

POTOMAC ELEMENTARY

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**7000 SERIES
FINANCIAL MANAGEMENT**

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POTOMAC ELEMENTARY

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7000

FINANCIAL MANAGEMENT

Goals

Because educational programs are dependent on adequate funding and the proper management of those funds, District goals can best be attained through efficient fiscal management. As trustee of local, state, and federal funds allocated for use in public education, the Board shall fulfill its responsibility to see that funds are used to achieve the intended purposes.

Because of resource limitations, fiscal concerns often overshadow the educational program. Recognizing this, the District must take specific action to ensure that education remains primary. This concept shall be incorporated into Board operations and into all aspects of District management and operation.

The Board seeks to achieve the following goals in the District’s fiscal management:

1. Engage in advance planning, with staff and community involvement, to develop budgets which will achieve the greatest educational returns in relation to dollars expended.
2. Establish levels of funding which shall provide superior education for District students.
3. Provide timely and appropriate information to staff who have fiscal responsibilities.
4. Establish efficient procedures in all areas of fiscal management.
5. Use Potomac Schools Vision Statement in all financial management considerations. The Vision Statement is “Potomac School equips each student for his/her future within a culture of excellence that values the small community experience.”

Legal Reference: Title 20, Chapter 9, MCA Finance

POTOMAC ELEMENTARY

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7008

FINANCIAL MANAGEMENT

Nonresident Student Attendance Agreement (Tuition/Transportation Costs)

Whenever a nonresident student is to be enrolled in the District, either by choice or by placement, an attendance agreement must be filed with the Board. Terms of the agreement must include tuition rate, the party responsible for paying tuition and the schedule of payment, transportation charges, if any, and the party responsible for paying transportation costs.

Tuition rates shall be determined annually, consistent with Montana law and approved by the Board.

Cross Reference: 3141 Discretionary Nonresident Student Attendance Policy

Legal Reference:	§ 20-5-314, MCA	Reciprocal attendance agreement with adjoining state or province
	§ 20-5-320, MCA	Attendance with discretionary approval
	§ 20-5-321, MCA	Attendance with mandatory approval – tuition and transportation
	§ 20-5-322, MCA	Residency determination – notification – appeal for attendance agreement
	§ 20-5-323, MCA	Tuition and transportation rates
	10.10.301, ARM	Calculating Tuition Rates

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7110

FINANCIAL MANAGEMENT

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Budget and Program Planning

The annual budget is evidence of the Board’s commitment to the objectives of the instruction programs. The budget supports immediate and long-range goals and established priorities within all areas – instructional, non-instructional, and administrative programs.

Before presentation of a proposed budget for adoption, the Principal and district clerk will prepare, for the Board’s consideration, recommendations (with supporting documentation) designed to meet the needs of students, within the limits of anticipated revenues.

Program planning and budget development will provide for staff participation and the sharing of information with patrons before any action by the Board.

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7121

FINANCIAL MANAGEMENT

Budget Adjustments

Total budget expenditures for each fund as adopted in the final budget shall constitute the appropriations of the District for the ensuing fiscal year. The Board will be limited in the incurring of expenditures to the total of such appropriations.

With timely notice of a public meeting, trustees, by majority vote of those present, may declare by resolution that a budget amendment (in addition to the final budget) is necessary. Budget amendments are authorized for specified reasons by § 20-9-161, MCA. The resolution must state the facts constituting the need for the budget amendment, the funds affected by the budget amendment, the anticipated source of financing, the estimated amount of money required to finance the budget amendment, and the time and place the trustees will meet for the purpose of considering and adopting the budget amendment.

The meeting to adopt a budget amendment will be open and will provide opportunity for any taxpayer to appear and be heard. Budget procedures will be consistent with statutory requirements. When applicable, the District will apply for state financial aid to supplement the amount to be collected from local taxes.

Legal Reference:	§ 20-9-133, MCA	Adoption and expenditure limitations of final budget
	§ 20-9-161, MCA	Definition of budget amendment for budgeting purposes
	§ 20-9-162, MCA	Authorization for budget amendment adoption
	§ 20-9-163, MCA	Resolution for budget amendment – petition to superintendent of public instruction
	§ 20-9-164, MCA	Notice of budget amendment resolution
	§ 20-9-165, MCA	Budget amendment limitation, preparation, and adoption procedures
	§ 20-9-166, MCA	State financial aid for budget amendments
	§ 20-9-208, MCA	Transfers among appropriation items of fund – transfers from fund to fund

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7210

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Revenues

The District will seek and utilize all available sources of revenue for financing its educational programs, including revenues from non-tax, local, state, and federal sources. The District will properly credit all revenues received to appropriate funds and accounts as specified by federal and state statutes and accounting and reporting regulations for Montana school districts.

The District will collect and deposit all direct receipts of revenues as necessary but at least once monthly. The District will make an effort to collect all revenues due from all sources, including but not limited to rental fees, bus fees, fines, tuition fees, other fees and charges. Uncollectible checks may be turned over to the county attorney for collection.

Legal Reference: Title 20, Chapter 9, MCA Finance
Title 10, Chapter 10, ARM Special Accounting Practices

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7225

FINANCIAL MANAGEMENT

Crowdfunding Proposals

All crowd funding requests and receivables are governed and supervised by board policy. Crowd funding endeavors are generally viewed as beneficial when coordinated with district goals, initiatives, and existing plans. Proposals, products, and resources generated through crowd funding must receive prior approval from the Superintendent or designee. Approvals for proposals or gifted resources may be denied based upon but not limited to: technology, curricular, and/or activities incompatibility; long term sustainability concerns regarding materials, service, and/or staffing; conflicts with district initiatives, state or federal law.

If a proposal is successfully funded:

- The author(s) shall immediately notify the ~~building principal~~ ~~Superintendent~~ ~~district office~~.
- A check should be requested to be mailed to the school in the name of the school, not to an individual person.
- All gifts, grants, bequests and contributions must be officially accepted in accordance Policy 7260 (Endowments, Gifts, and Investments).
- All non-monetary items (supplies, equipment, etc.) obtained are the property of the _____ School District and all inventory procedures apply, and, if applicable, will remain in the school where the author(s) was (were) located at time of the grant award.
- All monetary donations should be recorded by the ~~business manager/clerk~~ in the Schools Funds accounting system at each school.

A file is to be maintained at the school for any crowd funding request. This file should include: the principal's/administrator's fundraising approval form, the written detail of the projects as well as what is posted on the platform website, any photos or images posted with the project and a copy of all agreements and permission forms.

Only district related/approved groups are permitted to operate under this policy and that non-District groups may not use the District's name, network or infrastructure to conduct online fundraising.

As public employees, staff members are subject to Montana public employees ethics laws. Staff members may not solicit or accept material, cash, or equipment intended for personal use from individuals or through a crowd source effort that could be considered a gift of substantial value or that otherwise violates the ethics statutes.

Cross Reference: Policy 7260 Endowments, Gifts, and Investments

Legal Reference:	§20-6-601, MCA	Power to accept gifts
	§20-6-604, MCA	Sale of property when resolution passed after hearing – appeal procedure
	§2-2-102(3), MCA	Definitions
	§2-2-104, MCA	Rules of conduct for public officers, legislators, and public employees

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7251

FINANCIAL MANAGEMENT

Disposal and Sale of School District Property

Without a Vote

The Board is authorized to dispose of a site, building, or any other real or personal property of the District, that is or is about to become abandoned, obsolete, undesirable, or unsuitable for school purposes.

To effect proper disposal, the trustees shall pass a resolution stating their decision concerning property disposal. The resolution will not become effective until fourteen (14) days after the resolution is published in a newspaper of general circulation in the District.

Should any taxpayer properly protest the resolution during the fourteen (14) days after the date of publication, the trustees shall submit testimony to the court with jurisdiction.

Once the resolution is effective, or if appealed the decision has been upheld by the court, the trustees shall sell or dispose of the real or personal property in a reasonable manner determined to be in the best interests of the District. Proceeds from the sale of fixed assets can be deposited to the general, debt service, building, or any other appropriate fund.

With a Vote

Unless the property can be disposed of without a vote, the Board has the power to dispose of all District property, only when the qualified electors of the District approve of such action at an election called for such approval or when the trustees adopt a resolution stating their intention to dispose of the property. When the trustees adopt such a resolution, they shall schedule a meeting to consider a resolution to authorize the sale of the real property. The conduct of the meeting and any such subsequent appeals shall be in accord with § 20-6-604, MCA.

The money realized from the sale or disposal of real or personal property of the district must be credited to the debt service fund, building fund, general fund, or other appropriate fund, at the discretion of the trustees.

Legal Reference:	§ 20-6-603, MCA	Trustees' authority to acquire or dispose of sites and buildings – when election required
	§ 20-6-604, MCA	Sale of property when resolution passed after hearing – appeal procedure

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7260

FINANCIAL MANAGEMENT

Revised on:

Endowments, Gifts, and Investments

The Board may accept gifts, endowments, legacies, and devises subject to the lawful conditions imposed by the donor. Endowments received by the District will be deposited to an endowment fund as an expendable or nonexpendable trust. Neither the Board nor the Principal will approve any gifts that are inappropriate. Unless conditions of an endowment instrument require immediate disbursement, the Board will invest money deposited in the endowment fund according to the provisions of the Uniform Management of Institutional Funds Act (Title 72, chapter 30, MCA).

The Board authorizes the Principal to establish procedures for determining the suitability or appropriateness of all gifts received and accepted by the District.

Educational foundations which seek to promote, enhance, and enable educational opportunities and school improvement activities in the District may solicit and receive tax-deductible funds from donors. Educational foundations may be sanctioned by the Board but not managed or directed by it. The Board may appoint nonvoting advisors to the foundation board, if the bylaws of the foundation permit that action.

The Board directs that all school funds be invested in a prudent manner so as to achieve maximum economic benefit to the District. Funds not needed for current obligations may be invested in investment options as set out in Montana statutes, whenever it is deemed advantageous for the District to do so.

Legal Reference:	§ 20-6-601, MCA	Power to accept gifts
	§ 20-7-803, MCA	Authority to accept gifts
	§ 20-9-212, MCA	Duties of county treasurer
	§ 20-9-213(4), MCA	Duties of trustees
	§ 20-9-604, MCA	Gifts, legacies, devises, and administration of endowment fund
	<u>§ 72-30-209, MCA</u>	<u>Appropriation for expenditure or accumulation of endowment fund – rules of construction</u>

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7310

FINANCIAL MANAGEMENT

Budget Implementation and Execution

Once adopted by the Board, the operating budget shall be administered by the Principal. All actions of the Principal /designees in executing programs and/or activities delineated in that budget are authorized according to these provisions:

1. Expenditure of funds for employment and assignment of staff shall meet legal requirements of the state of Montana and adopted Board policies.
2. Funds held for contingencies may not be expended without Board approval.
3. A listing of warrants describing goods and/or services for which payment has been made must be presented for Board ratification each month.
4. Purchases will be made according to the legal requirements of the state of Montana and adopted Board policy.

Legal Reference: § 20-3-332, MCA Personal immunity and liability of trustees
 § 20-9-213, MCA Duties of trustees

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7320

FINANCIAL MANAGEMENT

Purchasing

Authorization and Control

The Principal is authorized to direct expenditures and purchases within limits of the detailed annual budget for the school year. The Board must approve purchase of capital outlay items, when the aggregate total of a requisition exceeds \$25,000, except the Principal shall have the authority to make capital outlay purchases without advance approval when necessary to protect the interests of the District or the health and safety of staff or students. The Superintendent will establish requisition and purchase order procedures to control and maintain proper accounting of expenditure of funds. Staff who obligate the District without proper authorization may be held personally responsible for payment of such obligations.

Bids and Contracts

Whenever any building furnishing, repairing, or other work for the benefit of the District or purchasing of supplies for the District is necessary, the work done or the purchase made must be by contract if the sum exceeds Eighty Thousand Dollars (\$80,000). The District will call for formal bids by issuing public notice as specified in statute. Specifications will be prepared and made available to all vendors interested in submitting a bid. The contract shall be awarded to the lowest responsible bidder, except that the trustees may reject any or all bids. The Board, in making a determination as to which vendor is the lowest responsible bidder, will take into consideration not only the amount of each bid, but will also consider the skill, ability, and integrity of a vendor to do faithful, conscientious work and to promptly fulfill the contract according to its letter and spirit. Bidding requirements do not apply to a registered professional engineer, surveyor, real estate appraiser, or registered architect; a physician, dentist, pharmacist, or other medical, dental, or health care provider; an attorney; a consulting actuary; a private investigator licensed by any jurisdiction; a claims adjuster; or an accountant licensed under Title 37, Chapter 50.

Advertisement for bid must be made once each week for two (2) consecutive weeks, and a second (2nd) publication must be made not less than five (5) nor more than twelve (12) days before consideration of bids.

The Principal will establish bidding and contract-awarding procedures. Bid procedures will be waived only as specified in statute. Any contract required to be let for bid shall contain language to the following effect:

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4 *In making a determination as to which vendor is the lowest responsible bidder, if*
5 *any, the District will take into consideration not only the pecuniary ability of a*
6 *vendor to perform the contract, but will also consider the skill, ability, and*
7 *integrity of a vendor to do faithful, conscientious work and promptly fulfill the*
8 *contract according to its letter and spirit. References must be provided and will*
9 *be contacted. The District further reserves the right to contact others with whom*
10 *a vendor has conducted business, in addition to those listed as references, in*
11 *determining whether a vendor is the lowest responsible bidder. Additional*
12 *information and/or inquiries into a vendor's skill, ability, and integrity are set*
13 *forth in the bid specifications.*

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15 Cooperative Purchasing

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17 The District may enter into cooperative purchasing contracts with one or more districts for
18 procurement of supplies or services. **A district participating in a cooperative purchasing**
19 **group may purchase supplies and services through the group without complying with the**
20 **provisions of 20-9-204(3), MCA if the cooperative purchasing group has a publicly**
21 **available master list of items available with pricing included and provides an opportunity**
22 **at least twice yearly for any vendor, including a Montana vendor, to compete, based on a**
23 **lowest responsible bidder standard, for inclusion of the vendor's supplies and services on**
24 **the cooperative purchasing group's master list.** ~~Such contracts must be awarded to the lowest~~
25 ~~responsible bidder, except that the trustees may reject all bids.~~

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30 Legal Reference: §§ 18-1-101, et seq., MCA Preferences and General Matters
31 §§ 18-1-201, et seq., MCA Bid Security
32 § 20-9-204, MCA Conflicts of interests, letting contracts, and
33 calling for bids
34 *Debcon v. City of Glasgow*, 305 Mont. 391 (2001)
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7325

FINANCIAL MANAGEMENT

Accounting System Design

The District accounting system will be established to present, with full disclosure, the financial position and results of financial operations of District funds and account groups in conformity with generally accepted accounting principles. The accounting system must be in compliance with accounting system requirements established by legislative action. The accounting system shall be able to demonstrate compliance with finance-related legal and contractual provisions.

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7326

FINANCIAL MANAGEMENT

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Documentation and Approval of Claims

All financial obligations and disbursements must be documented in compliance with statutory provisions and audit guidelines. Documentation will specifically describe acquired goods and/or services, budget appropriations applicable to payment, and required approvals. All purchases, encumbrances and obligations, and disbursements must be approved by the administrator designated with authority, responsibility, and control over budget appropriations. The responsibility for approving these documents cannot be delegated.

The District business office is responsible for developing procedures and forms to be used in the requisition, purchase, and payment of claims.

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7329

FINANCIAL MANAGEMENT

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Petty Cash Funds

The use of petty cash funds shall be authorized for specific purchases only. Those purchases will include individual purchases of supplies and materials under the amount of \$10.00, postage, delivery charges, and freight. Individual personal reimbursements which exceed \$10.00 should not be made from petty cash funds. Petty cash accounts will be maintained as cash on hand, with the total dollar amount limited to \$100.00.

Moneys not specifically designated as petty cash will not be comingled with the petty cash fund. At the conclusion of each school year, all petty cash funds must be closed out and the petty cash vouchers and cash on hand returned to the business office for processing.

The District business office is responsible for establishing procedures for use and management of petty cash funds.

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7330

FINANCIAL MANAGEMENT

Payroll Procedures/Schedules

~~The District will establish one (1) or more days in each month as fixed paydays for payment of wages in accord with the current collective bargaining agreement or District practice. Employees may choose to have their salaries paid in full upon the last pay date following completion of their assignments or may annualize their pay. Employees who choose to receive payment of wages beyond the period in which the wages were earned (deferred payment) will be subject to Internal Revenue Service (IRS) penalties, unless they provide a written election of such deferral prior to (the first (1st) duty day) (July 1)st of the year of deferral. Forms for such deferral shall be made available. Any change to the election must be made prior to the first (1st) duty day of the fiscal year of the deferment.~~

~~When a District employee quits, is laid off, or is discharged, wages owed will be paid on the next regular payday for the pay period in which the employee left employment or within fifteen (15) days, whichever occurs first.~~

~~Cross Reference: 5500 Payment of Wages upon Termination~~

~~Legal Reference: § 409A, Internal Revenue Code, Deferred Compensation~~

POTOMAC ELEMENTARY

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7335

FINANCIAL MANAGEMENT

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Personal Reimbursements

While it is recommended that all purchases of goods or services be made within established purchasing procedures, there may be an occasional need for an employee to make a purchase for the benefit of the District from personal funds. In that event, an employee will be reimbursed for a personal purchase under the following criteria:

1. It is clearly demonstrated that the purchase is of benefit to the District;
2. The purchase was made with the prior approval of an authorized administrator;
3. The item purchased was not available from District resources; and
4. The claim for personal reimbursement is properly accounted for and documented with an invoice or receipt.
5. It is the District’s intention that purchases using personal funds be held to a very minimum and only occur in situations that are unpreventable by adequate prior planning.

The District business office is responsible for developing procedures and forms to be used in processing claims for personal reimbursements.

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7336

FINANCIAL MANAGEMENT

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Travel Allowances and Expenses

The District will reimburse employees and trustees for travel expenses while traveling outside the District and engaged in official District business. District employees who are not exempted by another policy will be reimbursed according to the current [state/federal] levels pursuant to [Montana/Federal] law. All travel expenses must be reported on the established travel expense and approved by the employee’s supervisor and the Superintendent.

The District business office is responsible for development of procedures and forms to be used in connection with travel expense claims and reimbursements.

Legal Reference:	§ 2-18-501, MCA	Meals, lodging, and transportation of persons in state service
	§ 2-18-502, MCA	Computation of meal allowance
	§ 2-18-503, MCA	Mileage – allowance
	IRS.gov	

POTOMAC ELEMENTARY

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7400

FINANCIAL MANAGEMENT

Credit Card Use

The Board of Trustees permits the use of District credit cards by certain school officials and Board members to pay for actual and necessary expenses incurred in the performance of work-related duties for the District. A list of those individuals that will be issued a District credit card will be maintained in the business office and reported to the Board each year at its meeting in _____. All credit cards will be preapproved by the Board and will be in the name of the District.

The District shall establish a credit line not to exceed \$_____ (e.g., \$2,500) for each card issued and an aggregate credit limit of \$_____ (e.g., \$25,000) for all cards issued to the District.

Credit cards may only be used for legitimate District business expenditures. The use of credit cards is not intended to circumvent the District’s policy on purchasing.

Users must take proper care of District credit cards and take all reasonable precautions against damage, loss, or theft. Any damage, loss, or theft must immediately be reported to the business office and to the appropriate financial institution. Failure to take proper care of credit cards or failure to report damage, loss, or theft may subject the employee to financial liability.

Purchases that are unauthorized, illegal, represent a conflict of interest, are personal in nature, or violate the intent of this policy may result in credit card revocation and discipline of the employee.

Users must submit detailed documentation, including itemized receipts for commodities, services, travel, and/or other actual and necessary expenses which have been incurred in connection with school-related business for which the credit card has been used.

The Superintendent shall establish regulations governing the issuance and use of credit cards. Each cardholder shall be apprised of the procedures governing the use of the credit card, and a copy of this policy and accompanying regulations shall be given to each cardholder.

The District Clerk shall monitor the use of each credit card every month and report any serious problems and/or discrepancies directly to the Superintendent and the Board.

Cross Reference: 7320 Purchasing
 7335 Personal Reimbursements
 7336 Travel Allowances and Expenses

Legal Reference: § 2-7-503, MCA Financial reports and audits of local government entities

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7405

FINANCIAL MANAGEMENT

Procurement Card Use

The Board of Trustees permits the use of procurement cards for actual and necessary expenses incurred in the performance of work-related duties for the District. A list of those individuals that will be issued a District procurement card will be maintained in the business office and reported to the Board each year at its meeting in June.

The District has () procurement card(s), with a credit limit not to exceed \$ _____.

Procurement cards may only be used for legitimate District business expenditures. The use of procurement cards is not intended to circumvent the District’s policy on purchasing.

Users must take proper care of District credit cards and take all reasonable precautions against damage, loss, or theft. Any damage, loss, or theft must immediately be reported to the business office and to the appropriate financial institution. Failure to take proper care of credit cards or failure to report damage, loss, or theft may subject the employee to financial liability.

Purchases that are unauthorized, illegal, represent a conflict of interest, are personal in nature, or violate the intent of this policy may result in procurement card revocation and discipline of the employee.

Users must submit detailed documentation, including itemized receipts for commodities, services, travel, and/or other actual and necessary expenses which have been incurred in connection with school-related business for which the procurement card has been used.

The Superintendent shall establish regulations governing the issuance and use of procurement cards. Each cardholder shall be apprised of the procedures governing the use of the procurement card, and a copy of this policy and accompanying regulations shall be given to each cardholder.

The District Clerk shall monitor the use of each procurement card every month and report any serious problems and/or discrepancies directly to the Superintendent and the Board.

Cross Reference: 7320 Purchasing
 7335 Personal Reimbursement
 7336 Travel Allowances and Expenses

Legal Reference: §2-7-503, MCA Financial reports and audits of local government entities

POTOMAC ELEMENTARY

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7410

FINANCIAL MANAGEMENT

Revised on:

Fund Accounting System

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts. The accounts of the District are maintained on the modified accrual basis of accounting. The following funds are maintained by the District:

01 - **General Fund** – to account for all revenues and expenditures related to administration, instruction, and other activities not included in any other funds.

10 - **Transportation Fund** – to account for all revenues and expenditures for the District’s pupil transportation program.

12 - **School Food Services Fund** – to account for that portion of the school food services program which is self-supporting, including State and Federal reimbursements.

13 - **Tuition Fund** – to account for tuition payments for elementary pupils who are residents of the District but attend school outside the District.

14 - **Retirement Fund** – to account for the employer’s contribution to the Teacher’s Retirement System, the Public Employee’s Retirement System, Unemployment Compensation, and Social Security.

15 - **Miscellaneous Programs Fund** – to account for State and Federal grants and reimbursement funds received by the District.

21 – **Compensated Absence Fund**- for the purpose of financing the accumulated sick leave and vacation pay that a non-teaching or administrative school district employee is entitled to upon termination of employment.

28 – **Technology Fund** – to purchase, rent, repair, and maintain technological equipment and to provide technical training for district personnel.

29 – **Flex Fund** – for the purpose of paying salaries, operating expenses, building expenses, and purchasing supplies and equipment.

86 – **Payroll Clearing Fund** - for the purpose of reducing bookkeeping requirements associated with the issuing of warrants.

87 – **Claims Clearing Fund** - for the purpose of reducing bookkeeping requirements associated with the issuing of warrants.

Legal Reference: § 20-9-201, MCA Definitions and application

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Extra- and Co-Curricular Funds

The Board is responsible for establishment and management of student extra- and co-curricular funds. The purpose of student extra- and co-curricular funds is to account for revenues and disbursements of those funds raised by students through recognized student body organizations and activities. The funds shall be deposited and expended by check, in a bank account maintained by the District for student extra- and co-curricular funds. The use of the student extra- and co-curricular funds is limited to the benefit of the students. Students will be involved in the decision-making process related to use of the funds.

The Board shall follow the *Student Activity Fund Accounting* (published by the Montana Association of School Business Officials (MASBO)) in establishing accounting procedures for administration of student extra- and co-curricular funds and will appoint a fund administrator.

Specific procedures are available in the Clerk’s office.

Legal Reference:	§ 2-7-503, MCA	Financial reports and audits of local government entities
	§ 20-9-504, MCA	Extracurricular fund for pupil functions

POTOMAC ELEMENTARY

Adopted on: 05/09/11

Reviewed on:

Revised on:

7430

FINANCIAL MANAGEMENT

Financial Reporting and Audits

The Board directs that financial reports of all District funds be prepared in compliance with statutory provisions and generally accepted accounting and financial reporting standards. In addition to reports required for local, state, and federal agencies, financial reports will be prepared monthly and annually and presented to the Board. Financial reports shall reflect financial activity and status of District funds.

Appropriate interim financial statements and reports of financial position, operating results, and other pertinent information will be prepared to facilitate management and control of financial operations.

The Board directs that District audits be conducted in accordance with Montana law. Each audit shall be a comprehensive audit of the affairs of the District and District funds. The audits shall comply with all statutory provisions and generally accepted governmental auditing standards. Each audit may be made every two (2) years and cover the immediately preceding two (2) fiscal years, or it may be conducted annually.

Legal Reference:	§§ 2-7-501, et seq., MCA	Audits of Political Subdivisions
	§ 2-7-503, MCA	Financial Reports and Audits of local government entities
	§ 20-9-212, MCA	Duties of county treasurer
	§ 20-9-213, MCA	Duties of trustees

POTOMAC ELEMENTARY

Adopted on: 05/09/11

Reviewed on:

Revised on:

7500

FINANCIAL MANAGEMENT

Property Records

Property and inventory records will be maintained for all land, buildings, and physical property under District control and will be updated annually.

For purposes of this policy, “equipment” means a unit of furniture or furnishings, an instrument, a machine, an apparatus or a set of articles which retains its shape and appearance with use, is nonexpendable, and does not lose its identity when incorporated into a more complex unit. The Superintendent will ensure inventories of equipment are systematically and accurately recorded and updated annually. Property records of facilities and other fixed assets will be maintained on an ongoing basis. No equipment will be removed for personal or non-school use except in accordance with Board policy.

Property records will show, appropriate to the item recorded, the:

1. Description and identification
2. Manufacturer
3. Date of purchase
4. Initial cost
5. Location
6. Serial number, if available
7. Model number, if available

Equipment may be identified with a permanent tag providing appropriate District and equipment identification.

Cross Reference: 7510 Capitalization Policy for Fixed Assets

Legal Reference: § 20-6-602, MCA Trustees’ power over property
 § 20-6-608, MCA Authority and duty of trustees to insure district property

POTOMAC ELEMENTARY

Adopted on: 05/09/11

Reviewed on:

Revised on:

7510

FINANCIAL MANAGEMENT

Capitalization Policy for Fixed Assets

A fixed asset is a property that meets all the following requirements:

1. Must be tangible in nature;
2. Must have a useful life of longer than the current fiscal year; and
3. Must be of significant value.

Fixed assets may be acquired through donation, purchase, or may be self-constructed. The asset value for a donation will be the fair market value at the time of donation. The asset value for purchases will be the initial cost plus the trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of self-constructed assets will include both the cost of materials used and the cost of labor involved in construction of the asset.

The following significant values will be used for different classes of assets:

<u>Class of Fixed Asset</u>	<u>Significant Value</u>
Equipment and machinery	\$5000.00 or more
Buildings - improvements	\$5000.00 or more
Improvements other than to buildings	\$5000.00 or more
Land	Any amount

Cross Reference: 7500 Property Records

POTOMAC ELEMENTARY

Adopted on:
Reviewed on:
Revised on:

7515 - R FINANCIAL MANAGEMENT

Fund Balances

[Note: The provisions of this policy include the provisions of Statement No. 54 of the Governmental Accounting Standards Board (GASB).]

I. PURPOSE

The fund balance policy establishes a framework for the management of all excess funds managed by the Potomac School District. The policy is in accordance with GASB Statement 54; management of fund balance. It also provides guidance and direction for elected and appointed officials as well as staff in the use of excess funds at year-end.

II. SCOPE

This fund balance policy applies to all funds in the custody of the School District Business Manager/Clerk of the Potomac School District, Potomac, Montana. These funds are accounted for in the District's annual audited financial reports and include, but are not limited to, the following:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Any new funds created by the District, unless specifically exempted by the governing body; in accordance with state law or GASB pronouncements.

III. CLASSIFICATION OF FUND BALANCES

The school district shall classify its fund balances in its various funds in one or more of the following five classifications: nonspendable, restricted, committed, assigned, and unassigned.

IV. DEFINITIONS

A. *Fund balance*---means the arithmetic difference between the assets and liabilities reported in a school district fund.

B. *Committed fund balance*—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint

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4 C. *Assigned fund balance*—amounts a school district *intends* to use for a specific purpose; intent
5 can be expressed by the District or by an official to which the Board of Trustees delegates the
6 authority
7

8 D. *Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory) or
9 are required to be maintained intact (such as the corpus of an endowment fund)
10

11 E. *Restricted fund balance*—amounts constrained to specific purposes by their providers (such
12 as grantors, bondholders, and higher levels of government), through constitutional
13 provisions, or by enabling legislation
14

15 F. *Unassigned fund balance*—amounts that are available for any purpose; these amounts are
16 reported only in the general fund.
17

18 **V. MINIMUM FUND BALANCE**

19
20 The school district will strive to maintain a minimum unassigned general fund balance of
21 10% percent of the annual budget.
22

23 **VI. ORDER OF RESOURCE USE**

24
25 If resources from more than one fund balance classification could be spent, the school district will
26 strive to spend resources from fund balance classifications in the following order (first to last):
27 restricted, committed, assigned, and unassigned.
28

29 **VII. COMMITTING FUND BALANCE**

30
31 A majority vote of the school board is required to commit a fund balance to a specific purpose and
32 subsequently to remove or change any constraint so adopted by the board.
33

34 **VIII. ASSIGNING FUND BALANCE**

35
36 The school board, by majority vote, may assign fund balances to be used for specific purposes when
37 appropriate. The board also delegates the power to assign fund balances to the following: Jill
38 Thornton, Clerk.
39

40 Assignments so made shall be reported to the school board on a monthly basis, either separately or as
41 part of ongoing reporting by the assigning party if other than the school board.
42

43 An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the
44 subsequent year's budget in an amount no greater than the projected excess of expected expenditures
45 over expected revenues satisfies the criteria to be classified as an assignment of fund balance.
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IX. REVIEW

The school board will conduct, at a minimum, an annual review of the sufficiency of the minimum unassigned general fund balance level.

Legal References: Statement No. 54 of the Governmental Accounting Standards Board

POTOMAC ELEMENTARY

Adopted on:
Reviewed on:
Revised on:

7525

FINANCIAL MANAGEMENT

Lease-Purchase Agreement

The trustees of a district can lease property with an option to purchase.

Personal property -- the lease cannot be more than seven (7) years.

Real property -- the lease cannot be more than fifteen (15) years.

The terms of the lease must comply with 20-6-625, MCA. If real property is acquired, the trustees shall comply with 20-6-603, MCA.

The trustees of any district may lease buildings or land suitable for school purposes when it is within the best interests of the district to lease the buildings or land from the county, municipality, another district, or any person. The term of the lease may not be for more than fifteen (15) years unless prior approval of the qualified electors of the district is obtained in the manner prescribed by law for school elections, in which case the lease may be for a term approved by the qualified electors, but not exceeding ninety-nine (99) years. Whenever the lease is for a period of time that is longer than the current school fiscal year, the lease requirements for the succeeding school fiscal years shall be an obligation of the final budgets for such years.

Cross Reference: Policy 7251 Disposal of school district property without a vote.

Legal Reference: § 20-6-603, MCA Trustees' authority to acquire or dispose of sites and buildings – when election required.
 § 20-6-609, MCA Trustees' authority to acquire property by lease-purchase agreement.
 § 20-6-625, MCA Authorization to lease buildings or land for school purposes.

POTOMAC ELEMENTARY

Adopted on:
Reviewed on:
Revised on:

7535

FINANCIAL MANAGEMENT

Electronic Signatures

“Electronic signature” means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

Electronic signatures or digital signatures can take many forms and can be created using many different types of technology. For the purpose of this policy an electronic signature means any electronic identifier intended by the person using it to have the same force and effect as a manual signature.

District Use of Electronic Signatures

When not practical or possible to have an approved individual physically sign a document, and not otherwise prohibited by applicable laws, electronic signatures may satisfy the requirement of a written signature when transacting business with and/or for the District and/or with parents/guardians when the authenticity and reliability of such electronic signature(s) meets the provisions of this policy. In such instances, the electronic signature shall have the full force and effect of a manual signature.

In order to qualify for acceptance of an electronic signature the following additional requirements are applicable:

1. The electronic signature identifies the individual signing the document by his/her name and title;
2. The identity of the individual signing the document with an electronic signature is capable of being validated through the use of an audit trail;
3. The electronic signature, as well as the documents to which it is affixed, cannot be altered once the electronic signature is affixed. If the document needs to be altered, a new electronic signature must be obtained; and
4. The electronic signature conforms to all other provisions of this policy.

The District shall maintain District electronically signed records in a manner consistent with the District’s document retention policies yet also capable of accurate and complete reproduction of the electronic records and signatures in their original form. Such retention should include a process whereby the District can verify the attribution of a signature to a specific individual, detect changes or errors in the information contained in the record submitted electronically and protect and prevent access and/or manipulation or use access/use by an unauthorized person.

The District shall maintain a hardcopy of the actual signature of any District employee authorized to provide an electronic signature in connection with school board business.

Abuse of the electronic signature protocols by any District employee serves as grounds for disciplinary action up to and including termination.

Parent/Student Use of Electronic Signatures

With regard to documentation received by the District with an electronic signature from a parent/legal guardian, so long as the following provisions are met, the District may receive and accept such electronic signature as an original document:

1. Such communication with signature, of its face, appears to be authentic and unique to the person using such signature;
2. The District is unaware of any specific individualized reason to believe that the signature has been forged;
3. The District is unaware of any specific reason to believe the document has been altered subsequent to the electronic signature; and
4. The signature is capable of verification.

The District's Superintendent or designee may, at his or her discretion, request that an original of the electronic communication, signed manually by hand, be forwarded to the District in a timely manner.

District personnel may periodically audit the authenticity of such signature via a security procedure including such acts as making follow-up inquiry to the individual/entity who has submitted such electronic signature.

Should it be discovered that a student has falsified a parent's electronic signature on an official District document, the student may be subjected to discipline and the Administrators of the District are authorized, at their discretion, to thereafter only accept manual signatures associated with any submitted school document.

Legal Reference:	30-18-102(9), MCA	Definitions
	30-18-106(4), MCA	Legal recognition of electronic records, electronic signatures, and electronic contracts
	42.8.106, ARM	Electronic submission of documents and electronic signatures

POTOMAC ELEMENTARY

Adopted on: 10/13/2014

Reviewed on:

Revised on:

7540

FINANCIAL MANAGEMENT

Grants

The Board will oversee all grant awards prior to funds being used, to ensure:

- 1) The grant is intended to support the schools’ goals, and
- 2) To provide public visibility of all grants.

New grants awarded shall be presented to the Board at a public meeting with details of the award, and planned expenditures.

Grants renewing for subsequent years will be presented to the Board at a public meeting with details of the renewed award, and the new fiscal year’s planned expenditures.