

“SPECIFIED REQUIREMENTS” – Financial Reviews for School Districts & Special Ed Co-operatives

The “specified requirements” referenced in the Independent Accountant’s Report on Applying Agreed-Upon Procedures represent legal compliance provisions in the Montana Code Annotated (MCA) or the Administrative Rules of Montana (ARM). Following are State laws and ARMs, or partial sections thereof, related to these “specified requirements” in the order that they appear in the Agreed-Upon Procedures Report:

Procedure “c”

ARM 10.10.407: CAPITAL ASSET INVENTORY

All school districts shall maintain capital asset inventory and depreciation records to allow reporting of capital assets in conformity with generally accepted accounting principles.

Procedure “f”

MCA 20-9-207: DOCUMENTATION OF EXPENDITURES

- (1) The expenditure of district money, other than employee contract payments, may be authorized by the trustees when:
 - (a) payee-signed claims, in which the payee attests to the accuracy of the claim and that the payee has not received the claimed amount, have been issued to the district; or
 - (b) the payee has provided the district with an invoice or other document identifying the quantity and total cost per item included on the invoice.
- (2) The intention of this section is to provide sufficient documentation for each expenditure of district money.

ARM 10.10.406: STANDARD CHART OF ACCOUNTS

For reporting purposes, all school districts will use a standard chart of accounts as prescribed by the Superintendent of Public Instruction. The chart of accounts will substantially conform to the chart of accounts as presented in "Financial Accounting for Local and State School Systems" published by the National Center for Education Statistics. School districts shall only maintain funds or accounts included in the standard chart of accounts.

MCA 20-3-323: MINUTES OF BOARD MEETINGS

- (2) The trustees shall keep a full and permanent record of all adopted policies and all other acts of the trustees. Minutes of each regular and special board meeting shall include the wording of motions, voting records of each trustee present, and all other pertinent information, including a detailed statement of all expenditures of money with the name of any person or business to whom payment is made and showing the service rendered or goods furnished.

ARM 10.10.501: COUNTY TREASURER REPORTS- RECONCILIATION

- (1) As provided by [20-9-212](#), MCA, the county treasurer's monthly report shall include an itemized report for each fund maintained by the school district showing the paid warrants, registered warrants, amounts and types of revenue received, and the cash balance.
 - (a) The county treasurer should consider including copies of A101 receipts and other supporting documentation with the monthly report or sending this information to each school district as received.

- (b) The county treasurer's June report must include all money collected on behalf of school districts through June 30.
- (2) The county treasurer's monthly report will also include information on investments, bonds and interest paid, and taxes receivable by type, year, fund, or district. The county treasurer's report for June 30 should include accrued interest receivable by the fund and the amount of unpaid matured and unmatured outstanding bonds and matured interest payable.
 - (3) Every month, each school district shall reconcile ending cash, investments, cash receipts, and cash disbursements reported by the county treasurer with the district's records for all funds. Any differences shall be documented, and adjustments to the school district or county treasurer's records made as necessary.
 - (4) Before closing the accounts for each fiscal year, each school district shall reconcile ending cash, investments, taxes receivable balances, accrued interest receivable, unpaid matured and unmatured outstanding bonds, and matured interest payable reported by the county treasurer with the district records for all funds. Significant cash differences shall be explained on the trustees' financial summary submitted to the Superintendent of Public Instruction. The school district records shall be adjusted before closing the accounts. The county treasurer's records shall be adjusted as necessary in the current fiscal year or next fiscal year.
 - (5) As provided by [7-6-2801](#), MCA, the county treasurer shall provide an itemized report for each fund maintained by the county superintendent showing the distributions ordered by the county superintendent, amounts and types of revenue received the cash balance, investments, and taxes receivable balances.

ARM 10.10.205: RECONCILIATION OF CLEARING ACCOUNTS

The [payroll and claims] clearing accounts shall be reconciled each month. The total of the unpaid outstanding warrants and unpaid payroll liabilities shall equal the cash remaining in each clearing account.

Procedure "h"

MCA 20-9-133: BUDGET

- (1) When the trustees determine and set the budget amount for each budgeted fund, they shall enter the amount in the portion of the budget form provided for the reporting of the final budget, and the presiding officer and clerk shall sign the budget form. The resulting budget constitutes the final budget and the appropriations for the district for the current school fiscal year.
- (2) Except as provided in subsection (3), the trustees and all officers and employees of the district are limited in making expenditures or incurring liabilities to the total amount of each fund's budget. Transfers from any appropriation item to another appropriation item within a fund's budget or transfers between different funds or between the final budget and a budget amendment may be made as provided by 20-9-208. Except as provided in subsection (3), the district's money may not be used to pay expenditures made, liabilities incurred, or warrants issued in excess of the final budget established for each budgeted fund.
- (3) If a district incurs a legal bonded debt payment after the current fiscal year's final debt service fund budget has been adopted. If the payment on the debt is required for the current fiscal year, payment on the debt in the current school fiscal year is allowed if money is available.

MCA 20-9-209: BUDGET

- (1) All appropriations for a budgeted fund in the regular budget or for a budget amendment for a given school fiscal year lapse on the last day of the school fiscal year, except the appropriations for:
 - (a) uncompleted improvements in the progress of construction; and

- (b) an obligation to purchase personal property ordered but not paid for during the current fiscal year.
- (2) A lawful claim presented to the district for payment under a lapsed appropriation is an obligation of the budget for the next school fiscal year.

ARM 10.10.305: BUDGET AUTHORITY FOR CORRECTION OF PRIOR PERIOD EXPENDITURE ERRORS

- (1) Transactions recorded to correct expenditures reported in a prior year shall be charged against the current year's budget as provided in [20-9-209](#)(2), MCA.
- (2) As provided in [20-9-208](#)(1), MCA, a budget transfer may be made from other appropriation item(s) to provide budget authority for corrections of prior period expenditure errors which result in a net reduction to the beginning fund balance. The prior period adjustment must be within the total budget limit imposed by [20-9-133](#), MCA.