

THE LEGAL AND ACCOUNTING PROBLEMS
OF A SCHOOL DISTRICT IN OKLAHOMA

By

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Bachelor of Science

Oklahoma Agricultural and Mechanical College

Stillwater, Oklahoma

1948

Submitted to the Faculty of the Graduate School of
the Oklahoma Agricultural and Mechanical College
in Partial Fulfillment of the Requirements

for the Degree of

MASTER OF SCIENCE

1950

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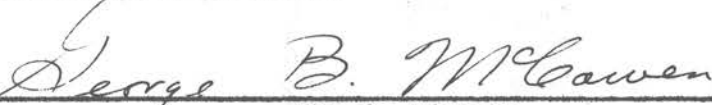
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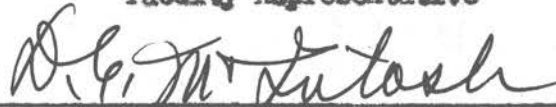
THESIS AND ABSTRACT APPROVED:



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273816

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CHAPTER I
THE PROBLEM AND ITS SCOPE

The Problem

The Oklahoma Constitution directs that "Provisions shall be made for the establishment and maintenance of a system of public schools,"¹ and also, "The Legislature shall establish and maintain a system of free public schools."²

Also the Constitution directs that "The Legislature shall require all money collected by taxation, or by fees, fines, and public charges of every kind, to be accounted for by a system of accounting that shall be uniform for each class of accounts, State and local..."³

The public school system in Oklahoma established by the above directive is administered by the State Department of Education, the State Superintendent of Education, county superintendents of schools, boards of education of school districts, and superintendents of schools of independent school districts.⁴

This study is an investigation of the laws of the State of Oklahoma, the decisions of the State Supreme Court, and the requirements of the State Department of Education as they affect a school district of the Oklahoma public school system. Special attention is given to such laws and decisions as affect in any way the keeping of the accounts of a school district.

Need for the Study

Title 70 of the Oklahoma Statutes contains the School Code for the State as revised in 1949. However, many of the laws affecting the budget and

¹ Article I, Oklahoma Constitution, Paragraph 5.

² Article XIII, Oklahoma Constitution, Paragraph 1.

³ Article X, Oklahoma Constitution, Paragraph 30.

⁴ 70 O. S. Supp. 1949, 1-17.

accounts of a school district are located elsewhere in the statutes. Also, many of the procedures followed in accounting for school districts are established by state officials or as the result of court cases.

Officials and citizens interested in school budget preparation and book-keeping in the State of Oklahoma need a reference to indicate the legal requirements which affect these phases of school administration. This study is designed to provide that reference.

Delimitations

The problems of finance of school districts are not discussed herein; only the sources of revenue as provided by law and the accounting therefor are considered. Only the school budget of the school reports is considered, the statistical reports made to the State Department of Education, though perhaps mentioned, are not explained fully.

Administrative problems of the school district other than those pertaining to the budget and budgetary accounting are not discussed herein. In the material pertaining to budgetary accounting the entries in the General Fund are illustrated; the entries in the Building Fund and the Sinking Fund are not shown.

The Statutes of Oklahoma do not contain any requirements pertaining to school fixed property beyond acquisition and disposal procedures. No physical inventory is required by law, and a Fixed Property Fund is not provided for.

Definitions of Terms

Budget. A budget is a legal and accounting device to control revenues and expenditures. More specifically, it is an estimate of proposed expenditures and the proposed means of financing them. In the statutes of Oklahoma a budget is referred to as "a statement of estimated needs." However, in general this estimate is referred to as "the budget" both before and after it is adopted or approved.

Ad Valorem Taxation. Ad valorem means "according to the value." Ad valorem taxation is property taxation charged and collected according to the assessed valuation of property.

Levy. A levy is the millage rate of ad valorem taxation. It is the amount of revenue per dollar of assessed property valuation that is to be collected by means of ad valorem taxation. In Oklahoma, the amount of mills to be levied for specific purposes is limited by law.

Fund. The National Committee on Municipal Accounting defines a fund as "a sum of money or other resources (gross or net) set aside for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity."⁵

Appropriation. An appropriation is a part of the estimate (budget) authorized by the county excise board to be used for a specific purpose. The Oklahoma Statutes define it as synonymous with "estimate made and approved" which in turn is defined to mean "the itemized statement of the estimated needs of a municipality for its current expenses for the ensuing fiscal year, as approved and fixed by the excise board."⁶

Encumbrance. An encumbrance is an obligation represented by an outstanding order or a contract which is expected to become payable.

Warrant. A warrant is a writing or certificate which authorizes someone to pay money or its equivalent to another person. A warrant is the certificate issued by a municipality (in this study the school district is the municipality) acknowledging a debt and directing the treasurer of the municipality to pay the warrant with moneys in his possession.

⁵ Lloyd Morey and Robert P. Hackett, Fundamentals of Governmental Accounting, p. 35.

⁶ 62 O. S. 1941, 473.

Fiscal Year. The tax year in Oklahoma begins July 1.⁷ The fiscal year is the same as the tax year.⁸

General Fund. "The General Fund of any school district shall consist of all moneys which may legally be used for current maintenance purposes within a fiscal year, and an appropriation may be made therefrom for capital outlay, but shall not be considered as including any money derived from a special building fund levy..."⁹

Building Fund. "The Special Building Fund of any district shall consist of all moneys, and interest therefrom, derived from the proceeds of a special building levy of not to exceed five (5) mills in any year, voted by the people of a school district... Proceeds from Building Fund levies shall not be required to be used during the year for which a levy is made but may accumulate from year to year until adequate for the purposes intended."¹⁰

Sinking Fund. "The Sinking Fund of any district shall consist of all money derived from ad valorem taxes or otherwise as provided by law for the payment of bonds and judgments and interest thereon."¹¹

⁷ Article X, Oklahoma Constitution, Paragraph 1.

⁸ 193 Okla. 69, Day & Whitt Furn. Co. v. Welbilt Appliance Corporation.

⁹ 70 O. S. Supp. 1949, 1-19.

¹⁰ Ibid., 1-20.

¹¹ Ibid., 1-21.

CHAPTER II

THE SCHOOL DISTRICT

"A school district is defined as any area or territory comprising a legal entity, whose sole purpose is that of providing free school education, whose boundary lines are a matter of public record, and the area of which constitutes a complete tax unit."¹

The Oklahoma School Code, as passed by the Twenty-second Legislature in 1949, designates that all school districts be either independent school districts or dependent school districts. Before a school district will be classed as independent by the State Board of Education, it must meet the following requirements:

"a. Shall have maintained during the previous year a four (4) year high school fully accredited by the State Board of Education.

b. Shall have a school plant, equipment, and faculty which meet minimum standards prescribed by the State Board of Education. Such standards shall be in keeping with those usually required of a first class high school and comparable to those required by recognized accrediting agencies.

c. Shall be in good financial condition and shall give to the State Board of Education sufficient evidence of being able to administer the fiscal affairs of the district in proper manner."²

All school districts not designated as independent school districts by the State Board of Education are dependent school districts.³ Every school district is a body corporate and possesses the usual powers of a public corporation. It may sue and be sued, may contract and be contracted with, and may hold real and personal estate.⁴

¹ 70 O. S. Supp. 1949, 1-9.

² Ibid., 4-2.

³ Ibid., 4-3.

⁴ Ibid., 4-5.

To be qualified to vote in school district elections, a person must have resided in the district for at least thirty days and possess the qualifications of an elector as defined by the Constitution and Laws of the State.⁵ These qualifications are as follows: (1) be a citizen of the United States, (2) be a citizen of the State of Oklahoma, (3) be over the age of twenty-one years, (4) have resided in the State one year, (5) in the county six months, and (6) in the election precinct thirty days.⁶

An annual meeting of school district electors in dependent school districts and in independent school districts in which there is no city is held on the fourth Tuesday in March between 2 p.m. and 6 p.m. Notice of the time and place of this meeting is given by publication and by posting written notice. At this meeting the school district electors, by written ballot, elect the new member of the board of education and vote on excess levies for current purposes or for building funds if such excess levies are presented by the board of education.⁷

Special meetings of the school district electors may be called by the board of education or by a majority of the school district electors on petition. The same notice is required to be given as in the case of the annual meeting, and the purpose of the special meeting must be set forth.

Annexation and Consolidation

If a majority of school district electors of an area sign a petition to annex such area to an adjacent school district, the State Board of Education reviews the petition and determines whether or not the best interests of the school children of the area affected would be served by such change. If the

⁵ Ibid., 1-15.

⁶ Article III, Oklahoma Constitution, Paragraph 1.

⁷ 70 O. S. Supp. 1949, 4-16.

State Board approves the petition, it calls an election for the purpose of permitting the school district electors in the area affected to vote on the proposition of making such boundary change. The "area affected" means the area proposed to be annexed to another adjacent district or districts, and a district is considered adjacent if the boundary lines touch at any point or corner of the respective districts.⁸

Notice of the election must be given by the county superintendent of schools in the same manner as special meetings of the school district electors of school districts. If a majority of the electors voting at this election vote for the change, the State Board of Education orders the change in boundaries.⁹

"Whenever any school district shall have had an average daily attendance for one (1) year of less than thirteen (13) or shall have failed to maintain school within the district for one (1) year, the State Board of Education shall declare such district to be disorganized and shall annex the territory comprising such district to the district or districts, maintaining transportation within the transportation area or areas in which such territory is located."¹⁰

The annexed area assumes its full proportion of all legal bonded indebtedness of the district to which it is annexed, and the district to which it is annexed likewise assumes a full proportion of all legal bonded indebtedness of the annexed area if that area comprises a school district. If the annexed area does not comprise an entire school district, the district to which it is annexed assumes a full proportion of the proportionate part (based upon the ratio which the assessed valuation of the area affected bears to the total valuation of the district originally incurring the bonded indebtedness) of

⁸ Ibid., 7-1.

⁹ Loc. cit.

¹⁰ Ibid., 7-2.

any bonded indebtedness for which the annexed area is liable when the boundaries are changed.¹¹

The property and other assets of an annexed area become the property of the annexing district; except that where the annexed area does not comprise an entire district, the boards of education of the districts involved agree upon a division of the property. The current debts and obligations of the annexed area become the liabilities of the annexing district.¹²

The board of education of the annexing district can rent, move or sell a building in the annexed area without a vote of the residents thereof if the building is not being used at least once a month for public gatherings.¹³

Consolidation of two or more adjacent school districts may be proposed by the State Board of Education, by the board of education of the district, or by ten per cent of the school electors in the district by petition. After such proposal, the State Board of Education conducts studies of the "populations, wealth, terrain, trade areas and other factors as may be necessary to determine the location of boundaries and the size of a proposed district which will most nearly insure an efficient and economical administrative unit."¹⁴

If the State Board of Education finds that such consolidation is desirable, it determines the rules and procedures to be followed in the consolidation. Such rules and procedures include the opportunity for the qualified school electors of the school districts involved to decide by majority vote whether or not they desire the consolidation to take effect. However, election is held

¹¹ Ibid., 7-3.

¹² Ibid., 7-4.

¹³ Ibid., 7-6.

¹⁴ Ibid., 7-5.

only upon petition therefor signed by a majority of the electors of each school district included in the proposed consolidation. When the election has been held and a majority vote is in favor of consolidation, the State Board of Education declares the participating school districts dissolved and the new school district established. The board of education of the participating district having the largest number of enumerated children serves as the board of education of the newly formed district for the terms for which they were elected. All assets and liabilities of the participating districts are the property and responsibility of the new school district.¹⁵

Transfer of Pupils

Sometimes a school district does not offer all twelve grades of instruction, and children living in that district have to be transferred to another district. Or the topography of the district may prevent the child from attending school in the district in which he resides. Or the health of the child as determined by a verified health certificate by a licensed physician is such that the best interest of the child cannot be served by the child's attendance in the district in which he resides.¹⁶ In these situations the county superintendent of schools transfers the child to another district. He notifies the clerk of the board of education by June 15th whether or not any transfers have been made.

The school district from which pupils have been transferred in its annual estimate includes a request that the county excise board make the necessary appropriation for the payment of transfer fees to the district to which the pupils have been transferred.¹⁷

¹⁵ Loc. cit.

¹⁶ Ibid., 8-3.

¹⁷ Ibid., 8-7.

The district to which pupils have been transferred estimates the probable income from transfer fees, and this amount is included in its estimate to finance general appropriations. The fees for transfers are based on the previous year's total per capita cost of pupils in average daily attendance in the district to which the transfer is made plus eight per cent (8%) of such cost for use of buildings already constructed. This cost includes the total expenditures of the previous year; annual accrual and interest on outstanding bonds voted for the purchase of furniture, repairs, and construction of buildings; funds expended from any constitutional building fund; but excludes the cost of transportation; the cost of constructing new buildings by bond issue; and disbursements from sinking funds except annual accrual and interest on outstanding bonds. Dividing this cost by the average daily attendance gives the education per capita cost. The transportation per capita cost is computed as follows:

"the total cost of transportation, including annual accrual and interest on outstanding bonds issued for transportation equipment, shall be divided by the average number of pupils (on which state aid may be paid) transported the previous year by the school district to which the pupils are transferred."¹⁸

If the transferred pupils are not transported by the district to which they are transferred, the transportation cost is not added to the education per capita cost in computing the amount to be appropriated for transfer.¹⁹

As taxes and other moneys come into the hands of the county treasurer, he apportions them between the district transferred from and the district transferred to in the same percentage as the appropriation for the district from which the pupils are transferred and the appropriated amount of transfers

¹⁸ Ibid., 8-8.

¹⁹ Loc. cit.

payable to the district transferred to is of the total appropriation of the district.²⁰

For example, school district #107 of Payne County, Oklahoma, in 1949-50 transferred twenty-six pupils to district #67 and one pupil to district #110. The total per capita cost for district #67 in 1948-49 was \$146.43, so the amount of transfers payable to district #67 was \$3,807.18. The total per capita cost for district #110 in 1948-49 was \$216.92 and the transportation cost was \$38.98. Therefore, the amount of transfers payable to district #110 was \$255.90, the transportation cost being included since the pupil had to be transported by district #110 buses.

Assume that district #107 had total appropriations for 1949-50 of \$75,000.00. The amounts above \$3,807.18 and \$255.90 are due to districts #67 and #110 respectively. If the county treasurer has \$5,000.00 of taxes and other revenues collected for district #107, he will apportion 70,936.92/75,000.00 to district #107, 3,807.18/75,000.00 to district #67, and 255.90/75,000.00 to district #110.

Separate Schools

The Constitution of the State of Oklahoma provides for the establishment and maintenance of separate schools for white and colored children²¹ and the laws of Oklahoma provide that the public schools will be organized and maintained upon a complete plan of separation between the white and colored races.²² "The term 'colored' shall be construed to mean all persons of African descent who possess any quantum of Negro blood."²³

²⁰ Ibid., 8-10.

²¹ Article I, Oklahoma Constitution, Paragraph 5.

²² 70 O. S. Supp. 1949, 5-1.

²³ 70 Ok. St. Ann., 5-2.

In each district the separate school is the school of the race having the fewest number of children in that district. The county superintendent of schools has the authority to designate which school shall be the separate school.²⁴ However, no separate school is maintained where the number of children who are to attend the separate school does not exceed ten.²⁵ Where the children who are to attend the separate school of a district number less than eleven, the county superintendent of schools transfers them to the nearest separate school. For instance, in Payne County, Oklahoma, there are two separate schools, in Cushing and in Stillwater.

The separation of races is required by law and any teacher who permits a white child to attend a school for Negro children or who permits a Negro child to attend a school for white children shall be deemed guilty of a misdemeanor and upon conviction shall be fined not less than ten dollars (\$10.00) nor more than fifty dollars (\$50.00), and his certificate shall be cancelled and he shall not have another issued to him for a term of one (1) year.²⁶

The county excise board annually levies a tax on all taxable property in the county sufficient to maintain the separate schools in the county. The board of county commissioners prepares the estimate of needs for the separate schools, and the taxes are levied and collected in the same manner as other taxes for county purposes. But where a separate school is maintained in an independent school district, the board of education of the district prepares the separate school budget and submits it to the county excise board. When the separate school taxes are collected, they are paid over to the treasurer

²⁴ Ibid., 5-3.

²⁵ Ibid., 5-10.

²⁶ Ibid., 5-4.

of the board of education to be expended according to the approved appropriations.²⁷

Where a separate school is maintained in an independent school district, the board of education of the independent district acts as the governing board of the separate school. But where the county separate schools are not located in an independent school district, the county superintendent of schools and the board of county commissioners combine to act as the governing board of the separate schools. The county superintendent of schools contracts with and employs all teachers for the county separate schools. Warrants for teachers' salaries and for expenses of the separate schools are issued by the county clerk and are countersigned by the county superintendent, and upon report of the county superintendent the board of county commissioners decide when to erect separate school buildings.²⁸

County Separate School Improvement Bonds

In order to purchase school sites, erect school buildings, purchase school furniture and fixtures, make school building repairs, or make school site improvements, the board of county commissioners may authorize elections to be held for the purpose of approving the borrowing of money and issuance of bonds.²⁹ These bonds must be approved by three-fifths of the votes cast in the county-wide election and are to be known as county separate school improvement bonds.³⁰ They are subject to the constitutional limitation that public bonds cannot exceed five per cent (5%) of the assessed valuation of property within the municipality issuing the bonds.

²⁷ Ibid., 5-8.

²⁸ Ibid., 5-14.

²⁹ Ibid., 15-7.

³⁰ Ibid., 15-9.

After the bonds have been approved, the board of county commissioners proceeds with the sale and issuance of them in accordance with regulations set forth in Chapter V herein.⁵¹

The proceeds of the sale of such county separate school improvement bonds are divided between the independent school districts containing separate schools and the board of county commissioners. Expenditures of the bond proceeds must be made "in accordance with the laws governing and controlling the making of like expenditures by boards of education of independent school districts."⁵²

⁵¹ Ibid., 15-12.

⁵² Ibid., 15-13.

CHAPTER III
THE BOARD OF EDUCATION

The governing body of a school district in Oklahoma is the board of education of that school district.¹ The superintendent of schools of the district acts as the executive officer of the board of education.

The membership of the board of education for an independent school district in which a city is located consists of one member from each ward of the city and one member from the district territory lying outside the city, or one member from the district at large if there is no outlying territory. The members are elected by the school district electors at large for terms of four years. If the city has a population of less than five thousand, the members are elected by the school district electors of the respective wards and outlying territory. The elections are held biennially on the fourth Tuesday in March.²

In an independent school district in which no city is located, the board of education consists of five members elected by the district electors at large. Members are elected for terms of five years, and elections are held annually on the fourth Tuesday in March to elect the successor of the member whose term is expiring during the current year.³

The board of education of a dependent school district has three members elected by the school district electors of the district at large. Each member is elected for a term of three years, and annual elections are held on

¹ 70 O. S. Supp. 1949, 4-6.

² Ibid., 4-7.

³ Ibid., 4-8.

the fourth Tuesday in March to elect the successor of the member whose term is expiring during the current year.⁴

If an independent school district is located within a city having a population of five thousand or more and a charter form of government, the number and manner of electing the members of the board of education may be provided for in the charter of that city. If the provisions of the charter differ from the provisions of the statutes, the provisions of the charter apply.⁵

The county treasurer is the treasurer of all school districts, except that the board of education of independent districts may appoint a local treasurer of that district. Where a local treasurer is appointed, he must give a surety bond before taking office.

The powers of a board of education in Oklahoma are set forth in detail. The two general powers are to make rules and regulations governing the board and the school system of the district, these rules not to conflict with the law or requirements of the State Board of Education, and to operate a complete public school system as they believe best suited to the needs of the school district.⁶ The other powers set forth are specific authorizations to perform certain actions in carrying out the program.

Regular meetings of the board are held the first Monday of each month and special meetings are called as they become necessary.⁷

A president and a vice-president of the board of education are elected by the board from its membership for a term of one year. The president is to

⁴ Ibid., 4-9.

⁵ Ibid., 4-10.

⁶ Ibid., 4-22.

⁷ Ibid., 4-23.

preside at the meetings, appoint committees, and sign all warrants ordered by the board of education to be drawn upon the treasurer for school money. The vice-president is to perform the duties of the president in his absence.⁸

The board also elects a clerk who is to keep a record of the proceedings of the board, take charge of the district books, and countersign all warrants drawn on school moneys. The clerk may be a member of the board of education or he may be an outsider; however, he cannot be a superintendent, principal, instructor, or teacher employed by the board. A surety bond of not less than \$1,000 is required of the clerk.⁹

Expenditures by a board of education are limited to five hundred dollars (\$500.00) without a written contract, and no contract for erection of or improvements to a public building involving an expenditure of more than one thousand dollars (\$1,000.00) may be made except upon sealed proposals and to the lowest responsible bidder.¹⁰

A board of education may not make a contract with any of its members or with any business concern in which a member or one of his immediate family owns a substantial interest.¹¹

The State Examiner and Inspector shall examine the books and accounts relating to the public funds of any school district on written directive of the Governor, on written request of the State Board of Education, or on petition in writing signed by one hundred legal voters or by twenty-five per cent of the legal voters, whichever is less, of the school district.¹²

⁸ Ibid., 4-24, 25, 26.

⁹ Ibid., 4-24, 27.

¹⁰ Ibid., 4-28.

¹¹ Ibid., 4-29.

¹² Ibid., 4-31A.

The board of education must make an annual statistical and financial report to the State Board of Education. The statistical report is made as of June 30th. These reports are to be filed with the State Board of Education as soon as information is available following the effective date of the reports. A copy of each such report is filed in the office of the county superintendent of schools.¹³

All student activity funds in the school district are to be controlled by the board of education. The board makes the regulations affecting the collecting and expenditure of such funds and provides for an annual audit of such funds.¹⁴

It is not mandatory for the board of education of a school district to carry insurance on school district property, but the board is authorized to insure any or all of the school buildings and property or other tangible and insurable assets owned by the school district. Any moneys recovered from such insurance are to be deposited by the treasurer and accounted for in a special account. These moneys are to be used solely to rebuild, repair, or replace the property damaged or destroyed. If the board of education resolves that they are not needed, they will be considered income from sources other than ad valorem tax and credited to the general fund of the school district.¹⁵

¹³ Ibid., 4-32.

¹⁴ Ibid., 4-34.

¹⁵ 19 O. S. 1941, 627.

CHAPTER IV

SCHOOL DISTRICT BUDGETS AND LEVIES

The budget, or estimate of needs, is prepared by the board of education of each school district not later than the first day of March of each year. The board prepares an estimate of the amount of money which will be required to be raised by ad valorem taxation for the support of the schools in that district during the ensuing fiscal year.¹

If a levy of five mills on the assessed valuation of property within the school district is not sufficient to meet the estimate of needs, the board of education will have to determine the amount of excess levy necessary to raise the required amount. They will then prepare an itemized statement showing

*(1) the amount estimated to be on hand at the end of the current fiscal year, and (2) the estimated income from sources other than ad valorem taxation including the apportionment of income from the common school fund based upon the distribution of the next preceding year and shall also make out an itemized estimate necessary for the current expenses for such school district for the ensuing fiscal year, together with the amount necessary for a sinking fund sufficient to pay at maturity any bonded indebtedness coming due on any bonds issued by the school district and the amount necessary to pay the interest coupons falling due on such outstanding bonded indebtedness and the amount necessary to pay installments on judgments and interest on such judgments.*²

This estimate must be published in a daily newspaper for four consecutive issues or in a weekly newspaper for two consecutive issues. The dependent school district is not required to publish the estimate if it is read at the annual meeting of the school district electors and after approval is filed with the county superintendent of schools. The election to vote upon the amount of excess levy is held on the fourth Tuesday in March at the same time the general school election is held.

¹ 70 Q. S. Supp. 1949, 4-40.

² Loc. cit.

The county excise board or the board of education of the school district may call a special election for the purpose of voting an excess levy if it is necessary.³

The board of education of an independent school district meets on the first Monday in July and the board of education of a dependent school district meets on the second Tuesday in July to prepare, in writing, a financial statement showing the fiscal condition of the school district as of the close of the previous fiscal year and an itemized statement of estimated needs for the current year and probable income from sources other than ad valorem tax. The estimate must show by classes (1) the amounts necessary for current expenses, (2) the amount required by law to be provided for sinking fund purposes, and (3) the probable income from sources other than ad valorem taxes. The financial statement and estimate are published in some newspaper within the district, in one issue, if published in a weekly newspaper, and two consecutive issues, if published in a daily newspaper. If there is no newspaper published within the school district, a copy of the statement and estimate is posted in five public places in the district. The financial statement and estimate are filed with the county excise board not later than July 25 for a dependent school district and not later than July 30 for an independent school district.⁴

Appropriations

The estimates approved by the county excise board are called appropriations, and each item of appropriation is the estimate made and approved for a specific purpose.

³ Loc. cit.

⁴ 68 O. S. 1941, 286.

The appropriations for boards of education of independent school districts are itemized as follows:

(1) "Administration," including all salaries and wages for the clerk and treasurer and clerical employees wherever employed in the district, postage, telephone tolls and service, telegraph, inter-office communication systems, compensation of p.b.x. operators, audit expense, all litigation expense including attorney fees, legal publications and published notices, insurance, premium on surety company bonds, election expenses, cost of enumeration (school census);

(2) "Teaching Salaries," which includes all salaries and allowances to the instructional staff of teachers, supervisors, principals, superintendent, and instructors, whether on whole or part-time basis;

(3) "Supplies," meaning all administrative and instructional items and articles consumed with use and necessary to the adequate functioning of the school, including library supplies but not library books;

(4) "Equipment," items and articles not consumed with use but only diminished in value with prolonged use, but not permanently attached to any building, including office, laboratory, and instructional equipment, devices, and instruments, library and library books, inter-unit communications and transportation equipment, but not including equipment for transportation of pupils;

(5) "Plant Operation," which shall include light, power, fuel, water, janitors and caretakers salaries, all sanitary supplies and equipment, stock-room and inter-unit distribution services, inter-unit drayage, provided express and freight charges on purchased articles shall be deemed part of the cost of such articles and so charged;

(6) "Maintenance," to equipment above described, but not to equipment for transportation of pupils;

(7) "Auxiliary Activities," including only cost of supplies, expenses, and compensation of doctors, dentists, and nurses in health service, and expenses of operating cafeterias, thrift banks, book stores, and print shops, until otherwise provided by law;

(8) "Real Properties," which includes new buildings, new equipment permanently affixed to buildings, sites, grounds, and appurtenances to grounds, including sidewalks, fences, and the like, special improvement assessments such as paving, etc., but the estimated cost and nature or purpose of each new building shall be distinctly and separately stated;

(9) "Upkeep," including all necessary expense of upkeep, repair, replacements, maintenance, remodeling and improvement to real properties, rentals on buildings and sites not owned, provided that wreckage and reconstruction of a building is not included but is classed as a new building;

(10) "Transportation Equipment," meaning only new vehicles, trucks or buses for transportation of pupils to and from school but not repairs or replacements to these trucks or buses;

(11) "Transportation Operation," salaries and wages for drivers to transport pupils to and from school, insurance in relation to transportation equipment whether owned or leased, including liability and indemnity insurance, all repairs and replacements in whole or in part, operation and upkeep costs including fuels, oils, and compensation of repairmen, rental of vehicles, trucks or buses, and contracts with private owners of such vehicles to operate pupil transportation lines.⁵

A dependent school district's appropriations are itemized much the same as those for an independent district. However, there are some differences.

⁵ 68 O. S. Supp. 1949, 289.

The items for the dependent district are:

- (1) "Administration," same as for an independent district except no salaries for any purpose, nor bond premium, nor election expenses;
- (2) "Teaching Salaries," including all salaries and allowances of teachers, principals, superintendents, and instructors, whether on a whole or part-time basis;
- (3) "Supplies," same as for an independent district;
- (4) "Equipment," same as for an independent district;
- (5) "Plant Operation," same as for an independent district;
- (6) "Maintenance," same as for an independent district;
- (7) "Auxiliary Activities," including only the cost of supplies, expenses, and compensation of doctors, dentists, and nurses employed in health services;
- (8) "Real Properties," which includes new sites, new buildings, and new equipment affixed to or included in buildings and grounds, however voters of the district must authorize such expenditures as provided by law;
- (9) "Upkeep," same as for an independent school district;
- (10) "Transportation Equipment," same as for an independent district;
- (11) "Transportation Operation," same as for an independent district.⁶

The board of education does not have to keep its accounting records by the foregoing subdivisions if it desires to keep them by some other classification. The State Department of Education may require a report of expenditures to furnish it with the necessary statistical information, but such report must not be inconsistent with the above classification.

The secretary of the county excise board certifies each appropriation to the clerk and the treasurer of the board of education. The clerk and treasurer

⁶ Loc. cit.

open accounts for the amount of each item of appropriation, showing the purpose for which the item is appropriated, and the date, number, and amount of each warrant drawn against the appropriation. No warrant or certificate of indebtedness can be issued against any appropriation for a purpose other than that for which the appropriation was made, or in excess of the amount of the appropriation.⁷

Supplemental Appropriations

When there is a surplus of revenue, the board of education may ask the county excise board to approve a supplemental appropriation. The board submits a financial statement showing the school district's true fiscal condition as at the close of the month next preceding or as of June 20th preceding the date of filing. Also, they submit a statement of the amount and purpose for which each proposed supplemental appropriation is to be used. The financial statement shall show the amount of cash in the treasury, the amount of taxes in process of collection, the amount of the uncollected portion of the estimated income other than ad valorem tax as fixed by the excise board for the current fiscal year, the amount of warrants outstanding and an estimate of the interest accrued and accruing thereon, the amount of unexpended balance of all appropriations for current expense purposes, and the surplus in revenue in each fund.

If this financial statement correctly shows a surplus in revenue in any fund available for current expenses, the excise board may approve the supplemental appropriations to an amount not to exceed such surplus.⁸

⁷ 68 O. S. 1941, 299.

⁸ Ibid., 292.

Expenditures

School district moneys are expended or disbursed in the same manner as moneys of other subdivisions of the county. The law requires that "all public funds of any county or of any subdivision thereof shall be disbursed only in the payment of legal warrants, bonds and interest coupons."⁹

When purchases or contracts against budget appropriation accounts are incurred, they must be submitted to the clerk of the board of education who certifies that there is an unencumbered appropriation sufficient to cover the purchase order or contract. No purchase order or contract is valid unless signed and approved by the purchasing officer and certified by the clerk.

The clerk of the board of education is required to keep a record in which shall be kept an exact account of each appropriation as made by the county exercise board. The amount and purpose of each purchase order or contract is charged against the appropriation, and the balance after such charge is deducted constitutes the unencumbered balance available.

When the claim is presented to the board, a warrant is issued in payment. Warrants, bonds, and interest coupons are numbered consecutively in the order issued on each fund, beginning with number one, and a new series is commenced each fiscal year.¹⁰

*Each and every warrant or certificate of indebtedness must be drawn against a specific appropriation or a specific amount authorized by a bond issue for such purpose. As soon as said warrant, certificate of indebtedness or bond is issued, the same shall be at once signed and attested and forthwith delivered by the officer attesting the same to the treasurer of the county or subdivision thereof, issuing the same for registration."¹¹

⁹ 62 O. S. 1941, 471.

¹⁰ Ibid., 472.

¹¹ Ibid., 474.

The treasurer of an independent school district or the county treasurer registers the warrant, certificate of indebtedness, or bond in the warrant register by entering therein the number, the date, the name of the payee, the fund upon which it is drawn and the amount, and then the treasurer writes on the warrant, the date of registration, his name and official title. "No warrant, certificate of indebtedness or bond shall be a valid charge until registered by the treasurer of the municipality issuing the same." Warrants bear interest at the legal rate after registration unless the treasurer marks the warrant "payable." When the treasurer has money on hand to pay warrants duly registered, he publishes notice thereof in a newspaper or posts notice in five public places. Interest on warrants ceases thirty days after the date of publication or posting of notice.¹²

It is unlawful for any officer of a school district to issue, approve, sign, or register a warrant or certificate of indebtedness in excess of the balance of the approved appropriations for such school district. Such warrant issued in excess of the approved appropriation is not a charge of the school district but may be collected by civil action from the officer or officers issuing it.¹³

It is also unlawful for the board of education of any school district to make any contract for any indebtedness against their school district in an amount greater than the unexpended balance of the approved appropriations for such school district. The contract, if made, is unenforceable against the school district, but may be collected by civil action from the officer or

¹² 62 Q. S. Supp. 1949, 475.

¹³ 62 Q. S. 1941, 477.

officers incurring it.¹⁴ The officer making such contract is removed from office for wilful maladministration.¹⁵

Any unencumbered balances on the appropriation and expenditure records on June 30 may remain as a credit for that fiscal year until September 30. The officer who keeps the appropriation and expenditure records of the school district must during July advertise in a newspaper notice in the following form:

Public Notice

All persons having an indebtedness or claim against _____ are hereby notified that a claim, purchase order, or contract must be recorded in the office of _____ Clerk on or before September 30, 19___, covering all debts now unpaid and incurred during the period beginning on July 1, 19___ and ending on June 30, 19___ or said account shall be void and forever barred.

Clerk or Encumbering Officer¹⁶

However, no new indebtedness may be incurred during July, August, and September chargeable to the appropriation accounts of the immediately preceding fiscal year.

Warrants issued by a school district become due one year after the close of the fiscal year for which they were issued. If no action is commenced to collect the warrant within five years from the due date, the warrant is barred.¹⁷

¹⁴ 62 O. S. 1941, 479.

¹⁵ 62 O. S. Supp. 1949, 310.3.

¹⁶ Ibid., 310.4.

¹⁷ 62 O. S. 1941, 482.

School District Levies

The Constitution of the State of Oklahoma establishes the amount of ad valorem taxes which a school district may receive. The general ad valorem levy is fifteen (15) mills on the dollar for any taxable year. This amount is apportioned between the county, city and school district by the county excise board. The minimum amount which may be apportioned by the excise board to the school district is five mills, and it may apportion more than five mills.¹⁸

If the five mills will not be adequate, the school district may by proper election which was described at page 6 herein increase the levy for current school purposes by an amount not to exceed fifteen (15) mills.

Additional ad valorem tax may be levied by the county excise board for the purpose of maintaining separate schools for white and colored children as follows:

1. Two (2) mills may be levied on all property in the county for current expenses of the separate schools;

2. One (1) mill may be levied on all property in the county for current expenses of the separate schools upon certification of the need therefor by the governing board of the separate school;

3. One (1) mill may be levied on all property in the county for the acquisition of sites and erection of buildings for separate schools upon certification of the need therefor by the governing board of the separate school.¹⁹

For the purpose of erecting public buildings in the school district, an additional five (5) mills may be levied on the assessed value of the taxable property of the school district. However, the rate of such increased levy

¹⁸ Article IX, Oklahoma Constitution, Paragraph 10.

¹⁹ Loc. cit.

and the purpose for which it is intended must be submitted to a vote of the school district and receive a majority vote.²⁰

For the purpose of erecting school buildings, the school district may borrow money and issue bonds as described in Chapter V herein. Such borrowing is limited to five per cent of the assessed valuation of taxable property within the district. Additional levies for the purpose of paying the interest and the principal of such bonds are provided for at the time of the bond issue.

²⁰ Article X, Oklahoma Constitution, Paragraph 10.

CHAPTER V

SCHOOL BONDS AND SINKING FUND

The board of education of a school district in Oklahoma, when it finds it necessary to extend the physical plant of the school district, can call an election to determine whether the school district electors desire to borrow money and issue bonds to finance proposed additions to the physical plant.¹

In the proclamation calling the special election, the board names the amount of bonds and the purpose for which they are to be issued. The purposes for which these bonds might be issued are to purchase a school site or sites, to erect or purchase and equip a suitable school building or buildings, to make repairs to an existing school building or buildings, to purchase school furniture and fixtures, or to make improvements to any school site or sites.² Notice of the time and place of the special election must be given by publication at least ten days before the appointed date for the election.³ The bonds must be approved by three-fifths of the voters voting at the special election.⁴

The maximum interest rate the bonds may bear is six per cent per annum with the interest being paid semi-annually.⁵ The bonds must be payable serially with the first annual installment to mature not less than three years nor more than five years from the date of the bonds.⁶ The final installment must

¹ 70 Q. S. Supp. 1949, 15-2.

² Ibid., A15-1.

³ Ibid., 15-2.

⁴ Ibid., 15-3 & Article X, Oklahoma Constitution, Paragraph 26.

⁵ 70 Q. S. Supp. 1949, A15-1.

⁶ 62 Q. S. Supp. 1949, 353.

be paid within twenty-five years from the date of the bonds.⁷

Before or at the time of issuance of the bonds, the board of education of the issuing district is required to provide for the collection of an annual tax sufficient to pay the interest and to provide a sinking fund for the payment of the principal of the bonds.⁸

The bonds are signed by the president, attested by the clerk, and registered by the treasurer of the board of education. They must have a certificate attached signed by the county clerk and the county attorney stating that the bonds are issued pursuant to law and that the issue is within the five per cent constitutional debt limit.⁹ The bonds must also be certified by the State Bond Commissioner¹⁰ and have an attached certificate signed by the State Auditor and the Attorney General declaring that the issue is within the debt limitation and is issued pursuant to law.¹¹

If the bond issue is \$5,000 or more, the clerk of the board of education issuing the bonds is required by law to give at least ten days notice of the time and place when and where bids will be received; and also, the clerk shall publish this notice in a newspaper of general circulation in the district for two successive weeks if in a weekly paper or one week if in a daily paper. The bonds will be sold to the bidder who will pay par and accrued interest, and who shall stipulate the lowest rate of interest which such bonds shall bear. Each bidder must submit with his bid a sum of cash or its equivalent

⁷ 70 O. S. Supp. 1949, A15-1.

⁸ Ibid., 15-4 & Article X, Oklahoma Constitution, Paragraph 29.

⁹ 70 O. S. Supp. 1949, 15-5 & Article X, Oklahoma Constitution, Paragraph 29.

¹⁰ 62 O. S. 1941, 14.

¹¹ Article X, Oklahoma Constitution, Paragraph 29.

equal to two per cent of the bid. If his bid is accepted, the deposit is applied to the purchase price of the bonds, and the bonds are issued. However, if the purchaser fails to pay the balance of the purchase price within five days after issuance of the bonds, the sale is annulled and the deposit is retained by the board of education and credited to the account for which such bonds are being issued. All other deposits are returned to the bidders. The board of education has the right to reject all bids and re-advertise the bonds for sale.¹²

No member of the board of education or person, firm or corporation who represents the board of education in the preparation or handling of such bond issue can bid for or become the purchaser of the bonds.¹³

If a school district is authorized to transport pupils, it can become indebted to buy transportation equipment and issue bonds. These bonds must mature within ten years from their date of issue and must be within the debt limitation.

Obligation Bonds

Obligation bonds, or special assessment retirement bonds, may be authorized by the board of education for the purpose of "funding any or all of matured and outstanding special assessment obligations and the interest and/or penalties thereon."¹⁴ These bonds are issued in denominations of \$50.00 or any multiple thereof, bear a maximum interest rate of six per cent, and mature serially in equal installments beginning not less than three years nor more than five years after the date of said bonds.¹⁵

¹² 62 O. S. 1941, 354.

¹³ Ibid., 355.

¹⁴ Ibid., 411.

¹⁵ Loc. cit.

No election is necessary to give the board of education authority to issue such bonds, but the board must publish notice of intention to authorize such issue at least ten days prior to the date of the proposed authorization.¹⁶

The same provisions regarding the signing of the bonds, their registration, and the certificate that they are within the constitutional debt limitation apply to obligation bonds as apply to general school district bonds.

Sinking Fund

When a school district has issued bonds, it is required to create a sinking fund and to levy annually a sufficient tax which together with cash on hand and investments of such fund will pay all the bonded indebtedness of the district coming due during the following year, one year's interest on all outstanding bonds, and a sum equal to one third of the original amount of all outstanding judgments against the district.

¹⁶ Ibid., 412.

CHAPTER VI

STATE AID AND MISCELLANEOUS REVENUES

State Aid

Under the state aid to school districts equalization program the State Board of Education apportions and disburses funds to each school district and separate school of the state in order that each district and separate school can maintain a certain minimum program of education prescribed by law. Certain items of income to the school district are entitled "minimum program income," and the total of this minimum program income is subtracted from the total cost of the minimum program. The difference is the amount of equalization which will be provided by the State.

The county superintendent of schools, by July 25, or as soon thereafter as practicable, furnishes the State Board of Education with a preliminary income sheet showing the items of income each district will receive and other information to enable the State Board to determine the amount of state aid for each district.¹

When the State Board of Education has allocated the state aid funds, it certifies the amount to the county clerk, treasurer of the school district, county superintendent of schools and district superintendent of schools. The amount of such aid is added by the county clerk to the items of appropriation as designated by the State Board of Education.² The State Board also furnishes the State Auditor a copy of the apportionments of funds and warrants are drawn by the State Auditor on order of the State Board of Education through the

¹ 70 O. S. Supp. 1949, 18-4A.

² Ibid., 18-2.

Director of Finance. These warrants are forwarded to the county treasurer who must within fifteen days cash the warrants and distribute the proceeds to the several school districts of the county. The amount of the proceeds is deposited in the General Fund of each district.³

The minimum program cost used in computing the amount of State Equalization Aid consists of:

1. Salaries of teachers according to the salary schedule and the number of teachers as provided, except that the teachers must be employed by the school district for their salary to be included. "Teachers" includes the superintendent, principals, librarians, nurses, census and attendance supervisors, and instructors in classrooms.

2. "All other legal items of expenditures, exclusive of sinking funds, teachers' salaries, transportation, buildings and sites at the rate of twelve cents per pupil per day in attendance during the next preceding year for all pupils in grades included in approved junior and senior high schools, and ten cents per pupil per day for all pupils in the elementary grades in attendance during the next preceding year, provided no school shall receive less than One Hundred Eighty-five Dollars (\$185.00) per teacher per year for such purposes."⁴

3. Transportation, according to the following scale, where the average number of legally transported pupils per square mile during the preceding year was:

(a) Density less than .40, the State Board of Education makes a special adjustment, not exceeding the actual cost of transportation.

- (b) .30, Sixty-Six Dollars (\$66.00) per year per pupil.
- (c) .60, Fifty Dollars (\$50.00) per year per pupil.
- (d) 1.0, Thirty-Seven Dollars (\$37.00) per year per pupil.
- (e) 2.0 to 2.99, Thirty-One Dollars (\$31.00) per year per pupil.
- (f) 3.0 to 3.99, Twenty-Eight Dollars (\$28.00) per year per pupil.
- (g) 4.0 to 4.99, Twenty-Five Dollars (\$25.00) per year per pupil.
- (h) 5.0 to 8.99, Twenty-Three Dollars (\$23.00) per year per pupil.

³ Ibid., 18-3.

⁴ Ibid., 18-4.

(i) 6.0 to 6.99, Twenty-One Dollars (\$21.00) per year per pupil.

(j) 7.0 to 7.99, Nineteen Dollars (\$19.00) per year per pupil.

(k) 8.0 or more, Thirteen Dollars (\$13.00) per year per pupil.

(l) A district correction figure shall be determined by dividing the cost of transportation in the district for the past nine (9) years by the Minimum Program for transportation for the past nine (9) years as calculated by the State Board of Education. Each succeeding year's cost and Minimum Program, respectively, for an additional year, shall be used in determining a permanent county correction figure. The correction figure shall not exceed 1.25.^{#5}

(m) In districts with a density between .30 and 2.0 the per pupil per year allowance is calculated to the nearest dollar corresponding to the actual density of the district.

(n) The minimum transportation program is found by multiplying the average number of pupils transported daily by the appropriate amount per pupil set out above. The average number of pupils per square mile is found

"by dividing the number legally transported pupils living inside the district plus the number of legally transported pupils living outside the district by the area served within the district plus the area served by the district for transferred pupils as calculated by the State Board of Education."⁶

4. For the purposes of state aid computations, a full term of school consists of ten school months in which school has been in session at least 180 days.

The minimum program income of the school district consists of:

1. A levy of fifteen mills actually made by a school district. For separate schools a levy of two and twenty-five one-hundredths (2.25) mills actually made in any county. Ten per cent may be deducted for delinquent taxes.

2. State apportionment.

3. County apportionment.

4. Gross Production Tax.

⁵ Loc. cit.

⁶ Loc. cit.

5. Intangible Tax

These last four items shall be ninety per cent of the amount actually collected from each during the preceding fiscal year calculated on a per capita basis on the particular unit used in distributing each item.

6. Basic aid allocated by the State Board of Education.

7. Auto License and Farm Truck Tax actual collections during the preceding year calculated on a per capita average daily attendance basis.

8. Transfer fees in the amount required by law to be appropriated by the sending district for the benefit of the receiving district.

9. Any other revenue which can be legally estimated by the county excise board, "except surplus cash and taxes in process of collection, tuition fees from pupils or their parents or guardians, state assistance and reimbursements for special programs, Federal grants of aid and reimbursements."⁷

In calculating the teachers' salaries and the number of teachers for the minimum program cost a rather detailed schedule is followed. The schedule has a division for certain college work, for various degrees and for increases for administrative work. The minimum salary allowance is \$1,500 and the maximum is \$2,400 per school term plus teaching experience increments and administrative increments. The schedule for the number of teachers is based upon the number of pupils in the district.

The Basic Aid for school districts and separate schools is \$12.50 multiplied by the legal average daily attendance of the previous year. To be eligible for Basic Aid the school district must have had a legal average daily attendance of thirteen or more during the preceding year, maintain twelve

⁷ Loc. cit.

years of instruction and levy twenty mills for school purposes. A separate school is required to levy three mills for school purposes.⁸

The legal average daily attendance of a school district includes the pupils who are legal residents of the district and those who have been legally transferred to it. It does not include out-of-state pupils or those who are twenty-one years of age on September first or those who are not six years of age on November first of that school year.

Before the state aid funds are paid, the board of education must file with the State Board of Education an itemized account of expenditures made from all funds except sinking funds and building funds during the preceding fiscal year, and the district budget filed with the State Auditor must show that the appropriations of the district plus the state aid will enable it to maintain the minimum program.

State School Fund

A permanent school fund for the common schools of Oklahoma is established by the Constitution. This fund is composed of

"all proceeds of the sale of public lands that have heretofore been or may be hereafter given by the United States for the use and benefit of the common schools of this State, all such per centum as may be granted by the United States on the sales of public lands, the sum of five million dollars appropriated to the State for the use and benefit of the common schools in lieu of sections sixteen and thirty-six, and other lands of the Indian Territory, the proceeds of all property that shall fall to the State for common schools not otherwise appropriated by the terms of the gifts, and such other appropriations, gifts, or donations as shall be made by the Legislature for the benefit of the common schools."⁹

"The interest and income of the permanent school fund, the net income from the leasing of public lands which have been or may be granted by the United States to the State for the use and benefit of the common schools, together with any revenue derived from taxes

⁸ Ibid., 18-5.

⁹ Article XI, Oklahoma Constitution, Paragraph 2.

authorized to be levied for such purposes, and any other sums which may be added thereto by law,¹⁰

are to be used each year for the benefit of the common schools and are apportioned to the school districts of the State in proportion to the school population of the districts.

The Commissioners of the Land Office apportion the income accruing from the permanent school fund each month, and the money is paid over to the counties of the state within fifteen days following the close of each month,¹¹ This apportionment to each county is made in proportion to the number of children over the age of six years and under the age of twenty-one years who reside in such county as shown by the last annual report of the county superintendent of schools.

The county treasurer, upon receipt of the check from the State Treasurer, apportions the funds to the various school districts of the county.¹²

Auto License Tax

Ninety-five per cent (95%) of all license fees and penalties collected by the Oklahoma Tax Commission from the registration of "trucks used exclusively for 'farm use' and for which farm truck tags are issued, and automobiles" are apportioned monthly to the county in which the money was collected, for the support of the common schools of the county. This money is remitted to the county treasurer and is apportioned by him to the school districts on the basis of the average daily attendance capita as certified by the county superintendent of schools. Prerequisites to receiving the apportionment of license fees by the county treasurer are that

¹⁰ Ibid., Paragraph 3.

¹¹ 70 O. S. Supp. 1949, 614.

¹² Ibid., 615.

"the majority school district makes an ad valorem tax levy of twenty (20) mills, and the separate schools of a county make an ad valorem tax levy of at least three mills (3), for the current school year, and had an average daily attendance of thirteen (13) or more pupils during the next preceding year and is maintaining twelve (12) years of instruction."¹³

Gross Production Tax

A gross production tax of five per cent (5%) is levied in Oklahoma upon the value of production of oil, natural gas, casinghead gas, asphalt, and ores bearing lead, zinc, gold, silver or copper. One tenth (1/10) of the amount collected from the county in which the mineral was produced is paid to the county treasurer who apportions it to the school districts of the county on average daily attendance per capita distribution basis. The same prerequisites as are required for the Auto License Tax apply to the Gross Production Tax.¹⁴

Real Estate Mortgage Tax

A tax varying from two cents to ten cents per hundred dollars is collected on real estate mortgages. The proceeds of this tax are distributed by the county treasurer

"at the time of the collection of ordinary taxes of the state, county, cities, towns, villages or school districts..., in the same ratio and proportion as taxes collected from other sources, said tax being levied for the same purposes that ad valorem taxes are levied and collected..."¹⁵

Intangible Property Tax

Intangible personal property, including cash, bonds, stocks, accounts receivable, etc., is taxed in Oklahoma at two mills per dollar of assessed valuation for cash and annuities and four mills per dollar of assessed valuation

¹³ 47 O. S. Supp. 1949, 22.2.

¹⁴ 68 O. S. Supp. 1949, 827.

¹⁵ 68 O. S. 1941, 1181.

for other intangible personal property. This tax is collected by the county treasurer, and one-half of it is by him apportioned to the common schools. This apportionment is made on a per capita basis, based upon the number of children of scholastic age in each and every school district in the county.¹⁶

Rural Electric Tax

A tax of two per cent of the gross receipts derived from the sale and distribution of electric energy is levied on all cooperative, non-profit, membership corporations organized and operating as a rural electric cooperative. The tax is collected by the Oklahoma Tax Commission, and ninety-five per cent (95%) of it is apportioned to the county treasurer

"according to the proportion which the number of miles of electrical distribution lines of such co-operative in such county bears to the total number of miles of such lines owned and operated by such co-operative within the State."¹⁷

The county treasurer apportions the amount of tax which he receives to the various school districts in the county according to the proportions

"which the number of miles of such lines owned and operated therein respectively by the remitting co-operative bears to the total number of miles of such lines owned and operated by the remitting co-operative in the county."¹⁸

¹⁶ 68 O. S. Supp. 1949, 1502.

¹⁷ 68 O. S. Supp. 1949, 866.

¹⁸ Ibid., 863.

CHAPTER VII

ILLUSTRATION OF SCHOOL DISTRICT BUDGET

The preparation of the budget is the greatest single problem of an accounting or reporting nature which confronts the board of education. Its preparation is usually supervised by an accountant.

The budget form as prescribed by the State Examiner and Inspector contains the following exhibits:

Exhibits "A," "2A," and "B." General Revenue Accounts Covering Previous Fiscal Year

- | | |
|--------------------------|---------------------------|
| 1. Cash Prior Accounts | "A" General Fund Accounts |
| 2. Current Fund Accounts | "2A" Transfer Funds |
| | "B" Building Fund |

Exhibit "C" Operating Cash Funds Authorized or Required by Law for Fiscal Year Ending June 30, 19— (Previous Fiscal Year)

Exhibit "F" Miscellaneous Revenue

Exhibit "2F" Transfers "Receivable" From Other Districts (Miscellaneous Revenue)

Exhibit "G" Sinking Fund Cash Statement and Balance Sheet

Exhibit "H" Assets of the Building and Sinking Funds Other Than Cash and Tax

Exhibit "I" Prepaid Judgments

Exhibit "J" Judgment Indebtedness, June 30, 19— (Current Year)

Exhibit "K" Detail of All Bonded Indebtedness Outstanding As of June 30, 19— (Current Year), With Needs for Annual Accruals Thereon, With Needs for Interest Earnings Accrued and Accruing Thereon

Exhibit "M" Estimate of Needs for the Fiscal Year Ending June 30, 19— (Next Fiscal Year), for Current Expense; and Report for Prior Year

Exhibit "MB" Constitutional — Building Fund

Exhibit "MG-1" Next Fiscal Year Pre-Homestead Sinking Fund Estimate Made and Approved (Old) Affects Homesteads

Exhibit "MG-2" Next Fiscal Year Post-Homestead Sinking Fund Estimate Made and Approved (New) Homesteads Not Affected

Exhibit "N" Transfers Payable

Exhibit "Q" Statistics Containing Factors for Determining Apportionment Ratios and Aid Grants

- Exhibit "RP" Proof of Rehabilitation (Work Sheet Only - Not Required)
- Exhibit "S" Summary Recapitulation of School Costs for the Fiscal Year Ending June 30, 19— (Previous Fiscal Year), and Apportionment Thereof
- Exhibit "T" Previous Fiscal Year Ad Valorem Tax Account
- Exhibit "V" Work Sheet to Determine Probable State Aid
- Exhibit "W" Warrant Account of All Funds
- Exhibit "X" Work Sheet for Computation of Income and Revenue Available for Appropriation
- Exhibit "Y" County Excise Board's Appropriation of Income and Revenue

The following pages contain the complete budget for Independent District No. 16, Stillwater, Oklahoma, for the fiscal year 1947-48. Not all of the exhibits listed above are included in the illustrated budget since they were not used by District #16. In 1949 the complete school code for the State of Oklahoma was rewritten by the Twenty-Second Legislature, and the state aid computation was liberalized. Therefore in Exhibit "V" the computation of probable state aid will not agree with the presentation in Chapter VI.

1947-48 Estimate of Needs and Financial Statement of the Fiscal Year 1946-47, Board of Education of the City of Stillwater of the County of Payne, State of Oklahoma

The Board of Education of Stillwater, School District #16, certifies an excess levy of 15 mills for school purposes was authorized at an election for that purpose on Aug. 19, 1947, by a majority of those voting at said election; For the Levy 77; Against the Levy 1; Majority 76.

The Board of Education certifies an additional levy of 5 mills for the purpose of erecting buildings was authorized by a majority of qualified voters voting at an election held for that purpose on Aug. 19, 1947; For the Levy 75; Against the Levy 4; Majority 71.

(Signed) C. E. Donart
Clerk of Board of Education

(Signed) Geo. Dollinger
Treasurer of Board of Education

(Signed) Walter Weaver
President of Board of Education

Exhibit "A"

General Fund Accounts 1945-46

Balance Reserved to Begin Current Period	\$8,229.13
Ad Valorem Tax Apportioned of Year in Caption	1,038.40
Total Receipts and Balance	<u>\$9,267.53</u>
Warrants Paid of Year in Caption	\$3,575.29
Interest Paid Thereon	6.36
Total Disbursements	<u>\$3,581.65</u>
Balance (Current Realized Surplus to Succeeding Year)	<u>\$5,685.88</u>

General Revenue Accounts Covering Period June 30, 1946 to June 30, 1947

General Fund 1946-47

Current Ad Valorem Tax Apportioned	\$ 67,474.63	
Sources Other Than Ad Valorem Tax	45,371.67	
Transfer Fees Paid By Other Districts	7,249.02	
Sales and Rents - County Property	144.77	
Income Tax (Under prior school Law)	570.16	
State Aid	69,884.00	
Vocational Aid Used As Reimbursement	<u>2,393.05</u>	
Total Current Revenue		\$193,087.30
Surplus Transferred from Preceding Year		<u>5,685.88</u>
Total Receipts and Cash Balance		\$198,773.18
Current Warrants Paid	\$190,006.53	
Interest Paid on Current Warrants	<u>961.71</u>	
Total Disbursements		<u>190,968.24</u>
Cash Balance, June 30, 1947		\$ 7,804.94
Due from Annexed Districts		360.62
Reserve for Current Warrants Outstanding	\$ 1,261.56	
Reserve under H.B. 370, S.L. 1947 (Encumbrances)	<u>4,778.69</u>	
Total Liabilities and Reserve		<u>6,040.25</u>
Total Cash Surplus Available for Next Year		\$ <u>2,125.51</u>

Exhibit "B"

Building Fund 1946-47

Prior Year Surplus Cash 6-30-46	\$ 13,817.58	
Miscellaneous	5.00	
Back Tax	340.53	
Current Ad Valorem Tax Apportioned	<u>20,451.44</u>	
Total Receipts and Cash Balance		\$ 34,614.55
Current Warrants Paid	\$ 8,573.44	
Investments Purchased	<u>14,592.50</u>	
Total Disbursements		<u>22,965.94</u>
Balance June 30, 1947, in Cash and Defense Bonds		\$ 11,648.61
Investments		<u>100,672.50</u>
Total Cash and Investments		\$112,321.11
H.B. 370 (Reserve for Encumbrances)	\$ 67.56	
Total Liabilities and Reserves		<u>67.56</u>
Total Cash Surplus Available for 1947-48		<u>\$112,253.55</u>
Building Fund		

Exhibit "F"

Miscellaneous Revenue

Source	1946-47 Collections	Basis of Next Est.	Appropriated for 1947-48	
			Estimated	Approved
State School Land Earnings	\$ 5,958.48	Enum. 90%	\$ 5,655.00	\$ 5,655.00
County Apportionment (Mtge. Tax)	1,193.06	Enum. 90%	1,084.00	1,084.00
Intangible Tax	2,313.05	Enum. 90%	2,443.00	2,443.00
Gross Production Tax	7,660.29	A.D.A. 100%	7,504.00	7,504.00
Auto License Tax	26,863.95	A.D.A. 100%	28,145.00	28,145.00
Rural Electrification Tax	17.85	Local 90%	16.00	16.00
Miscellaneous	<u>1,384.99</u>			
Totals	<u>\$45,371.67</u>		<u>\$44,847.00</u>	<u>\$44,847.00</u>

Exhibit "2F" Transfers "Receivable" From Other Districts (Misc. Revenue)

Excise Board, appropriate in budgets of sending districts at per capita and for pupils as scheduled:

Elementary Education \$ ___ Plus 8% is \$105.83; Trans. \$46.42; Total \$152.25
High-School Education \$ ___ Plus 8% is \$142.44; Trans. \$46.42; Total \$188.86*

Non-Resident pupils to provide for, distinguished by grades, showing number to be legally transported at expense of this Budget.

Excise Board fill in both these columns as Estimate for 1947-48

Transferred from Name of District County	No.	Grades 1 to 8		Grades 9 to 12		Appropriated in sending Districts	Amt. Approved by Excise Board at 100%
		No. to Trans.	No. to Haul	No. to Trans.	No. to Haul		
Payne	2			4	4	State Aid	—
"	5	30	30	5	5	\$2,250.43	\$2,250.43
"	6			10	10	State Aid	—
"	7			16	16	250.00	250.00
"	12			1	1	State Aid	—
"	15	23	23	9	9	1,478.26	1,478.26
"	17			6	6	State Aid	—
"	18			8	8	448.39	448.39
"	28			3	3	State Aid	—
"	29	12	12	2	2	765.13	765.13
"	31	1	1			45.53	45.53
"	72			2	2	State Aid	—
Noble	51			1			
Total		<u>66</u>	<u>66</u>	<u>66</u>	<u>66</u>	<u>\$5,237.74</u>	<u>\$5,237.74</u>

*Note - The School Code of 1949 changes the computation of transfer fees to total cost per capita without differentiating between elementary and high school education.

Exhibit "C" Operating Cash Funds Authorized or Required by Law
for Fiscal Year Ending June 30, 1947

Cash Accounts	Veterans Rela- ted Training	Veterans Agri. Trng. Program	Bond Sale Cash Fund*
Cash on hand (Prior Year) 6-30-46	—	—	
Receipts from State Treasurer as Vocational Aid	\$5,067.00	\$8,984.45	
Receipts from Sale of Bonds			\$152,000.00
Current Warrants Paid	<u>3,469.80</u>	<u>7,654.38</u>	
Cash Balance on hand, 6-30-47	\$1,597.20	\$1,330.07	\$152,000.00
Reserves for Claims and Contracts Pending	<u>1,597.20</u>	<u>1,330.07</u>	
Surplus: Subject to Rule Stated in Caption			<u>\$152,000.00</u>

* After project is completed, surplus to Sinking Fund.

Exhibit "W" Warrant Account of All Funds

Fund and Fiscal Year Issue - Warrants of	Warrant Issues			Warrants Paid During Current Year
	Outstanding June 30, a year ago	Registered during Cur- rent Year	Total Issued and Outstand- ing	
Acct.# Fund Series				
A-1 General 1946-47		\$191,268.09	\$191,268.09	\$190,006.53
A-2 General 1945-46	\$2,036.20	1,539.09	3,575.29	3,575.29
	Balance Warrants Outstanding June 30, 1947	Pending Claims and Contracts Outstanding Same Date		
A-1	\$1,261.56	\$4,778.69		
A-2	—	—		

Exhibit "T" 1946 Ad Valorem Tax Account - Current Fiscal Year

	General Fund	Building Fund	Post-Homestead Sink- ing Funds, Since 1-8-37
Estimated To General Purposes	\$ 62,706.00	\$19,001.52	\$6,023.00
Deduct 1946 Tax Apportioned	<u>67,474.00</u>	<u>20,451.44</u>	<u>6,458.00</u>
Net Balance 1946 Tax in Pro- cess of Collection	None	None	None

Exhibit "M" Estimate of Needs for the Fiscal Year Ending June 30, 1948,
for Current Expense; and Report for Prior Year

General Fund	For Fiscal Year Ending June 30, 1947			
	Original Approved Appropriations	Cancellations by Excise Board	Added By Supplemental Appropriations	Net Amount of Appro- priations
1. Administration	\$ 6,000.00	---	\$ 4,102.00	\$ 10,102.00
2. Teaching Salaries	75,000.00	\$1,380.16	73,807.77	147,427.61
3a. Supplies - Educ. System	1,360.00	---	3,009.00	4,369.00
4. Maintenance of Equipment	500.00	458.93	---	41.07
5. Plant Operation	11,000.00	123.48	9,210.38	20,086.90
6. Upkeep of Real Properties	3,000.00	---	2,411.17	5,411.17
7. Auxiliary Activi- ties	100.00	44.99	---	55.01
8a. Transportation- Operations	1,900.00	1,100.00	3,617.03	4,417.03
9a. New Equipment - Ed. System	1,500.00	---	893.00	2,393.00
10a. New Real Prop.- Paving Tax	190.00	819.03	804.62	175.59
11. New Transportation Equipment	4,000.00	733.95	---	3,266.05
12. Reserve for Int. on Warrants	---	---	---	---
Grand Total - Home School Budget	<u>\$104,550.00</u>	<u>\$4,660.54</u>	<u>\$97,854.97</u>	<u>\$197,744.43</u>

	Fiscal Year, 1947-48				
	Claims Paid	Reserve Under H. B. 370 S. L. 1947	Lapsed Bal. Known to be Unencumbered	Estimate of Needs by Governing Board	Approved by County Excise Board
1.	\$ 8,616.12	\$1,483.24	\$ 2.64	\$ 8,000.00	\$ 8,000.00
2.	147,427.61	---	---	180,000.00	98,760.00
3a.	1,893.48	2,472.25	2.97	2,500.00	2,500.00
4.	41.07	---	---	1,000.00	1,000.00
5.	19,836.90	234.20	15.80	20,000.00	20,000.00
6.	3,528.71	301.70	1,580.76	4,000.00	4,000.00
7.	55.01	---	---	500.00	500.00
8a.	4,347.00	---	70.03	3,000.00	3,000.00
9a.	2,080.55	287.00	25.45	6,000.00	2,990.00
10a.	175.59	---	---	250.00	250.00
11.	3,266.05	---	---	5,000.00	3,500.00
12.	---	---	---	500.00	500.00
	<u>\$191,268.09</u>	<u>\$4,778.69</u>	<u>\$1,697.65</u>	<u>\$230,750.00</u>	

Grand Total of General Revenues Provided and Appropriated

\$145,000.00

Exhibit "V"

Work Sheet to Determine Probable State Aid

Minimum Pay-Roll Base (Increment @ not over 20 teachers, supt., and each prin.)	One Year Experience		Two Year Exp.		Three Year Exp.	
	(1) Number Teachers	(2) Min. Salary Scale \$ Ann.	(1)	(2)	(1)	(2)
1. Supt.						
2. Masters Degree 10 mo.						
3. Bachelors Degree 10 mo.	2	\$1600	2	\$1700	1	\$1800
4. 90 Hrs. College 10 mo.						
5. Supt. increment, for not to exceed 20 teachers @ \$3.00 per month per teacher.						
6. Prin. increment, for 8 to 20 teachers @ \$3.00 per month per teacher.						
7. Additional Mo's. Contract at Base Pay—Vocational Home Econ. and Voc. Agri,						
8. Total Minimum Standard Salary Pay Roll (or actual pay roll, if less) 9 mo. school						

	Four Year Exp.		Five Year Exp.		Annual Minimum Salary Pay Roll (or actual, if less)	Minimum Program Pupil Density Scale Transporta- tion Aid Basis
	(1)	(2)	(1)	(2)		
1.					\$ 440.00	
2.			32	\$2200	70,400.00	
3. 2	\$1900		37	2000	86,200.00	1.0 to 1.99 pupils
4.			1	1700	680.00	
5.					720.00	\$28.00
6.					2,310.00	
7.					470.00	
8.					<u>\$161,220.00</u>	

Applying Minimum Program Cost Formula to Determine Probable State Aid, or Excess to Appropriate for Transferred Pupils

Total Minimum Salaries	\$161,220.00
170,146 Agg. Grade Attendance @ 7½¢	12,761.00
158,634 Agg. H. S. Attendance @ 10¢	15,863.00
173 Av. Daily Haul @ \$28.00	4,850.00
Total Minimum Program Basic Cost	<u>\$194,694.00</u>
Footing Ex. "X"	\$120,008.00
Plus or minus Eq. factor	<u>6,560.00</u>
Less: Minimum Program Income	<u>113,448.00</u>
Aid: Min. Program Cost Exceeds Income	<u>\$ 81,246.00</u>

Equation of minimum program income H. B. 85 S. L. 1947 (Confine to Local Property for 1947) Divide "Net Local Property Valuation" by Percentage assessment ratio reported by Oklahoma Tax Commission for year current for the county located in, result is 1% of valuation factors; then multiply by 50 for the Equated Valuation or 50%. The difference between actual valuation and Equated Valuation multiplied by minimum program levy is the Gross Equation Factor. Eliminate delinquency reserve in the usual manner; and the result is the Equating factor in the Formula. If the percentage reported for the County is over 50% deduct it; if less than 50%, add it in the formula.

Note: H. B. 102, S. L. 1949, revised the computation of state aid in Oklahoma (See Chapter VI herein).

Exhibit "X"

Work Sheet for Computation of Income and Revenue
Available for Appropriation

Net 1947 Assessed Valuation \$5,060,216.00	<u>Division of Local Income for Excise Board</u>		
	<u>Minimum Program</u>	<u>Enrichment Program</u>	<u>Total Revenue</u>
Gross proceeds of levy	\$ 75,903.24	\$25,501.08	\$100,435.20
Net proceeds of levy (Less 1/11)	\$ 69,002.95	\$23,001.00	\$ 91,504.75
Surplus cash in general fund of 1946-47		2,125.00	2,125.00
Estimate of revenue from miscel- laneous sources (Exhibit "F")	45,767.00		44,847.00
Estimate of revenue from trans- fer fees	<u>5,237.74</u>		<u>5,237.74</u>
Totals	<u>\$120,008.00</u>	<u>\$25,126.00</u>	<u>\$145,000.00</u>

Exhibit "MB"

Constitutional - Building Fund

Appropriation Accounts	<u>Estimate of Needs by Governing Board</u>	<u>Approved by County Excise Board</u>
Erection of Public Buildings	<u>\$150,000.00</u>	<u>\$135,250.00</u>
Total	<u>\$150,000.00</u>	<u>\$135,250.00</u>

Exhibit "H" Assets of the Building and Sinking Funds Other Than Cash
and Tax (Supplemental to Separate Sinking Fund Budget -
Exhibit "G")

Securities Invested in Sinking Funds and Building Funds	Building Fund U.S. Bonds Only	Bldg. Bond Proceeds Pend- ing Usage	Post-Homestead Sinking Funds (New)
Investments on Hand, 6-30-46:			
U. S. Bonds (Par or cost, whichever is lower)	\$ 85,860.00		\$7,470.00
Accrued Interest Purchased (in next coupon)	<u>220.00</u>		_____
Total Securities on Hand, June 30, 1946	\$ 86,080.00		\$7,470.00
Investments Purchased During 1946-47:			
U. S. Bonds (Par or cost, whichever is lower)	<u>14,592.50</u>	\$152,000.00	_____
Grand Total of Balances plus Acquisitions	\$100,672.50	\$152,000.00	\$7,470.00
Investments Liquidated During 1946-47	_____	_____	_____
Balance Securities on Hand, 6-30-47	<u>\$100,672.50</u>	<u>\$152,000.00</u>	<u>\$7,470.00</u>
Detail of Balance Investments on Hand, 6-30-47:			
U. S. Bonds (Par or cost, whichever is lower)	\$100,452.50	\$152,000.00	\$7,470.00
Accrued Interest in coupons still unclipped	<u>220.00</u>	_____	_____
Total of Final Classification Detail	<u>\$100,672.50</u>	<u>\$152,000.00</u>	<u>\$7,470.00</u>

Exhibit "Y" County Excise Board's Appropriation of Income and Revenue

	<u>Current Operations General Fund</u>	<u>Construction Building Fund</u>
Appropriation Made and Approved	\$145,000.00	\$135,250.00
Appropriation of Revenues:		
Surplus Cash on Hand in Fund	\$ 2,125.31	\$112,248.55
Miscellaneous Estimated Revenues (F)	44,847.00	
Transfer Fees Receivable (2F)	<u>5,238.00</u>	
Total Other Than 1947 Tax	\$ 52,210.31	<u>\$112,248.55</u>
Balance Required	\$ 92,789.69	\$ 23,001.45
Add for Delinquency	9,279.00	2,300.00
Balance Required from 1947 Tax	<u>\$102,068.69</u>	<u>\$ 25,301.45</u>

Rate of Levy Required and Certified - General Fund 19.848 Mills
Building Fund 5.00 Mills

<u>District & Annexations</u>	<u>Gross Real Prop- erty Valuations</u>	<u>Homestead Exemptions</u>	<u>Net Real Prop- erty Value</u>	<u>Personal Prop- erty Valuations</u>
16	\$4,974,280	\$1,727,980	\$3,246,300	\$1,140,746
16-5	4,205		4,205	
16-18	1,100		1,100	
16-14	47,580		47,580	9,560
16-30	12,210		12,210	1,380
16-46	<u>54,405</u>		<u>54,405</u>	<u>16,475</u>
Total	<u>\$5,093,780</u>	<u>\$1,727,980</u>	<u>\$3,365,800</u>	<u>\$1,168,161</u>

	<u>Public Service Valuations</u>	<u>Net Total Valuations</u>	
16	\$497,036	\$4,884,082	State Aid Equalization Factor \$4,533,961 x 1.4469 = \$6,560.18
16-5	7,800	12,005	
16-18	111	1,211	
16-14	2,891	60,031	
16-30	9,755	23,345	
16-46	<u>8,662</u>	<u>79,542</u>	
Total	<u>\$526,255</u>	<u>\$5,060,216</u>	

(Signed) L. C. Graves, Chairman of County Excise Board
Thos. A. Higgins, Member
O. A. Collins, Member

Filed July 25, 1947.

Transfer of Appropriations - Attached to 1947-48 Budget

Filed January 13, 1948.

Certificate of Governing Board dated January 12, 1948.

Certificate of County Excise Board dated January 17, 1948.

Exhibit "A" Appropriation Accounts Having Unencumbered Balances Proposed For Cancellation in General Fund of School District No. 16 For Fiscal Year Ending June 30, 1948.

<u>Name of Appropriation Account</u>	<u>Approved Appropriations</u>	<u>Warrants Issued to Date</u>	<u>Needs to Complete Fiscal Year</u>	<u>Proposed for Cancellation</u>	<u>Cancelled by Excise Board</u>
Supply	\$2,500.00	\$1,148.68	\$851.32	\$ 500.00	\$ 500.00
Upkeep	4,000.00	2,859.61	640.39	500.00	500.00
Equipment	2,990.00	1,896.33	593.67	<u>500.00</u>	<u>500.00</u>
Totals				<u>\$1,500.00</u>	<u>\$1,500.00</u>

Exhibit "B" Additional Appropriations Requested For Remainder of Fiscal Year Ending June 30, 1948.

<u>Name of Appropriation Account</u>	<u>General Fund</u>	
	<u>Amount Requested</u>	<u>Approved by Excise Board</u>
Transportation - Operations	\$1,500.00	\$1,500.00

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Transfer of Appropriations - Attached to 1947-48 Budget

Filed June 18, 1948.

Certificate of Governing Board dated June 7, 1948.

Certificate of County Excise Board dated June 26, 1948.

Exhibit "A" (Title and headings same as above.)

Teaching	\$176,021.00	\$174,973.61	\$547.39	\$500.00	\$500.00
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Exhibit "B" (Title and headings same as above.)

Supplies			\$500.00	\$500.00	
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Request for Approval of State Aid Funds for Schools
Attached to 1947-48 Budget

School District No. 16 - Dated January 19, 1948.

The Board of Education has been notified of apportionment of \$37,791.00 and asks County Excise Board to approve appropriations as itemized below:

<u>Purpose For Which Appropriations Are Made</u>	<u>Previous Appropriation Estimated Needs</u>	<u>Approved Appropriated For</u>	<u>Balance Required</u>	<u>Requested Application of State Aid</u>	<u>Excise Board's Appropriation of State Aid</u>
Teaching Salaries	\$180,000.00	\$98,760.00	\$81,240.00	\$37,791.00	\$37,791.00

Excise Board Certificate dated January 31, 1948.
Filed January 21, 1948.

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Request for Approval of State Aid Funds for Schools
Attached to 1947-48 Budget

School District No. 16 - Dated January 22, 1948.

The Board of Education has been notified of apportionment of \$36,494.00 and asks County Excise Board to approve appropriations as itemized below:

(Column headings same as above.)

Teaching Salaries	\$180,000.00	\$136,551.00	\$43,449.00	\$34,470.00	\$34,470.00
Administration	8,224.00	8,000.00	224.00	224.00	224.00
Plant Operation	20,800.00	20,000.00	800.00	800.00	800.00
Trans. Operations	5,300.00	4,500.00	800.00	800.00	800.00
Equipment, New	2,690.00	2,490.00	200.00	<u>200.00</u>	<u>200.00</u>
Total				<u>\$36,494.00</u>	<u>\$36,494.00</u>

Excise Board Certificate dated May 4, 1948.
Filed April 21, 1948.

Supplemental Estimate - Independent School District No. 16
For Fiscal Year Ending June 30, 1948

Certificate of Governing Board asking supplemental appropriation dated June 1, 1948.

Financial Statement showing condition of Current General Fund on Last Day of May, 1948, and Estimate of Supplemental Needs of School Dist. #16, Payne County.

Supplemental and Additional Estimated Needs

<u>Purpose</u>	<u>Amount Requested</u>	<u>Approved by Excise Board</u>
Teaching Salaries	\$ 5,000.00	\$ 5,000.00
Administration	400.00	400.00
Supplies	1,000.00	1,000.00
Plant Operation	4,136.55	4,136.55
Upkeep	2,100.00	2,100.00
Transportation - Operations	1,100.00	1,000.00
Equipment	2,500.00	2,500.00
Transportation (New)	4,000.00	4,000.00
Total	<u>\$20,136.55</u>	<u>\$20,136.55</u>

Current Cash Account

Receipts, Disbursements, and Balance Sheet Condition

Cash Surplus of Prior Year actually on hand July 1	\$ 5,638.69	
Back Tax	1,395.77	
Current Tax Apportioned	93,142.70	
Misc. Income other than Current Tax	51,786.91	
State Aid	37,791.00	
Total Balance and Receipts		\$189,755.07
Current Warrants Paid	\$181,387.41	
Interest Paid Thereon	833.52	
Total Disbursements		<u>182,220.93</u>

Balance Sheet - Current Assets

Balance Cash on Hand, May 31, 1948		\$ 7,534.14
Net Current Tax Available Free of All Protests And Reserves	\$ 97,642.70	
Deduct Current Tax Apportioned	<u>93,142.70</u>	
Net Bal. Current Tax in Process of Collection		4,500.00
Reasonable Estimate of Probable Miscellaneous Income to June 30		<u>46,000.00</u>
Total Assets		\$ 58,034.14
Appropriations Available for Warrant Issues	\$219,285.00	
Deduct Warrants Issued to Date in Caption	<u>181,387.41</u>	
Balance Appropriations Available		<u>37,897.59</u>
Surplus Assets		\$ <u>20,136.55</u>

Certificate of Excise Board dated June 11, 1948.
Filed June 2, 1948.

School Sinking Fund 1947-48 Estimate of Needs and Financial Statement of the Fiscal Year 1946-47 Independent School District #16, Stillwater, Payne County.

Exhibit "Y" County Excise Board's Appropriation of Income and Revenue

	Post-Homestead Sinking Fund Accounts Indebtedness Incurred Since 1-8-1937	
	<u>S. F. #1</u>	<u>S. F. #2</u>
Sinking Fund Provision Made and Approved	\$6,497.00	\$13,280.00
Appropriation of Revenues:		
Surplus Cash on Hand in Fund (G)	1,120.47	
Total Other Than 1947 Tax	\$1,120.47	None
Balance Required	\$5,376.53	\$13,280.00
Add 10% for Delinquency	537.65	1,328.00
Total Required from 1947 Tax	<u>\$5,914.18</u>	<u>\$14,608.00</u>

Unit No.	Gross Valuation	Exempt Valuation	Net Valuation	Extend Net S.F.#1	Extend Net S.F. #2
16	\$6,612,062	\$1,704,675	\$4,907,387	\$4,907,387	\$4,907,387
16-5	12,005				12,005
16-18	1,211				1,211
Total				<u>\$4,907,387</u>	<u>\$4,920,603</u>
Rate of Levy Required and Certified				1.206 mills	2.97 mills

Exhibit "MG-2" 1947-48 Post-Homestead Sinking Fund Estimate Made and Approved (New) Homesteads Not Affected

<u>For Obligations Incurred After 1-8-1937</u>	<u>Sinking Fund #1</u>		<u>Sinking Fund #2</u>	
	<u>Estimated</u>	<u>Approved</u>	<u>Estimated</u>	<u>Approved</u>
Interest earnings on bonds	\$1,897.00	\$1,897.00	\$5,280.00	\$5,280.00
Annual accrual on bonds	<u>4,600.00</u>	<u>4,600.00</u>	<u>8,000.00</u>	<u>8,000.00</u>
Total S. F. Excluding Homesteads	<u>\$6,497.00</u>	<u>\$6,497.00</u>	<u>\$13,280.00</u>	<u>\$13,280.00</u>

Exhibit "K" Detail of all Bonded Indebtedness Outstanding as of June 30, 1947, With Needs for Annual Accruals Thereon, With Needs for Interest Earnings Accrued and Accruing Thereon

Purpose of Bonds Bonded Debts Originating After 1-8-37	Issue Dated	Date of Sale by Delivery	How and When Bonds Mature			
			First Maturity		Last Maturity	
			Date	Amount	Date	Amount
(1) Building	5-5-37		5-1-41	\$5,400	5-1-57	\$ 5,600
(2) Bldg. Repair & Eqpt.	6-18-46	9-1-46	6-18-50	9,000	6-18-66	8,000
Total				<u>\$14,400</u>		<u>\$13,600</u>

	Amount of Original Issue	Total Tax Paying Years	Annual Accruals	Tax Years Run	Total Accruals	Bonds Paid Before 6-30-46	Bonds Paid During 1946-47
(1)	\$ 92,000	20	\$ 4,600	10	\$46,000	\$32,400	-0-
(2)	152,000	19	8,000	—	—	—	—
Total	<u>\$244,000</u>		<u>\$12,600</u>		<u>\$46,000</u>	<u>\$32,400</u>	

	Bonds Can- celled by Funding Judg- ment or Other- wise	Net Balance of Accruals June 30, 1947		Date Coupons Mature 1st Half (July 1 - Dec 31)	Total Bonds Out- standing June 30, 1946
		In Maturated Bonds	In Unmaturated Bonds		
(1)	-0-	\$5,400	\$8,200	11-22	\$ 59,600
(2)	—	—	—	6-18	152,000
Total		<u>\$5,400</u>	<u>\$8,200</u>		<u>\$211,600</u>

	Rate of Interest	Current Int- erest Earnings 7-1-47 to 6-30-48	Interest Coupon Account		Balance Inter- est Earned Prior to 6-30-47 Still Unpaid
			Interest Earned During Current Fiscal Year	Coupons Paid During Current Fiscal Year	
(1)	3½%	\$1,897	\$2,086	\$1,305.50	\$780.50
(2)		5,280	—	—	—
Total		<u>\$7,177</u>	<u>\$2,086</u>	<u>\$1,305.50</u>	<u>\$780.50</u>

(1) 1st \$16,200 @ 3½% All Paid
Next \$10,800 @ 2½% " "
Next \$65,000 @ 3½% \$5,400 Paid

(2) 1st \$8,000 @ 1½%
Remaining \$144,000 @ 1 3/4%

Exhibit "G" Sinking Fund Cash Statement and Balance Sheet

Section A - Cash	<u>(New) Accounts for Indebtedness Incurred After Jan. 8, 1937</u>
Cash Balance, June 30, 1946	\$ 2,192.74
Collected and Apportioned:	
1943 Ad Valorem Tax	8.79
1944 Ad Valorem Tax	12.21
1945 Ad Valorem Tax	103.99
1946 Ad Valorem Tax	6,458.88
Accrued interest on bonds sold	556.81
Total balance, apportionments, etc.	<u>\$ 9,335.42</u>
Disbursements:	
Coupons Paid	\$ 1,305.50
Commission Paid Fiscal Agency	1.95
Total Disbursements	<u>\$ 1,307.45</u>
Assets: Cash Balance on Hand June 30, 1947	\$ 8,025.97
Investment Balance, same date (H)	7,470.00
Due from Bond Fund	5.00
Total Assets exclusive of Uncollected Tax	<u>\$15,500.97</u>
Deduct Total Accrued Liabilities and Reserves	<u>14,380.50</u>
Cash Surplus to apply on ensuing years requirements	<u>\$ 1,120.47</u>

Section B - Balance Sheet

Cash Value Assets Forward	<u>\$15,500.97</u>
Total Balance Sheet Assets to determine condition	<u>\$15,500.97</u>
Accrual Liabilities By Classes:	
Class "A" Matured Bonded Debt	
Matured Unpaid Coupons ("K")	780.50
Matured Unpaid Bonds ("K")	<u>5,400.00</u>
A. Total Accrued on Matured Bonded Debt	<u>\$ 6,180.50</u>
Class "C" Unmatured Bonded Debt	
Accrual on Unmatured Bonds ("K")	<u>8,200.00</u>
Grand Total Accrual Liabilities	<u>\$14,380.50</u>
Surplus	<u>\$ 1,120.47</u>

Exhibit "T" Summary Only of 1946 Ad Valorem Tax Account -- Current

	<u>Post-Homestead Sinking Funds Created Since 1-8-1937</u>
Balance Available Tax	\$6,023.26
Deduct 1946 Tax Apportioned	<u>6,458.00</u>
Net Balance 1946 Tax in Process of Collection	—

CHAPTER VIII
ACCOUNTING SYSTEM

Accounting for school districts in Oklahoma is regulated to a great extent by law. The procedure for the preparation of the budget, the receipt and expenditure of moneys, and the preparation of financial statements is set out in great detail in the statutes. This chapter will explain some of the features of the accounting system for school districts in Oklahoma by comparing that system with procedures recommended by text book writers and by the Municipal Finance Officers Association.

In the preparation of a budget, the care with which estimates are made largely determines the success with which the budget is administered.¹ The procedure to be followed in preparing a municipal budget is to carefully estimate the expenditure needs for the coming year and then to provide sufficient revenue to fill those needs. This is what is required by law in Oklahoma. However, in preparing the school district budgets the reverse is more often true. Instead of estimating needs and providing revenues, the revenues are estimated and the expenditures are budgeted to conform. This may be due to influence of business upon municipal budgeting, for the businessman in budgeting knows what his expenditures can be for a certain income and budgets accordingly. Also, the laws in Oklahoma, although worded to require an estimate of needs to be prepared first, actually work in reverse by setting maximum amounts of revenue which can be estimated. It is not too difficult to estimate the maximum revenue that can be raised, therefore programs are prepared to fit that maximum. But there is a very good reason for this practice to exist. The schools

¹ Municipal Finance Officers' Association of the United States and Canada, Municipal Budget Procedure and Budgetary Accounting, p. 11.

are faced with revenues that are not adequate to carry on a full school program. They have to receive state aid, and to receive state aid they must levy the maximum millage rate allowed. So the maximum revenues to be received are added to the estimated state aid, and this amount is divided between the various types of expenditures.

In a publication "Standard Practice in Municipal Accounting and Financial Procedure," the Municipal Finance Officers Association sets forth three criteria to follow in establishing an accounting system for a municipality. These criteria or fundamentals are (1) the accounting system should be established on a double-entry basis; (2) the accrual basis of accounting should be followed; and (3) the system must be set up and operated in accordance with legal provisions.²

In school district accounting in Oklahoma a double-entry system is not used. Instead a Warrant Register is kept with columns for each appropriation account, and a Revenue Ledger for actual revenues received follows the Warrant Register. The cash balance column serves both the warrant register and the revenue ledger. To illustrate, entries for the general fund of the budget for Stillwater Independent School District #16 for the fiscal year 1947-48 will be shown first in double-entry manner and then as kept in Oklahoma.

To record estimated revenues and appropriations.

(1) Estimated Revenues		\$ 142,874.69	
Unappropriated Surplus		2,125.51	
Appropriations			\$ 145,000.00
Revenue Ledger—			
Ad Valorem Taxes (Net)	\$ 92,789.69		
Transfer Fees Receivable	5,238.00		
State School Land Earnings	5,655.00		
County Apportionment	1,084.00		
Intangible Tax	2,443.00		
Gross Production Tax	7,504.00		
Auto License Tax	28,145.00		
Rural Electrification Tax	16.00		
	\$ 142,874.69		

² Municipal Finance Officers' Association of the United States and Canada, Standard Practice in Municipal Accounting and Financial Procedure, p. 8.

Appropriation Ledger—	
Administration	\$ 8,000.00
Teaching Salaries	98,760.00
Supplies - Educ. System	2,500.00
Maintenance of Equipment	1,000.00
Plant Operations	20,000.00
Upkeep of Real Properties	4,000.00
Auxiliary Activities	500.00
Transportation—Operations	3,000.00
New Equipment—Educ. System	2,990.00
New Real Property—Paving Tax	250.00
New Transportation Equipment	3,500.00
Res. for Interest on Warrants	500.00
	<u>\$ 145,000.00</u>

The \$2,125.31 would not be all of the balance of Unappropriated Surplus for it is only the actual cash surplus which is cash on hand over and above warrants outstanding and reserve for encumbrances.

(2) The only part of the above entry that is entered in school accounts in Oklahoma is the subsidiary entry to the appropriation ledger. These amounts are entered in the Warrant Register at the top of columns provided for each appropriation.

To record accrual of taxes.

(1) Taxes Receivable—1947-48	\$ 102,068.69	
Reserve for Delinquent Taxes		\$ 9,279.00
Revenues		92,789.69

Revenue Ledger—	
Ad Valorem Taxes	\$ 92,789.69

(2) This entry is not made in the school accounts in Oklahoma.

To record encumbering of appropriations.

(1) Encumbrances	XXX.XX	
Reserve for Encumbrances		XXX.XX

Appropriation Ledger—	
Supplies—Educ. System	XXX.XX

No dollar amount is used here because the amount of each warrant is not illustrated in the budget. In the appropriation ledger, the "encumbrances" columns would be used to show order placed.

(2) This entry is not made in Oklahoma school accounts. The statutes require that an encumbrance record be kept, and that each contract or purchase order be entered therein so as to show the amount of unencumbered appropriations.

To record liquidation of an encumbrance.

(1) Reserve for Encumbrances	XXX.XX	
Encumbrances		XXX.XX
Appropriation Ledger—		
Supplies—Educ. System	XXX.XX	

In the appropriation ledger, the "encumbrance" columns would be used to show order liquidated.

(2) This entry is not made in Oklahoma school accounts. Only a memorandum entry in the encumbrance record to show the order has been filled.

To record approval of invoice and issuance of warrant.

(1) Expenditures	XXX.XX	
Warrants Payable		XXX.XX
Appropriation Ledger—		
Supplies—Educ. System	XXX.XX	

In the appropriation ledger, the "expenditure" columns would be used to show the issuance of the warrant and the reduction of the unencumbered appropriations.

(2) This entry is made in the Warrant Register by entering the amount of the warrant in the "warrants payable" column and the expenditure in the "Supplies—Educational System" appropriation column. The appropriation column is divided to enter the expenditure and to bring down the unexpended balance. However, this is not the unencumbered balance. That balance appears in the Encumbrance Record.

If there is sufficient cash on hand to pay the warrant, it is marked "payable." If not, it bears interest at the legal rate until paid. When sufficient cash is on hand, notice by publication is given, and thirty days after such publication interest ceases on outstanding warrants.

To record payment of warrants.

(1) Warrants Payable	XXX.XX	
Cash		XXX.XX

(2) The warrant is marked paid and the check number posted in the Warrant Register, and the cash balance is reduced by the amount of the check. Any interest paid on the warrant is entered in a special column.

To record receipt of money from miscellaneous revenue sources.

(1) Cash	XXX.XX	
Revenues		XXX.XX
Revenue Ledger—		
State School Land Earnings	XXX.XX	

(2) This entry is made in the Revenue Ledger by increasing cash and by showing the source of such increase. The Revenue Ledger follows the Warrant Register in the same binder.

To record transfer of appropriations.

(1) Appropriations	\$ 500.00	
Appropriations		\$ 500.00
Appropriation Ledger—		
Teaching Salaries (Dr)	\$ 500.00	
Supplies—Educ. System (Cr)	500.00	

(2) In the Warrant Register the "Teaching Salaries" appropriation column is reduced by a red-ink entry with the identification "Tr." Also, the "Supplies—Educ. System" appropriation column is increased by entry with the identification "Tr."

To record application of state aid.

(1) Estimated Revenues	\$ 37,791.00	
Appropriations		\$ 37,791.00
Revenue Ledger—		
State Aid	\$ 37,791.00	
Appropriation Ledger—		
Teaching Salaries	\$ 37,791.00	

Cash	\$ 37,791.00	
Revenues		\$ 37,791.00

Revenue Ledger—	
State Aid	\$ 37,791.00

The amount of state aid is estimated at the time the budget is prepared, but the actual amount to be received is not known until the State Board of Education notifies the school district. Therefore, it is not appropriated until actually received.

(2) The amount of state aid applied and approved by the county excise board is added to the "Teaching Salaries" appropriation column in the warrant register. When the check from the state comes, the "State Aid" column in the Revenue Ledger and the cash balance column are increased by the amount of the check.

To record supplemental appropriations.

(1) Estimated Revenues	\$ 20,136.55	
Appropriations		\$ 20,136.55

Appropriation Ledger—	
Teaching Salaries	\$ 5,000.00
Administration	400.00
Supplies	1,000.00
Plant Operation	4,136.55
Upkeep	2,100.00
Transportation Operations	1,000.00
Equipment	2,500.00
Transportation (New)	4,000.00
	<u>\$ 20,136.55</u>

(2) The only entry made is the entry of each supplemental appropriation in the Warrant Register in the particular columns affected.

To close actual and estimated revenues.

(1) Revenues	xxx.xx	
Estimated Revenues		xxx.xx
Unappropriated Surplus		xxx.xx

This assumes that revenues were more than the estimate.

(2) No entry is made. The columns of the Revenue Ledger are totaled for report purposes.

To close appropriations and expenditures.

(1) Appropriations	xxx.xx	
Expenditures		xxx.xx
Unappropriated Surplus		xxx.xx

The amount credited to surplus will be the unencumbered appropriations or the lapsed appropriations. The balance in the appropriations account will be the same as the balance of encumbrances and reserve for encumbrances.

(2) No entry is made. The balance of the columns of the Appropriation Ledger which appears in the Warrant Register represent the lapsed appropriations except for the encumbrances provided for by statute.

The second fundamental of the municipal accounting system is that the accrual basis of accounting be followed. In the school district accounts of Oklahoma some items are accrued and some are not. Ad valorem taxes are estimated in the budget preparation, but no entry is made in the accounts until the taxes are collected. The same is true for other revenues. Encumbrances are to be recorded when orders and contracts are made, but in actual practice the entry is not made until the warrant is issued. Estimates of miscellaneous revenue are limited by law to ninety per cent of the actual collections during the preceding fiscal year. This leads to overcollection of miscellaneous revenues each year.

The school accounts in Oklahoma follow quite closely the legal requirements set up by statute. The procedure to be followed in preparing the budget is covered extensively, and the manner for making expenditures is planned in such a way that expenditures are made for legal purposes only. However, the records do not seem to be kept in the manner recommended for best control, and they are incomplete in many respects when compared with records suggested by the Municipal Finance Officers Association.

CHAPTER IX

SUMMARY AND CONCLUSION

In Oklahoma, as in other states, public education is divided for control and financial purposes into school districts. The governing body for these school districts is the board of education chosen by the qualified electors of the district. The board of education is charged with the responsibility for maintaining a public school system in its district in conformance with state laws. It has certain specific powers which it may use in accomplishing this object. However, there are certain acts which require approval of the school district electors, such as the issuance of bonds to finance school improvements.

The ad valorem tax (general property tax) provides the greatest part of the revenue for support of schools in Oklahoma. However, this tax is supplemented by other revenues: transfer fees, school land apportionments, real estate mortgage tax, intangible property tax, gross production tax, auto license tax, and state aid funds.

The financial program of the school district for each fiscal year is submitted by the board of education to the county excise board. The excise board reviews the estimates, sees that all legal requirements are complied with, and approves appropriations to the amount of estimated revenues.

Although the preparation of the budget for school districts in Oklahoma is prescribed in great detail by law, the accounting system of the school districts does not conform to suggested standards by the Municipal Finance Officers Association.

Conclusion

This study is not made with the aim of recommending changes in present procedures. Instead it is designed to present and explain the present

accounting status of a school district in Oklahoma. However, certain conditions have been observed by the writer as the study progressed, and they are presented here as observations rather than as recommendations or criticisms.

The county excise board in Oklahoma is charged with the responsibility of apportioning the constitutional fifteen mill levy among the school districts, cities and towns, and the county. This board is composed of three members; one appointed by the County Commissioners (the governing board for the county), one appointed by the District Judge, and one appointed by the Oklahoma Tax Commission. Thus the county has one member representing it on the board, while the cities, towns and school districts have none. As a result, most school districts receive an apportionment of five mills, as required by law; and the other ten mills is divided between the county and the cities and towns. Even then the county gets the greater portion; for example, in 1946-47 only five counties in Oklahoma levied less than five mills and twelve counties received the full ten mills.¹ When school district administrators object, the excise board points to state aid and other revenues supporting school districts while the county is largely dependent upon property taxation. Also, they argue, the school district has an extra fifteen mills available if they need it (and they do). But those interested in the schools feel that the present method of appointing members of the county excise board works to the disadvantage of the school district.

In 1947-48, School District #16, Stillwater, Oklahoma, received \$74,285.00 in state aid funds, which amount was 32% of the total appropriations for the year. The State Department of Education decides when a school district is eligible for state aid, and one of the requirements for a school district to be

¹ Oklahoma Public Expenditures Council, Cost of County Government in Oklahoma.

eligible for state aid is that the district present reports in accordance with the State Department's instructions. State equalization aid is necessary today to enable certain districts to maintain adequate school programs, and in recent years school costs have increased at such a rapid rate that some state aid is necessary for all districts. However, unless the powers of the State Department of Education are expressly limited there is danger that the control of school districts will pass from the local board of education to the State Department.

The accounting systems of school districts in Oklahoma are at present not designed for proper budgetary control. In fact, it seems more difficult to obtain desired information now than it would be if the records were designed on a double-entry basis.

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THESIS TITLE: The Legal and Accounting Problems of a School
District in Oklahoma

NAME OF AUTHOR: Philip T. Meyers

THESIS ADVISER: George B. McCowen

The content and form have been checked and approved by the author and thesis adviser. "Instructions for Typing and Arranging the Thesis" are available in the Graduate School office. Changes or corrections in the thesis are not made by the Graduate School office or by any committee. The copies are sent to the bindery just as they are approved by the author and faculty adviser.

NAME OF TYPIST: Philip T. Meyers