

# ASBSD/SASD 2017 COMPLIANCE AND OTHER MATTERS

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# FUNDS - GENERAL

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- All school revenues shall be placed into the General Fund unless there is clear directive to place it in another fund.

# FUNDS - CO

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- Must be purchased from CO Fund:
  - Purchase or Lease of land, bldg. or equipment
  - Building rentals (auditoriums, garages)
  - Library books
  - Sets of athletic uniforms

# FUNDS - CO

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- Either CO or General Fund
  - Textbooks
  - Computer hardware and software
  - Equipment under \$1,000
  - 15% of student transportation contract
  - 15% of mileage to parents
  - Warranties (not including supplies)
  - Guaranteed energy saving contract, SDCL 1-33B

# Funds - CO

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- **SB 131 of the 2016 Session amended SDCL 13-16-6 as follows:**
  - A school district may transfer from its capital outlay fund to its general fund an amount not to exceed forty-five percent of the total tax revenues deposited in that fund during the current school fiscal



# FUNDS - SPED

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- May only purchase capital assets relating to “assistive technology” and specified in IEP (see also SDCL 13-37-8.10)

# FUNDS - SPED

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- SDCL 13-37-8.10 allows for **federal** SPED dollars to be placed into the CO Fund to be spent on capital assets that have been **approved** by DOE

# FUNDS - SPED

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- SDCL 13-16-26.4 allows for a transfer of **local** SPED funds to other funds
- Amount not to exceed 50% of increase of IDEA allocation
- Must specifically track where the transferred dollars are ultimately spent





# FUNDS - PENSION

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- May only be spent on SDRS and early retirement

# FUNDS - PENSION

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## □ **SB 131 of the 2016 Session:**

- **Repeals SDCL 13-10-6 (pension fund levy) effective January 1, 2017**
- **Added SDCL 13-10-18. Balance in pension fund upon discontinuance transferred to general fund**
  - The pension fund of the school district is provided for the purpose of financing payments to the South Dakota Retirement System and to finance pensions to retired employees of a school district that has established a pension system. Upon discontinuance of the pension fund any unexpended balance shall be transferred to the general fund. This section is repealed on July 1, 2020.



# FUNDS – IMPACT AID

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- SB 80 of the 2013 Session reestablishes the Impact Aid Fund laws that were repealed in the last session. Does not constitute a Special Revenue Fund under GASB 54, but statutorily reestablished.

# FUNDS – IMPACT AID

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- May not spend directly from this fund, but instead transfer by board approval to another fund to be spent.
- SPED impact aid should be placed directly into the SPED fund

# DEBT SERVICE FUND

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- Bond Redemption Fund - a fund established by SDCL 13-16-13 to account for the payment of interest and principal on all bonded indebtedness
  - Use a separate number for each bond issue (Bond Redemption Fund #3X)

# CAPITAL PROJECTS FUNDS

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- Fund type used to account for financial resources to be used for the acquisition or construction of capital facilities and other capital assets.
  - Evaluate to determine if capital projects fund is needed or if activity could be accounted for in other funds (sources of funding, etc.).
  - Use Separate number for each fund (Capital Projects Fund #4X).

# ENTERPRISE FUNDS

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- Food Service Fund (#51) -a fund used to record financial transactions related to food service operations.
- Other Enterprise Funds (#53) -a fund used to account for financial transactions related to other enterprise funds such as Daycare (SDCL 13-8-39.2), Before and After School Programs (SDCL 13-8-50), Preschool (SDCL 13-28-5), etc.

# Funds - Fiduciary

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- Private purpose trust funds – Scholarships
- Agency Funds
  - Clubs
  - Single signature account – (internal control)
  - Not for school money such as:
    - Grants
    - Gate receipts
    - Donations to the school





# TRANSFERS

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- May not transfer from General to:
  - Capital Outlay
  - Bond Redemption
  - Capital Projects

# TRANSFERS

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- May not transfer –
  - From SPED to General, except to return overage of a previous transfer from General (see also SDCL 13-16-26.4)
  - From Food Service to General

# TRANSFERS

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- There are several exceptions to the transfer laws when a reorganization occurs –
  - SDCL 13-16-26
  - SDCL 13-16-26.3
  - SDCL 13-6-95

# TRANSERS

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- **13-16-26. Transfers between school district funds**
  - All or any part of a surplus of any school district fund, except the capital outlay fund provided by §§ 13-16-6 to 13-16-9, inclusive, and the special education fund provided by § 13-37-16 may be transferred to any other school district fund. Only a school district with a plan for reorganization that has been approved by the voters pursuant to § 13-6-47 after July 1, 2007 may transfer within twelve months before the effective date of the reorganization all or any part of a surplus in the capital outlay fund to the general fund.

# TRANSFERS

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- **SDCL 13-16-26 continued...**

Any unused portion of money that has been transferred into the special education fund may be transferred from the special education fund within the current fiscal year to the fund from which it originated. All or any part of any school district fund may be loaned to any other school district fund for a term not to exceed twenty-four months.

The restriction on a transfer from the capital outlay fund in this section does not apply to any transfer from the capital outlay fund to the general fund as authorized in [§ 13-16-6](#).

# TRANSFERS

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- **13-16-26.2. Transfer from general fund to capital outlay fund prohibited**
  - Notwithstanding the provisions of § 13-16-26, no school district may transfer any funds, exclusive of federal funds, from the general fund to the capital outlay fund, bond redemption fund or the capital projects fund.

# GRANTS

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- The life cycle of a grant is as follows:
  - Governing board gives permission to apply
  - Grant is approved by governing board–
    - Determine CFDA #
    - Document contact person
    - Board approval
    - Budget supplement

# GRANTS

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- Applicant coordinates with Business Manger
- Revenue and expenditure codes are assigned
- Grant agreement left with Business Manager
- Governing Board, Business Manager, Superintendent, and Principal are all involved with monitoring the grant



# GRANTS

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## □ **Uniform Rules-Federal Awards**

- Procurement standards under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Rules”)
- Codified at 2 C.F.R. §200.317 through 200.326, which supersedes the procurement regulations formerly found at 44 C.F.R. pt. 13 (State, Local, and Tribal Governments), and 2 C.F.R. pt. 215 (Private Nonprofit Organizations)

# AUDITS

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- Audit timetable –
  - Governing board selects an audit firm
  - Engagement letter sent to DLA for approval
  - Auditor performs audit
  - Audit report draft sent to DLA for approval
  - Final payment may be made to audit firm

# AUDITS

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- ❑ Most schools have annual audits but you may elect to have a two year audit
- ❑ Entities subject to Single Audit requirements must have audit completed within 9 months
- ❑ Engage your services early so that a timely audit may occur
- ❑ DLA maintains a “Locate an Auditor” function on its website

# BUDGETS

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- The Budget is one of the most **IMPORTANT** documents governing financial transactions of any government as it represents the Master Financial Plan of the school district.
- It is the governing board's responsibility to adopt a budget for all funds except trust and agency funds.

# BUDGETS

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## □ STATUTORY DATES

- Proposed Budget—Regular Meeting in May
- Published—Not later than July 15<sup>th</sup>/ with
- Notice of Budget Hearing held before Aug 1<sup>st</sup>
- Approve Budget before October 1<sup>st</sup>
- By “resolution” adopt levies
- Changes from proposed to final budget shall be published in minute within 30 days of adopting final budget



# BUDGETS

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- Subsequent to final adoption of the budget, resolution required to amend budget. (SDCL 13-11-3.2)

# SURPLUS PROPERTY

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- Auction –
  - Declare surplus
  - Two notices, first notice 10 days prior auction
  - An appraisal is not required
  - Hold the auction
  - Governing board members may buy at an auction

# SURPLUS PROPERTY

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- Sealed bid process –
  - Declare surplus
  - Appraisal by three property tax payers
  - \$500 or less -
    - Public or private sale without notice
  - Over \$500
    - Two notices
    - May award to highest bidder



# SURPLUS PROPERTY

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- ❑ Proceeds of a sale may be placed into the General Fund, the CO Fund or if it is a food service item, into that fund
- ❑ Real estate may also be sold through a realtor
- ❑ Governing board has the right to accept or reject any sale

# BID - LIMITS

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- \$25,000 for **supplies** (except equipment) or **services**
- Effective July 1, 2016, SB 118 of 2016 Session increased the threshold for “**equipment**” to \$50,000 for all public subdivisions. The threshold for supplies and services other than equipment remains at \$25,000
- \$50,000 for any **public improvement**

# BID - DEFINITIONS

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- Public Improvement – the process of building, altering, repairing, improving or demolishing any public infrastructure facility, including any structure, building, or other improvements of any kind to real property
- Supplies – any property, including **equipment**, materials, and printing;



# BID - APPLICATIONS

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- ❑ Multiple purchases – Aggregate for FY
- ❑ Installment payments – focus on contract
- ❑ Trade-in ---value of what you are acquiring
- ❑ Piecemeal – breaking down a project

# BID - EMERGENCY

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- ❑ When there is a threat to public health, welfare or safety or for other urgent or compelling reason
- ❑ Bid notices are not required
- ❑ Consider rentals
- ❑ Declaration in minutes
- ❑ Procurement must be made with such competition as practicable

# Bid Exemptions

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- ANY purchase of supplies or services, other than professional services, by purchasing agencies from ANY active contract that has been awarded by ANY government entity by competitive sealed bids or competitive sealed proposals or from ANY contract that was competitively solicited and awarded within the previous twelve months; 5-18A-22 (3)

# Bid Exemptions

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- A purchase utilizing another entity's bid has to mirror a purchase from a contract that was "awarded" by the original bidding entity. It is not enough that such contract was "bid" by the original entity, it must have been "awarded".

# Bid Exemptions

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- Contracts may be utilized from any government entity, including those that are out-of-state, however, care must be taken to ensure that payment is made to the original vendor and that the contract was awarded by competitive sealed bids or competitive sealed proposals as defined in SDCL 5-18A-1 (27), 5-18A-5 and 5-18A-7.



# Bid Exemptions

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- When buying off of another entity's bid, make sure it is not a trade-in bid, and you are encouraged to secure (from the original entity) the following items:
  - Minutes approving contract
  - Specs
  - Affidavit of publication
  - All the bid proposals submitted

# BID - EXEMPTIONS

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- ❑ Federal surplus property
- ❑ Purchases of surplus property from another SD Purchasing Agency.
- ❑ From the state price list
- ❑ Local vendor matching the state price list
- ❑ Real estate and auction services
- ❑ Legal, audit, architectural and engineering, insurance, real estate services and auction services.

# BID - EXEMPTIONS

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- ❑ Transportation of students (5 yr. limit)
- ❑ Computer software
- ❑ Communication technologies, computers, peripheral equipment and related connectivity
- ❑ Perishable or unprepared foodstuffs
- ❑ Raw materials used in construction or manufacture of products for resale
- ❑ May buy off of GSA contracts

# BID - BONDING

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- ❑ Bid bond – 5% cashiers or certified check or 10% bid bond ---provided by each bidder
- ❑ Performance bond – in the amount of the contract----provided by the winning bidder
- ❑ Bonding is only “required” for construction contracts

# BID - BONDING

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- **SB6 of the 2016 Session-An Act to revise certain performance security requirements for public improvement contracts**
  - Repeals 5-21-1.2 which conflicted with another statute. Adds a new section to chapter 5-21 allowing a public corporation to waive the requirement for a performance security bond for **emergency** procurements authorized by 5-18A-9.

# BID - OPENING

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- ❑ Two notices – first notice at least 10 days prior to the opening
- ❑ Bids may not be faxed – must be sealed
- ❑ Bids received “late” should not be considered

# BID - OPENING

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## □ **HB1102 of the 2016 Session--**

- Amends 5-18A-5 to allow up to 45 days between the bid opening and the award of the contract for supplies bids and the invitation to bidders for supplies must include the number of days the government will use. For services and public improvement bids, the requirement remains unchanged and the contract must be awarded within 30 days of the bid opening.

# BIDS – FUEL (SDCL 5-18C-6)

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- ❑ Not required to publish two notices
- ❑ Shall contact and attempt to obtain 3 quotes
- ❑ Record of the names of suppliers, quotes received, and the procurement procedures used in purchasing shall be documented, noted in the minutes, and retained on file by the governing body.
- ❑ May include a procedure for adjusting prices to meet changing market conditions not within the control of the vendor