

BEING FISCALLY RESPONSIBLE

FISCAL RESPONSIBILITY

As state subdivisions and stewards of taxpayer dollars, Montana Conservation Districts (CDs) must annually report their finances to the Montana Department of Administration (Local Government Services) and, in most cases, the county. However, being fiscally responsible requires a lot more than just an annual financial report.

The CD Board of Supervisors must make all financial decisions as a quorum (majority of the board). They must ensure that there are written policies and processes in place for consistency in financial oversight and reporting, and they create a structure of checks and balances within their district operations. Consider adopting the [CD Model Operations Policies and Procedures](#) (available on the DNRC website) to ensure that this happens.

The public has the right to participate in any financial decisions. Therefore, all financial business must be included in meeting agendas. During meetings, CD boards must follow state law when determining how funding can and cannot be used for, [76-15-501 and 76-15-547, MCA.](#)

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 that are being made resulting in CD funds being used in an allowable way?

ROLE OF THE CD TREASURER

The treasurer is the CD's chief financial officer and 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 implement decisions. The treasurer's job also includes regular oversight and reporting on financial transactions.

While some districts have a treasurer acting solo, it is best practice to have a small finance committee made up of the treasurer and at least one other non-officer board member. This allows for collaborative and transparent oversight and provides succession training for future board members elected to serve as the district's treasurer.



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Sound financial management advises that the board approves a policy directing what the treasurer/finance committee should review each month to ensure fiduciary oversight of important financial items.

Typical items for monthly review include, at a minimum:

- Year-to-date profit-and-loss statement vs. budget (actuals vs. projected expenses)
- Balance Sheet
- Bank and credit card statements
- Surplus fund investments if applicable

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

After review of the designated document, the treasurer/finance committee writes a monthly report summarizing the financial position and any deviations either positive or negative. The treasurer is tasked with presenting the report at each board meeting, [76-15-526, MCA](#), and the board votes to accept the treasurer/finance committee's report as presented or with revisions.

In addition to monthly reviews of fiscal documents by the treasurer/finance committee, best practices advise that the board review and approve a balance sheet and profit and loss vs. budget at least quarterly. 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, by the CD. They cannot be reimbursed for attending regular board meetings, 76-15-313, MCA. However, with prior approval, supervisors can be reimbursed for special meetings and 310 site visits.

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.

CD PURCHASING

Some CDs have a debit card or petty cash and approve spending authority for their staff up to a certain amount for certain items. This can be more efficient than trying to arrange a meeting every time an unanticipated expense comes up. Even so, this authority should be outlined in written policy, since the bigger the amount the greater the potential liability and must be approved at a public meeting.



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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.

A financial reserve plan explains how and when surplus funds will be used. 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.

Some typical uses for surplus funds include termination funds for accrued employee leave, 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 by a certain time, then you should plan to revisit the purpose for those funds. 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 documented plan that is available if requested.

Districts 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.

Districts should always be aware of public perception when significant amounts of taxpayer dollars are sitting in a district account with no designated purpose. Such situations can erode public trust and confidence in a CD to do its work.



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Exercise 2: Take 10 minutes to review all the surplus funds that the CD maintains. These funds should be shown on the district's balance sheet. Review and discuss how these funds could be expensed 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			

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