statements in conformity with a comprehensive basis of accounting other than generally accepted accounting principles. A-133 does not prohibit such practice; nonetheless, it requires, as do generally accepted auditing standards, that auditors state in their report the departures from generally accepted accounting principles. However, any additional audit work must build on the work already done.
  - (3) The auditor should clearly understand that A-133 audits require the expression of opinions and inclusion of comments in audit reports which go beyond the standard opinions and comments usually presented. Specifically, the audit report shall include:
    - (A) Financial statements, including footnotes, of the recipient organization.
    - (B) The auditors' comments on the financial statements which should:
      - i. Identify the statements examined, and the period covered.
      - ii. Identify the various programs under which the organization received Federal funds, and the amount of the awards received.
      - iii. Identify by a schedule showing receipts and disbursements for each grant program.
      - iv. State that the audit was done in accordance with the "General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions," the "Guidelines for Financial and Compliance Audits of Federally Assisted Programs," any compliance supplements

- approved by OMB, and generally accepted auditing standards established by the American Institute of Certified Public Accountants.
- v. Express an opinion as to whether the financial statements are fairly presented in accordance with generally accepted accounting principles. If an unqualified opinion cannot be expressed, state the nature of the qualification.
- (C) The auditors' comments on compliance and internal control should:
    - i. Include comments on weaknesses in and noncompliance with the systems of internal control, separately identifying material weaknesses.
    - ii. Identify the nature and impact of any noted instances of noncompliance with the terms of agreements and those provisions of Federal law or regulations that could have a material effect on the financial statements and reports.
    - iii. Contain an expression of positive assurance with respect to compliance with requirements for tested items, and negative assurance for untested items.
  - (D) Comments on the accuracy and completeness of financial reports and claims submitted to state or federal agencies for federal fund advances or reimbursements.
  - (E) Comments on corrective action taken or planned by the recipient.
  - (F) Comments as to whether the indirect cost rates are appropriately calculated and applied.
- (4) These requirements are common to nearly all state and local funds and federal programs:
- (A) Funds disbursed by other governments were received and properly identified.
  - (B) Interest earned on idle funds was credited to the proper funds.
  - (C) Unexpended funds or unearned federal funds advanced or overpaid were correctly accounted for.
  - (D) A system of encumbrance accounting was maintained which reported the amount obligated, disbursed, remaining unobligated balance, and outstanding unliquidated obligations for each fund and program.
  - (E) Obligations reported were actually incurred during the fiscal year or approved program period, and, upon liquidation, were properly adjusted.
  - (F) Payments reported: Were actually made to the vendors, contractors and employees; were supported by adequate evidence of delivery of goods or performance of services; and conformed to applicable laws and regulations, including procurement requirements.
  - (G) Refunds, discount, etc., were properly applied as reductions of the gross expenditures of the specific funds or programs.
  - (H) Costs, direct and indirect, were correctly prorated to the proper funds or programs.
  - (I) The same expenditure was not claimed under more than one program or reported as an expenditure for two fiscal or program years.
  - (J) Inventory requirements for materials and equipment purchased with federal funds were maintained.

[Source: Added at 8 Ok Reg. 3095, eff. 7-15-91 (emergency); Added at 9 Ok Reg. 1805, eff. 5-26-92; Amended at 18 Ok Reg. 3426, eff. 6-26-01 (emergency); Amended at 19 Ok Reg. 977, eff. 5-13-02; Amended at 22 Ok Reg. 1849, eff. 6-25-05]

**Office of Management and Budget (OMB) Circular A-133 ¶ 312**

Grantees that expend \$500,000 or more a year in federal awards (for audit periods ending after December 31, 2003), must have a Circular A-133 single audit (or program-specific audit) performed for that year.

**Code of Federal Regulations (CFR) 3052.320 (A) General.**

The audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s) or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

## PUBLIC COMPETITIVE BIDDING ACT

### Section 952. Public Competitive Bidding Act of 1974.

This act shall be known and may be cited as the “Public Competitive Bidding Act of 1974”. **(61-101)**

Public Competitive Bidding Act does not apply to the awarding of a contract that exceeds fifty thousand dollars by a school district for routine janitorial and cleaning service at its public buildings, because such services do not constitute performing maintenance. *March 4, 2008 (AG Op. No. 08-3)*

Vocational and technical school boards of education are not required to solicit competitive bids on contracts for supplies and materials; however, if the contract exceeds a value of \$500, the contract must be in writing. *November 3, 1981 (AG Op. No. 81-195)*

### Section 953. Definitions.

As used in the Public Competitive Bidding Act of 1974:

1. “Administrator” means the State Construction Administrator of the Construction and Properties Division of the Department of Central Services;
2. “Awarding public agency” means the public agency which solicits and receives sealed bids on a particular public construction contract;
3. “Bidding documents” means the bid notice, instruction to bidders, plans and specifications, bidding form, bidding instructions, general conditions, special conditions and all other written instruments prepared by or on behalf of an awarding public agency for use by prospective bidders on a public construction contract;
4. “Chief administrative officer” means an individual responsible for directing the administration of a public agency. The term does not mean one or all of the individuals that make policy for a public agency;
5. “Public agency” means the State of Oklahoma, and any county, city, town, school district or other political subdivision of the state, any public trust, any public entity specifically created by the statutes of the State of Oklahoma or as a result of statutory authorization therefore, and any department, agency, board, bureau, commission, committee or authority of any of the foregoing public entities;
6. “Public construction contract” or “contract” means any contract, exceeding Fifty Thousand Dollars (\$50,000.00) in amount, awarded by any public agency for the purpose of making any public improvements or constructing any public building or making repairs to or performing maintenance on the same except where the improvements, construction of any building or repairs to the same are improvements or buildings leased to a person or other legal entity exclusively for private and not for public use and no public tax revenues shall be expended on or for the contract unless the public tax revenues used for the project are authorized by a majority of the voters of the applicable public agency voting at an election held for that purpose and the public tax revenues do not exceed twenty-five percent (25%) of the total project cost. The amount of public tax dollars committed to the project will not exceed a fixed amount established by resolution of the governing body prior to or concurrent with approval of the project;
7. “Public improvement” means any beneficial or valuable change or addition, betterment, enhancement or amelioration of or upon any real property, or interest therein, belonging to a public agency, intended to enhance its value, beauty or utility or to adapt it to new or further purposes. The term does not include the direct purchase of materials, provided that the materials are not purchased in increments for an amount of less than Fifty Thousand Dollars (\$50,000.00) and used for the purposes of completing a single project, equipment or

supplies by a public agency, or any personal property as defined in paragraphs 1 and 4 subsection B of Section 430.1 of Title 62 of the Oklahoma Statutes; and

8. "Retainage" means the difference between the amount earned by the contractor on a public construction contract, with the work being accepted by the public agency, and the amount paid on said contract by the public agency. (61-102)

A school district must comply with the requirements of the Public Competitive Bidding Act in a purchase contract for a retrofit metal roof if the cost exceeds \$25,000.00. *March 31, 2005 (AG Op. No. 05-12)*

Public Competitive Bidding Act does not affect bonding requirements of 61 O.S § 1, or minimum wage requirements of 40 O.S. § 196.1-196.12. *July 9, 1979 (AG Op. No. 79-204)*

"Construction," for purposes of Public Competitive Bidding Act means to put together in proper place and order constituent parts and materials used. *Carpet City, Inc. v. Stillwater Municipal Hospital Authority*, 536 P.2d 335 (Okla. 1975)

Carpet, installation, or carpet and installation to be secured to subfloors in construction of public trust facility would become "part of the realty"; contract for such carpet, installation, or carpet and installation was subject to provisions of Public Competitive Bidding Act. *Carpet City, Inc. v. Stillwater Municipal Hospital Authority*, 536 P.2d 335 (Okla. 1975)



employees, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to the bid to which this statement is attached;

2. (s)he is fully aware of the facts and circumstances surrounding the making of the bid to which this statement is attached and has been personally and directly involved in the proceedings leading to the submission of such bid; and
3. neither the bidder nor anyone subject to the bidder's direction or control has been a party:
  - a. to any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding,
  - b. to any collusion with any state official or employee as to quantity, quality or price in the prospective contract, or as to any other terms of such prospective contract, nor
  - c. in any discussions between bidders and any state official concerning exchange of money or other thing of value for special consideration in the letting of a contract.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_.

Notary Public (or Clerk or Judge) **(74-85.22)**

**Section 633. Noncollusion Affidavit Required for Competitive Bids Submitted to School District.**

Any competitive bid submitted pursuant to the Public Competitive Bidding Act of 1974 to a school district, county or municipality for furnishing of goods or services shall be accompanied by the sworn noncollusion statement contained in Section 85.22 of this title, modified in wording to refer to the school district, county or municipality instead of the state. **(61-138)**

## SCHOOL DISTRICT ENCUMBRANCE CLERK

### Section 77. Officers of Board.

- A. Except for districts that elect a chair of the board pursuant to Section 1 of this act, the board of education of each school district shall elect from its membership at the first regular, special or emergency meeting following the annual school election and certification of election of new members, a president and vice president, each of whom shall serve for a term of one (1) year and until a successor is elected and qualified. The board shall also elect a clerk and, in its discretion, a deputy clerk, either of whom may be one of the members of the board, and each of whom shall hold office during the pleasure of the board and each of whom shall receive such compensation for services as the board may allow. If the board elects a board clerk who is not one of the members of the board, the board clerk may also be employed as the encumbrance clerk and minute clerk. Provided, no superintendent, principal, treasurer or assistant treasurer, instructor, or teacher employed by such board shall be elected or serve as clerk or deputy clerk of the board nor as encumbrance clerk or minute clerk except that a treasurer or assistant treasurer may serve as a minute clerk. No board member shall serve as encumbrance clerk or minute clerk. The deputy clerk may perform any of the duties and exercise any of the powers of the clerk with the same force and effect as if the same were done or performed by the clerk. Before entering upon the discharge of the duties of the deputy clerk, the deputy clerk shall give a bond in a sum of not less than One Thousand Dollars (\$1,000.00) with good and sufficient sureties to be approved by the board conditioned for the faithful performance of the duties of the deputy clerk.
- B. The board of education shall employ an encumbrance clerk and minute clerk, both functions of which may be performed by the same employee. The encumbrance clerk shall keep the books and documents of the school district and perform such other duties as the board of education or its committees may require. The minute clerk shall keep an accurate journal of the proceedings of the board of education and perform such other duties as the board of education or its committees may require. The board of education may designate a deputy minute clerk. The deputy minute clerk may perform any of the duties and exercise any of the powers of the minute clerk with the same force and effect as if the same were done or performed by the minute clerk. Before entering upon the discharge of the duties of the deputy minute clerk, the deputy minute clerk shall give a bond in a sum of not less than One Thousand Dollars (\$1,000.00) with good and sufficient sureties to be approved by the board conditioned for the faithful performance of the duties of the deputy minute clerk. Before entering upon the discharge of their duties, the encumbrance clerk and minute clerk shall each give a bond in a sum of not less than One Thousand Dollars (\$1,000.00) with good and sufficient sureties to be approved by the board conditioned for the faithful performance of their duties. If both functions are performed by the same person only one bond in a sum of not less than One Thousand Dollars (\$1,000.00) shall be required. (70-5-119)

The minute clerk is not statutorily required to take the minutes of a board of education's executive session. Any person legally present during an executive session may take the minutes of the executive session. *January 27, 1997 (AG Op. No. 96-100)*

District Superintendent of Schools cannot assume duties of clerk of board of education and keep minutes of board meetings. *April 27, 1983 (AG Op. No. 83-66)*

Clerk of Board of Education may be removed as Clerk by the Board of Education at any time. *AG Op. February 28, 1951*

The president of the board of education of a school district cannot be "fired" by the board of education prior to the expiration of his one-year term. *AG Op. August 23, 1949*

### **OAC 210:25-5-10. The encumbrance clerk**

- (a) The encumbrance clerk shall be employed by the board and may also serve as the minute clerk. The encumbrance clerk is responsible for the following duties:
- (1) Maintain Appropriation and Encumbrance Ledger.
  - (2) Determine that encumbrances do not exceed appropriations and are for purpose of appropriation charged.
  - (3) May complete purchase orders.
  - (4) Transmit warrants to vendor(s).
  - (5) Perform such other duties as the board or its committees may require.
- (b) In performing the required duties of the position the Encumbrance Clerk needs the following forms and documents:

- (1) A supply of approved purchase order blanks.
- (2) A supply of approved warrant blanks.
- (3) A copy of the following:
  - (A) S.A.&I. Form 2661, Estimate of Needs.
  - (B) S.A.&I. Form 307, Request for approval of State Aid and/or Federal Funds.
  - (C) Form 308 - Cash Fund Estimate and Request for Appropriation.
  - (D) Form 150 - Supplemental Estimate
- (4) Other forms to meet board's requirements.
- (c) If also serving as the minute clerk additional duties to perform:
  - (1) Maintain an accurate journal of the proceedings of the board of education.
  - (2) Perform such other duties as the board or its committees may require.

[Source: Amended at 10 Ok Reg. 1383, eff. 4-26-93]

## FINANCIAL INFORMATION PROCESSING

These regulations apply to data processing service centers planning to provide services to schools, as well as to schools providing their own computer services (hereinafter both referred to as Center), using the Oklahoma Cost Accounting System (OCAS) in the state of Oklahoma.

Any school district desiring to utilize the services of a data processing center to furnish any or all of the records herein required may do so if the Center and its system complies with this act and the rules and regulations of the State Board of Education. Such center shall furnish an honesty bond in an amount to be set by the board of education but not less than Ten Thousand Dollars (\$10,000).

1. The Center shall have available adequate data equipment to process the information.
2. Personnel of the Center shall have an adequate understanding of the school finance laws and regulations implementing OCAS in the state of Oklahoma.
3. **No warrant/check shall be issued in excess of the properly approved appropriations or cash on hand for nonappropriated funds.**
4. The **Center** will provide forms and/or means of transmitting proper information to and from the Center.
5. The Center shall provide a complete audit trail of financial transactions in the form of a fiscal year-to-date (or monthly) detailed budget analysis listing all encumbrances and payments by date.
6. All financial transactions must be computer-program generated for transfer of information to the State Department of Education (SDE). Coding must be to the bold or roll to the bold codes, as printed in the OCAS manual, if detailed coding is desired at district level.
7. The Center must have the ability to transfer, when requested, financial records for all funds via the Web-based OCAS system for expenditures and revenue to the State Department of Education.
8. The Center must have ability to provide adequate audit trail for all entries.
9. The Center is required to provide computer-generated program with detail and summary expenditure reports on 8 1/2" x 11" unlined paper, in SDE-approved format for auditing of federal-fund reimbursements based on warrants issued.
10. The Center must have ability to roll to the third digit of Function and the first digit of Object in OCAS for federal programs report summary page.
11. The Center must have ability to meet minimum criteria for software implementing OCAS as developed by the State Department of Education
12. The Center will provide all necessary legal and pertinent information requested by the school district and promptly make all required monthly, quarterly, and annual reports.
13. The Center shall process budgetary changes provided that said budgetary changes conform with statutes pertaining to school finance.
14. The Center shall not process a supplemental allocation unless said allocation is accompanied by a Supplemental Estimate (Form 150); Request for Approval of State Aid and/or Federal Aid (Form 307); or Cash Fund Estimate of Needs and Request for Appropriation of Funds for Schools (Form 308), when properly signed, authorizes the allocation of an additional appropriation of funds.

15. The Center is required to continuously report the condition of all prior fiscal year funds with active balances.
16. The Center shall furnish all necessary instructions to the school personnel necessary to initiate and maintain the program.
17. The Center and software vendor providing services for a school district during a fiscal year shall be required to process and incorporate all legal and pertinent information of each of the affected current year's funds from the beginning of the fiscal year. They shall also be required to process all payroll information for the calendar year of initiation.
18. The Center and software vendor may be required to continue services to a school district until all financial transactions for the current fiscal year are completed even though the school district does not contract for the ensuing fiscal year.
19. The Center is subject to review by the State Board of Education.

[OAC 210:25-3-7]

## OKLAHOMA COST ACCOUNTING SYSTEM

### Section 99. Oklahoma Cost Accounting System.

- A. For the 1991-92 school year, school districts shall report financial transactions for all funds, except for the school activity fund, using the Oklahoma Cost Accounting System, as adopted by the State Board of Education pursuant to Section 5-135 of this title. Costs shall be reported by curricular subject area where applicable. For the 1992-93 school year and in each subsequent school year, school districts shall report financial transactions for all funds using the Oklahoma Cost Accounting System. Costs shall be reported by curricular subject area where applicable.
- B. Beginning July 1, 1991, and in each subsequent school year, the State Department of Education shall reduce the monthly payment of a district's State Aid funds if, at the time of such payment, the district is not operating pursuant to the Oklahoma Cost Accounting System. The amount of the reduction shall be one percent (1%) for the first payment, two percent (2%) for the second payment, three percent (3%) for the third payment, four percent (4%) for the fourth payment, and five percent (5%) for each subsequent payment. The reduction may be waived by the State Board of Education if the district can demonstrate that failure to operate pursuant to such system was due to circumstances beyond the control of the district and that every effort is being made by the district to operate pursuant to such system as quickly as possible.
- C. No later than September 1 each year, every district board of education shall prepare a statement of actual income and expenditures of the district for the fiscal year that ended on the preceding June 30. The statement of expenditures shall include functional categories as defined in rules adopted by the State Board of Education to implement the Oklahoma Cost Accounting System pursuant to Section 5-135 of this title.
- D. No later than September 1 each year, every school district shall transmit a copy of the income and expenditures data required pursuant to subsection C of this section to the State Department of Education. The Department shall post the income and expenditure data on the Internet web site for the Department in a form that is accessible to the public. **(70-5-135.2)**

**Oklahoma State Department of Education  
Rules and Regulations**

**OAC 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]

**REQUIREMENTS FOR FILING FOR  
FEDERAL PROGRAMS REIMBURSEMENT WITH  
THE STATE DEPARTMENT OF EDUCATION**

Computer program-generated expenditure reports are mandatory. The format of the computer program-generated report must ensure that all information is in the same relative location as it appears on the standard report samples.

- The primary heading on the expenditure report should reflect the federal program section at the State Department of Education (SDE) that is responsible for authorizing funding of the designated project.
- The signature date must be manually filled in by the chief executive officer or authorized representative at the time the report is signed. The date that the report is generated may be printed elsewhere on the report, but it is not required.
- The report order must be sequential by function and object.
- Total expenditures must never exceed the beginning budgeted balance. The district's computer system must edit for this.
- All summary information must be reported on a separate summary report.
- Every school district must submit a summary budget for each state-administered federal project, by fiscal year and project reporting code. On the summary budget, the function dimension will be summarized to the third digit (e.g., 2110, 2130), and the object dimension will be summarized to the first digit (e.g., 100, 200).
- Expenditures must continue to be coded to the bold or the detail level. Both detail and summary expenditure reports must be submitted for audit review of funds received.
- All vendors, including service bureaus and school districts with in-house generated Oklahoma Cost Accounting System (OCAS) software, are required to provide computer programs to generate detail and summary expenditure reports in 8 1/2" x 11," SDE-approved format. All expenditure reports must be computer program generated. No report will be processed that has any manual changes.
- There may be expenses that need to be itemized on the report that do not have purchase orders or warrant numbers. Indirect cost is one. It may be listed without purchase order and warrant numbers as long as the function and object codes for indirect cost are used.

Warehouse requisitions for materials that are included in the approved budget for a federal program may be listed. Warehouse materials requisitioned must be itemized by function and object. The requisition number and date requisitioned should be listed on the purchase order number and date columns.

- Journal entries **to adjust a federal expenditure are acceptable.** The original purchase order number and date should be documented on all entries involved in the adjustment. Journal entries to clear balances from reports will be acceptable.
- Claims for reimbursement of legal expenditures whose function and object category falls within an approved summary budget function and object category will be processed for payment. Expenditures (except indirect cost and fund transfers) will be allowed to exceed the approved budgeted function-object category by 100 percent, provided the sum of all expenditures does not exceed the total budget. No variance will be allowed on indirect cost or fund transfers.
- Budget revisions will be required when:

1. An expenditure exceeds the maximum allowable variance for an individual function/object category;
  2. Approved program changes require the addition of a function/object category; or
  3. Unobligated first-year funds are carried over as indicated on a Revised Allocation Notification.
- Budget revisions and narrative justifications for program changes must be submitted prior to the obligation of funds.
  - Subgrants of federal funds to local educational agencies (LEA) are available for obligation for two state fiscal years (24 months). Allocations to LEAs for the first fiscal year (12 months) must be obligated as current year funds. Obligations incurred by the end of the fiscal year must be liquidated within 90 days of the end of the obligation period and a final expenditure report filed with the State Department of Education by August 1.

Any balance of first-year funds unobligated by June 30 will remain available for obligation as first-year carryover for a second fiscal year (12 months). Carryover funds unobligated by June 30 will remain as unclaimed funds for three months. Districts failing to meet the August 1 reporting deadline will remove the federal project reporting code and goods and services will be paid from noncategorical funds. Current year funds remaining will become carryover funds beginning October 1.

**SAMPLE**

TITLE I  
EXPENDITURE SUMMARY REPORT

County: \_\_\_\_\_ Code \_\_\_\_\_ County \_\_\_\_\_ District \_\_\_\_\_ Fund 11  
 District: \_\_\_\_\_ FY:10  
 Fiscal Year  
 Budgeted

Project: No. 511 Amount of Approved (budgeted) Project: \$400,000.00  
 Name: COMPENSATORY BASIC PROGRAM, CURRENT YEAR

Signature: \_\_\_\_\_ Date: \_\_\_/\_\_\_/\_\_\_  
 (Chief Executive Officer/Authorized Representative)

Reporting Period: 08/15/09 through 11/30/09

Beginning Approved (Budgeted) Balance: \$400,000.00

Function	Object Description	Function Code	Object Code	Expenditure Amount
Instruction	Pers. Srv. – Salary	1000	100	\$110,412.54
	Pers. Srv. – Emp. Benefits	1000	200	31,253.39
	Supplies and Materials	1000	600	780.90
Improvement of Instruction	Other Purchases	2210	500	858.02
Indirect Cost Entitlement	Other Uses of Funds	5400	900	\$1,000.00
<b>Total Claimed</b>				<b>\$144,304.85</b>
<b>Ending Approved Balance</b>				<b>\$255,695.15</b>



Sandy Garrett  
State Superintendent of Public Instruction  
Oklahoma State Department of Education

**Maintenance of Effort Calculation  
No Child Left Behind**

Total Expenditures:

Funds 11 through 60 (excluding 12 and 41)  
Functions 1000 through 3200 (excluding 1500)  
Objects 100 through 899 (excluding 900 series)

Deductions:

Adult Education	Expenditure Program 500 Series (excluding Equipment)
Community Services	Expenditure Program 600 Series (excluding Equipment)
Capital Outlay	Expenditure Object 700 Series
Payment to LEAs	Expenditure Object 561
Federal Funds	Expenditure Project 421 through 428 and 500 through 799 plus Cooperative Funds for cooperative members (excluding Adult Education, Community Services, Equipment, and Projects 591, 593, 594, 698, and 786)
Child Nutrition	Sources of Revenue 1700 and 3700 Series, 4710, 4720, 4730, and 4760
Student Activities	Sources of Revenue 1800 and 1900 Series

Inputs:

Teacher Retirement	Provided by the Teacher Retirement System (Offset provided by the state)
Career Tech	Provided by the Oklahoma Department of Career Technology Education based on the number of students served.
Co-op Funds	Proration amount for members of cooperatives as provided by the LEA of the cooperative.
Student Assessment	Provided by the Office of Accountability and Assessments (OSDE)
Commodities	Provided by the Oklahoma Department of Human Services

Current Expenditures:

The amount of local funds to be matched from year to year.

Funds must meet or exceed prior year costs by 90 percent in order to meet Maintenance of Effort.

(The federal government allows three different ways to calculate Maintenance of Effort for No Child Left Behind. Your school district meets Maintenance of Effort on either your average daily attendance (ADA) or your enrollment.)

Sandy Garrett  
State Superintendent of Public Instruction  
Oklahoma State Department of Education

**Maintenance of Effort Calculation  
Special Education**

Total Expenditures:

Funds 11 through 60 (excluding 12 and 41)  
Functions 1000 through 3200 (excluding 1500)  
Objects 100 through 899 (excluding 900 series)

Special Education:

Expenditure Programs 239, 240 and 241 for  
FY 2009 only.  
Project Reporting Codes 000 - 399,  
591 and 698.

Child Count:

Current year from Special Education files  
Example: Fiscal Year 2009 will pull  
the December 2008 child count.

50 Percent Rule:

50 percent of an allocation increase can be treated as local  
funds.  
Example: An allocation increased from \$100,000 to  
\$140,000. 50 percent of \$40,000 (\$20,000) can be treated  
as local funds.

FOR INFORMATIONAL PURPOSES ONLY

Fixed Costs:

Fixed costs (Project Reporting Codes 000 and Program 000)  
prorated to special education based on percentage of special  
education students (child count / average daily membership)

Funds must meet or exceed prior year costs by 100 percent in order to meet Maintenance of Effort.

**Sandy Garrett  
State Superintendent of Public Instruction  
Oklahoma State Department of Education**

**Excess Cost Calculation**

Total Expenditures:

Funds 11 through 60 (excluding 12 and 41)  
Functions 1000 through 3200 (excluding 1500)  
Objects 100 through 899 (excluding 900 series)

Inputs:

Teacher Retirement	Provided by the Teacher Retirement System (Offset provided by the state)
Career Tech	Provided by the Oklahoma Department of Career Technology Education based on the number of Students served.
Co-op Funds	Proration amount for members of cooperatives as provided by the LEA of the cooperative.
Student Assessment	Provided by the Office of Accountability and Assessments, (OSDE)
Commodities	Provided by the Oklahoma Department of Human Services.

Deductions:

Adult Education	Expenditure Program 500 Series
Community Services	Expenditure Program 600 Series
Capital Outlay	Expenditure Object 700 Series
Payment to LEAs	Expenditure Object 561
Title I, Part A	Source of Revenue 4210
Title VII, Part A	Source of Revenue 4140
Special Education	Program 239 (plus project codes 600 - 699 from Co-op Funds)

ADM

State Aid File

Child Count

2nd prior year from Special Education file  
(Example: FY2008 report will pull  
December 2007 child count)

**Sandy Garrett  
State Superintendent of Public Instruction  
Oklahoma State Department of Education**

**Indirect Cost Rate Calculation**

Total Expenditures \$ \_\_\_\_\_  
 Funds 11, 12, 21, 22, 31-39, and 60  
     •Excludes 41  
 Functions 1000 – 4470 and 5500

General Management Salaries \$ \_\_\_\_\_  
 Function 2300 and 2500 series with Object 100 and 200 series

Minus Administrative Services \$ \_\_\_\_\_  
 Function 2300 series with Object 100 and 200 series

Plus All Other General Management Costs \$ \_\_\_\_\_  
 Function 2300 and 2500 series with all Objects greater than 300  
     •Excludes Election Services (Function 2314), Superintendent  
     Nonpersonnel Services (Function 2321 and Objects 530, 580,  
     610, 810, and 860), and Equipment (Functions 1000 – 4470 and  
     5500 with Objects 440 and 700 series).

TOTAL GENERAL MANAGEMENT EXPENDITURES: \$ \_\_\_\_\_

----- **Divided by:** -----

Instruction  
 Function 1000

Plus Support  
 Function 2000 series minus General Management Expenditures  
     •Excludes Election Services (Function 2314)

Plus Noninstruction  
 Function 3000 series

Plus Facilities  
 Function 4000 series

Plus Private Schools  
 Function 5500

Minus Capital Outlay/Equipment  
 Function 1000 – 4470 and 5500 with Object 440 and 700 series

TOTAL OTHER EXPENDITURES: \$ \_\_\_\_\_

General Management ÷ Other Expenditures  
 Less 10 percent (10%) for Predetermined Rate

INDIRECT COST RATE FOR FISCAL YEAR \_\_\_\_ : \_\_\_\_\_ %

## SCHOOL DISTRICT TREASURER

### Section 63. School District Treasurer - Assistant Local Treasurer.

- A. The county treasurer of each county shall be the treasurer of all school districts in the county, except that the board of education of a school district may appoint a local treasurer for the school district and, in its discretion, an assistant local treasurer of the district, each of whom shall serve at the pleasure of the board for such compensation as the board may determine. The assistant local treasurer may perform any of the duties and exercise any of the powers of the local treasurer with the same force and effect as if the same were done or performed by the local treasurer. Before entering upon the discharge of the duties of the assistant treasurer, the assistant treasurer shall give a bond in such amount as the board of education may designate, with good and sufficient sureties to be approved by the board, conditioned for the faithful performance of his or her duties. A local treasurer or assistant local treasurer need not be a resident of the school district where appointed to serve although any local treasurer or assistant local treasurer shall be a resident of this state. Nothing herein shall prevent a local treasurer or assistant local treasurer from being appointed for more than one school district.
- B. Whenever a county treasurer is designated as the treasurer for a school district, the county treasurer may elect to charge for such services. If said charges are assessed, the treasurer shall prepare a special estimate of needs each fiscal year, covering all expenditures of the office on behalf of any school districts for which the county treasurer serves as treasurer. The estimate for treasurer services shall be itemized by personal services and maintenance and operation expenditures and shall be filed with the county excise board. In reviewing and approving this estimate, the county excise board shall authorize and levy amounts for treasurer services which in the judgment of the board will be sufficient to perform the services. The board shall apportion the cost among the school districts for which the treasurer services are to be charged in the ratio which each school district's total appropriations for the preceding year bears to the total appropriations of all such school districts receiving treasurer services for the preceding year. The amounts shall be included in, or added to, the estimates of needs or budget of each such school district. The amount as approved and appropriated by the county excise board shall be paid by the school district, by appropriate warrants, to the county for deposit in the county general fund.  
**(70-5-114)**

County Treasurer serves as Treasurer of area school district, without additional bond, unless board of education appoints local Treasurer. *AG Op. September 25, 1968*

School District treasurer must handle Federal funds for vocational work-study programs allocated to district to provide employment to students needing earnings to continue to work toward their vocational objectives. *AG Op. April 19, 1966*

County Treasurer can pay warrant not bearing personal endorsement of payee. *AG Op. March 3, 1959*

Only duty of school district treasurer in registering warrant is to determine whether warrant is within appropriation, and he has no duty to determine whether warrant, regular on its face, was issued in payment of a lawful claim. *AG Op. December 14, 1955*

School District electors cannot elect the school district treasurer. *AG Op. February 17, 1951*

### Section 64. Local Treasurer - Surety Bond - Duties - Cash and Investment Ledgers.

- A. Unless the context clearly shows otherwise, the term "treasurer", as used in this section, includes a county treasurer acting as the treasurer of a school district pursuant to the provisions of Section 5-114 of this title. The treasurer so appointed shall execute, before entering upon the duties of the office of the treasurer, a surety bond in an amount which it is estimated by the board of education the treasurer will have on hand at any one time during the current year, and the amount of securities held as investments shall not be considered. The board of education is empowered to require the treasurer to increase or decrease the bond of the treasurer as the amount of funds on hand may require. Provided, the bond of a school district shall not, in any event, be required to be in an amount greater than that of the county treasurer of the county. The premium on the bond shall be paid by the board of education out of district funds. Provided, however, the treasurer of such district shall require the depository wherein school district funds are deposited to insure or guarantee the deposit by proper securities, which shall be of the same class of securities as are required to insure deposits of county treasurers of the various counties, and the securities shall be pledged, taken and kept in the manner provided by Sections 517.1 through 517.7 of Title 62 of the Oklahoma Statutes.

- B. In all districts which are permitted by law to select a local treasurer, the county treasurer shall act as treasurer thereof until such time as a local treasurer shall be appointed and has executed the surety bond required by this section. In no instance in which the county treasurer is the treasurer of any school district shall any additional bond be required, but the official bond of the county treasurer shall stand for any and all funds and securities coming into the hands of the county treasurer.
- C. The local treasurer of a district, when required by the board of education, shall prepare and submit in writing a report of the condition of the finances of the district and shall produce at any meeting of the board or to any committee appointed for the purpose of examining the accounts of the treasurer all books and papers pertaining to the office of the treasurer. Upon failure to make reports as provided for herein or as may otherwise be required by law, the board may at any regular or special meeting thereof summarily suspend the treasurer, and while so suspended the treasurer shall perform no act pertaining to the office of the treasurer. Such suspension shall continue until ended by order of the board or by judgment of a court of competent jurisdiction.
- D. The local treasurer of a school district shall keep a separate cash ledger for each fund in the custody of the treasurer. The local treasurer shall enter each collection and disbursement in the cash ledger of the applicable fund by recording the date and classification of each transaction and such other information as may be deemed desirable. Additional ledgers shall also be maintained to record the investments made from each fund. Such investment ledgers shall disclose the date, description and principal amount paid for each investment purchased and the date and principal amount received for each investment liquidated.
- E. Upon suspension by the board, the treasurer shall immediately turn over to the board of education or to the acting treasurer if one has been appointed by the board all books and papers and other property pertaining to the office of the treasurer.
- F. Except as otherwise provided by law, no treasurer of any district shall pay out school district funds in the care of the treasurer except upon warrants signed by the proper school district officials authorized by the law to sign such warrants, provided, this restriction shall not apply to sinking funds or to the investment of school district funds. Authorized sinking fund payments and payment for investments or receipt of liquidated investments may be made by check, wire transfer or other instrument or method through the Federal Reserve System.
- G. The board of education shall, each month, set aside funds to an operating account and to an investment account. Investments by the treasurer shall be made in accordance with a written policy adopted by the board of education. The written investment policy shall address liquidity, diversification, safety of principal, yield, maturity, quality of the instrument, and capability of investment management. Acting within the investment policy, the treasurer shall place primary emphasis on safety and liquidity in the investment of funds. Taking into account the need to use sound investment judgment, school districts shall, to the extent practicable, use competitive bids when they purchase direct obligations of the United States Government or other obligations of the United States Government, its agencies or instrumentalities. Such system shall be designed to maximize yield within each class of investment instrument, consistent with the safety of the funds invested. The board of education must review the investment performance of the treasurer on a regular basis and no less than each month. The treasurer of every school district shall invest the full amount of the investment account in:
  - 1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged; provided, a treasurer of a school district who has completed the program pursuant to the provisions of subsection H of this section may invest funds in the investment account in other obligations of the United States Government, its agencies or instrumentalities;
  - 2. Obligations to the payment of which the full faith and credit of this state is pledged;
  - 3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;

4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation. Provided, that the income received from the investments may be placed in the general fund of the governmental subdivision to be used for general governmental operations;
  5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this subsection including obligations of the United States, its agencies and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;
  6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value. The income received from an investment may be placed in the general fund of the governmental subdivision to be used for general governmental operations, the sinking fund, the building fund, or the fund from which the investment was made;
  7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in paragraphs 1 through 6 of this subsection;
  8. Warrants, bonds or judgments of the school district; or
  9. Qualified pooled investment programs, the investments of which consist of those items specified in paragraphs 1 through 8 of this subsection, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an interlocal cooperative agreement formed pursuant to Section 5-117b of this title, and the program must competitively select its investment advisors and other professionals. Any pooled investment program used must be approved by the board of education.
- H. The board of education is hereby empowered to require the treasurer to satisfactorily complete an investment education program approved by the State Board of Education and the State Board of Career and Technology Education. Such program shall be designed to allow treasurers to make informed decisions regarding the safety, return, liquidity, costs and benefits of various investment options allowed under this section.
- I. The income received on an investment may be placed in the fund from which the investment was made, the general fund, the building fund, or the sinking fund. **(70-5-115)**

See Sections 646.2-646.8, Security for Local Public Deposits Act.

See also Sections 663 & 664, Sinking Fund.

The statutory provision allowing a school treasurer to allocate interest earned on the building fund or the sinking fund violates Article X, Section 19 of the Oklahoma Constitution. *October 2, 2000 (AG Op. No. 00-48) (non-binding advisory opinion).*

School districts may not, as a general rule, deposit funds in financial institutions which are located outside the state; however, school districts may deposit district funds in building and loan associations, i.e., savings and loans, located outside of Oklahoma, so long as, and to the extent that, such deposits are federally insured [pursuant to 62-513]. *June 24, 1991 (AG Inf. Op. No. 91-608)*

School district treasurer (1) must invest funds held in investment account; (2) has authority to execute orders to buy and/or sell investment instruments through a licensed broker and pay a reasonable commission or fee for this service; (3) may permit a Federal Reserve bank or a registered broker or brokerage firm to hold investments for the district; and (4) may not invest in money market mutual funds. *June 19, 1990 (AG Op. No. 89-64)*

School District cannot establish payroll cash account by issuing purchase orders against accounts within General Fund, depositing warrants in payroll account, and writing payroll checks against payroll account. *AG Op. June 23, 1972*

County Treasurer serves as Treasurer of area school district, without additional bond, unless board of education appoints local Treasurer. *AG Op. September 25, 1968*

### **Section 65.1. Payment of Warrants When Insufficient Funds.**

Upon the expiration of the term of office, the treasurer shall deliver check or warrant registers to the succeeding treasurer, and each successor in office shall act as though check or warrant entries were registered by the successor, who shall continue registration of all district checks or warrants. If a check or warrant cannot be paid for want of sufficient funds, a district may enter into an agreement not to extend beyond the current fiscal year with the depository bank to honor payment of these checks at an annual rate of interest as negotiated by the district and depository bank, which shall not exceed a rate equal to five percent (5%) above the average United States Treasury Bill rate of the preceding calendar year as determined by the State Treasurer on the first regular business day of each year. **(70-5-115b)**

### **Section 66. Oath of Office.**

Each member of the board of education and the treasurer and assistant treasurer of a school district shall take and subscribe to the following oath:

“I, \_\_\_\_\_ (Name of officer), hereby declare under oath that I will faithfully perform the duties of \_\_\_\_\_ (Name of position) of \_\_\_\_\_ (Name of school district) to the best of my ability and that I will faithfully discharge all of the duties pertaining to said office and obey the Constitution and laws of the United States and Oklahoma.” **(70-5-116)**

See also Section 742 for additional oath.

### **Section 67. Requirements for Bonds for Employees and Officers.**

Whenever, by any presently existing law of this state or by any law hereafter enacted, any officer or employee of any school district is required to furnish bond as a prerequisite to employment, such requirement as to terms, conditions, penalty, amount or quality or type of surety shall be and is hereby deemed and defined to mean the furnishing of a separate bond or surety contract for each individual officer or employee, or the furnishing of a “blanket bond” which is defined as a school district officer and employees blanket position bond which covers all officers and employees up to the penalty of the bond for each officer and employee and the full penalty of the bond is always enforced during its term and no restoration is necessary and there is no additional premium after a loss is paid. Such bond shall be furnished by a company duly qualified under the insurance laws of this state and shall be purchased by the school district. The bond shall be payable to the school district and, whenever possible, conditioned on the faithful performance of the duties of the individuals covered during their employment or term of office and that they will properly account for all monies and property received by virtue of their position or employment. **(70-5-116a)**

### **Oklahoma Administrative Code (OAC) 210:25-5-11. The school district treasurer**

- (a) The law requires the county treasurer of each county to also be the school district treasurer for all school districts in the County, except that the board of education in each school district may appoint a local treasurer. All school districts are also allowed to employ an assistant local treasurer. An assistant local treasurer may perform any of the duties and exercise any of the powers of the local treasurer with the same force and effect. A school district treasurer or assistant treasurer may also serve as a minute clerk. The local treasurer and/or assistant treasurer shall be a resident of this state. A local treasurer or assistant local treasurer may be appointed for more than one school district. Since the State Auditor and Inspector is directly charged by law to prescribe the forms and procedures for the operation of the county treasurer's office, nothing herein is intended to disturb or supersede any directive or advice from the Auditor's Office. It is, however, agreed upon by the above mentioned office and the Department of Education that if the treasurer follows the principles and procedures as provided below for the operation of the local treasurer's office of the school district, a valuable service to boards of education, taxpayers and the general public will occur.

- (b) The Treasurer is required by law to:
- (1) Insure that warrants shall show warrant number, fiscal year, and fund against which the warrant is being drawn.
  - (2) Code all receipts using the Oklahoma Cost Accounting System dimensions of Fiscal Year, Fund, Project Reporting, Source of Revenue, Program, and Operational Unit, to the bold dimension for State Department of Education requirements. If coded in detail have ability to roll dimensions to the bold for magnetic media transfer to State Department of Education.
- (c) The Treasurer of a School District shall keep the following computerized records based on the following format:
- (1) SA&I, Form 208 (1967) Treasurer's General Ledger.
  - (2) SA&I, Form 2061 (1967) Treasurer's Cash Ledger.
  - (3) SA&I, Form 2062 (1967) Treasurer's Investment Ledger.
  - (4) SA&I, Form 207 (1967) Treasurer's Warrant Ledger.
  - (5) SA&I, Form 411 (1967) Treasurer's Receipt.
  - (6) SA&I, Form 410 (1967) Treasurer's Check.
  - (7) SA&I, Form 1141 (1967) Bond Register.
  - (8) Deposit Books.
  - (9) Such other records as may be deemed advisable or useful.
- (d) The Treasurer shall also maintain adequate files of:
- (1) Paid Warrants--Warrants purchased with a treasurer's check, shall be filed by group in the numerical order of the treasurer's checks which paid them. Each group of warrants paid by a treasurer's check shall also have a copy of the treasurer's check with which they were purchased attached to them.
  - (2) Voided Warrants--Shall be filed in the numerical order of their issuance by fund and by fiscal year in a separate file and shall be sufficiently mutilated to prevent their being cashed but not mutilated as to not be identifiable.
  - (3) Paid Bonds and Coupons.
  - (4) Canceled Bonds and Coupons.
  - (5) Bank and fiscal agency statements, including deposit tickets and paid warrants/checks.
  - (6) County Clerk's remittance advises.
  - (7) Copies of any directive from the County Clerk or County Excise Board supplementing, changing or transferring appropriation balances.
  - (8) State Board of Education notices and allocation of State and Federal Aid.
  - (9) School board resolutions pertinent to the conduct of the School Treasurer's office and duties.
  - (10) Letters, memos, or other supporting data pertaining to transactions of the school district or to the operation of the Treasurer's office.
  - (11) Any other files which may be considered advisable or useful.

[Source: Amended at 10 Ok Reg 1383, eff 4-26-93]

## OCAS DATA SUBMISSION

- All field definitions and record layout requirements will remain the same.
- After the data has been “rolled,” it needs to be saved as either expend.dat or revenue.dat.

**REMINDERS:** When entering the county/district number:

- Be sure to use the number zero (0) and not the letter (O).
- Independent districts need to be sure to use the letter “1,” not the number one.

## WEB-BASED REPORTING

- Access the OCAS site through the SDE Home Page at: <www://sde.state.ok.us>.
- Select the School District Reporting Site link.
- When the logon screen appears, type in your username and password, then click on Logon.
- Highlight and click on OCAS Revenue and Expenditure Files Processing.

### Upload:

- If you know the file and path name of the desired document (expend.dat or revenue.dat), you can type it in directly or click on Browse and find the document. Please note: Only the named document can be uploaded in the file holder.
- After you have gathered the data, click on Upload. The computer system will inform you if the data upload was successful, or if incorrect data was submitted (county/district codes, wrong fiscal year, too many characters, etc.).
- The data will be processed and posted several times a day. You will be able to view any error listings or other messages at that time.

### Reports:

- To view error listings, click on View Detail. The computer system will take you to the Detailed Error Report. This report can be printed by using the print option on your browser. Only the fund totals will be listed if the data processed without any edit check errors.
- To generate, view, and print final reports, select the desired report under Final Reports (left side of screen, toward bottom). Using the drop-down prompt, select District Revenue, District Expenditures, District Revenue Comparison, or District Expenditure Comparison. Reports are generated in Portable Document Format (PDF). Click on Request Report. You will receive an alert message that states: Print request has been generated. Click OK.

The system will generate a report and post the requested data in the Requested Reports section. As the report is processing (as you will see under Status), wait about 10–15 seconds, then click on "Click To Update Status" (this sets the report to the screen). At this point you should be able to select View Report. The report will open using Acrobat Reader and be printed using the print option found on the Acrobat toolbar.

- Once the reports have passed all common edit checks, review the comparison reports to determine (1) if data was doubled, (2) there was a loss in revenue, (3) all funds were coded in one area. The Financial Accounting Section will be reviewing these reports as well for the same errors.
- When the reports are accurate, the superintendent must certify that the reports are correct. The superintendent will certify the reports by activating the "certify" option on the OCAS screen.
- State Department of Education staff will perform a desk review of the certified data and either accept or reject the data.
- If the data is rejected, the district will be notified of the areas of deficiencies and allowed to resubmit the data. The data will need to be certified again by the superintendent.

**REMINDER:** Final reports must be certified no later than September 1.  
[70 O.S. § 5-134.1 (B)]

- Click on Return to OCAS page or use the Back button on the browser to return to the Reporting Home page.

## OKLAHOMA COST ACCOUNTING SYSTEM (OCAS) RECORD LAYOUT OF EXPENDITURE AND REVENUE DATA

### Expenditures Record Length: 74 Characters:

Fiscal** Year	County Number	District Number	Fund	Project Reporting	Function	Object	Program	Subject	Job Class	Operational Unit	Appropriated Amount		Encumbered Amount		Warrants Issued	
9(4)	9(2)	X (4)	9(2)	9(3)	9(4)	9(3)	9(3)	9(4)	9(3)	9(3)	S*	9(10)V99	S*	9(10)V99	S*	9(10)V99
1	2	3	4	5	6	7	8	9	10	11	12		13		14	

### Revenue Record Length: 51 Characters

Fiscal ** Year	County Number	District Number	Fund	Project Reporting	Source of Revenue	Program	Operational Unit	Estimated Amount		Actually Collected	
9(4)	9(2)	X(4)	9(2)	9(3)	9(4)	9(3)	9(3)	S*	9(10)V99	S*	9(10)V99
1	2	3	4	5	6	7	8	9		10	

\*S indicates sign: blank when positive, "-" when negative.

\*\*Fully qualified fiscal year (i.e., for fiscal year 2009-10 use 2010).

Each record must contain a carriage return at the end.

#### File Names Accepted

Expenditure Files: EXPEND.DAT

Revenue Files: REVENUE.DAT

**OKLAHOMA COST ACCOUNTING SYSTEM (OCAS)**  
**Field Definitions**

**Expenditures Record**

Field Number	Description
1.	<b>Fiscal Year</b> The field is used to designate the fiscal year (school year) of the record. This field contains the last calendar year (i.e., for school year 2009-10, the field would contain 2010).
2.	<b>County Number</b> The county number as assigned by the State Department of Education. The first digit for the first nine counties must be zero.
3.	<b>District Number</b> The District Number as assigned by the State Department of Education. The first character must be either "I" for independent districts or "C" for elementary districts. The remaining characters are the district numbers and must contain leading zeroes (i.e., District I-3 must be reported as I003).
4.	<b>Fund</b>
5.	<b>Project Reporting</b>
6.	<b>Function</b>
7.	<b>Object</b>
8.	<b>Program</b>
9.	<b>Subject</b>
10.	<b>Job Class</b>
11.	<b>Operational Unit</b> Numbered fields 4-11 make up the coding structure as defined in the OCAS Manual. Only numeric data, with leading zeroes when necessary, will be valid.
12.	<b>Appropriated amount</b>
13.	<b>Encumbered amount</b>
14.	<b>Warrants Issued</b> Numbered fields 12-14 are the dollar amounts of appropriations, encumbrances, and warrants issued. Only numeric data will be allowed—do not include dollar signs, commas, or periods in these fields. Place a blank character in the first position of these fields to designate a positive number or a hyphen ("-") to designate a negative number. The last two digits are implied decimals (cents); numeric data will be allowed—do not include dollar signs, commas, or periods in these fields.

**Revenue Records**

Field Number	Description
1.	<b>Fiscal Year</b> The field is used to designate the fiscal year (school year) of the record. This field contains the last calendar year (i.e., for school year 2009-10, the field would contain 2010).
2.	<b>County Number</b> The county number as assigned by the State Department of Education. The first digit for the first nine counties must be zero.
3.	<b>District Number</b> The District Number as assigned by the State Department of Education. The first character must be either "I" for independent districts or "C" for elementary districts. The remaining characters are the district numbers and must contain leading zeroes (i.e., District I-3 must be reported as I003).
4.	<b>Fund</b>
5.	<b>Project Reporting</b>
6.	<b>Source of Revenue</b>
7.	<b>Program</b>
8.	<b>Operational Unit</b> Numbered fields 4-8 make up the coding structure as defined in the OCAS Manual. Only numeric data, with leading zeroes when necessary, will be valid
9.	<b>Estimated Amount</b>
10.	<b>Actually Collected</b> Numbered fields 9-10 are the estimated revenue and actually collected dollar amounts. Only numeric data will be allowed—do not include dollar signs, commas, periods in these fields. Place a blank character in the position of these fields to designate a positive number or a hyphen ("-") to designate a negative number. The last two digits are implied decimals (cents).

## FEDERAL FUNDS

### Section 385. Purpose of Funds - Federal Funds.

- A. The funds apportioned and disbursed to the several school districts of the state shall be for the purpose of aiding each school district receiving the same to finance its school budget for each fiscal year. The State Board of Education shall notify the county clerk, the board of education, superintendent of each school district and the school district treasurer of the tentative amount said district is to receive from the funds apportioned under the provisions of this article and disbursed according to the provisions hereof. After such allocation of State Aid has been made by the State Board of Education and certified to the treasurer of the school district and district superintendent of schools, such aid may be included as probable income by the board of education in its Estimate of Needs and Financial Statement as submitted to the county excise board, and said excise board shall include such amount in the approved appropriations, and in addition thereto any federal aid certified or allocated by the State Board of Education shall be included in the appropriation made by the excise board if requested by the board of education; provided, no such federal aid estimate shall be used in any way to reduce the State Foundation Aid or Incentive Aid for such school district or sustain a protest for the reduction of a tax levy. If such allocation of aid is not included in the board of education's estimate of needs, it shall be added by the county clerk to the items of appropriation designated by the board of education of the school district. Funds received under the provisions of this article shall be deposited in the general fund of such school district. Provided, funds received from the federal government for current expense purposes shall likewise be added to the appropriation of the general fund if so designated by the board of education of such school district. Provided, further, that the board of education of a school district may enter into agreements with federal agencies for educational projects and programs to be maintained in such districts; and federal funds received by the district in pursuance thereof shall, consistent with the agreement and requirements of the federal agency, be kept, administered and disbursed in such manner as may be prescribed by rules and regulations of the board of education.
- B. If the State Board of Education should ascertain that allocation of State Aid to any school district has so changed as to reduce its State Aid, then the State Board of Education shall forthwith notify the district superintendent, the clerk of the board of education, and the treasurer thereof, as to the amount of reduction in the allocation of State Aid. If there has been an overpayment the same shall be returned to the State Treasurer and credited to a refund account which shall be available for further payment of State Aid. Whenever it becomes necessary for a school district to refund any overpayment of monies previously received, the school district shall issue such warrant against a properly approved encumbrance in the manner provided by law. Such claim or encumbrance shall be coded as a refund of prior revenue and paid from the current expense appropriation of the general fund or such other fund or account from which such refund may properly be paid by the school district. **(70-18-104)**



## *Accountability at a Glance*

### **Oklahoma State Department of Education's Calendar: Schedule of Due Dates 2009-2010 School Year**

To access, view, and/or print this “pdf” document, go to our Home page at <http://www.sde.state.ok.us>, scroll toward the bottom of the screen, and select the ***School District Reporting Site***.

Enter your Username and Password. If you are a school district employee and do not have access to this site, the Superintendent or District Log-on Administrator can give you access.

For further assistance, please contact the State Aid Section at (405) 521-3460.