

# **COLUMBUS PUBLIC SCHOOLS**

## **7000 SERIES FINANCIAL MANAGEMENT**

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**Goals**

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 purposes intended and to ensure education remains primary.

In the district's fiscal management, the Board seeks to achieve the following goals:

1. Engage in advance planning to develop budgets that will achieve the greatest educational returns in relation to dollars expended.
2. Establish levels of funding which shall provide an education for the district's students.
3. Provide timely and appropriate information to staff who have fiscal responsibilities.
4. Establish efficient procedures in all areas of fiscal management.

Legal Reference: Title 20, Chapter 9, MCA Finance

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Tuition**

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

**Policy History:**

Adopted on: 6/12/01

Reviewed on:

Revised on: 02/10/10

**Budget and Program Planning**

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

Prior to presentation of the proposed budget for adoption, the Superintendent shall prepare for the Board's consideration appropriate supporting documentation recommendations which shall be designed to meet the needs of students within the limits of anticipated revenues.

Program planning and budget development shall provide for staff participation and the sharing of information with patrons prior to action by the Board.

Policy History:

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

Budget Adjustments

When any budgeted fund line item is in excess of the amount required, the Board may transfer any of the excess appropriation to another line item(s) within the same fund.

The Board authorizes the administration to transfer line items within the same budgeted fund to adjust line item overdrafts or to meet special line item needs. Line item budget transfers to adjust line item overdrafts are at the discretion of the administrators.

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 will state the facts of the budget amendment, the estimated amount of funds needed, and the time and place the Board will meet for the purpose of considering and adopting a 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

Policy History:

Adopted on: 6/12/01

Reviewed on:

Revised on: 02/10/10

**Revenues**

The school district will seek and utilize all available sources of revenue for financing its educational programs. This includes revenues from non-tax, local, state and federal sources. All revenues received for the school district will be properly credited to the appropriate fund and account as specified by federal and state statute and the 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

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Rental or Lease of School District Property**

The Board of Trustees through the Superintendent of Schools or his/her designee shall be authorized to rent or lease the real and personal property of the school district. Such property shall be rented or leased for lawful purposes only.

The Board of Trustees authorizes the Superintendent of Schools or his/her designee to establish the procedures and the rental fees for the rental and leasing of school district real and personal property. Appropriate insurance shall be required on rental properties.

*Legal Reference:* 20-6-607, MCA; 82-10-201, et. seq., MCA

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:



**Endowments and Gifts**

The Board of Trustees may accept gifts, endowments, legacies, and devices subject to the lawful conditions imposed by the donor. Endowments received by the school district will be deposited to an endowment fund as an expendable or non-expendable trust. The Board of Trustees will not approve any gifts that are inappropriate. All gifts shall become the property of the school district and shall be accepted without obligation relative to use and/or disposal.

The Board of Trustees authorizes the Superintendent of Schools to establish procedures for determining the suitability or appropriateness of all gifts to be received and accepted by the school 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

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Budget Implementation and Execution**

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

1. Expenditure of funds for the employment and assignment of staff shall meet the legal requirements of the state of Montana and adopted Board policies.
2. Funds held for contingencies may not be expended without approval from the Board.
3. A listing of expenditures describing goods and/or services must be presented for Board approval each month.
4. Purchases shall 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

Policy History:  
Adopted on: 6/12/01  
Reviewed on: 02/10/10  
Revised on:

**Purchasing: Authorization and Control**

Purchasing

Authorization and Control

The Superintendent of Schools is authorized to direct expenditures and purchases within the limits of the detailed annual budget for the school year. Board approval for purchase of capital outlay items is required when the aggregate total of a requisition exceeds 50,000, except the Superintendent shall have the authority to make capital outlay purchases without advance approval when it is necessary to protect the interests of the district or the health and safety of the staff or students. The Superintendent shall establish requisition and purchase order procedures as a means of monitoring the 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.

The advertisement for bid must be made once each week for two (2) consecutive weeks, and the second (2<sup>nd</sup>) publication must be made not less than five (5) nor more than twelve (12) days before consideration of bids.

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

*In making a determination as to which vendor is the lowest responsible bidder, if any, the District will not only take into consideration the pecuniary ability of a vendor to perform the contract, the District will consider the skill, ability, and integrity of a vendor to do faithful, conscientious work and promptly fulfill the contract according to its letter and spirit. References must be provided and will be contacted. The District further reserves the right to contact others with whom a vendor has conducted business, other*

*than those listed as references, in making a determination as to whether a vendor is the lowest responsible bidder. Additional information and/or inquiries into a vendor's skill, ability, and integrity are set forth in the bid specifications.*

### Cooperative Purchasing

The District may enter into cooperative purchasing contracts with one or more districts for procurement of supplies or services. A district participating in a cooperative purchasing group may purchase supplies and services through the group without complying with the provisions of 20-9-204(3), MCA if the cooperative purchasing group has a publicly available master list of items available with pricing included and provides an opportunity at least twice yearly for any vendor, including a Montana vendor, to compete, based on a lowest responsible bidder standard, for inclusion of the vendor's supplies and services on the cooperative purchasing group's master list.

Legal Reference:	§§ 18-1-101, et seq., MCA	Preferences and General Matters
	§§ 18-1-201, et seq., MCA	Bid Security
	§ 20-9-204, MCA	Conflicts of interests, letting contracts, and calling for bids
	<i>Debcon v. City of Glasgow</i> , 305 Mont. 391 (2001)	

### Policy History:

Adopted on: 6/12/01

Reviewed on:

Revised on: 02/10/10, 12/13/2011, 07/08/13

**Columbus Public Schools**

**FINANCIAL MANAGEMENT**

**7324**

**Vendor Authorization**

The board directs that all vendors doing business with the school district are required to be approved and authorized by the superintendent or his/her designee. Vendors are required to follow established procedures for the acquisition and purchase of goods and services specified by the school district which are intended to ensure conformity in the purchasing process.

The Superintendent of Schools or his/her designee is authorized to establish the procedures for approving school district vendors.

Legal Reference: 20-7-608, MCA; 20-3-332, MCA.

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Columbus Public Schools**

**FINANCIAL MANAGEMENT**

**7325**

**Accounting System Design**

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

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Columbus Public Schools**

**FINANCIAL MANAGEMENT**

**7326**

**Documentation and Approval of Claims**

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

The school district business office will be responsible for the development of the procedures and forms to be used in the requisition, purchase and payment of claims.

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Columbus Public Schools**

**FINANCIAL MANAGEMENT**

**7329**

**Petty Cash Accounts**

The use of petty cash accounts shall be authorized for specific purchases only. Those purchases will include individual purchases of supplies and materials. Petty cash accounts will be maintained as cash on hand, and the total dollar amount of each petty cash account will be limited to \$300 for middle and high schools combined and \$100 for elementary school.

Each administrator of a school or department with a petty cash fund account may appoint and designate a fund custodian to carry out bookkeeping and security duties. 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 school district business office shall be responsible for establishing the procedures involving the use and management of petty cash accounts.

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Advertising in Schools/Revenue Enhancement**

Revenue enhancement through a variety of district-wide and district approved marketing activities, including but not limited to advertising, corporate sponsorship, signage, etc., is Board-approved. These opportunities are subject to certain restrictions as approved by the Board in keeping with the contemporary standards of good taste. Preferred advertising includes messages that encourage student achievement and the establishment of high standards of personal conduct.

All sponsorship contracts will allow the district to terminate the contract at least on an annual basis if it is determined that it will have an adverse impact on implementation of curriculum or the educational experience of students.

The revenue derived should:

1. Enhance student achievement;
2. Assist in the maintenance of existing athletic and activity programs;
3. Provide scholarships for students participating in athletic, academic and activity programs who demonstrate financial need and merit.

Appropriate opportunities for these marketing activities include but are not limited to:

- Fixed signage
- Banners
- District-level publications
- Television and radio broadcasts
- Athletic facilities to include stadiums, high school baseball fields, and high school gymnasiums
- District level projects
- Expanded usage of facilities beyond traditional use
- Interior and exterior of a limited number of district buses only if advertising is associated with student art
- selected by the district. The only advertising information will note that the student art is sponsored by the participant in the district sponsorship.
- Maintenance for the buses will include but not exceed normal maintenance costs.
- Individual school publications

Advertising will not be allowed in classrooms and corporate sponsored curriculum materials are subject to the requirements of Board policy.

The following restrictions will be in place when seeking revenue enhancement. Revenue enhancement activities will not:

- Promote hostility, disorder or violence
- Attack ethnic, racial or religious groups
- Discriminate, demean, harass or ridicule any person or group of persons on the basis of gender

- Be libelous
- Inhibit the functioning of the school and/or district
- Promote, favor or oppose the candidacy of any candidate for election, adoption of any bond/budget issues
- or any public question submitted at any general, county, municipal or school election.
- Be obscene or pornographic as defined by prevailing community standards throughout the district
- Promote the use of drugs, alcohol, tobacco, firearms or certain products that create community concerns
- Promote any religious or political organization
- Use any district or school logo without prior approval.

Cross Reference:       2120   Curriculum Development and Assessment  
                              2309   Library Materials  
                              2311   Instructional Materials

Policy History:

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**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 school district from his/her personal funds. In that event, an employee will be reimbursed for his/her personal purchase under the following criteria:

1. It is clearly demonstrated that the purchase is of benefit to the school district.
2. The purchase did not exceed \$100.00.
3. The purchase was made with the prior approval of an authorized administrator.
4. The item purchased was not available from resources within the school district.
5. The claim for personal reimbursement is properly accounted for and documented with an invoice/receipt.

The school district business office will be responsible for the development of the procedures and forms to be used in processing claims for personal reimbursements.

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Travel Allowances and Expenses**

Every school district employee and trustee will be reimbursed for travel expenses while traveling outside of the school district and engaged in official district business. All travel expense claims must be for reasonable expenses and accompanied by written receipts and approved by the employee's supervisor or the superintendent.

The following travel expenses will require an appropriate receipt before reimbursement will be made: lodging; commercial transportation, rental cars, registration fees, miscellaneous "other expenses," and taxi/bus costs in excess of \$10.00. Food costs will be reimbursed using the standard of "reasonable" expenses excluding all alcoholic beverages. Whenever possible, district employees shall use the district owned vehicles while traveling on official school business. In the event an employee must use his/her automobile in traveling out of the district on official business, he/she will be entitled to a mileage rate reimbursement equal to for the Montana State standard for mileage reimbursement at the time of travel.

The school district business office will be responsible for the 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

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

## Columbus Public Schools

### FINANCIAL MANAGEMENT

7400

#### 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 August. 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 \$10,000 for the high school card, \$3500 for the elementary card and \$3500 for the activity card, and an aggregate credit limit of \$17,000 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

#### Policy History:

Adopted on: 02/10/10

Reviewed on:

Revised on:

## Columbus Public Schools

### FINANCIAL MANAGEMENT

7410

#### Fund Accounting System

The school district accounting system shall be organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources. All related liabilities and residual equities or balances, and changes therein, are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds and account groups shall be used by the school district as required by law and sound financial administration consistent with legal and statutory operating requirements.

#### Elem:

101 General  
110 Transportation  
111 Bus Depreciation  
112 Lunch  
113 Tuition  
114 Retirement  
115 Misc. Federal Funds  
117 Adult Education  
121 Sick Leave Reserve  
124 Metal Mines Tax Reserve  
128 Technology Acquisition Fund  
129 Flex Fund  
130 Mine Impact Fund  
150 Debt Service  
160 Building Fund  
161 Building Reserve

#### High School:

201 General  
210 Transportation  
211 Bus Depreciation  
214 Retirement  
215 Misc. Federal Funds  
217 Adult Education  
218 Driver's Education  
221 Sick Leave Reserve  
224 Metal Mines Tax Reserve  
228 Technology Acquisition Fund  
229 Flex Fund  
250 Debt Service Fund  
260 Building Fund  
261 Building Reserve  
281 Endowment Fund

A modified accrual basis of governmental accounting shall be utilized in measuring financial position and operating results.

Legal Reference: 20-9-201, MCA

#### Policy History:

Adopted on: 6/12/01

Reviewed on:

Revised on: 02/10/10

**Extra-Curricular Funds**

The Board of Trustees is responsible for the establishment and management of student extra-curricular funds. The purpose of student extra-curricular funds shall be 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 school district for student extra-curricular funds. The use of the student extra-curricular funds is limited to the benefit of the students. Students shall be involved in the decision-making process related to the use of the funds.

The establishment of a student extra-curricular fund and all its subsidiary student organization and activity accounts and any subsequent changes or transfers are subject to the approval of the Board of Trustees. All transactions made in the student extra-curricular funds are subject to the approval of the Board of Trustees.

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

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Financial Reporting**

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

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

Legal Reference:	§§ 2-7-501, et seq., MCA	Audits of Political Subdivisions
	§ 20-9-212, MCA	Duties of county treasurer
	§ 20-9-213, MCA	Duties of trustees

**Policy History:**

Adopted on: 6/12/01

Reviewed on: 02/10/10

Revised on:

**Property Records**

Property records and inventory records shall be maintained on all land, buildings and physical property under the control of the district. Such records shall be updated annually.

For purpose of this policy, "equipment" shall mean 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 shall ensure that inventories of equipment are systematically and accurately recorded and are updated and adjusted annually be reference to purchase orders and withdrawal reports. Property records of facilities and other fixed assets shall be maintained on an ongoing basis. No equipment shall be removed for personal or non-school use except according to Board policy.

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

1. description and identification
2. manufacturer
3. date of purchase
4. initial cost
5. location
6. condition and depreciation
7. fund from which purchased

Equipment may be identified with a permanent tag that provides 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

**Policy History:**

Adopted on:    5/21/01

Reviewed on: 02/10/10

Revised on:

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

Policy History:

Adopted on: 12/13/1999

Reviewed on:

Revised on: 02/10/10

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 Columbus 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 Columbus School District, Columbus, 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

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

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

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

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

#### **V. MINIMUM FUND BALANCE**

The school district will strive to maintain a minimum unassigned general fund balance of [ \_\_\_\_ percent of the annual budget.] [ \_\_\_\_ months of operating expenses.]

*[Note: School districts need to select one of the bracketed choices above and fill in the blank. The other bracketed choice should be deleted. If a minimum fund balance is specified, a stabilization arrangement such as that specified in Part IX below that sets aside specific stabilization amounts may not be necessary.]*

#### **VI. ORDER OF RESOURCE USE**

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

*[Note: The school board determines this order.]*

#### **VII. COMMITTING FUND BALANCE**

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

#### **VIII. ASSIGNING FUND BALANCE**

The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the following: \_\_\_\_\_ . *[Specify individual(s), such as the superintendent, business manager, etc.,*

***or an entity, such as the finance committee, authorized to make these assignments.]***

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

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

#### **IV. STABILIZATION ARRANGEMENTS**

***[Note: If the school board has established any arrangement(s) for emergencies and other contingencies, the description(s) should be included in this section. The school board needs to specifically define the circumstances or conditions when these amounts may be used, which must be unanticipated adverse financial or economic circumstances. These circumstances or conditions cannot be situations that are expected to or which occur routinely. Stabilization arrangements should be reported as restricted or committed if they meet the criteria or, otherwise, should be reported as unassigned. They should not be reported as assigned. If the school board does not have any such arrangements, this section should be deleted.]***

#### **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

Policy History:

Adopted on: 12/13/2011

Reviewed on:

Revised on:

Independent Investment Accounts

The Board may establish independent investment accounts, separate and apart from those funds maintained by the county treasurer. The Board may transfer cash into the independent investment accounts from any budgeted or non-budgeted funds. A separate account shall be established for each fund from which transfers are made. The principal and any interest earned must be reallocated to the fund from which the deposit was originally made.

Prior to establishing an independent investment account, the District shall enter into a written agreement, binding for a period of not less than five (5) years, with the county treasurer.

The District may either:

1. Establish and use the account as a non-spending account, returning sufficient funds to the county treasurer in time to pay all claims against the applicable fund; or
2. Establish a subsidiary checking account and make expenditures from the investment account, providing that all transactions are accounted for and reported, as required by applicable accounting principles.

Legal Reference:           § 20-9-235, MCA           Authorization for school district investment account

Policy History:

Adopted on:

Reviewed on: 02/10/10

Revised on:

Procurement of Supplies or Services

The Board adopts the following provisions of the Montana Procurement Act (i.e., § 18-4-101, et seq., MCA):

1. § 18-4-303, MCA – Competitive sealed bidding. With the exception of construction contracts, allows the District to negotiate an adjustment of the bid price with the lowest responsible bidder in order to bring the bid within the amount of available funds, if, and only if, all bids exceed available funds and the lowest responsible bid does not exceed available funds by more than five percent (5%).
2. § 18-4-306, MCA – Sole source procurement. Allows the District to purchase supplies or services without having to comply with required bidding procedures, when and only when it is determined that there is only one (1) source for the required supply or service item.)

Legal Reference:	§ 18-4-101, et seq., MCA 2.5.604, ARM	Montana Procurement Act Sole Source Procurement
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Policy History:

Adopted on:  
Reviewed on: 02/10/10  
Revised on: