

WEST VIRGINIA LEGISLATURE

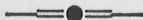
REGULAR SESSION, 1939



ENROLLED

HOUSE BILL No. 1

(By Mr. Speaker, Mr. Thomas)



PASSED February 6, 1939

In Effect April 15, 1939 Passage

Filed in the office of the Secretary of State
of West Virginia. FEB 9 1939

Wm. S. O'BRIEN,
Secretary of State

ENROLLED

House Bill No. 1

(BY MR. SPEAKER, MR. THOMAS)

[Passed February 6, 1939; in effect April 15, 1939.]

AN ACT to amend chapter eighteen of the code of West Virginia, one thousand nine hundred thirty-one, by amending and reenacting section six, article nine, of said chapter, as heretofore amended and reenacted by chapter nine, acts of the Legislature, first extraordinary session, one thousand nine hundred thirty-three, and by chapter thirty-nine, acts of the Legislature, second extraordinary session, one thousand nine hundred thirty-three, to add a new section, designated section six-a, to said article nine, relating to the general school funds; and to further amend said chapter eighteen of the code of West Virginia, one thousand nine hundred thirty-one, by adding thereto two new articles to be designated article nine-a and article nine-b, providing for the distribution of state aid to schools, and creating and defining the powers and

duties of the board of school finance, respectively, all relating to school finance.

Be it enacted by the Legislature of West Virginia:

That chapter eighteen of the code of West Virginia, one thousand nine hundred thirty-one, be amended by amending and re-enacting section six, article nine of said chapter, as heretofore amended, by adding a new section designated section six-a, to said article nine; and by adding two new articles, designated article nine-a and article nine-b, to said chapter eighteen, all to read as follows:

Article 9. School Finances.

Section 6. *The General School Fund.* A separate school fund, to be called the "general school fund," shall be set apart for the support of the free schools of the state, and the revenue from the following sources and not otherwise appropriated shall be paid into it:

- (1) The proceeds from the capitation tax;
- (2) The income of the school funds;
- (3) The net proceeds of all fines and forfeitures which accrued to the state during the previous year, except fines referred to in section six, article eight of this chapter;

11 (4) All moneys arising from the sources named in section
12 four, article twelve of the Constitution, heretofore going to
13 the "school fund" but as now amended going to the "general
14 school fund";

15 (5) All interest on public moneys received from state
16 depositories;

17 (6) State license tax on marriages;

18 (7) State tax on forfeitures;

19 (8) State tax on state licenses, except on motor vehicles
20 and on owners, chauffeurs, operators and dealers in motor
21 vehicles, hunting and fishing licenses and state licenses paid
22 directly to the state auditor and secretary of state;

23 (9) All funds from any source paid into the treasury for
24 school purposes and not otherwise appropriated.

Sec. 6-a. *Appropriations to be Paid from the General*
2 *School Fund.* The proceeds of the general school fund shall
3 be used for the following purposes according to the order and
4 preferences stated below;

5 (1) To pay the salary of the state superintendent of free
6 schools, his necessary traveling expenses not to exceed five

7 hundred dollars per year, and the contingent and other
8 expenses of his office.

9 (2) To pay toward the salary of each county superin-
10 tendent on the basis of twenty cents per pupil in average
11 daily attendance for the preceding year, but the maximum
12 amount supplied by the state for the salary of any county
13 superintendent shall not exceed two thousand dollars.

14 (3) To pay any other appropriation made by the Legis-
15 lature out of the fund.

16 (4) To pay state aid to county school districts in accord-
17 ance with article nine-a of this chapter.

18 The state auditor, on or before the twentieth day of June
19 of each year, after first deducting the amounts required
20 under (1), (2) and (3) above, shall ascertain the amount
21 of the general school fund available for distribution under
22 (4) above and shall certify the same to the state board of
23 school finance.

Article 9-a. State Aid for Schools.

Section 1. *Distribution of State Aid to Free Schools.* The
2 purpose of this article is to provide for the distribution of
3 state aid for free schools among the several counties of the

4 state. In enacting this method of computation and distribu-
5 tion, the Legislature has the following specific purposes: To

6 (1) Provide a method of distribution that will supply
7 each county with the funds reasonably necessary to operate
8 its schools on a basis that accords with the relative educa-
9 tional needs of the several counties.

10 (2) Establish a method of computation and allocation
11 that as far as possible eliminates the need for the exercise
12 of state administrative discretion as to the requirements of
13 the several counties.

14 (3) Give to each county every possible incentive to the
15 constructive development of its school system, and to place
16 with the county boards of education the responsibility for
17 the preservation and improvement of the standards of local
18 education.

19 (4) Coordinate the administration of state aid more
20 closely with the general fiscal policies of the state.

21 With the foregoing purposes and objectives in view the
22 allocation and administration of state aid is hereby con-
23 ferred upon the state board of school finance.

Sec. 2. *Definitions.* For the purposes of this article:

2 “Board of finance” or “state board” means the state
3 board of school finance.

4 “County board” means a county board of education.

5 “School” means a separately organized and administered
6 unit of instruction.

7 “Non-isolated school” means any school which the board
8 of finance determines, after consultation with the county
9 board and county superintendent, may be consolidated with
10 another school without adding to the total cost of schools in
11 the county.

12 “Elementary school” means a school consisting only of
13 grades below the ninth. Such a school, if non-isolated, shall
14 be counted as one-fourth-a school for the second and each
15 succeeding distribution of aid under this article.

16 “High School” means a school consisting only of grades
17 above the sixth organized for instruction by departments.
18 A school consisting of more than four of such grades shall be
19 counted as two high schools.

20 “Teacher” includes a principal.

21 “Certificate” means the certificate granted by the state

22 superintendent in accordance with article seven of this
23 chapter.

24 “Experience” shall mean the number of terms experience
25 as a teacher.

26 “Average daily attendance” means; (1) for the first dis-
27 tribution of aid under this article, the total daily attendance
28 divided by the actual number of days of school during the
29 term computed separately by individual schools; and (2) for
30 the second and each succeeding distribution of aid under this
31 article, the total daily attendance divided by one hundred
32 sixty or the actual number of days of school during the term,
33 whichever is larger, computed separately by individual schools.

34 “Current school purposes” means the total levied under
35 subsections two and three, section six-c, article eight, chap-
36 ter eleven, as amended, but excluding any additional levy
37 approved by vote of the people in accordance with section
38 sixteen, article eight, chapter eleven of this code, as amended.

Sec. 3. *The Foundation School Program.* The founda-
2 tion school program is hereby established as the basic essen-
3 tial of free public education in this state for the purpose of
4 computing the amount of state aid that each county shall

5 receive. So far as funds available from state sources will
6 permit, each county shall receive a sum which, together with
7 the amount of local revenue reasonably to be expected, will
8 pay the cost of the foundation school program as computed
9 in accordance with this article.

Sec. 4. *Preliminary Computation by the State Superin-*
2 *tendent.* The state superintendent shall, on or before June
3 fifteenth of each year, make preliminary computations of the
4 amount of the foundation program for each county of the
5 state in accordance with sections five to nine, inclusive, of
6 this article. The superintendent shall submit his computa-
7 tions to the board of finance. The board, after receiving the
8 report of the state superintendent, shall proceed to make
9 final computations.

Sec. 5. *Values for Instruction; Definition.* For the pur-
2 pose of computing the foundation program, the following
3 values shall be applied:

4 (1) Values shall be assigned for the number of terms of
5 experience for each teacher as follows: for experience of
6 from one to five terms, inclusive, three-fifths of the number
7 of terms of experience; for experience of from six to nine

8 terms, inclusive, two plus one-fifth of the total number of
9 terms of experience; for experience of ten or more terms,
10 four.

11 (2) Values shall be assigned to teacher certification for
12 each certificate as follows, second grade certificate, thirteen;
13 first grade certificate, seventeen; short normal certificate,
14 eighteen; standard normal certificate, twenty; bachelor
15 degree certificate, twenty-two; master degree certificate,
16 twenty-four.

Sec. 6. *Weightings for Instruction; Computation.*

2 Weightings for elementary and for high school instruction
3 shall be computed for each county by the application of the
4 values fixed by section five as follows:

5 (1) The weighting for elementary instruction shall be
6 computed by (a) adding together all the values assigned for
7 experience and certification for all of the elementary teachers
8 actually employed in the county during the preceding year
9 and (b) dividing the total by twenty-eight times the number
10 of such teachers.

11 (2) The weighting for high school instruction shall be
12 computed by (a) adding together all the values assigned for

13 experience and certification for all of the high school teachers
14 actually employed in the county during the preceding year
15 and (b) dividing the total by twenty-one times the number
16 of such teachers.

Sec. 7. *Correction for Size of School.* Corrections for size
2 of school shall be applied to the average daily attendance in
3 each county on the basis of schools actually operated during
4 the preceding year as follows:

5 (1) To the average daily attendance in elementary
6 schools add fifty-thirds of the number of such schools.

7 (2) To the average daily attendance in high schools add
8 fifteen-halves of the number of such schools.

Sec. 8. *Number of Weighted Pupils.* The average daily
2 attendance corrected for size of school for each county shall
3 then be adjusted by applying the weightings and amounts
4 determined under section six as follows:

5 (1) The corrected average daily attendance in elementary
6 schools shall be multiplied by the weighting for elementary
7 instruction for that county.

8 (2) The corrected average daily attendance in high

9 schools shall be multiplied by the weighting for high school
10 instruction for that county.

11 The total of the numbers obtained under (1) and (2)
12 above shall be the number of weighted pupils for the county.

Sec. 9. *Total of the Foundation Program.* For the first dis-
2 tribution of aid under this article, the total of the foundation
3 program for a county shall be obtained by:

4 (1) Multiplying the number of weighted pupils for the
5 county by fifty-one and three-tenths.

6 (2) Determining one-fourth the total amount expended
7 by the county for transportation of elementary and high
8 school pupils, excluding the purchase of busses, during the
9 four year period ending the thirtieth day of June, one thou-
10 sand nine hundred thirty-nine.

11 (3) Adding the amounts determined under (1) and (2)
12 above; except, that for no county shall the amount allowed
13 under (2) exceed four and one-half dollars per weighted
14 pupil nor be less than one and three-fourths dollars per
15 weighted pupil.

16 For the second and each succeeding distribution of aid

17 under this article, the total of the foundation program for a
18 county shall be obtained by:

19 (1) Multiplying the number of weighted pupils for the
20 county by each of the following:

21 (a) Fifty and one-half,

22 (b) Five hundred times the total number of non-isolated
23 elementary schools in the state divided by the total number
24 of weighted pupils in the state.

25 (2) Determining the amount needed by each county to
26 meet its transportation costs, including necessary costs for
27 busses. In this determination, the board shall apply uniform
28 rules in each county in measuring transportation needs, and
29 shall take into consideration, at least, the following factors,
30 based on data for the preceding year:

31 (a) The number of elementary pupils transported,

32 (b) The number of high school pupils transported,

33 (c) The length of bus routes,

34 (d) The condition of busses and transportation equipment,

35 (e) The average size of busses needed,

36 (f) The condition of the roads traveled,

37 (g) The number of schools to which pupils are transported.

38 (3) Adding the amounts determined under (1) and (2)
39 above; except, that the total, for all counties, of the amounts
40 determined under sub-section (2) above, shall not exceed
41 three and one-half times the total number of weighted pupils
42 in the state.

Sec. 10. *Local Share of Revenue.* The board of finance
2 shall then determine for each county ninety-five per cent of
3 the amount obtained by multiplying the classified assessed
4 valuations of real, personal, and public utility property in
5 the county as of the year one thousand nine hundred thirty-
6 eight by the rates of levy authorized for current school pur-
7 poses as of the current year. Any part of the allocation for
8 current school purposes transferred in accordance with law
9 to the county court to be used for current county purposes
10 shall be deducted from the authorized current school levy of
11 that county. The amount so obtained for each county shall
12 be known as the local share of revenue.

Sec. 11. *Allocation of Aid.* The board of finance shall
2 then proceed to allocate the amount available for distribution
3 as state aid (as certified by the state auditor in accordance
4 with section six-a, article nine of this chapter) among the

5 several counties as follows:

6 (1) The board shall first allocate to each county (a)
7 forty-five per cent of the cost of the foundation program for
8 that county, or (b) an amount equal to the difference be-
9 tween the cost of the foundation program for that county
10 and the local share of revenue for that county; whichever of
11 (a) or (b) is greater.

12 (2) The board shall then allocate the amount remaining
13 for distribution as state aid, after the requirements of (1)
14 above have been met, among the several counties of the state
15 in a uniform proportion to the amount actually levied for
16 current school purposes in each county during the preceding
17 year. The amount to be received by a county under this sub-
18 section shall be computed by multiplying the amount avail-
19 able for distribution to all counties by the amount actually
20 levied for current school purposes by the county, divided by
21 the amount actually levied for such purposes by all counties.

22 The amount of state aid to be received by each county
23 shall be the sum of the amounts determined as the result of
24 (1) and (2) above, and shall be used by the several counties
25 in the support of the schools generally.

26 During the first two years this act is in operation, no county
27 shall employ more than the allotted number of teachers, with-
28 out the prior consent of the board of school finance. By
29 allotted number of teachers is meant the sum of three per
30 centum of the corrected average daily attendance in elemen-
31 tary schools and four per centum of the corrected average
32 daily attendance in high schools. In determining the corrected
33 average daily attendance, under this paragraph, a non-isolated
34 elementary school shall be counted as one full school and not
35 as one-fourth of a school.

Sec. 12. *Certification of Amount of State Aid.* On or
2 before July fifteenth of each year the board of finance shall
3 certify the amount of state aid allotted to each county to the
4 county superintendent of schools, and shall certify the
5 amounts allocated to the several counties to the state auditor
6 and to the state superintendent.

Sec. 13. *Disbursement of State Aid to Counties.* The
2 board of finance shall each year adopt a schedule for the
3 disbursement of the amounts of state aid allocated to the
4 several counties of the state. The board shall pay state aid
5 by requisition on the state auditor in favor of the several

6 county boards of education. So far as possible the install-
7 ments of aid shall be so arranged as to facilitate the opera-
8 tion of the schools pending the collection of local revenues.
9 The schedule of payment shall be certified to the several
10 county superintendents and to the state auditor at the same
11 time and in the same manner as required by section twelve
12 of this article for the certification of the total amount of aid
13 to be paid.

Sec. 14. *Audits of Statistical Reports.* The board of
2 finance, in connection with its inspection and supervision of
3 school fiscal administration in the several counties, may make
4 such additional inspections and audits as may be necessary
5 to determine the accuracy of statistical reports submitted to
6 the state superintendent or to the state board of school
7 finance in connection with the computation and distribution
8 of state aid. The state board shall cause proper corrections
9 to be made forthwith in any reports found to be inaccurate
10 and shall also make such adjustments in the distribution of
11 state aid to the county concerned as may be occasioned by the
12 correction of data upon which the allocation of aid was based.

Sec. 15. *Reports to the Board of Finance.* The board of

2 finance may, for the purpose of exercising the powers dele-
3 gated to it by this article, require county boards of education
4 and county superintendents to keep such records and to make
5 such reports as the board may determine. The state board
6 shall prescribe the form, content, and method of keeping
7 records; and the form, content, and time of making reports.
8 The state board may require that reports be made to the
9 board or to the office of the state superintendent.
10 A county board of education and a county superintendent
11 shall keep records and make reports as required by the state
12 board.

Article 9-b. State Board of School Finance.

Section 1. *Purpose.* Because of the adoption of the "Tax
2 Limitation Amendment," it has become necessary for the
3 state to participate to an increasing degree in the financing
4 of the free public schools. In the fiscal year one thousand
5 nine hundred thirty-eight—one thousand nine hundred thirty-
6 nine, this participation aggregated fifty-five per cent of
7 the total expended by county boards of education for the
8 operation of the schools of the state, and in seventeen counties
9 state aid represented in excess of seventy per cent of the

10 total amounts spent for public education in those counties.
11 In consequence of this state investment in local education,
12 the state has acquired a paramount interest in the sound and
13 stable management of the financial affairs of county school
14 districts so that the maximum effectiveness of education may
15 be obtained from the expenditure of the limited funds
16 available.

17 With the foregoing purposes in view, this article is en-
18 acted to develop improved methods of financial administra-
19 tion and to bring increased financial guidance and assistance
20 to the management of county school affairs.

21 The provisions of this article shall be construed to be in
22 addition to the authority now exercised by the tax commis-
23 sioner as chief inspector and supervisor of public offices
24 (under article nine, chapter six of the code), for the pur-
25 poses of fidelity accounting and auditing. The intent of the
26 Legislature is that the powers granted by this article to the
27 state board of school finance over financial management shall
28 in administration be fully coordinated with those of the tax
29 commissioner over the legality and fidelity of public ex-
30 penditures.

31 The provisions of this article shall be liberally construed
32 to give effect to the purposes stated.

Sec. 2. *Definitions.* For the purposes of this article:

2 "Board of finance" means the state board of school finance.

3 "Budget" means the annual budget of school revenues
4 and expenditures prepared and adopted by a county board of
5 education in accordance with this article.

6 "Levy estimate" means the summary statement of the
7 total budgeted school requirements prepared and adopted by
8 a county board of education in accordance with law, in jus-
9 tification of the amount levied upon taxable property within
10 the county for the support of the local schools.

11 "Appropriation" means an item, or the amount of an
12 item, budgeted by a county board of education for expendi-
13 ture during the fiscal year.

14 "Expenditure schedule" means a schedule for the ex-
15 penditure of amounts budgeted throughout the fiscal year
16 and adopted in conjunction with the annual budget.

17 "County board" means a county board of education.

18 "Standard term" means nine months of school.

19 "Minimum term" means eight months of school.

Sec. 3. *State Board of School Finance.* There is hereby
2 created the "State Board of School Finance" which shall
3 consist of the state superintendent of free schools, as chair-
4 man, the state tax commissioner, and the director of the
5 budget as secretary. The members of the board shall serve
6 without additional compensation. The board shall meet
7 upon the call of the chairman or a majority of its members.
8 It shall keep a minute record of all proceedings and a special
9 record of general regulations and special orders. The meet-
10 ing place of the board shall be at the state capital. The con-
11 currence of a majority of the members shall be necessary for
12 all official acts. The board shall exercise the powers and
13 perform the duties conferred upon it by this article.

14 The personnel of the state departments represented upon
15 the membership of the board shall be available to the board
16 for performance of its powers and duties.

Sec. 4. *General Powers and Duties.* The board of finance,
2 in addition to the specific powers and duties conferred upon
3 it, shall advise and assist county boards of education and
4 county superintendents in the planning and management of
5 school finances to the end that the most effective program of

6 public education be realized from the funds available for
7 expenditure by the several counties.

8 In the exercise of its powers under this article, the board
9 of finance shall not substitute its discretion and judgment
10 for that of a county board of education with respect to the
11 desirability or reasonability of a lawful school expenditure if
12 the provisions of law and the orders of the board of finance
13 are complied with by the county board. If, however, a
14 county board fails or refuses to provide for the support of
15 the standard school term, to adhere to the budget and the
16 expenditure schedule, or to comply with other provisions of
17 this article, the board of finance may require such action on
18 the part of the county board, not in violation of law, as the
19 board of finance may find to be best calculated to restore
20 the financial affairs of the county board to a proper and
21 lawful basis.

Sec. 5. *School Budgeting.* The board of finance shall
2 formulate and prescribe a uniform system of school district
3 budgeting for the use of all county school districts to include,
4 at least:

5 (1) Itemization schedules for estimating anticipated rev-
6 enues and receipts of all kinds.

7 (2) Itemization schedules for estimating anticipated re-
8 quirements for expenditure during the fiscal year.

9 (3) The form, classification and itemization of budget
10 items for appropriation purposes.

11 (4) Expenditure schedules for the allotment of amounts
12 of proposed expenditures throughout the fiscal year.

13 (5) A budget calendar fixing the dates by or upon which
14 schedules shall be prepared, budgets adopted, and reports
15 made to the board of finance.

16 (6) Methods and procedures of budgeting to be followed
17 in the use of the uniform system.

Sec. 6. *Submission and Approval of Budgets.* A county
2 board of education shall, on or before the day fixed by the
3 budget calendar, submit its proposed budget to the board of
4 finance together with such supporting schedules as the board
5 may require.

6 A county board shall not finally adopt its budget until
7 after the written approval of the board of finance has been
8 received, and the levy estimate has been approved by the tax

9 commissioner as required by law. If the tax commissioner
10 finds that the levy estimate, based upon the budget, does not
11 conform to the requirements of law, the board shall authorize
12 and require such further revision of the budget as may be
13 necessary for the correction of the levy estimate as required
14 by the tax commissioner.

Sec. 7. *Determination by the Board of Finance.* The

2 board of finance, before giving its final approval to a pro-
3 posed budget, shall require that:

4 (1) Estimates of revenue and receipts are reasonable and
5 accurate.

6 (2) Amounts are budgeted so as to cover actual require-
7 ments of school operation.

8 (3) Amounts are budgeted so as to maintain the schools
9 of the county for the standard term; or, if a standard term
10 cannot be maintained, amounts are budgeted so as to assure
11 the maximum length of term possible, but for not less than
12 the minimum term.

13 The board of finance may, if circumstances justify, author-
14 ize any county board to budget for a period shorter than the
15 standard term, but in no case for less than the minimum

16 term. The board of finance shall give such authorization
17 only if it finds, upon petition of the county board setting
18 forth the circumstances in full, that the best interests of the
19 county schools will be promoted by the use of available funds
20 for purposes other than the maintenance of the maximum
21 term possible in view of funds available for expenditure.

Sec. 8. *The Standard Term.* If the board of finance finds
2 that the proposed budget for a county will not maintain the
3 schools for the standard term, it may require that the budget
4 be revised so as to assure a standard term. If a standard
5 term cannot be supported, the board of finance may require
6 that amounts budgeted be so adjusted as to assure the maxi-
7 mum length of term, in view of funds available for ex-
8 penditure.

9 For the purposes of this section the board of finance may
10 require a county board to:

11 (1) Contract for the payment of teachers at not in excess
12 of the monthly salaries fixed by section two, article seven of
13 this chapter.

14 (2) Reduce the amount budgeted for maintenance so as
15 to guarantee the payment of salaries for the standard term.

16 (3) Postpone expenditures for permanent improvements
17 and capital outlays (except from the permanent improve-
18 ment fund) until costs of instruction for the standard term
19 have been paid.

20 (4) Adjust amounts budgeted in any other way so as to
21 assure the maximum length of term possible.

Sec. 9. *Uniform Accounting Systems for Schools.* The
2 board of finance shall formulate the requirements of a uni-
3 form system of management accounting for the use of county
4 school districts. The requirements shall include at least:

5 (1) The accrual accounting of all revenues and other
6 receipts from whatever source.

7 (2) The accounting of expenditures under the several
8 items of appropriation in accordance with the expenditure
9 schedule.

10 (3) Monthly and quarterly reports of rate of expendi-
11 ture, encumbrances, and free balances under the several
12 items of appropriation.

13 (4) Methods of accounting practice and procedures to be
14 followed in the use of the uniform system.

15 The accounting requirements so formulated shall be certi- ✓

16 fied by the secretary of the board to the tax commissioner.
17 The tax commissioner shall then incorporate the require-
18 ments into a uniform system of school district accounting and
19 as chief inspector and supervisor of public offices, shall
20 prescribe the use of the uniform system by all county school
21 districts by virtue of the authority vested in him by section
22 two, article nine, chapter six of this code.

Sec. 10. *Restrictions on County Boards.* County boards
2 of education shall:

3 (1) Authorize the expenditure of funds and incur obliga-
4 tions only in accordance with the budget and the expenditure
5 schedule.

6 (2) Make transfers between items of appropriation only
7 with the prior written approval of the board of finance.

Sec. 11. *Emergency and Supplemental Appropriations.*
2 The board of finance shall, by uniform regulations, provide
3 for:

4 (1) Emergency appropriation to provide for purposes
5 for which no appropriation or an insufficient appropriation
6 was made in the annual budget. An emergency appropriation
7 shall be made only with the prior written approval of the

8 board of finance which approval shall state the maximum
9 amount of the emergency appropriation authorized. An
10 emergency appropriation may be paid by transfer from
11 some regular item of appropriation or from revenues ac-
12 tually collected in excess of anticipations as the board may
13 direct.

14 (2) Supplemental appropriations to provide for lawful
15 school expenditures during the fiscal year in addition to those
16 provided for in the regular budget, made possible by actual
17 collections of receipts in excess of anticipated collections. A
18 supplemental appropriation shall be made only with the prior
19 written approval of the board.

Sec. 12. *Practices of Fiscal Administration.* The state
2 board of school finance may formulate the requirements of
3 adequate practices of fiscal administration to be followed by
4 county school districts. Such requirements may include:

5 (1) Procedures for the receipt, control and disbursement
6 of county school funds.

7 (2) Forms for requisitions, purchase orders, disburse-
8 ments and other necessary documents.

9 (3) Regulations for the performance of the powers and
10 duties pertaining to school finance.

11 (4) Regulations for the exercise of the comptroller
12 function.

13 (5) Other instructions and regulations for the proper
14 procedures and practices of fiscal administration in the
15 county schools.

16 The requirements formulated by the board of finance shall
17 be certified by the secretary of the board to the tax commis-
18 sioner. The tax commissioner as chief inspector and super-
19 visor of public offices shall incorporate the requirements so
20 certified in his instructions with respect to fiscal administra-
21 tion and shall prescribe their use by all county school
22 districts by virtue of the authority vested in him by section
23 two, article nine, chapter six of this code.

Sec. 13. *Inspection of School Finance Administration.*

2 The board of finance may, through its duly authorized rep-
3 resentatives, make inspections and examinations of the fiscal
4 administration of a county school district. The inspection
5 and examination may extend to any matter or practice sub-
6 ject to regulation by the state board. Regular and special

7 audits shall be made by the tax commissioner, as required by
8 law, but the board may make selective audits to determine
9 the accuracy of statements and reports made by a county
10 board or superintendent.

11 The report of the examination shall be certified to the
12 county board of education, together with instructions for the
13 correction of procedures and practices found to be not in
14 accordance with the requirements of the state board. The
15 county board shall comply with the instructions forthwith.

16 The state board, through its duly authorized representa-
17 tives, shall have full access to all books, records, papers and
18 documents of the county board of education.

Sec. 14. *The Permanent Improvement Fund.* A county
2 board of education may establish a special fund for county
3 school purposes to be known as the "permanent improvement
4 fund." The fund shall consist of:

5 (1) The proceeds of the levy allocated to that purpose by
6 section six-c, article eight, chapter eleven of the code, as
7 amended.

8 (2) Unexpended balances of other funds transferred to

9 the fund, with the approval of the board of finance, at the
10 end of the fiscal year.

11 (3) Any other moneys authorized by law to be used for
12 the purposes of the fund.

13 The proceeds of the fund shall be used only for the support
14 of building and permanent improvement projects. The fund
15 may be accumulated from year to year but moneys shall not
16 be paid into the fund so as to increase the assets of the fund
17 to a total amount in excess of twenty-five per cent of the
18 amount of the foundation school program for that county for
19 the same school year.

Sec. 15. *The Permanent Improvement Fund; Powers and*
2 *Duties of the Board of Finance.* A county board shall treat
3 the permanent improvement fund as a separate fund in the
4 annual budget for county school purposes. Expenditures
5 shall be made from the fund only in accordance with an
6 appropriation made pursuant to the annual budget, or made
7 otherwise in accordance with this article. If the board of
8 finance finds, in its examination of the budget of a county
9 school district, that a county board has accumulated, or with
10 proposed additions to the fund in the fiscal year will accumu-

late, the fund of the county to an amount in excess of twenty-five per cent of the amount of the foundation school program of the county for the same fiscal year, the board of finance shall order that no moneys in excess of the limitation be appropriated for or paid into the fund. If the board of finance finds that the assets of the fund of a county exceed twenty-five per cent of the amount of the foundation school program for the county for the same year, the board may require that building and permanent improvement projects included in the annual budget, be paid for out of the fund.

The board of finance shall administer this section so as to keep the accumulated assets of the fund, as near as may be, within the limitation of twenty-five per cent of the amount of the foundation school program.

Sec. 16. *The Permanent Improvement Fund; Investment.*

If a county board accumulates the permanent improvement fund for more than two years, the proceeds of the fund shall be transmitted to the state sinking fund commission on or before the first day of December of the year in which the second successive levy for the fund is laid. Amounts subsequently accruing to the fund as of July first of each year shall

8 be transmitted to the state sinking fund commission on or
9 before the December first ensuing. The state sinking fund
10 commission shall keep a separate account for the fund of the
11 county and shall invest the proceeds in any obligations
12 authorized for the investment of the state workmen's com-
13 pensation fund. The proceeds of the fund may be withdrawn
14 by the county board of education as authorized by this article
15 upon sixty days' notice in writing to the state sinking fund
16 commission.

Sec. 17. *Duties of County Board and County Superin-*
2 *tendent.* A county board of education and a county super-
3 intendent shall comply with the instructions of the state board
4 of school finance and shall perform the duties required of
5 them in accordance with the provisions of this article.

Sec. 18. *Issuance and Enforcement of Orders.* The board
2 of finance shall enforce the requirements of and its regula-
3 tions issued under this article. The board may issue orders
4 to county boards of education requiring specific compliance
5 with its instructions. If a county board fails or refuses to
6 comply, the board may proceed to enforce its order by any
7 appropriate remedy in any court of competent jurisdiction.

Sec. 19. *Withholding of Aid.* The board of finance may
2 withhold payment of state aid from a county board that fails
3 or refuses to comply with the provisions of this article or the
4 requirements of the state board made in accordance there-
5 with.

Sec. 20. *Reports to the Board.* The state board of school
2 finance may require, and prescribe the form of, fiscal reports
3 to be made to the board at such times and to contain such
4 information as the board may determine.

Sec. 21. *Reports by the Board.* The board of school
2 finance shall make an annual report to the governor and to
3 the Legislature pertaining to the work of the board and the
4 finances of school districts. The board shall make such spe-
5 cial reports as the governor or the Legislature may request.

Sec. 22. *Provisions of Act Severable; Conflicting Acts*
2 *Repealed.* The provisions of this act shall be construed as
3 severable and if any part is held unconstitutional, or for any
4 other reason invalid, the remaining parts shall not be affected
5 thereby.

6 All acts or parts of acts in conflict with the provisions of
7 this act are hereby repealed.



The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Frank Millender
Acting Chairman Senate Committee

Deo B. Walter
 Chairman House Committee

Originated in the *House of Delegates*

Takes effect *April 15, 1939* ~~passage~~

Charles D. ...
 Clerk of the Senate

Geo. S. Hall
 Clerk of the House of Delegates

...
 President of the Senate

James Kay Thomas
 Speaker House of Delegates

The within *Approved* this the *8th*

day of *February*, 1939.

Sam A. Lee
 Governor.