

January 22, 2009

To: School Business Administrators

Re: Registered Orders and Warrants

In this economy, it is possible, if not likely, that we will see some use of "registered orders" and/or "registered warrants" in the future, and it seems advisable to remind those interested of the rules for use of these items.

We are also aware that the SFSS committee of BASC is finalizing a comprehensive procedure for COE use in working with these items. That package should be available within the next month or so. We may take an additional look at the situation at that time to see if the subject is fully covered.

In the meantime, these are our restatements of the rules. All citations are to the California Education Code unless otherwise specified, and these rules apply only to situations involving registered orders or warrants and are not generally applicable to payment of orders or warrants.

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**Presentation of Valid Order to County Superintendent Where Funds are Unavailable.** When any valid order against the funds of a school district is presented to the county superintendent of schools (superintendent) and moneys are not available in the funds of the district from which to pay the order, the superintendent endorses on the order the words "Not Approved for Want of Funds" and registers the order in the records of the superintendent's office. [42670]

**Transmission Back to District and Delivery to Payee.** The superintendent numbers and dates the registered order (order) and transmits it back to the school district which drew the order. The district delivers the order to the payee or as the payee directs. From the date of registration, the order bears interest at the rate of five percent per annum until the date upon which notice is given, pursuant to Section 42672, that the superintendent is ready to approve the order. [42671]

**Notice of Intent to Approve the Order When Moneys Become Available.** When moneys become available for payment of the order, the superintendent gives notice in a newspaper published in the county, or if there is no newspaper, by written notice posted at the courthouse, stating that the superintendent is

ready to approve the order. The notice may list any number of orders, of one or more districts, for payment of which moneys are available, giving the names of the districts and listing them in the order of registration for each district. [42672]

**60-Day Set Aside of Funds.** At the time of giving the notice, the superintendent sets aside funds of each district in the amount necessary for payment of the orders of the district, as listed in the notice. The funds are set aside for 60 days. If an order is not presented to the superintendent for payment within 60 days after the notice has been given, and if moneys are no longer available to pay the order at the time of presentation, it is not approved for payment until money becomes available for that purpose and until notice is again given that the superintendent is ready to pay it. [42673]

**Approval in Order of Presentation.** On presentation, the superintendent approves the orders of each district and signs them as requisitions on the county auditor in the order of presentation. The superintendent enters on each order the amount of interest due and the total amount payable, including principal and interest. Each approved order is then governed by the procedure established in the Education Code relating to payments from school district funds. [42674]

**Alternative Method - Special Interest Requisition.** As an alternative to the method provided in Section 42674, when any corporation, firm, or person presents two or more orders for payment at the same time, registered on the same date, issued against the funds of the same district, the orders may be approved, allowed, and consecutively numbered by the superintendent and the county auditor as requisitions and warrants on the funds of the district, and a special interest requisition may be issued by the county superintendent against the funds of the district for the total amount of the interest payable on the orders. [42675]

**Form of Special Interest Requisitions.** A special interest requisition bears upon its face substantially the following notation: "In full payment of interest due on warrants numbered \_\_\_\_\_ to \_\_\_\_\_, inclusive, of the \_\_\_\_\_ School District." [42676]

**Numbering Special Interest Requisitions.** A special interest requisition is numbered by the superintendent and county auditor, and is given the number immediately following the number assigned to the last of the requisitions and warrants referred to in Section 42675. [42677]

**Report of Interest on Orders.** Within 10 days after the end of each month, the superintendent reports to the county treasurer and county auditor the amount of the interest computed pursuant to the order process. The report shows each district for which interest has been computed, the numbers of the orders for which the interest is to be paid, and the total amount of the interest charged to each district. Upon transmitting to the governing board of any school district orders which have been approved and allowed as warrants against the funds of the district, the superintendent also reports in writing to the clerk or secretary of the

district the amount of interest computed on the orders and the numbers of the orders for which the interest is to be paid. [42678]

**Alternative Procedure:**

In place of the process for registration of district warrants (the process commencing with Section 42670) the following process may be used, if a resolution to that effect is adopted by the county board of supervisors. [42690]

When any order on school district funds is received by the superintendent and there is insufficient money in the fund or funds against which the order is drawn to pay the order in full, the superintendent endorses on the order "To be Registered for Lack of Sufficient Funds," signs, dates, and numbers the order as a requisition on the county auditor and transmits the requisition to the county auditor. The county auditor endorses on the order "Examined and Allowed," signs, dates, and numbers it as a warrant on the county treasurer, and returns the warrant to the superintendent, who transmits it to the district for issuance to the payee or as the payee directs. [42691]

When the warrant is presented to the county treasurer for payment, the treasurer endorses, registers, advertises, and pays it, with interest at the rate of five percent per annum, in the manner prescribed, as nearly as may be, for county warrants in Sections 29821 to 29824, inclusive, and Sections 29826 and 29827 of the California Government Code. [42692]

If the warrants are not again presented for payment within 60 days from the time the notice provided for in Section 29823 of the Government Code is given, the fund set aside for payment of the warrants is applied by the treasurer to the payment of unpaid warrants next in order of registry. [42693]

Within 10 days after the end of the month, the county auditor reports to the superintendent the amount of interest added to registered warrants and paid during the preceding month. The report submitted shows each district to whose registered warrants, paid during the month covered by the report, interest was added, and the amount of the interest for the district. The superintendent immediately reports the amount of the interest paid for the district, in writing, to the clerk or secretary of each district for which interest was paid. [42694]

WAH/clr