

CD FISCAL RESPONSIBILITY

CONSERVATION DISTRICT FISCAL DUTIES

Montana Conservation Districts (CDs), as stewards of taxpayer dollars, must submit a budget to their counties and an Annual Financial Report to the Montana Department of Administration (Local Government Services) ([MCA 2-7-503](#) and [MCA 76-15-315](#)). Fiscal responsibility requires more than just submission of an Annual Financial Report. CDs must make all financial decisions as a quorum (majority of the board; [MCA 7-1-201](#)). Another important part of this is allowing the public to participate in any financial decisions by including all business on a posted agenda *prior* to the meeting. During the meeting, CD boards must then follow state law ensuring that public funds are allocated and spent appropriately for authorized uses ([MCA 76-15-501](#) and see [MCA 76-15-315](#) for administrative expenses and [MCA 76-15-401 through 76-15-411](#) for allowable operation expenses).

Exercise 1: Take 10 minutes to read the statutes listed above and examine the agenda for the current board meeting. Is all financial business shown on the agenda? Are the decisions to expend CD funds allowable? Do you have your CD's Annual Financial Report and budget for review?

ROLE OF THE CD TREASURER

The CD must annually elect a treasurer ([MCA 75-6-311](#)), a supervisor who is charged with making sure that there are board-approved policies and procedures in place that ensure separation of financial duties for board members, who are the decision-makers, and employees, who then carry out these decisions. The treasurer's job also includes regular oversight and reporting on financial transactions.

Best practice: formation of a small finance committee made up of the treasurer and at least one other supervisor and an approved policy directing what the committee should review each month.

Typical items for monthly review include, at a minimum:

- The year-to-date profit-and-loss statement vs. budget (actuals vs. projected expenses)
 - Amount of money on hand
 - Receipts and disbursements
- Balance Sheet
- Bank and credit card statements
- Investment of surplus funds if applicable

This list should be expanded based on the size and complexity of a CD's operations.

After review of the designated documents, the treasurer/finance committee must write a monthly report summarizing the CD's financial position and any deviations either positive or negative. The board should review this report, vote to approve and pay bills monthly ([MCA 76-15-526](#)).

Best practice: in addition to monthly reviews of fiscal documents by the treasurer/finance committee, quarterly review and approval of the balance sheet and profit and loss vs. budget. This ensures that the board is informed and can make appropriate financial decisions.

LIMITS ON SUPERVISOR RECEIPT OF FUNDS

CD supervisors are limited in what they can receive funds for or be reimbursed for from the CD. They cannot be compensated for attending regular board meetings ([MCA 76-15-313](#)). However, with prior approval, supervisors can be reimbursed for special meetings and 310 site visits.

CD PURCHASING

Checks must have two supervisor signatures, and staff cannot sign district checks ([MCA 76-15-525](#)). However, some CDs have a debit card or petty cash and approve spending authority for their staff up to a certain amount for predetermined purposes. This can be more efficient than trying to arrange a meeting every time an unanticipated expense comes up. Spending authority should be outlined in a written policy and approved at a public meeting.

Allowable expenses should be limited to what fulfills the CD's mission. Remember, you must be able to justify every expense to the public at every meeting.

FISCAL PLANNING FOR FINANCIAL RESERVES

CDs that have short-term-or long-term surplus funds should have plans for the use of those funds whether they are being saved for a specific project identified in the districts planning documents or for a long-term capital investment, such as the purchase of a building ([MCA 76-15-404](#), [MCA 76-15-507](#) and [MCA 76-15-508](#)).



CD FISCAL RESPONSIBILITY

A financial reserve plan explains what surplus funds will be used for and when. Plans can be simple or in the form of a Capital Investment Plan (CIP), which is a long-term roadmap that aligns capital expenditures with financial objectives ([MCA-7-6-616](#)).

Some typical uses for surplus funds include a reserve fund to cover leave payout, equipment funds, building funds and vehicle depreciation funds. Importantly, don't earmark funds for a purpose without having an associated timeline. For example, if funds have not been used to purchase a building, then you should plan to revisit the purpose for those funds annually. Perhaps, there is no need for that fund anymore or that account needs more funds to serve its intended purpose. Regardless, surplus funds should have a current plan, preferably one that is written and available if requested.

Lastly, CDs should always be aware of public perception when significant amounts of taxpayer dollars are sitting in a district account with no designated purpose. CDs are not for-profit organizations and need to carefully track and document the use of all funds. It is a good idea to have either a separate bank account for surplus funds or sub-accounts in your bookkeeping software so you can easily manage and report this money independently from revenue available for current expenditures. Surplus fund accounts will show up on your balance sheet separate from operating funds.

Exercise 2: Take 10 minutes to review all the surplus funds that the CD maintains. These funds should show on the district's balance sheet. Review and discuss how these funds could be expended to further the district's mission. Use the template below to write down surplus account balances, their purpose, and when they will be spent. Include this information in your planning and budgeting documents.

Asset Type	Purpose	When Funds will be Expended	Balance	Account Code
Example: CD Account	Example: Building Fund			
Example: Savings Account	Example: Reserve Fund			
TOTAL				

Date Approved:

Chair Signature:

