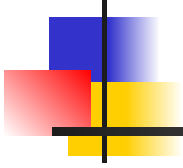


Montana School Budgets Fund Review



WINTER 2023



Montana Association of School Business Officials (MASBO)

www.masbo.com

AND

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DEFINITIONS

BUDGETED FUND=Funds on the MAEFAIRS budget form that have a tax impact on the district. Expenditures of the district are limited to the adopted budget

CASH FUND=Spending of these funds are restricted to actual cash on hand.

FY = Fiscal Year, e.g.: FY 23 is 2022/2023 school year

MAEFAIRS = Montana's Automated Education Financial and Information Reporting System – Computerized reporting system that allows the schools and OPI to exchange information electronically. Currently includes the Fall and Spring enrollment reporting, Compensation and Benefit report, the year end Trustees Report as well as the Budget. OPI maintains it and it is funded by the State of Montana



DEFINITIONS (cont.)

GAAP = **G**enerally **A**ccepted **A**ccounting **P**incipals – School district do not operate on a cash basis, but rather a modified accrual basis defined by GAAP

MCA = Montana Codes Annotated. Montana State Law; Title 20 Education

BASE = **B**ase **A**mount for **S**chool **E**quity – 80% of Maximum Budget
20.9.306 MCA

DSA – **D**irect **S**tate **A**id

GTB = **G**uaranteed **T**ax **B**ase – Additional state funding provided to district with low taxable values

Mill Value = Total taxable valuation of the district times 0.001.

Ie: Taxable Valuation - \$1,000,000

Mill Value = \$1,000,000 X 0.001 = **\$1,000 per mill**



DEFINITIONS (cont.)

Non-Voted/Permissive Levies = are mill levies that can be assessed without a vote of the people at the discretion of the Board.

PI Days = **P**upil **I**nstruction **D**ays – 180 days of student instruction or hours equivalent

PIR Days = **P**upil **I**nstruction **R**elated **D**ays – State reimbursement is received for up to 7 days of staff development or hour equivalent record keeping days and parent teacher conference days.

Pupil (Student) = A child who is 5 years of age or older on or before September 10 of the year in which the child is to enroll or has been enrolled by special permission of the board of trustees under 20-5-101(3) but has not yet reached 19 years of age and who is enrolled in a school established and maintained under the laws of the state at public expense.



Budgeted Funds

(01)	General Fund	<i>voted and permissive</i>
(10)	Transportation Fund	<i>permissive</i>
(11)	Bus Depreciation Fund	<i>permissive</i>
(13)	Tuition Fund	<i>permissive</i>
(14)	Retirement Fund	<i>permissive</i>
(17)	Adult Education Fund	<i>permissive</i>
(28)	Technology Fund	<i>voted and permissive</i>
(29)	Flexibility Fund	<i>voted and limited permissive</i>
(50)	Debt Service Fund	<i>voted</i>
(61)	Building Reserve Fund	<i>voted and permissive</i>



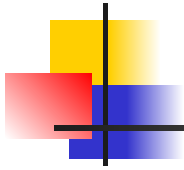
Non-Budgeted/Cash Funds

(12)	School Foods
(15)	Miscellaneous Funds
(18)	Traffic Education
(20)	Rental/Lease Fund
(21)	Compensated Absence
(26)	Impact Aid
(60)	Building
(70-79)	Enterprise/Internal Service
(80-85)	Trust accounts
(86)	Payroll Clearing
(87)	Claims Clearing

TRANSPORTATION FUND (10)

Budgeted Fund

MCA 20-10-101



PURPOSE

Transportation is the conveyance of a pupil by a school bus or e-bus which is driven by a certified driver between the pupil's legal residence or designated bus stop and the school of pupil's attendance. Reimbursement is given based on the miles traveled to transport eligible transportees on routes approved by the County Transportation committee. An eligible transportee is a student between the ages of 5 and 21 who is a resident of the state regardless of District or County boundaries, who resides at least 3 miles from the nearest school. The student must be considered to reside with his/her parents who maintain legal residence within the boundaries of the district providing transportation.

FUNDING

An established rate per mile approved by the County Transportation Committee. This revenue source comes 50% from the county and 50% from the state.
Plus a District Levy

TRANSPORTATION FUND (10)

Budgeted Fund

MCA 20-10-101

(cont.)



VALID EXPENDITURES

- Administrative salaries and benefits (% of time spent)
- Bus Driver wages and benefits
- Fuel
- Repairs and maintenance to district owned buses or e-bus
- Insurance for buses
- Purchase of new or replacement yellow bus (not extra-curricular)
- Individual transportation payments
- Non-bus miles to drivers
- Contracts with private carriers
- Isolation payments
- Two way radios and base stations
- Supplies and equipment necessary for transportation
- Constructing and maintaining bus storage facilities
- Utilities for bus storage facility
- Crossing Guards

RESERVE

20% of current year budget

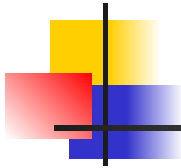
There is a webinar on January 25, 2023 to discuss upcoming changes to forms

TRANSPORTATION FUND (10)

Budgeted Fund

MCA 20-10-101

(cont.)



TRANSPORTATION BUDGETING WORKSHEET

<https://opi.mt.gov/Leadership/Finance-Grants/School-Finance/Pupil-Transportation#10499311642-budgeting--finance-information>

Current rates can be found on the PAR tab

BUS DEPRECIATION RESERVE (11)

Budgeted Fund

MCA 20-10-147



PURPOSE

This fund is for the purpose of financing replacement of buses (or e-bus) including two-way radio equipment owned by a school district .

Trustees of a district owning a bus or two-way radio for purposes of transportation or for purposes of conveying pupils to and from school functions or activities have the authority to establish a bus depreciation reserve. Depreciation describes the process by which funds are raised, however this is actually a replacement fund.

FUNDING

District: a local permissive tax levy is established based on the purchase price of the bus.

The district can levy up to 20% of the original cost per year, not to exceed 150% of the original cost in total

BUS DEPRECIATION RESERVE (11)

Budgeted Fund

MCA 20-10-147

(cont.)



VALID EXPENDITURES

Funds can be used to buy an additional yellow bus for route (SB 229)
Funds can not be used to buy an additional activity bus (SB 229)
Can replace a yellow bus, an activities (non-yellow) bus, or remodel any bus
Replace 2 way radios, convert any bus (SB 229)
Purchase cameras for buses

Cannot be used for ordinary repairs and maintenance (SB 229)

TIPS

This is one place the Board has flexibility in setting levies. Districts do not HAVE to levy every year or levy the entire 150%.

As of now, should you get rid of your bus fleet, you can transfer the money to any fund with a vote of the people.

SCHOOL FOOD SERVICES (12)

Cash Fund

MCA 20-10-201



PURPOSE

The purpose of this fund is to account for School Food service operations .

FUNDING

Federal: reimbursement based on a schedule of amounts that are multiplied by the number of daily participants in the breakfast, lunch or snack and fresh fruit and vegetable program. Summer Food programs are also included based on students participating. Rates vary for free, reduced and full pay students. Payment is received through the Office of Public Instruction

State: state matching funds based on a percentage of the federal payment

District: most often expenses are subsidized by the general fund

Local: students and staff pay on a per meal basis; the price is set by each school district

VALID EXPENDITURES

Salaries – kitchen staff, meal distribution drivers, % of administration
Benefits – of food services related staff
Purchase, Repair, or Maintenance of food service equipment
Food and Supplies for food service

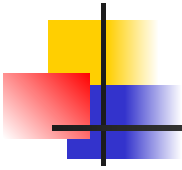
TIPS

The free and reduced count is used to drive many federal programs such as ESEA Title programs, Gear-up and E-rate. Encourage people to take advantage of the free and reduced application even if they are not interested in the free and reduced pricing.

TUITION FUND (13)

Budgeted Fund

MCA 20-5-101



PURPOSE

This fund is used to pay tuition costs for resident students attending a school outside the resident district, for resident students attending private, non-sectarian day treatment programs, for special education costs for resident students, and to pay tuition obligations for foster, group home or students confined to a children's psychiatric hospital or residential treatment facility.

FUNDING

State: DPHHS (Department of Public Health and Human Services)

Placements & Court Placements (Including Tribal Court)

Funds are paid from County Equalization Payments before being sent to the State

District levy for: "Geographical Barriers"

County Transportation Committee approves "geographical barriers"

Agreements/Contracts for Grades 7 and 8 and Kindergarten

District Placements (IEP's, etc.)

Portion of Special Education costs

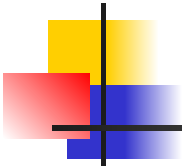
Tuition receipts are usually deposited into the general fund to offset the cost of educating the students for whom you have received the funds.

TUITION FUND (13)

Budgeted Fund

MCA 20-5-101

(cont.)



VALID EXPENDITURES

Payment of tuition to other schools.

Payment is paid the year after the year of attendance; 1st 1/2 by 12/31.
2nd 1/2 by 6/15

Expenditures related to certain approved specific special education costs

RESERVE

An operating reserve is not allowed in the Tuition Fund (13). Year end fund balance is reappropriated into the next year

TUITION FUND (13)

Budgeted Fund

MCA 20-5-101

(cont.)

NOTE

Tuition payments are not deposited into the Tuition Fund (13). These payments are required by law to be deposited into the General Fund (01), or Miscellaneous Programs Fund (15) in exceptional circumstances (§20-5-324 (6) MCA).

The Superintendent of Public Instruction establishes the tuition rates.
Some districts charge tuition and some don't. The reasons vary. Also some districts pay tuition and some don't.

Please reference 20-5-324 MCA

The district has the option of a permissive levy in the Tuition Fund using the worksheet below. A worksheet must be completed for the expenses being levied for EACH student. Auditors look at these worksheets to make sure that taxpayers are not being over levied. The district may estimate the costs for the ensuing year or use the actual costs from the previous fiscal year.

We will discuss the permissive levy later with other permissive levy option

TUITION FUND (13)

Budgeted Fund

MCA 20-5-101

(cont.)

NOTE:

Please reference 20-5-324 MCA

The district has the option of a permissive levy in the Tuition Fund using the worksheet below. A worksheet must be completed for the expenses being levied for EACH student. Auditors look at these worksheets to make sure that taxpayers are not being over levied.

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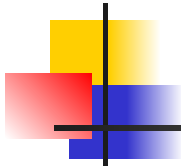
IN-DISTRICT SPECIAL EDUCATION PERMISSIVE LEVY CALCULATOR WORKSHEETS

<https://opi.mt.gov/Leadership/Finance-Grants/School-Finance/Tuition-and-Attendance#1051801772-calculation-spreadsheets>

RETIREMENT FUND (14)

Budgeted Fund

MCA 20-9-501



PURPOSE

To finance the employer's contribution to the Teachers Retirement System (TRS), the Public Employees' Retirement System (MPERA), Unemployment Compensation Fund and Social Security (FICA and Medicare). Retirement costs for employees paid from federal funds must be budgeted and paid from the federal program rather than the retirement fund.

FUNDING

County-wide levy - budget requests are provided to the County Superintendent who combines all of the school districts in that county and levy using county mill levies. The County Superintendent distributes the payments to the school districts twice a year, however some counties distribute monthly.

VALID EXPENDITURES

- Employer share Social Security and Medicare
- Employer share TRS and PERS
- Employer payment of unemployment premium

NOTE: NOT VALID EXPENDITURES

- Retirement buyouts
- Payments to employees

RESERVE

Limited to 35% of the current year budget

MISCELLANEOUS PROGRAMS FUND (15)

Cash Fund

MCA 20-9-507



PURPOSE

To account for local, state, or federal grants and reimbursements.

FUNDING

- Federal:** Per grant award
- State:** Per grant award
- Local:** Allowable miscellaneous receipts (often local donations)

Notice that the program number and the revenue number are tied together in many cases.
For example: Title I Revenue Code is 4200
Expenditure Program code is 420

VALID EXPENDITURES

Expenditures are those allowed within the purpose of the state and federal grant award.
Local money can be spent at the discretion of the Trustees but only up to the cash value.

MISCELLANEOUS PROGRAMS FUND (15)

Cash Fund

MCA 20-9-507

(cont.)

EXAMPLES OF COMMON GRANT AWARDS

ESEA Grants, (Title I, II, III, etc)
Rural Education Achievement Program (REAP)
State Vocational Education
Carl Perkins
Gear Up
ESSER

TIPS

Very important to track these monies by Revenue and Expenditure coding to insure accurate use

Project report codes are required in the Miscellaneous Fund 15. Each source of money must have a unique project reporter code.

Example: Local Donation	1XX
State VoAg	3XX
Federal Awards Title I	4XX

MISCELLANEOUS PROGRAMS FUND (15)

Cash Fund

MCA 20-9-507

(cont.)

For those grants that run from July through the next September you can assign an even number to the third digit for even years and an odd number to the third digit for odd years. You can then use them year after year without creating a long list of project reporter numbers for the same grant.

Example: Title I Exp	X15.420.1000.112.422	2022 Fiscal Year
	X15.420.1000.112.423	2023 Fiscal Year

Title I Rev	X15.4200.422
	X15.4200.423

The project reporter number needs to be assigned to every revenue and expenditure entry throughout the year.

OPI has developed a Miscellaneous Fund worksheet that helps you to keep this fund in balance each month. The link is below:

MISCELLANEOUS FUND WORKSHEET

<https://opi.mt.gov/Leadership/Finance-Grants/School-Finance/School-Finance-Accounting#10517311754-guidance--manuals>

ADULT EDUCATION (17)

Budgeted Fund

MCA 20-7-701



PURPOSE

To finance adult education, vocational and basic education programs, for any person who is 16 years of age or older and **not** regularly enrolled as a full-time student for the purposes of ANB computation .

FUNDING

District Levy: No limitations on millage in this fund

Local: Per student fees assessed on a per course basis

VALID EXPENDITURES

Salaries for instructors

Supplies and equipment necessary for instruction in the class, but not for projects taken home by the students

District can match up to 25% of Advanced Opportunity Aid using Adult Education Fund levy (see Adult Education Fund (17))

TIP

Equipment needed for the adult ed courses can also be made available for student use during the school day.

RESERVE

35% of current year budget

TRAFFIC EDUCATION FUND (18)

Cash Fund

MCA (20-7-507)



PURPOSE

For the accounting of traffic education activities for students who are 15 years of age or within 6 months of turning 15 and are taught by a certified traffic education instructor.

FUNDING

State: amount provided by OPI based on the number of students who successfully complete the course of instruction. This is paid in August for the previous year's enrollment.

District: expenses subsidized by the general fund

Local: fees charged per student as set by the Board of Trustees

VALID EXPENDITURES

Instructor Salaries

Fuel

Supplies, textbooks, etc.

Rent or purchase of a vehicle

Insurance on vehicle

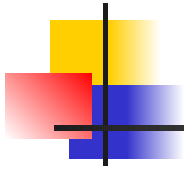
Repairs and maintenance of driver education vehicle

TRAFFIC EDUCATION FUND (18)

Cash Fund

MCA (20-7-507)

(cont.)



NOTES

In the past few years the amount has varied between \$100 and \$150 per student. OPI sends out an estimate of what it will be in late June and should be recorded as a due from other governments. The payment comes to the district from the OPI each August.

Many districts currently charge students an additional fee for traffic education. In districts where there is no charge for tuition it is not appropriate to charge out of district students more for traffic education than you charge in district students.

LEASE-RENTAL FUND (20)

Cash Fund

MCA (20-9-509)



PURPOSE

To account for revenues and expenditures related to lease or rental of school property.

FUNDING

Local: Charges for use of school property
Rent from district owned housing

VALID EXPENDITURES

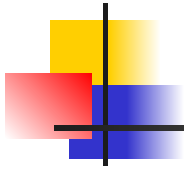
- Utilities
- Repair and maintenance of **any** property
- Custodial expenses related to leased or rented area
- Administrative cost of owning lease or rental property
- Insurance for property
- Acquisition of additional housing or dormitory facilities

LEASE-RENTAL FUND (20)

Cash Fund

MCA (20-9-509)

(cont.)



NOTE

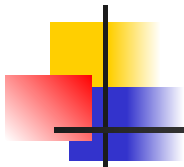
Year-end cash balance is limited to \$10,000 for an elementary and a high school district and \$20,000 for a K-12 district. The cash balance in excess of this limit must be transferred to the general fund of the district.

All money received from the lease or rental agreements may be deposited with the county treasurer to the credit of the lease or rental agreement fund, general fund, the debt service fund, or any other appropriate fund.

COMPENSATED ABSENCE FUND (21)

Cash Fund

MCA (20-9-512)



PURPOSE

To finance the accumulated sick leave and vacation pay that a non-teaching or administrative school district employee is entitled to upon termination of employment.

FUNDING

District: Transfer of money from the general fund, within the adopted budget limits

VALID EXPENDITURES

Payment of sick and annual leave benefit, upon termination for non-teaching and administrative staff only

25% of accumulated sick leave

100% of accumulated vacation leave

RESERVE

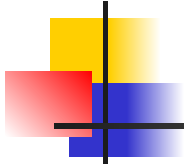
The maximum amount in this reserve fund may not exceed 30% of the total district liability for accumulated sick leave of non-teaching(classified) and superintendent on June 30 of the current fiscal year.

COMPENSATED ABSENCE FUND (21)

Cash Fund

MCA 20-9-512

(cont.)



COMPENSATED ABSENCES WORKSHEET

<https://opi.mt.gov/Leadership/Finance-Grants/School-Finance/School-Finance-Accounting#10517311754-guidance--manuals>

This worksheet will need to be completed for the elementary school and a separate one for the high school.

IMPACT AID (26)

Cash Fund

MCA 20-9-514



PURPOSE

This is federal funding intended to replace the lack of tax revenue generated on land held in trust by the Federal Government. Entire law is property based, based on where the students reside .

Application is due annually on January 31. This deadline must be adhered to.

FUNDING

For district's who have students who:

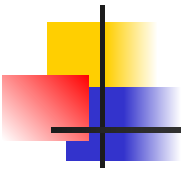
1. Reside on federal property with a parent who works on federal property located at least partially within the Local Education Authority.
2. Reside on Federal property and have a parent who is an accredited foreign government official and a foreign military officer.
3. Reside on federal property and have a parent on active duty in the uniformed services of the U.S.
4. Reside on trust or restricted Indian Lands.

IMPACT AID (26)

Cash Fund

MCA 20-9-514

(cont.)

- 
5. Have a parent on active duty in the uniformed services of the
 6. Have a parent who is an accredited foreign government official and a foreign military officer.
 7. Reside in certain federally assisted low-rent housing
 8. Reside on Federal Property
 9. Reside with a parent who is employed on Federal property

VALID EXPENDITURES

1. Allocation for students with disabilities must be spent on those student's need
2. Allocation for construction must be spent on maintenance, repairs or construction of new buildings
3. Remaining funds are spent at the discretion of the Board of Trustees

LITIGATION RESERVE FUND (27)

Cash Fund

MCA 20-9-515



PURPOSE

To pay legal settlements and court judgments ordered against the district.

FUNDING

District: Transfers from the general fund, within the adopted budget, when litigation is pending that could result in an award against the district

VALID EXPENDITURES

Costs named in the legal settlement/judgment order

NOTE: Funds remaining after settlement/judgment is paid must be returned to the general fund

TECHNOLOGY FUND (28)

Budgeted Fund

MCA 20-9-533



PURPOSE

This fund is used to establish a technology acquisition and depreciation fund authorized by MCA 20-9-533.

1. **Levies approved prior to FY2014:** This fund is used for the purchase, rental, repair, and maintenance of technology equipment and computer network access. It can be funded by a levy of up to 20% of the cost of computer equipment and computer network access, not to exceed 150% of the cost over time. The fund may also be used for state, federal and private grants and donations received for technology.

2. **Levies approved from FY2014 to current:** The levy can be based on the cost of equipment AND the cost of providing the technologies listed; cloud computing services for technology infrastructure, platform, software, network, storage, security, data, database, test environment, curriculum, or desktop virtualization purposes, including any subscription or any license-based or pay-per-use service that is accessed over the internet or other remote network to meet the district's information technology and other needs. The technology levy cannot exceed 10 years. The duration of perpetual levies authorized prior to July 1, 2013, must be revised not to exceed 10 years

TECHNOLOGY FUND (28)

Budgeted Fund

MCA 20-9-533

(cont.)



FUNDING

State Technology Aid (“timber” money) (MCA 20-9-534)

- a. Based upon timber harvests on Common School trust lands when the harvest exceeds a certain threshold
- b. Distributed based upon a % of BASE budgets, statewide
- c. Paid in August if there is an appropriation

District Levy (optional)

- a. A special election based on depreciation of items
To determine the allowable levy amount, the District must have tracked the original cost of: technology equipment and access costs plus purchases made during the year
less equipment disposed of during the year, and
less the amount that has already been levied for each asset to date
Cannot levy more than 150% of the original cost
- b. Once levy is established can continue to collect it within the parameters
- c. To increase the levy would require another vote

TECHNOLOGY FUND (28)

Budgeted Fund

MCA 20-9-533

(cont.)

VALID EXPENDITURES

Can be used for anything technology related, staff, software, hardware, technology training, lease, rent, repair, maintain technological equipment, and computer network access

TIPS

OPI inputs the annual state technology aid amount in the MAEFAIRS system

In order to have a levy in this fund, extensive recordkeeping must be done.

The purchase of technology equipment can also fall within the parameters of a building reserve levy and negate the need to track costs and depreciation of technology. The building reserve ballot language must say "maintain, operate and equip" the district. Staffing would not be allowed in the building reserve fund

FLEXIBILITY FUND (29)

Budgeted Fund

MCA 20-9-543, MCA 20-7-1602, MCA 20-7-1506

PURPOSE

The Flexibility Fund (29) is to be used for purposes listed in MCA 20-9-543. Trustees may use the fund, at their discretion, for school district expenditures in approved areas .

The following programs are accounted for in this fund: **Transformational Learning Aid Program** provided for in MCA 0-7-1602 and the Advanced Opportunity Act program provided for in MCA 20-7-1506. **Innovative Education** program funds received in prior years must continue to be expended from this fund.

FUNDING

State: Currently no state funding for flexibility

District Levy: Since there are no state funds, no levy is allowable.

Local: Money can be put in here at the discretion of the trustees

FLEXIBILITY FUND (29)

Budgeted Fund

MCA 20-9-543, MCA 20-7-1602, MCA 20-7-1506

(cont.)

The following Innovative Education programs are accounted for in this fund:

Transformational Learning Aid Program provided for in MCA 20-7-1602. An application is through OPI. Amount is 50% of prior year quality ed payment X FTE quality educators assigned to the program. A Permissive levy to match the amount can be levied. Districts may transfer state/local revenues from any fund (except Debt Service or Retirement) to support

Advanced Opportunity Act program provided for in MCA 20-7-1506. An application is available through OPI. Requires a Board of Public Ed approved plan. OPI pays advance opportunity aid. The District can match up to 25% of Advanced Opportunity Aid using Adult Education Fund levy

Innovative Education program funds received in prior years must continue to be expended from this fund.

FLEXIBILITY FUND (29)

Budgeted Fund

MCA 20-9-543, MCA 20-7-1602, MCA 20-7-1506

(cont.)

VALID EXPENDITURES

Support enhanced educational programs in the classroom with:

- Technology equipment enhancements and expansions

- Supplies and materials

- Training for classroom staff

- Facility expansion and remodeling considered by trustees to support the delivery of educational programs or the removal and replacement of obsolete facilities

- Student assessment and evaluation

- Development of curriculum materials

- Purchase, lease, or rental of real property that must be used to provide free or reduced price housing for classroom teachers

- Salaries, benefits, bonuses, and other incentives for recruitment and retention of classroom teachers and other certified staff

- Increases in energy costs caused by an increase in energy rates from the rates paid by the district in fiscal year 2001 or from increased use of energy as a result expansion of facilities, equipment, or other resources of the district

PERMANENT ENDOWMENT FUND (45)

Cash Fund

MCA 20-9-604

PURPOSE

To account for trusts and endowments that only allow use of interest earnings, and not principle, to support the district's programs. These are relatively rare.

FUNDING

LOCAL: gifts, and/or legacies imposed by the deed of a donor or the will of an estate

VALID EXPENDITURES

Interest may be expended to support the district's programs.

DEBT SERVICE FUND (50)

Budgeted Fund

MCA 20-9-438

PURPOSE

To finance the paying of the principle, interest and associated fees on outstanding bonds and special improvement district assessments.

FUNDING

State Reimbursement for School Facilities MCA 20-9-370 & 371 If the district's taxable value per student is less than the corresponding

state wide taxable value per student the district may receive GTB

Covers all general obligation bonds. OPI will prepare estimates of entitlements at district request

District Levy: assessed yearly to pay off bond principle, interest and agent fees

VALID EXPENDITURES

Bond principle payments

Bond interest payment

Associated bank or bonding company fees "agent fees"

Special Improvement Districts (SIDs)

RESERVE

Limited to bond obligations that must be paid between July 1 and November 30

DEBT SERVICE FUND (50)

Budgeted Fund

MCA 20-9-438

(cont.)

NOTE

It is important that the Business manager has a repayment schedule in order to be aware of when payment will be made and how much it will be. Bond counsel will provide this to you and the OPI can also send you a copy as they have the information as well.

Any money left in the fund after all bonds and SIDs are paid off can be moved to the General Fund, Building Reserve Fund or Technology Fund and must be used for construction or building related costs

Districts will contract with an expert financial advisor and bond attorney for the bond sale process.

BUILDING FUND (60)

Cash Fund

MCA 20-9-508

PURPOSE

To account for building and construction projects funded using bond or insurance proceeds, federal funds, or proceeds of the sale of property.

FUNDING

Federal funds: money for the express purpose of building, enlarging or remodeling a district building.

Local:

- a. sale of bonds under the school district bonding provisions
- b. sale of district property
- c. insurance proceeds from an insured loss

VALID EXPENDITURES

Construction

Building additions, remodeling or repairs

Federal funds can only be spent for the express purpose of the grant

Any money realized from the sale of bonds and remaining to the credit of the building fund, after the full accomplishment of the purpose for which the bonds are sold, must be transferred to the debt service fund for bond repayment.

BUILDING RESERVE FUND (61)

Budgeted Fund

MCA 20-9-502, 20-9-236, 20-9-525

PURPOSE

The trustees of any district may establish a building reserve fund to budget for and expend funds for any of the purposes set forth in this section. Appropriate sub-funds must be created to ensure separate tracking of the expenditure of funds from voted and non voted levies and transfers for school safety pursuant to MCA 20-9-236

611- School Safety Sub Fund- transfers from other funds (not debt service or retirement) Any transfers not spent/encumbered within 2 fiscal years must be transferred back to the originating fund. District may impose a voted levy (up to perpetual) for improvements to school and student safety and security.

612- Voted Levy Sub Fund- voted levy for the future construction, equipping, or enlarging of school buildings, for purchasing land, or funding of INTERCAP loans. In order to submit this levy request to the voters, trustees shall pass a resolution that specifies the purpose, the duration of time and the total amount of money to be raised.

613- Permissive Sub Fund- permissive levy of no more than 10 mills (20 mills for K12 districts) for the purposes of raising revenue for identified school major maintenance (SMMA) The SMMA and levy may not exceed the district's school major maintenance amount.

614- Transition Sub Fund- voted levy (not to exceed 6 yrs) to provide funding for transition costs incurred to Open a new school or close an existing school;

BUILDING RESERVE FUND (61)

Budgeted Fund

MCA 20-9-502, 20-9-236, 20-9-525

(cont.)

FUNDING

State: School Major Maintenance Payment (SMMA)

District Levy: Trustees must adopt a resolution addressing duration of time over which the total amount of money will be raised, in equal, annual installments

Transfer from a budgeted fund: for school and student safety

VALID EXPENDITURES

District Levy: Restricted to language on the ballot. Must specify purpose for which the building reserve would be used from the list below:

- a. To raise money for the future construction, equipping, or enlarging of school buildings or for purchasing land needed for school purposes.
- b. To raise money for transitional costs of opening/closing schools, replacing school buildings or consolidating/annexing.

SMMA – must have a specified purpose

NOTE

When creating your budget in August, one needs to go to the OPI General Fund Budgeting spreadsheet to see what the state amount is for the shared SMMA amount so you can levy the district share. There is a building reserve FY2023 tab that contains the information you need for budgeting purposes.

ENTERPRISE AND INTERNAL SERVICE FUNDS

(70-79)

Cash Funds



PURPOSE

These are special purpose funds and the revenue and expenditures are specific to the purpose of the fund. These funds need specific approval by OPI

ENTERPRISE FUNDS

70 DAYCARE ENTERPRISE FUND - The Day Care/Preschool Enterprise Fund is used to account for day care services operated on a commercial basis with little or no financial support from federal or state sources. This fund may be used when approved by the Office of Public Instruction.

71 INDUSTRIAL ARTS FUND - The Industrial Arts Fund is used to account for major industrial arts programs operated on a commercial basis with little or no financial support from federal or state sources. Such programs include recurring construction of residential housing, fabrication or manufacture of furniture, tools, or other similar items, or service oriented activities such as engine rebuilding, welding, or drafting. This fund may be used when approved by the Office of Public Instruction.

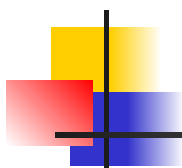
72 MISCELLANEOUS ENTERPRISE FUND - The Miscellaneous Enterprise Fund is used to account for programs operated on a commercial basis with little or no financial support from federal or state sources. This fund may be used when approved by the Office of Public Instruction.

ENTERPRISE AND INTERNAL SERVICE FUNDS

(70-79)

Cash Funds

(cont.)



INTERNAL SERVICE FUNDS

73 DATA PROCESSING INTERNAL SERVICE FUND - The Data Processing Internal Service Fund is used to account for data processing services provided to schools or other departments of the district on a cost-reimbursement basis. This fund may be used when approved by the Office of Public Instruction.

74 PURCHASING INTERNAL SERVICE FUND - The Purchasing Internal Service Fund is used to account for purchasing services provided to in-district schools or other departments on a cost-reimbursement basis. This fund may be used when approved by the Office of Public Instruction.

75 CENTRAL TRANSPORTATION INTERNAL SERVICE FUND - The Central Transportation Internal Service Fund is used to account for transportation services provided to in-district elementary and high school districts and other programs such as student extracurricular activities on a cost-reimbursement basis. This fund may be used when approved by the Office of Public Instruction

76 INSTRUCTIONAL MATERIALS CENTER INTERNAL SERVICE FUND - The Instructional Materials Center Internal Service Fund is used to account for instructional material services provided to elementary and high schools in the district on a cost reimbursement basis. This fund may be used when approved by the Office of Public Instruction.

ENTERPRISE AND INTERNAL SERVICE FUNDS

(70-79)

Cash Funds

(cont.)

77 MISCELLANEOUS INTERNAL SERVICE FUND - The Miscellaneous Internal Service Fund is used to account for miscellaneous activities operated on a cost-reimbursement basis. This fund may be used when approved by the Office of Public Instruction.

78 SELF INSURANCE - HEALTH - Used to account for financial activities for health plans maintained under MCA 20-3-331, on a self-insurance basis. Self-insurance funds must be run on an actuarially-sound basis. This fund may be used when approved by the Office of Public Instruction.

79 SELF INSURANCE - LIABILITY - Used to account for financial activities for liability insurance maintained under MCA 20-3-331, on a self-insurance basis. Self-insurance funds must be run on an actuarially-sound basis. This fund may be used when approved by the Office of Public Instruction.

PRIVATE PURPOSE TRUST FUND (80 - 85)

Cash Fund

MCA (20-9-604)

81 PRIVATE PURPOSE TRUST FUND - (Non-expendable trusts benefitting non-district operations). This fund is used to account for gifts, legacies, and devises received by the school district when the trust agreement specifies that funds (interest only) may be expended for non-district operating purposes, primarily student scholarships.

82 INTERLOCAL AGREEMENT FUND - The Interlocal Agreement Fund is authorized by Sections 20-7-457, 20-9-511, 20-7-801, and 20-9-701 MCA, for the purpose of accounting for revenues and expenditures related to an interlocal agreement between two or more school districts or other local governments. The multidistrict agreement may be for a period up to 3 years. The prime agency must be identified, Multidistrict Agreements MCA 20-3-363 Two or more school districts may create a multidistrict cooperative to *Perform any services, activities and undertakings, and *Provide for joint funding and operation and maintenance of all participating districts Terms and conditions of agreement *Must be approved by trustees of all participating districts *Must include how a district may enter or exit *Multidistrict Agreement Transfers are allowed from → General Fund (01) up to the amount supported by Direct State Aid (DSA) → Budgeted funds, except Retirement (14) and Debt Service (50) → Non-budgeted funds, except Compensated Absences (21), and as limited by federal law for federal funds → Transfers from budgeted funds count against adopted budget Transfer of funds raised by non-voted levy can't be restored in the originating fund in the next year.

PRIVATE PURPOSE TRUST FUND (80 - 85)

Cash Fund

MCA (20-9-604)

(cont.)

83 INVESTMENT TRUST FUND - This fund is used to account for the external portion (i.e., the portion that does not belong to the school district of the investment pools operated by the school district.

84 STUDENT EXTRACURRICULAR ACTIVITIES FUND - The Student Extracurricular Activities Fund is authorized by Section 20-9-504 MCA, to account for various student activities, such as athletics, clubs, classes, student government organizations, student publications and other such activities. Separate fund accounts within the Extracurricular Fund are maintained to account for these various activities. Unlike other district funds, the money for these activities may be maintained in bank accounts outside the control of the County Treasurer. The fund is administered by school district administrators, faculty members, and student organizations under the guidelines and policies established by the Board of Trustees and in accordance with the "Student Activity Fund Accounting" guidelines. Required guidelines are available from the Montana Association of School Business Officials (MASBO) or from OPI. If appropriate, this fund may be classified as a special revenue fund for GASB 34 purposes.

85 PRIVATE PURPOSE TRUST FUND - (Expendable trusts benefiting non-district operations).- The Miscellaneous Trust Fund is used to account for revenues and expenditures related to other miscellaneous trust-type activities where the trust agreement allows both principal and interest to be used for purposes that do not support district programs. (For non-expendable endowments, districts would usually use Fund 45 for district activities or Fund 81 for non-district activities.) This fund may be used when approved by the Office of Public Instruction.

AGENCY FUNDS (86-89)

Cash Funds

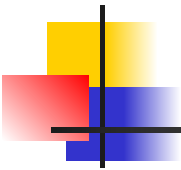
86 PAYROLL CLEARING FUND - The Payroll Fund is an agency fund authorized by Section MCA 20-9-220, for the purpose of reducing bookkeeping requirements associated with the issuing of warrants. Rather than issuing several warrants on a fund by fund basis to a single payee and maintaining a separate list of unpaid outstanding warrants for each fund, a school district may issue one warrant from the Payroll Fund to a single payee and maintain only one list of unpaid outstanding warrants. A cash transfer letter is prepared monthly to the County Treasurer which transfers cash from the various operating funds for the appropriate amount to the Payroll Fund in an amount equal to unremitted payroll liabilities (if the "gross pay method" is used in the Payroll Fund) and warrants issued against the Payroll Fund. Fund is optional and may be discontinued by the County Treasurer.

87 CLAIMS CLEARING FUND - The Claims Fund is an agency fund authorized by Section MCA 20-9-220, for the purpose of reducing bookkeeping requirements associated with the issuing of warrants. Rather than issuing several warrants on a fund by fund basis to a single payee and maintaining a separate list of unpaid outstanding warrants for each fund, a school district may issue one warrant from the Claims Fund to a single payee and maintain only one list of unpaid outstanding warrants. A cash transfer letter is prepared monthly to the County Treasurer which transfers cash from the various operating funds for the appropriate amount to the Claims Fund in an amount equal to unremitted payroll liabilities (if the "net pay method" is used in the Payroll Fund) and warrants issued against the Claims Fund. Fund is optional and may be discontinued by the County Treasurer.

AGENCY FUNDS (86-89)

Cash Funds

(cont.)



88 INVESTMENT EARNINGS CLEARING FUND - The Investment Earnings Clearing Fund is an agency fund used to account for total earnings on investments. The total amount in the fund is distributed monthly, usually on a percentage basis of month-end cash in each fund to total cash to the appropriate funds which generated the investment earnings. This fund may be used when approved by the Office of Public Instruction.

89 RETIREMENT/COBRA INSURANCE FUND - The Retirement/COBRA Insurance Fund is authorized by Section 2-18-704 MCA, to account for the receipt and disbursement of premium payments received from former district employees who have retired or terminated employment



QUESTIONS

We will allow at least 10 minutes at the end of the presentation for questions.

You have our contact information on the opening slide and you can contact us with questions via email or telephone with questions during the duration of this workshop.

You will receive a short survey after each Wednesday presentation. We welcome your feedback.

Thank you for your time and attention!