

# Chapter 328

2011 EDITION

## Local Financing of Education

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**GENERAL PROVISIONS**

**328.001 Definitions.** As used in this chapter, unless the context requires otherwise:

(1) "Administrative office for the county" means the administrative office of the education service district, or of any common school district that includes an entire county.

(2) "Impact aid revenues" means the revenues received by a school district from the federal government pursuant to 20 U.S.C. 7701 to 7714.

(3) "School district" includes common and union high school districts. [1965 c.100 §42; 1971 c.513 §60; 1991 c.167 §3; 2003 c.226 §5; 2003 c.343 §1]

**COUNTY SCHOOL FUND**

**328.005 County school fund; uses.** (1) The governing body of each county shall create a county school fund.

(2) When a county governing body transfers federal forest reserve receipts under ORS 294.060 (4) subject to a condition that such moneys be used only for a purpose described in ORS 328.205 (1)(a) or (c), a school district receiving a share of such moneys may not use the moneys for any other purpose. [Amended by 1965 c.100 §43; 1965 c.491 §1; 1967 c.107 §1; 1971 c.294 §4; 1989 c.579 §2; 1997 c.821 §19; 2003 c.226 §6]

**328.010** [Amended by 1963 c.544 §17; 1965 c.100 §44; repealed by 1975 c.64 §1]

**328.015 Apportionment to districts.** On the first Monday in December the executive officer of the administrative office for the county shall apportion the county school fund among the several districts in the county, in proportion to the resident average daily membership for the preceding fiscal year in each district as reported by the district to the administrative office of the county. In the case of a joint school district, the resident average daily membership reported to the administrative office of the counties comprising the district shall be prorated between the counties as the resident enrollment of the district is prorated between the counties. Any balance accruing to the fund after the December apportionment shall be apportioned in the same manner at such other times during the year as the executive officer of the administrative office may consider advisable. [Amended by 1965 c.100 §45; 1971 c.294 §5; 1975 c.770 §5]

**328.020** [Amended by 1963 c.544 §18; 1965 c.100 §46; repealed by 1975 c.770 §49]

**328.025** [Amended by 1965 c.100 §47; 1971 c.294 §6; repealed by 1975 c.770 §49]

**328.030 Partial apportionments.** The executive officer of the administrative office for the county, upon the written request of

any district school board, may make a partial apportionment to any district of any money due it at the time of making a regular apportionment under ORS 328.015, and apportion the remainder at the next regular apportionment. The county treasurer shall pay any partial apportionment made under this section. [Amended by 1963 c.544 §19; 1965 c.100 §48]

**328.035** [1971 c.449 §4; 1985 c.555 §15; repealed by 2001 c.36 §3]

**328.045 Apportionment of excess amounts; application as tax offset.** Any moneys in the county school fund in excess of the amount required by law may, by order of the county governing body, be apportioned under ORS 328.015 separately from remaining county school fund moneys. Amounts separately apportioned under this section to a school district shall not be considered a budget resource under the Local Budget Law but shall be used as an offset to the school district's tax levy. [1979 c.551 §2]

**DOUGLAS COUNTY SCHOOL FUND**

**328.105 Sources; use of interest.** The proceeds of all gifts, devises and bequests made to Douglas County for common school purposes shall be set apart as a separate and irreducible school fund, to be called the Douglas County School Fund, the interest of which shall be applied to the support and maintenance of all common schools in said county.

**328.110 Custodian of fund.** The county treasurer shall be the custodian of the Douglas County School Fund. The bond as treasurer shall include the honest and faithful performance of the duties of the county treasurer as such custodian.

**328.115 Loan of fund and rental of lands; disbursement of interest and rents.**

(1) The county treasurer shall loan the Douglas County School Fund in the manner provided by law at the best rate obtainable per annum and shall rent all lands owned by the county belonging to the fund.

(2) The county treasurer shall place the interest and rentals with other moneys the county receives for support of the common schools. The education service district board shall apportion and the county treasurer shall distribute the interest and rentals with, and in the same manner as, such other moneys. [Amended by 1963 c.544 §20]

**328.120 Board of Douglas County School Fund commissioners.** The chairperson of the board of county commissioners, clerk and treasurer of Douglas County are appointed as a board of Douglas County School Fund commissioners. They shall approve all applications for loans as to title

and value of security offered. The treasurer shall make no loan or lease any land until such board has given its approval. [Amended by 1963 c.386 §5]

**328.125 Law concerning Common School Fund to apply.** The laws governing the loaning of the Common School Fund of this state, so far as applicable and not in conflict with ORS 328.105 to 328.140 shall govern the loaning of the Douglas County School Fund.

**328.130 Loans to be made in name of treasurer; collection of sums due.** All loans shall be made in the name of the treasurer of Douglas County but for the benefit of the fund. The treasurer shall collect all sums due the fund in the manner provided by law.

**328.135 Fees for services of county officers; expense of making loan.** No officer of Douglas County shall charge or receive fees for any service performed in regard to the fund. All expenses of making a loan shall be paid for by the applicant.

**328.140 Sale, rental or lease of property; disposition of proceeds.** The board of Douglas County School Fund commissioners may sell and convey by deed, executed by all of said commissioners, any and all real property devised to Douglas County for common school purposes, whenever in the judgment of such board the interest of the school fund will be subserved by such sale, or may rent or lease the same when it deems best. The board may invest the proceeds of such sale as provided in ORS 328.115 to 328.135.

#### COMMON SCHOOL FUND FOR DISTRICT NO. 1, KLAMATH COUNTY

**328.155 Sources; use of interest.** The proceeds of all gifts, devises and bequests made to School District No. 1, Klamath County, for common school purposes, for the use and benefit of said district shall be set apart as a separate and irreducible school fund, to be called the Common School Fund for District No. 1, Klamath County. The interest from the fund shall be applied to the support and maintenance of the common schools of said school district.

**328.160 Custodian of fund; bond.** The clerk of Klamath County School District No. 1 shall be custodian of the Common School Fund for District No. 1, Klamath County. The bond of the clerk shall require the honest and faithful performance of the duties of the clerk as such custodian. [Amended 1989 c.171 §43]

**328.165 Investment and loan of fund and rental of lands; disbursement of interest and rents.** (1) The board of common school fund commissioners for Klamath

County School District No. 1 may invest all or part of the fund in bonds of the United States of America. With regard to any funds not so invested, the district clerk shall loan the fund in the manner provided by law at no less than four percent per annum and rent all lands owned by the district belonging to the fund.

(2) The interest accruing from such investments and loans and the rent of said lands, shall be placed by the clerk with other school district moneys and be distributed by the clerk with such other moneys in the manner provided by law and the order of the directors or trustees of the district.

**328.170 Directors as fund commissioners.** The directors of School District No. 1 of Klamath County are appointed as a board of common school fund commissioners for the district to approve all applications for loans as to title and value of the security offered. The security shall be real property in Klamath County of at least double the value of the loan. The clerk of the district shall make no loan or release any security without prior board approval.

**328.175 Laws governing loans of Common School Fund to apply.** The laws governing loaning of the Common School Fund of this state, so far as applicable and not in conflict with ORS 328.155 to 328.190 shall govern the loaning of the Common School Fund for District No. 1, Klamath County.

**328.180 Loans to be made in name of clerk; collection of sums due.** All loans shall be made in the name of the clerk of School District No. 1 of Klamath County, but for the benefit of the fund. The clerk shall collect all sums due the fund in the manner provided by law. The principal shall be re-loaned.

**328.185 Fees for services of clerk; expense of making loan.** The clerk of the district shall not charge or receive fees for any services performed in regard to the fund. All expenses of making a loan shall be paid for by the applicant.

**328.190 Sale and conveyance of property; disposition of proceeds.** The board of directors of School District No. 1, Klamath County, may sell and convey by deed, executed by all the members of said board of directors, any and all real property devised to the district for common school purposes, or any and all real property acquired by the district in connection with the administration of said fund, whenever in the board's judgment the interests of the school fund will be subserved by such sale. The board shall pay over the proceeds of such sale to the clerk of the district to be invested the same as other moneys belonging to the fund.

**BONDS**

**328.205 Power to contract bonded indebtedness; use of proceeds to pay expenses of issue.** (1) Common and union high school districts may contract a bonded indebtedness for any one or more of the following purposes for the district:

(a) To acquire, construct, reconstruct, improve, repair, equip or furnish a school building or school buildings or additions thereto;

(b) To fund or refund the removal or containment of asbestos substances in school buildings and for repairs made necessary by such removal or containment;

(c) To acquire or to improve all property, real and personal, to be used for district purposes, including school buses;

(d) To fund or refund outstanding indebtedness; and

(e) To provide for the payment of the debt.

(2) However, when a common or union high school district is found under ORS 327.103 not to be a standard school or when a school district is operating a conditionally standard school under ORS 327.103 (3), the school district may contract a bonded indebtedness only for the purposes enumerated in subsection (1) of this section that are approved by the Superintendent of Public Instruction pursuant to rules of the State Board of Education.

(3) The school district may use the proceeds received from the sale of school district bonds to pay for any costs incurred by the school district in authorizing, issuing, carrying or repaying the bonds, including, but not limited to, attorney, consultant, paying agent, trustee or other professional fees and the cost of publishing notices of bond elections, printing such bonds and advertising such bonds for sale. [Amended by 1957 c.658 §1; 1959 c.447 §1; 1965 c.100 §49; 1971 c.513 §61; 1989 c.138 §1; 1989 c.491 §13; 2001 c.169 §4; 2003 c.195 §24]

**328.210 Bond elections.** (1) The board of directors of a common or union high school district shall call an election on a date specified in ORS 255.345 for the purpose of submitting to the electors of the district a question of contracting bonded indebtedness under ORS 328.205 when:

(a) A majority of the board of directors decides to call such an election; or

(b) A petition requesting such an election is filed with the board of directors as provided in this section.

(2) The requirements for preparing, circulating and filing a petition under this section shall be as provided for an initiative

petition in ORS 255.135 to 255.205. The petition shall specify the proposed amount of bonded indebtedness. [Amended by 1957 c.658 §2; 1965 c.100 §50; 1971 c.513 §62; 1973 c.57 §1; 1973 c.796 §25; 1979 c.424 §1; 1983 c.83 §46; 1983 c.350 §138]

**328.213 Issuance of negotiable interest-bearing warrants.** (1) When authorized by a majority of the electors of the district, the board of a common or union high school district may contract a district debt for an amount which together with outstanding bonded indebtedness shall not exceed the bonding limit of the district as provided by ORS 328.245, for the purposes specified in ORS 328.205 and issue negotiable interest-bearing warrants of the district, evidencing such debt, and fix the time of payment of the warrants. Such warrants shall be considered a type of bond.

(2) The school district, not more often than once a year, may levy a tax on the taxable property of the district to pay the warrant interest or principal when due. The taxes shall be collected in the same manner as other school taxes. These warrants shall be sold, and the principal and interest provided for and paid when due in the manner provided by law for bonds issued under this chapter. [Formerly 328.285; 1971 c.513 §63; 1983 c.83 §47; 1991 c.67 §81]

**328.215** [Amended by 1957 c.310 §3; 1965 c.100 §52; 1973 c.796 §26; repealed by 1983 c.350 §331a]

**328.220** [Repealed by 1963 c.132 §1]

**328.225** [Repealed by 1961 c.361 §4]

**328.230 Issue of bonds upon favorable vote.** If the electors of the district approve the contracting of bonded indebtedness, the bonds shall be issued as prescribed in ORS chapter 287A. [Amended by 1965 c.100 §53; 1971 c.140 §1; 1983 c.350 §139; 2007 c.783 §128]

**328.235** [Amended by 1971 c.140 §2; 1977 c.311 §1; 1981 c.94 §27; 1995 c.333 §10; repealed by 2007 c.783 §234]

**328.240 Place of payment.** The principal and interest on district bonds are payable in lawful money of the United States of America at the office of the treasurer or fiscal officer of the county in which the major portion of the assessed valuation of the district is located at the time the bonds are issued. [Amended by 1965 c.100 §54; 1983 c.347 §22]

**328.245 Limitation on bonded debt of districts generally.** The aggregate amount of such district bonded indebtedness, including indebtedness authorized under ORS 328.213, shall not exceed the following percentages of real market value of all taxable property within the district, computed in accordance with ORS 308.207:

(1) For each grade from kindergarten to eighth for which the district operates schools, fifty-five one-hundredths of one percent (0.0055) of the real market value.

(2) For each grade from the 9th to 12th for which the district operates schools, seventy-five one-hundredths of one percent (0.0075) of the real market value. [Amended by 1953 c.697 §2; 1955 c.325 §1; 1957 c.639 §1; 1959 c.641 §34; 1963 c.9 §16; 1965 c.100 §55; 1971 c.513 §64; 1975 c.770 §5a; 1991 c.459 §384]

**328.250 Limitation on bonded indebtedness of enlarged or reorganized school districts.** In any school district created by merger or reorganization, the amount of bonded indebtedness and negotiable interest-bearing warrant indebtedness which may be incurred under ORS 328.245 shall be reduced by the amount of premerger, prereorganization, bonded indebtedness and negotiable interest-bearing warrant indebtedness for which any school district included in an enlarged or reorganized school district remains liable. [Amended by 1965 c.100 §56]

**328.255 Registration of bonds and negotiable interest-bearing warrants; delivery; disposition of proceeds of sale of bonds; noncontestability.** (1) The county treasurer or county fiscal officer shall register each school district bond, including refunding bonds, and negotiable interest-bearing warrants in a book kept for that purpose, noting the school district, amount, date, time and place of payment, rate of interest and such other facts as may be deemed proper. The county treasurer or fiscal officer shall cause the bonds or warrants to be delivered promptly to the purchasers thereof upon payment therefor, and if the place of delivery is outside the city in which the county treasurer or county fiscal officer's office is situated the cost of delivery of the bonds or warrants shall be paid by the issuing school district.

(2) The county treasurer or county fiscal officer or a custodial officer as defined in ORS 294.004 may hold the proceeds of the sale of the bonds or warrants for all school districts subject to the order of the district school board to be used solely for the purpose for which the bonds or warrants were issued. If the treasurer or fiscal officer holds the proceeds initially, then the treasurer or fiscal officer, as soon as practicable, shall deliver the proceeds of the sale of the bonds and warrants to the person designated as custodian of the school district funds under ORS 328.441.

(3) When the bonds or warrants have been so executed, registered and delivered, their legality shall not be open to contest by the school district, or by any person for or on its behalf, for any reason whatever. [Amended by 1953 c.236 §2; 1955 c.312 §1; 1965 c.100 §57; 1981 c.441 §1; 2003 c.226 §7]

**328.260 Tax levy to pay interest and principal of bonds; use of funds derived from tax.** (1) The district school board shall ascertain and levy annually, in addition to all other taxes, a direct ad valorem tax on all the taxable property in the school district, sufficient to pay the maturing interest and principal of all serial school district bonds promptly when and as such payments become due. The amount of the tax may be increased by an amount sufficient to retire any bonds that may be callable. The board shall in each year include the taxes in the school district budget for such year. The taxes shall in each year be certified, extended upon the tax rolls and collected by the same officers in the same manner and at the same time as the taxes for general county purposes.

(2) The funds derived from the tax levies may be retained by the county treasurer or county fiscal officer without being paid to the school district or may be held in trust by an insured institution or trust company, as defined in ORS 706.008, designated by the district to hold the funds. The funds shall be kept in a separate fund to be known as and designated "School District No. \_\_\_\_ Bond Interest and Sinking Fund," which shall be irrevocably pledged to and used solely for the payment of the interest accruing on and the principal of the bonds when due, so long as any of the bonds or the coupons thereto appertaining remain outstanding and unpaid. The interest earnings of the fund shall be credited thereto and become a part thereof. For failure to retain and account for such funds, as provided in this section, the county treasurer, county fiscal officer or insured institution or trust company designated by the district shall be liable upon the official bond of the treasurer, other officer or institution, respectively.

(3) The fund shall not be diverted or used for any other purpose; but if a surplus remains after all interest and principal have been paid on all serial school district bonds then outstanding and unpaid, the surplus may be transferred to such other fund as the district school board may direct. [Amended by 1955 c.467 §1; 1965 c.100 §57a; 1981 c.441 §2; 1985 c.762 §184; 1997 c.631 §461]

**328.265 School district bond tax levied by county.** (1) The district school board of each school district having an outstanding bond issue shall file annually with the county treasurer or county fiscal officer a copy of the school district budget and tax levy.

(2)(a) If the tax required by ORS 328.260 is not levied by the district school board, the county treasurer shall certify the amount necessary to the governing body of the

county which shall then levy a tax on all taxable property in the appropriate school district sufficient to raise the required amount.

(b) If the school district has established tax zones pursuant to ORS 328.570 to 328.579, a levy imposed under this subsection shall be apportioned among the tax zones of the school district consistently, with the percentages set forth in the resolution adopted under ORS 328.576.

(3) The county assessor shall extend the tax so levied upon the county tax rolls for such school district. The tax collector shall collect the tax and pay the sums collected into the county treasury to the credit of the fund established by ORS 328.260. [Amended by 1965 c.100 §58; 1973 c.305 §14; 2001 c.246 §6]

**328.270 Payment of principal and interest; collection commission.** (1) The county treasurer or county fiscal officer must cause to be paid out of any money in the hands of the county treasurer or county fiscal officer belonging to the school district, the interest on or principal of, as the case may be, any bond issued by the district promptly when and as the same becomes due at the place of payment designated in such coupons or bonds. All coupons or bonds so paid must be immediately reported to the district school board.

(2) No county treasurer, county fiscal officer or district school board shall pay to the purchaser of any bond issued by a school district, or to any agency representing such purchaser, any commission whatsoever for the collection of the interest on or principal of any such bond. The county treasurer or county fiscal officer shall not be required to remit to the purchaser of any bonds or coupons the amount necessary to redeem them until the day such bonds or coupons are due. [Amended by 1965 c.100 §58a]

**328.275 Redemption and payment of bonds.** (1) Whenever the sinking fund mentioned in ORS 328.260 is sufficient to permit the redemption of any bond then subject to redemption at the option of the school district, the county treasurer or fiscal officer of the county having custody of such fund, when authorized by the district school board, shall call such bond for redemption in accordance with the terms of the bond. If any holder of such bond fails to present it at the time mentioned in the published notice of redemption, the interest thereon shall cease, and the treasurer shall thereafter pay only the amount of such bond and the interest accrued thereon up to the date of redemption.

(2) When any bonds are so redeemed, the county treasurer or county fiscal officer shall

cause the same to be canceled and write across or stamp upon the face thereof "Redeemed" and the date of redemption, and shall deliver them to the district school board of such school district and take its receipt therefor.

(3) Each county treasurer or county fiscal officer and the sureties on the official bond of the county treasurer or fiscal officer as such, shall be liable to any school district in the county for any funds placed in the hands of such treasurer or county fiscal officer in connection with the school district's bond issues. [Amended by 1965 c.100 §59; 1973 c.57 §2; 1983 c.347 §23]

**328.280 Funding or refunding district indebtedness.** (1) Whenever any school district has any outstanding negotiable interest-bearing warrant indebtedness or bonded indebtedness incurred in building or furnishing any schoolhouse, or for the purchase of any schoolhouse site, or in refunding bonded indebtedness, or in funding warrant indebtedness, which is due or subject at the option of the school district to be paid or redeemed, the school district, by and through its district school board, may:

(a) Issue and exchange, for any such indebtedness, its bonds bearing interest at a rate determined by the district school board; or

(b) Issue and sell such bonds and apply the proceeds of such sale in payment of the indebtedness for the payment of which the refunding bonds are proposed to be issued.

(2) Refunding bonds issued under subsection (1) of this section shall in all respects conform to, and be governed, as to their issue, by the provisions of ORS chapter 287A.

(3) The debt limitations imposed by law shall not affect the right of any school district to issue refunding bonds under authority of this section. The validity of any bonds so issued, or of the indebtedness thereby refunded, shall not thereafter be open to contest by the school district or by any person for any reason. [Amended by 1965 c.100 §60; 1965 c.315 §1; 1981 c.94 §28; 1983 c.347 §24; 2007 c.783 §129]

**328.284 Funds diversion agreement related to payment on revenue bonds.** (1) As used in this section, "qualified revenue bonds" means revenue bonds, as defined in ORS 287A.001, that:

(a) Meet the definition of "qualified school construction bonds," as defined in section 1521 of the federal American Recovery and Reinvestment Act of 2009 (P.L. 111-5) or the description of "qualified zone academy bonds," in section 54E(a) of the Internal Revenue Code of 1986, as amended; and

(b) Are sold with other revenue bonds under a program that is facilitated by a

statewide organization that represents school boards.

(2) A school district or an education service district may enter into a funds diversion agreement with the Department of Education for the purpose of making debt service payments on qualified revenue bonds.

(3) A funds diversion agreement entered into under this section must contain all of the following provisions:

(a) Moneys payable to the school district or education service district by the department from the State School Fund will be paid directly to a debt service account in amounts equal to the lesser of:

(A) The amount available to the district for disbursement from the fund; or

(B) The amount of the debt service owed by the school district or education service district.

(b) The department must pay the amounts required under the funds diversion agreement to the debt service account specified by the school district or education service district.

(c) The department must pay the amounts required under the funds diversion agreement pursuant to the schedule specified in the agreement prior to paying any other amounts to the school district or education service district, except for any funds claimed pursuant to ORS 238.698 or 328.346.

(d) The agreement may not be revoked by the school district or education service district.

(e) The agreement will remain in effect until all payments for the qualified revenue bonds have been made.

(4) If the department is not able to pay moneys to a debt service account as required by a funds diversion agreement, the department shall give notice to the school district or education service district within 30 days after becoming aware that the moneys will not be paid according to the agreement. The department is not liable to any holder of qualified revenue bonds, or any trustee of a holder, or any other party for a failure to pay moneys as required under the funds diversion agreement.

(5) Nothing in this section or in a funds diversion agreement entered into under this section obligates the state or the department to pay an amount to a school district or education service district that is more than amounts the school district or education service district is otherwise entitled to receive from the State School Fund or to pay debt service on qualified revenue bonds issued by the school district or education service district. [2010 c.21 §8; 2011 c.699 §12]

**Note:** 328.284 was added to and made a part of ORS chapter 328 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

**328.285** [Amended by 1961 c.260 §1; 1965 c.100 §51; renumbered 328.213]

**328.290** [Repealed by 1983 c.350 §331a]

**328.295 Issuance of bonds and interest-bearing warrants.** All school bonds, including funding and refunding bonds, notes and negotiable interest-bearing warrants which have been specifically authorized by vote of the electors, shall be issued as prescribed in ORS chapter 287A. [Amended by 1965 c.100 §61; 1975 c.642 §21; 2007 c.783 §130]

**328.300 Marketing bonds jointly or through association.** (1) Two or more school districts may join together to market the bond issues of the districts, subject to such terms and conditions as the districts may agree.

(2) School districts may market bonds through an association of which school boards are members, subject to such terms and conditions as the school districts and the association may agree. [1993 c.554 §1]

**328.304 County education bond district; creation; powers; purpose.** (1) A board of directors of an education service district may proceed under subsection (2) of this section to create a county education bond district if two-thirds of the component school districts that are part of the education service district and that have at least a majority of the pupils included in the average daily membership of the education service district, as determined by the reports of such school districts for the preceding year, enrolled in the schools of the districts by resolution have approved of the creation of the county education bond district.

(2)(a) The board of directors of an education service district may, by resolution, classify and designate an area within the district as a county education bond district. The boundaries of the county education bond district shall be coterminous with the boundaries of the school districts that have administrative offices that lie within the boundaries of one county within the education service district.

(b) Once so classified and designated, the county education bond district is a body corporate of this state and may:

(A) Acquire by purchase, gift, devise, condemnation proceedings or any other means such real and personal property and rights of way, within the bond district, as in the judgment of the board are necessary or proper in the exercise of the powers of the education service district.



(B) Employ and pay necessary agents, employees and assistants.

(C) Engage in capital construction and capital improvement activities.

(D) Make and accept contracts, deeds, releases and documents that, in the judgment of the board, are necessary or proper in the exercise of the powers of the bond district.

(E) Perform any act necessary or proper to the complete exercise and effect of any of the powers of the county education bond district under ORS 328.205 to 328.304.

(F) Contract a bonded indebtedness and levy direct ad valorem taxes on all taxable property within the county education bond district in the manner that component school districts and education service districts are authorized to issue bonds and levy taxes under ORS 328.205 to 328.304 and other laws applicable to the issuance of bonds and levying of taxes by school districts.

(c) The board of directors of the education service district shall be the governing body of the county education bond district. The chairperson of the board of directors of the education service district shall be the chairperson of the county education bond district board. The county education bond district board is authorized to transact all business coming within the jurisdiction of the county education bond district and to sue and be sued.

(d) The county education bond district shall exist for one year from the date of the resolution creating the district or until any bonded indebtedness contracted by the county education bond district for which the district was created has been paid. The existence of a county education bond district may not extend beyond the time period necessary for payment of the bonded indebtedness for which the district was originally created. The board of directors of an education service district may designate an area as a county education bond district that was previously designated as such by proceeding under subsections (1) and (2) of this section.

(3) When authorized by a majority of the electors of the county education bond district and subject to ORS 328.245, a county education bond district may contract a bonded indebtedness for any of the following purposes:

(a) To acquire, construct, reconstruct, improve, repair, equip or furnish a school building or school buildings or additions thereto;

(b) To fund or refund the removal or containment of asbestos substances in school buildings and to make repairs necessary because of such removal or containment;

(c) To acquire or to improve all property, real and personal, appurtenant thereto or connected therewith, including school buses;

(d) To fund or refund outstanding indebtedness; and

(e) To provide for the payment of the debt.

(4) The county education bond district board shall call an election on a date specified in ORS 255.345 for the purpose of submitting to the electors of the county education bond district a question of contracting bonded indebtedness referred to in subsection (3) of this section. The requirements for preparing, circulating and filing a petition under this subsection shall be as provided for an initiative petition in ORS 255.135 to 255.205. The petition shall specify the proposed amount of bonded indebtedness. If the electors of the county education bond district approve the contracting of bonded indebtedness, the county education bond district board, without further vote of the electors, shall issue negotiable coupon bonds of the county education bond district, at the time or times that the county education bond district board directs.

(5) As used in ORS 328.205 to 328.304, "school district" or "district" includes a county education bond district as described in this section. [1997 c.600 §2]

**328.305** [Repealed by 1957 c.53 §3]

**328.310** [Repealed by 1957 c.53 §3]

**328.315** [Repealed by 1957 c.53 §3]

**328.316 Impact aid revenue bonds; issuance; requirements.** (1) Pursuant to an agreement between a school district board and the governing body of an Indian tribe whose reservation is located partly or wholly within the district, a school district board, by resolution, may issue negotiable impact aid revenue bonds pursuant to this section.

(2)(a) As used in paragraph (b) of this subsection, the average amount of impact aid revenues that a school district receives equals the total amount of impact aid revenues received by the school district for the five years immediately preceding the year the bonds are issued, divided by five.

(b) The aggregate principal sum of impact aid revenue bonds that may be issued by a school district board may not exceed five times the average amount of impact aid revenues that the school district receives annually from the federal government.

(3) A school district may use bond proceeds from impact aid revenue bonds to:

(a) Pay the cost of school capital construction projects on the Indian reservation where the students reside for which the school district received impact aid revenues;

(b) Pay the cost of bond-related expenses incurred by the school district; and

(c) Fund any reserves or sinking accounts established by the resolution that authorized the issuance of the bonds. [2003 c.343 §3]

**328.318 Funds required for impact aid revenue bonds.** If a school district board issues impact aid revenue bonds under ORS 328.316, the board shall establish:

(1) An impact aid revenue bond building fund consisting of the net proceeds received from the sale of the bonds. The fund shall be a continuing fund that is not subject to reversion to another fund. The board may use moneys in the fund only for the purposes specified in ORS 328.316 (3).

(2) An impact aid revenue bond debt service fund consisting of moneys received by the school district as impact aid revenues. The board may use moneys in the fund only for the payment of debt service on impact aid revenue bonds. If any surplus remains after all interest and principal have been paid on all impact aid revenue bonds issued by the board then outstanding and unpaid, the board may transfer the surplus to another fund. [2003 c.343 §4]

**Note:** Sections 37, 38 and 39, chapter 715, Oregon Laws 2003, provide:

**Sec. 37.** Section 38 of this 2003 Act is added to and made a part of ORS chapter 328. [2003 c.715 §37]

**Sec. 38. Funds diversion agreement related to lease payments made to Indian tribe.** (1) A school district may enter into a funds diversion agreement with the Department of Education for the purpose of making lease payments to an Indian tribe for the debt service costs of capital improvements of public school facilities on the reservation of the Indian tribe. A funds diversion agreement entered into under this section must contain all of the following provisions:

(a) Moneys payable to the school district by the department from the State School Fund will be paid directly to a debt service account in amounts equal to the debt service owed by the school district.

(b) The department must pay the amounts required under the funds diversion agreement to the debt service account agreed to by the Indian tribe and the school district.

(c) The department must pay the amounts required under the funds diversion agreement pursuant to the schedule specified in the agreement before paying any other amounts to the school district. The agreement may provide an exception for amounts payable under a prior funds diversion agreement with the school district.

(d) The agreement may not be revoked by the school district.

(e) The agreement will remain in effect until all payments under the lease have been made.

(2) If the department is not able to pay moneys to a debt service account as required by a funds diversion agreement, the department shall give notice to the school district within 30 days after becoming aware that the moneys will not be paid according to the agreement.

(3) Nothing in this section or in any funds diversion agreement entered into under this section obligates the state or the department to pay an amount to a

school district that is more than amounts the district is otherwise entitled to receive under law. [2003 c.715 §38]

**Sec. 39.** Section 38 of this 2003 Act is repealed on June 30, 2029. [2003 c.715 §39]

**328.320** [Repealed by 1957 c.53 §3]

## OREGON SCHOOL BOND GUARANTY ACT

**328.321 Definitions for ORS 328.321 to 328.356.** As used in ORS 328.321 to 328.356:

(1) “Common School Fund” means the state school fund described in section 2, Article VIII, Oregon Constitution.

(2) “General obligation bond” has the meaning given that term in ORS 287A.001.

(3) “Paying agent” means the corporate paying agent selected by the school district board for a school bond issue who is:

(a) Duly qualified; and

(b) Acceptable to the State Treasurer.

(4) “School bond” means any general obligation bond issued by a school district.

(5) “School district” means a common or union high school district, an education service district or a community college district.

(6) “State bonds” means those general obligation bonds issued by the State of Oregon to meet its obligations under the state guaranty as described in ORS 328.351.

(7) “State guaranty” means the pledge of the full faith and credit and taxing power of the State of Oregon to guarantee payment of eligible school bonds as set forth in ORS 328.321 to 328.356. [1997 c.614 §2; 1999 c.251 §1; 2007 c.783 §131]

**Note:** 328.321 to 328.361 were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 328 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

**328.325** [Repealed by 1957 c.53 §3]

**328.326 State guaranty of school bonds allowed.** (1)(a) The State Treasurer may, by issuing a certificate of qualification to a school district, pledge the full faith and credit and taxing power of the state to guarantee full and timely payment of the principal of, either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment, and interest on school bonds as such payments shall become due, except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration.

(b) The state guaranty shall not extend to the payment of any redemption premium.

(c) Reference to ORS 328.321 to 328.356 by its title on the face of any school bond for which the State Treasurer has issued a certificate of qualification that is effective as of the date of the issuance of the school bond conclusively establishes the state guaranty.

(2) Any school bond that has been refunded and was originally issued with a state guaranty will no longer have the benefit of the state guaranty. For purposes of this subsection, a school bond has been refunded if proceeds are deposited irrevocably in escrow to defease the applicable school bond.

(3) Only school bonds issued under a valid certificate after December 3, 1998, may be eligible for the state guaranty. [1997 c.614 §3; 1999 c.251 §2]

**Note:** See note under 328.321.

**328.330** [Repealed by 1957 c.53 §3]

**328.331 Certificate evidencing qualification for state guaranty; rules; application; qualification standards.** (1) Any school district may request that the State Treasurer issue a certificate evidencing qualification of its school bonds for the state guaranty.

(2) The State Treasurer may, in accordance with ORS chapter 183, adopt and enforce rules that prescribe procedures for school district applications to qualify for the certificate of qualification and state guaranty and rules that prescribe the standards a school district must meet to qualify and to maintain qualification. The State Treasurer, by rule, may establish, but shall not be limited to:

(a) A requirement that a school district pay a processing fee, sufficient to defray the State Treasurer's costs in processing and verifying applications, for each application and each application for annual renewal of a certificate of qualification.

(b) Deadlines or application periods in which school districts must submit applications.

(c) The character, quality and currency of the information on the financial affairs and condition of a school district that must be submitted for a school district's application to be considered.

(d) The form and character of any certifications or affidavits required of officials of the applying school districts concerning the accuracy and completeness of the information provided in conjunction with the district's application.

(e) Any other matters necessary to making reliable assessments of the fiscal and fi-

nancial affairs and condition of applying school districts.

(f) The manner of designating the particular school bonds to which the State Treasurer's certificate of qualification and the state guaranty applies.

(g) Subject to Article XI-K of the Oregon Constitution, reasonable limitations on:

(A) The total aggregate outstanding amount of all school bonds the state may guarantee; and

(B) The outstanding amount of the school bonds of any single school district the state may guarantee.

(h) The method of providing notice of denial of a certificate of qualification.

(i) The method of providing notice of disqualification to school districts that fail to qualify or for which changes in financial affairs or condition or failure to provide the State Treasurer current or updated information warrant disqualification of the school district.

(j) Requirements for promptly reporting to the State Treasurer any changes in condition or occurrences that may affect a school district's eligibility to qualify or maintain its qualification to participate in the state guaranty program.

(3)(a) After reviewing the request, if the State Treasurer determines that the school district is eligible, the State Treasurer shall promptly issue the certificate of qualification and provide it to the requesting school district.

(b)(A) Unless the certificate of qualification is revoked by the State Treasurer, and subject to the fulfillment of any conditions or requirements imposed by the State Treasurer, the school district receiving the certificate and all other persons may rely on the certificate as evidencing eligibility for the state guaranty for one year from and after the date of the certificate.

(B) No revocation of a certificate of qualification shall affect the state guaranty of any outstanding school bonds previously issued under a valid certificate.

(4) Any qualified school district that chooses to forgo the benefits of the state guaranty for a particular issue of school bonds may do so by not referring to ORS 328.321 to 328.356 on the face of its school bonds.

(5) No school district that has school bonds, the principal of or interest on which has been paid in whole or in part by the state under ORS 328.341, may be eligible to issue any additional school bonds with the state guaranty until:

(a) All payment obligations of the school district to the state under ORS 328.346 are satisfied; and

(b) The State Treasurer certifies in a writing, to be kept on file by the State Treasurer, that the school district is fiscally solvent. [1997 c.614 §4; 1999 c.251 §3]

**Note:** See note under 328.321.

**328.335** [Repealed by 1957 c.53 §3]

**328.336 Determination of ineligibility.**

(1)(a) If the State Treasurer determines that the state should not guarantee the school bonds of a school district, the State Treasurer shall:

(A) Prepare a determination of ineligibility; and

(B) Keep the determination on file in the office of the State Treasurer.

(b) The State Treasurer may remove a school district from the status of ineligibility and may issue a certificate of qualification for that school district when a subsequent application of the school district evidences that it is no longer imprudent for the state to guarantee the school bonds of that school district.

(2) Nothing in this section affects the state guaranty of school bonds of a school district issued:

(a) Before determination of ineligibility or before revocation of a certification of qualification;

(b) After the eligibility of the school district is restored; or

(c) Under a certificate of qualification issued under ORS 328.331. [1997 c.614 §5; 1999 c.251 §4]

**Note:** See note under 328.321.

**328.340** [Repealed by 1957 c.53 §3]

**328.341 Transfer by school districts or State Treasurer of moneys to pay debt service on school bonds.**

(1)(a) Each school district with outstanding, unpaid school bonds issued with the state guaranty shall transfer moneys sufficient for the scheduled debt service payment to its paying agent at least 15 days before any principal or interest payment date for the school bonds.

(b) The paying agent may, if instructed to do so by the school district, invest the moneys for the benefit of the school district until the payment date.

(c) A school district that is unable to transfer the scheduled debt service payment to the paying agent 15 days before the payment date shall immediately notify the paying agent and the State Treasurer by:

(A) Telephone;

(B) A writing sent by facsimile transmission; and

(C) A writing sent by first class mail.

(2) If sufficient funds are not transferred to the paying agent as required by subsection (1) of this section, the paying agent shall notify the State Treasurer of that failure at least 10 days before the scheduled debt service payment date by:

(a) Telephone;

(b) A writing sent by facsimile transmission; and

(c) A writing sent by first class mail.

(3)(a) If sufficient moneys to pay the scheduled debt service payment have not been transferred to the paying agent, the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the paying agent to make the scheduled debt service payment.

(b) The payment by the State Treasurer:

(A) Discharges the obligation of the issuing school district to its bondholders for the payment; and

(B) Transfers the rights represented by the general obligation of the school district from the bondholders to the state.

(c) The school district shall pay to the State Treasurer all amounts paid by the treasurer to the paying agent, as well as interest, penalties and any additional costs incurred by the treasurer, as provided in ORS 328.346. [1997 c.614 §6; 1999 c.251 §5]

**Note:** See note under 328.321.

**328.345** [Repealed by 1957 c.53 §3]

**328.346 Recovery from school districts of payments on school bonds by State Treasurer.**

(1)(a) If one or more payments on school bonds are made by the State Treasurer as provided in ORS 328.341, the State Treasurer shall pursue recovery from the school district of all moneys necessary to reimburse the state for all amounts paid by the treasurer to the paying agent, as well as interest, penalties and any additional costs incurred by the treasurer as described in this section. In seeking recovery, the State Treasurer may:

(A) Intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by or through the state to the school district that issued the school bonds that would otherwise be paid to the school district by the state; and

(B) Apply any intercepted payments to reimburse the state for payments made pursuant to the state guaranty until all obligations of the school district to the state arising from those payments, including interest and penalties, and any additional costs

incurred by the treasurer as described in this section are paid in full.

(b) The state has no obligation to the school district or to any person or entity to replace any moneys intercepted under authority of this section.

(c) The authority of the State Treasurer to intercept payments under this subsection has priority over all claims against money provided by the state to a school district, including a claim that is based on a funds diversion agreement under ORS 238.698. A funds diversion agreement under ORS 238.698 has priority over all other claims against money provided by the state to a school district.

(2) The school district that issued school bonds for which the state has made all or part of a debt service payment shall:

(a) Reimburse all moneys drawn or paid by the State Treasurer on its behalf;

(b) Pay interest to the state on all moneys paid by the state from the date the moneys were drawn to the date they are repaid at a rate to be determined by the State Treasurer, in the State Treasurer's discretion, to be sufficient to cover the costs of funds to the state plus the costs of administration of the state guaranty obligation and of collection of reimbursement; and

(c) Pay any applicable penalties as described in subsection (3) of this section.

(3)(a) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the school district on the state, market interest and penalty rates and the cost of funds, if any, that were required to be used or borrowed by the state to make payment on the school bonds. The State Treasurer shall have authority to establish, by negotiations with the school district or otherwise, any plan of reimbursement by the school district that will result in full and complete reimbursement to the state. Subject to the requirement for full and complete reimbursement, the State Treasurer may consider incorporating into the reimbursement plan the means and methods to allow the school district to continue its operations during the time the reimbursement plan is in effect.

(b) The State Treasurer may, after considering the circumstances giving rise to the failure of the school district to make payment on its school bonds in a timely manner, impose on the school district a penalty of not more than five percent of the amount paid by the state pursuant to the state guaranty for each instance in which a payment by the state is made.

(4)(a) If the State Treasurer determines that amounts obtained under this section will

not reimburse the state in full within the time determined by the State Treasurer or incorporated in the reimbursement plan from the state's payment of a school district's debt service payment, the State Treasurer shall pursue any legal action, including but not limited to mandamus, against the school district or school district board to compel the school district to:

(A) Levy and provide property tax revenues to pay debt service on its school bonds and other obligations when due; and

(B) Meet its repayment obligations to the state.

(b) With respect to any school bonds for which the State Treasurer has made payment under the state guaranty, and in addition to any other rights or remedies available at law or in equity, the state shall have the same substantive and procedural rights as would a holder of the school bonds of a school district.

(c) The Attorney General shall assist the State Treasurer in the discharge of the duties under this section.

(d) The school district shall pay the attorney fees, expenses and costs of the State Treasurer and the Attorney General.

(5)(a) Except as provided in paragraph (c) of this subsection, any school district whose funds were intercepted under this section may replace those funds from other school district moneys or from ad valorem property taxes, subject to the limitations provided in this subsection.

(b) A school district may use ad valorem property taxes or other moneys to replace intercepted funds only if the ad valorem property taxes or other moneys were derived from:

(A) Taxes originally levied to make the payment, but which were not timely received by the school district;

(B) Taxes from a special levy imposed to make up the missed payment or to replace the intercepted moneys;

(C) Moneys transferred from any lawfully available funds of the school district or the undistributed reserves, if any, of the school district; or

(D) Any other source of moneys on hand and legally available.

(c) Notwithstanding paragraphs (a) and (b) of this subsection, a school district may not replace operating funds intercepted by the state with moneys collected and held to make payments on school bonds if that replacement would divert moneys from the payment of future debt service on the school bonds and increase the risk that the state

guaranty would be called upon a second time. [1997 c.614 §7; 1999 c.251 §6; 2007 c.783 §40]

**Note:** See note under 328.321.

**328.350** [Repealed by 1957 c.53 §3]

**328.351 Powers of State Treasurer when state funds are insufficient for payment of debt service.** (1) If, at the time the state is required to make a debt service payment under the state guaranty on behalf of a school district, sufficient moneys of the state are not on hand and available for that purpose, the State Treasurer may, singly or in any combination:

(a) Obtain from the Common School Fund or from any other state funds that qualify to make a loan under ORS 293.205 to 293.225, if the loan would satisfy the requirements of ORS 293.205 to 293.225, a loan sufficient to make the required payment.

(b) Borrow money, if economical and convenient, as provided in ORS 286A.045.

(c) Issue state bonds as provided in subsection (2) of this section.

(d) With the approval of the Legislative Assembly, or the Emergency Board if emergency funds are lawfully available for making the required payment in the interim between sessions of the Legislative Assembly, pay moneys from the General Fund or any other funds lawfully available for the purpose or from emergency funds amounts sufficient to make the required payment.

(2) The State Treasurer may issue state bonds to meet the state guaranty obligations under ORS 328.321 to 328.356, pursuant to Article XI-K of the Oregon Constitution. The issuance of state bonds is at the determination of the State Treasurer and is exempt from ORS 286A.035.

(3) Before issuing or selling any state bonds, the State Treasurer shall prepare a written plan of financing that shall provide for:

(a) The terms and conditions under which the state bonds will be issued, sold and delivered, in accordance with any applicable provisions of ORS chapter 286A;

(b) The taxes or revenues to be anticipated;

(c) The maximum amount of state bonds that may be outstanding at any one time under the plan of financing;

(d) The sources of payment of the state bonds;

(e) The rate or rates of interest, if any, on the state bonds or a method, formula or index under which the interest rate or rates on the state bonds may be determined during the time the state bonds are outstanding; and

(f) Any other details relating to the issuance, sale and delivery of the state bonds, as may be required by the applicable provisions of ORS chapter 286A. For purposes of ORS chapter 286A, the office of the State Treasurer is the related agency authorizing the issuance of bonds and for whose benefit the bonds are issued.

(4) In identifying the taxes or revenues to be anticipated and the sources of payment of the state bonds in the financing plan, the State Treasurer may include:

(a) The intercepted revenues authorized by ORS 328.346; or

(b) Any other source of repayment or lawfully available funds and any combination of this paragraph and paragraph (a) of this subsection.

(5) The State Treasurer may include in the plan of financing the terms and conditions of arrangements entered into by the State Treasurer on behalf of the state with financial and other institutions for letters of credit, standby letters of credit, reimbursement agreements and remarketing, indexing and tender agent agreements to secure the state bonds, including payment from any legally available source of fees, charges or other amounts coming due under the agreements entered into by the State Treasurer.

(6)(a) When issuing the state bonds, the State Treasurer may exercise the powers granted by ORS chapter 286A.

(b) Each state bond shall recite that it is a valid obligation of the state and that the full faith, credit and resources of the state are pledged for the payment of the principal of and interest on the state bond from the taxes or revenues identified in accordance with its terms and the Oregon Constitution and other laws of this state.

(7) Upon the completion of any sale of the state bonds, the State Treasurer shall credit the proceeds of the sale, other than accrued interest and amounts required to pay costs of issuance of the state bonds, to the fund or account established by the State Treasurer to be applied to the purpose for which the state bonds were issued. [1997 c.614 §8; 1999 c.251 §7; 2005 c.209 §9; 2007 c.783 §132]

**Note:** See note under 328.321.

**328.355** [Repealed by 1957 c.53 §3]

**328.356 State Treasurer subject to provisions regarding issuance of general obligation bonds.** If the State Treasurer issues state bonds, the treasurer shall be subject to the provisions of ORS 291.445 as an agency that is authorized to issue general obligation bonds that are ordinarily to be repaid from General Fund appropriations. [1997 c.614 §9; 1999 c.251 §8]

**Note:** See note under 328.321.

**328.360** [Repealed by 1957 c.53 §3]

**328.361 Short title.** ORS 328.321 to 328.356 shall be known as the Oregon School Bond Guaranty Act. [1997 c.614 §1]

**Note:** See note under 328.321.

**328.365** [Repealed by 1957 c.53 §3]

**328.370** [Repealed by 1957 c.53 §3]

**328.380** [1953 c.72 §1; repealed by 1957 c.53 §3]

**328.405** [Repealed by 1963 c.544 §52]

**328.410** [Repealed by 1963 c.544 §52]

**328.415** [Repealed by 1965 c.100 §456]

**328.420** [Amended by 1963 c.544 §21; repealed by 1965 c.100 §456]

**328.425** [Repealed by 1963 c.544 §52]

**328.430** [Amended by 1957 c.110 §1; 1963 c.544 §22; repealed by 1965 c.100 §456]

**328.435** [Repealed by 1965 c.100 §456]

**328.440** [Repealed by 1953 c.89 §6]

**DISBURSEMENTS; AUDITS**

**328.441 Custody and disbursement of school district funds.** (1) Common school district boards and union high school district boards shall designate the persons to be custodians of school funds of their respective districts. Such funds shall be disbursed only in the manner provided by ORS 328.445 (1).

(2) For the purpose of receiving deposits of school funds, the district school board of each district described in subsection (1) of this section shall designate such bank or banks within the county or counties in which the district is located, as the board deems safe and proper depositories for school district funds. The custodian designated under subsection (1) of this section is not liable personally or upon official bond of the custodian for moneys lost by reason of failure or insolvency of any bank that becomes a depository under this subsection.

(3) If the district does not designate a custodian of school funds, the county treasurer or county fiscal officer shall be custodian of funds of all school districts. School district funds in the county treasurer’s or county fiscal officer’s custody shall be disbursed only upon warrants drawn on the county treasurer or county fiscal officer by the district school board in the manner provided by law.

(4) The proceeds of the sale of school district bonds or warrants shall be used solely for the purpose for which the bonds or warrants were issued, including reduction of existing bond or warrant indebtedness. [1953 c.89 §§2,3,4; 1955 c.312 §2; 1965 c.100 §66; 1975 c.770 §6; 1981 c.441 §3; 2003 c.226 §8]

**328.445 Disbursement of school funds by check or warrant.** (1) When funds are available for payment, school district obligations shall be paid by check bearing the original signature of the custodian of the

district school funds; or if authorized by the district school board, the custodian’s facsimile signature.

(2) Where a statute specifies a warrant as the means by which school district obligations shall be paid, warrant means “check” if funds are available for payment. [Amended by 1965 c.100 §67; 1971 c.98 §1]

**328.450 School warrant procedure.** (1) As used in this section, “school district obligation” includes salaries of district employees and other regularly contracted services.

(2) Except as provided in ORS 328.445 (2), warrants in payment of school district obligations shall be issued only when there are insufficient funds to pay the warrant and shall be indorsed “not paid for want of funds”. Warrants may be issued at the end of each school month, if necessary. School warrants shall not be issued without a vote of the district school board. They must be signed by the chairperson of the board and countersigned by the district clerk. If the chairperson is absent or unable to execute the warrants, the board may authorize any member of the board to act as chairperson in executing the warrants.

(3) Unless the district school board has designated a lower rate of interest, which rate must appear on the face of the warrants, warrants indorsed “not paid for want of funds” shall draw the legal rate of interest from date of indorsement until paid.

(4) Funds becoming available for payment of warrants indorsed “not paid for want of funds” shall be applied in payment in the order in which the warrants were so indorsed. [Amended by 1965 c.100 §68]

**328.455** [Repealed by 1965 c.100 §456]

**328.460 Cancellation of school warrants not presented for payment within seven years.** (1) At the last regular district school board meeting preceding July 1 in each year, the district clerk shall certify to the board a list of all school district warrants which were called for payment more than seven years prior to July 1 next following the meeting, and which have not been paid. The certification shall state the amount of each of such warrants, to whom issued, and date of issuance. The district school board shall cause notice to be published. Publication shall be in some newspaper published in the district and having a general circulation therein, or if no newspaper is published in the district, then in some paper published in the county in which the school district is located having a general circulation in the district. The notice shall contain a statement that if such warrants are not presented for payment within 60 days

from July 1, they will be canceled, and payment thereof will be refused.

(2) At the first regular meeting of the district school board in each school district after the expiration of 60 days from July 1 in each year, the board shall make an order that all such warrants which have not been so presented for payment, describing them, shall be canceled. The board shall cancel all such warrants which were called for payment more than seven years prior to July 1 of that year.

(3) This section shall not prohibit the district school board, in its discretion, from paying, upon any claim arising from the canceling of any such warrant, the principal of the warrant when presented without interest if not indorsed for want of funds and, if indorsed for want of funds, with interest to the date such warrant was called. [Amended by 1965 c.100 §69]

**328.465 Annual audit procedure.** (1) All school district boards and education service district boards shall cause to have prepared an annual audit of the books and accounts of the school district or education service district in the manner set forth in subsection (2) or (3) of this section. The audit reports must be filed with the administrative office for the county in which the administrative office of the district is located on or before November 1 of the year in which the audit is conducted.

(2) The school district board or education service district board may contract for its audit with the administrative office for the county in which the administrative office of the school district or education service district is located. The administrative office for the county shall secure the services of accountants who shall audit the books and accounts of the districts and file with the administrative office for the county a statement setting forth the financial condition of each district. A copy of the audit report of the district shall be sent to the appropriate board of the district. Each district, upon receipt of billing from the administrative office for the county, shall pay its share of the audit costs.

(3) A school district board or an education service district board may contract with accountants to audit the books and accounts of the district.

(4) Accountants under contract as described in subsection (2) or (3) of this section must be selected from the roster of authorized municipal accountants maintained by the Oregon Board of Accountancy under ORS 297.670.

(5) The audit required by this section must include an audit of those factors that

are used to compute the State School Fund distribution under ORS 327.011, 327.013 or 327.019. [1965 c.100 §64; 1975 c.770 §7; 1997 c.821 §22; 2003 c.226 §9; 2011 c.316 §1]

**328.467 Audit determinations; deficiencies; correction; sanctions.** (1)(a) In performing an audit required under ORS 328.465, the accountant under contract with a county, a school district board or an education service district board shall determine whether the school district or education service district has:

(A) Followed generally accepted accounting principles in reporting the district's financial condition and operations; and

(B) Substantially complied with legal requirements in conducting the district's financial affairs.

(b) The determination shall be included in the audit report as required by ORS 297.465.

(2) Upon receipt of the audit report, the school district board or education service district board shall determine the measures the board considers necessary to correct any deficiencies disclosed in the audit report. The board shall adopt a resolution setting forth any corrective measures the board proposes and the period of time estimated to complete the measures.

(3) Within 60 days after the audit report is filed with the Secretary of State and the Department of Education, a copy of the resolution prepared under subsection (2) of this section must also be filed. Upon receipt of the audit report and the resolution, the Secretary of State and the Department of Education must either acknowledge the plans of the school district board or education service district board to correct deficiencies cited in the audit report or notify the board of those deficiencies that, if not corrected, could result in the withholding of funds under this section. At the request of a board, the Secretary of State or the Department of Education shall make suggestions for correcting those deficiencies. If the board does not agree with the notification by the Secretary of State or the Department of Education, the board shall be granted an opportunity for a conference regarding the notification, audit determinations or corrective measures to be taken.

(4) If the Secretary of State or the Department of Education concurs with the determination made under subsection (1) of this section in two successive audits of the same school district or education service district and determines that the school district board or education service district board has not taken adequate action to correct the deficiencies cited in the notifications given un-



der subsection (3) of this section, the Secretary of State or the Department of Education may certify those facts to the Superintendent of Public Instruction. The certificate of the Secretary of State or the Department of Education shall be issued only after notice, opportunity to be heard and hearing pursuant to the provisions of ORS chapter 183 governing contested cases. The hearing shall be held within the jurisdiction of the district.

(5)(a) Upon receipt of a certificate from the Secretary of State or the Department of Education under subsection (4) of this section, the Superintendent of Public Instruction shall withhold from distribution to the school district or education service district 10 percent of the payments from the State School Fund otherwise to be distributed to the district under ORS 327.008.

(b) The moneys withheld shall be disbursed to the school district or education service district after the Superintendent of Public Instruction has received notice from the Secretary of State or the Department of Education that the school district board or education service district board:

(A) Has taken action to ensure that the district will follow generally accepted accounting principles in reporting the district's financial condition and operations; and

(B) Will ensure that the district substantially complies with legal requirements in conducting the district's financial affairs.

(6) The Secretary of State or the Department of Education may not issue a certificate under subsection (4) of this section for failure to follow generally accepted accounting principles if a school district or an education service district has followed accounting practices authorized by state law.

(7) As used in this section, "generally accepted accounting principles" means those accounting principles sanctioned by recognized authoritative bodies such as the Governmental Accounting Standards Board, the Financial Accounting Standards Board or their successors. [2007 c.522 §1; 2011 c.316 §2]

**Note:** 328.467 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 328 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

**328.470 Purchase of automotive equipment; fund transfers.** Notwithstanding ORS 280.040 to 280.145 and any other provision of law, any school district board by resolution may provide for the replacement or acquisition of automotive equipment by making transfers from the district's general fund to a fund established for that purpose. Transfers to the fund shall be included in the

school district budget prepared and published in accordance with ORS 294.305 to 294.565. If at any time conditions arise which dispense with the necessity for further transfers to or expenditures from a fund established pursuant to this section, the district school board shall so declare by resolution. The resolution shall order the balance remaining in such fund to be transferred to the general fund of the district and shall declare the fund closed. [1969 c.375 §2]

**328.505** [Amended by 1953 c.146 §1; repealed by 1959 c.262 §4]

**328.510** [Repealed by 1953 c.146 §2]

**328.515** [Amended by 1957 c.310 §4; repealed by 1959 c.262 §4]

**328.520** [Amended by 1955 c.486 §1; repealed by 1965 c.100 §456]

**328.525** [Repealed by 1963 c.544 §52]

**328.530** [Repealed by 1965 c.100 §456]

**328.535** [Repealed by 1965 c.100 §456]

**328.540** [Repealed by 1965 c.100 §456]

**TAXES AND INDEBTEDNESS**

**328.542 Preparation of district budget; certification of taxes.** Subject to the Local Budget Law (ORS 294.305 to 294.565) and to sections 11 and 11b, Article XI, Oregon Constitution, each school district board shall prepare annually or biennially the budget of the school district and shall certify ad valorem property taxes to the assessor as provided by law. [1977 c.840 §16; 1979 c.241 §57; 1987 c.16 §7; 1993 c.45 §34; 1997 c.541 §370; 2001 c.695 §34; 2007 c.858 §46]

**328.545** [Repealed by 1963 c.544 §52]

**328.550** [Amended by 1965 c.100 §70; 1967 c.605 §1; 1975 c.770 §8; repealed by 1981 c.834 §1]

**328.555 Property liable for district indebtedness; tax levy.** (1) All taxable property in a school district at the time any indebtedness is incurred by such district and all taxable property subsequently located in the area comprising such district shall be liable to taxation for the payment of such indebtedness until paid.

(2) No taxable property in territory included in a school district whose boundaries change as a result of creation, annexation, abolition and other alteration of the school district shall be relieved from liability for any indebtedness incurred prior to a boundary change. The district school board of the district in which are located the school facilities for which the indebtedness was incurred shall levy an annual tax on all taxable property in such territory sufficient to meet the interest payments and retire the indebtedness, but no tax levy shall be necessary as long as other provisions are made for the payment of the indebtedness.

**328.560** [1953 c.286 §1; 1957 c.310 §5; 1957 c.426 §2; repealed by 1965 c.100 §456]

**328.565 Power to create indebtedness; zone academy bonds; tax credit bonds.** (1) As used in this section, “qualified zone academy bond” has the meaning given the term in section 1397E of the Internal Revenue Code, as amended and in effect on January 1, 2002.

(2) A district school board may contract indebtedness as provided under ORS 287A.180.

(3) A district school board may issue qualified zone academy bonds or similar tax credit bonds authorized by resolution of the district school board. Unless the bond issue has been approved by electors under ORS 328.205 to 328.304, the district school board must issue revenue bonds as defined in ORS 287A.001. [Formerly 332.085 and then 332.125; 1983 c.124 §9; 1985 c.356 §4; 1993 c.97 §25; 2001 c.537 §5; 2007 c.783 §133; 2009 c.538 §17]

**328.570 Division of district into tax zones.** (1) The district board of a school district may divide the district into tax zones for the purpose of imposing and levying ad valorem property taxes at different rates and amounts on the assessed value of all taxable property in each zone if the school district:

(a) Supplies a portion of kindergarten through grade 12 education in certain areas of the school district; and

(b) Supplies all of kindergarten through grade 12 education in the remainder of the school district.

(2) The establishment and boundaries of tax zones within a district must be based upon and reflect qualitative differences in the levels of service provided by the district.

(3) When a district board decides to divide the district into zones under subsection (1) of this section, the board shall conduct a public hearing on the formation of the proposed zones. The hearing shall be held after notice to the public is published as provided in ORS 328.573. [2001 c.246 §2]

**328.573 Notice of public hearing on tax zones.** (1) The district board of a school district seeking to establish tax zones under ORS 328.570 to 328.579 shall cause a notice of a public hearing relating to the formation of the tax zones to be published once a week for two successive weeks in the newspaper in general circulation in the district that, in the judgment of the district board, will afford

the best notice to the residents of the district.

(2) The notice published under this section shall set forth:

(a) The resolve of the district board to divide the district into zones.

(b) The boundaries of the proposed zones.

(c) The estimated percentage of the total amount of ad valorem taxes of the district that will be imposed in each zone.

(d) The date, hour and place of the hearing.

(e) That all interested persons may attend and shall be given a reasonable opportunity to be heard. [2001 c.246 §3]

**328.576 Public hearing; resolution to establish tax zones.** (1) Following the notice required under ORS 328.573, the district board of a school district seeking to establish tax zones shall conduct a public hearing at which district residents and property owners may testify about the proposed zones.

(2) Following the hearing, if the district board decides to proceed, the district board shall adopt a resolution establishing the zones, zone percentages and zone boundaries. [2001 c.246 §4]

**328.579 Determination of tax in zones; limitations.** (1) If a school district is divided into tax zones under ORS 328.570 to 328.579, the district board shall determine, make and declare each item of ad valorem property tax, as set forth in ORS 310.060 (2), for each zone established in the district when the district board adopts its budget for any fiscal year.

(2) The operating tax rate for each tax zone of the district may not exceed the lesser of the statutory or permanent rate limit for operating taxes of the district established under ORS 310.200 to 310.242 or section 11 (3), Article XI of the Oregon Constitution. [2001 c.246 §5]

**328.715** [1987 c.16 §2; 1987 c.823 §1; repealed by 1997 c.541 §389]

**328.725** [1987 c.16 §5; 1987 c.823 §3; 1995 c.607 §71; repealed by 1997 c.541 §389]

**328.735** [1987 c.16 §3; 1989 c.236 §1; 1991 c.167 §4; repealed by 1997 c.541 §389]

**328.745** [1987 c.16 §4; repealed by 1997 c.541 §389]

**328.990** [Repealed by 1965 c.100 §456]