

# Managing Ending Fund Balance

## Tools you need:

- Pre-plan
- Multiple bags
- Capacity
- Authority
- Flexible mindset

# Managing Ending Fund Balance

## Pre-Plan

### Determine your goals and priorities BEFORE year end

- Reserves/fund balance?
  - Do you have [District Policy](#) in place? What does it say?
  - What is your *real* goal?
- Budget balances?
- Obvious-ness?
- Compliance?
- Tax impact?

What is YOUR District's envisioned future? How will you get there?

# Managing Ending Fund Balance

Bring Multiple Bags

## Common Funds:

01 General	20 Lease Rental
10 Transportation	21 Compensated Absences
11 Bus Depreciation	26 Impact Aid
12 School Foods	28 Technology
13 Tuition	29 Flexibility
14 Retirement	50 Debt Service
15 Misc Programs	61 Building Reserve
17 Adult Ed	82 Interlocal Agreement
18 Drivers' Ed	84 Student Activities

# Where can you code...

A computer purchase for your School Foods Director?

01 General	
10 Transportation	
12 School Foods	
13 Tuition	
14 Retirement	
21 Compensated Absences	
28 Technology	
61 Building Reserve	
82 Interlocal Agreement	

# Where can you code...

Your Special Ed teacher's salary?

01 General	
10 Transportation	
12 School Foods	
13 Tuition	
14 Retirement	
21 Compensated Absences	
28 Technology	
61 Building Reserve	
82 Interlocal Agreement	

# Where can you code...

Payout of accumulated sick and vacation leave for your retiring Food Services Director?

01 General	
10 Transportation	
12 School Foods	
13 Tuition	
14 Retirement	
21 Compensated Absences	
28 Technology	
61 Building Reserve	
82 Interlocal Agreement	

# Where can you code...

Food supplies for school lunches?

01 General	
10 Transportation	
12 School Foods	
13 Tuition	
14 Retirement	
21 Compensated Absences	
28 Technology	
61 Building Reserve	
82 Interlocal Agreement	

# Where can you code...

Bus driver wages?

01 General	
10 Transportation	
12 School Foods	
13 Tuition	
14 Retirement	
21 Compensated Absences	
28 Technology	
61 Building Reserve	
82 Interlocal Agreement	



# Where can you code...

Salary for elementary classroom teacher?

01 General	
10 Transportation	
12 School Foods	
13 Tuition	
14 Retirement	
21 Compensated Absences	
28 Technology	
61 Building Reserve	
82 Interlocal Agreement	

# Where can you code...

District TRS contribution for elementary classroom teacher?

01 General	
10 Transportation	
12 School Foods	
13 Tuition	
14 Retirement	
21 Compensated Absences	
28 Technology	
61 Building Reserve	
82 Interlocal Agreement	

# Where can you code...

Repaving bus barn parking lot?

01 General	
10 Transportation	
12 School Foods	
13 Tuition	
14 Retirement	
21 Compensated Absences	
28 Technology	
61 Building Reserve	
82 Interlocal Agreement	

# Managing Ending Fund Balance

Have Capacity!

Give yourself room to move:

- Budget for options
  - Maintain healthy reserves, especially in permissive funds
  - Build in contingencies
  - Be careful what revenue you anticipate in your budget
- Monitor your budget
- Don't spend it all to zero!

# Managing Ending Fund Balance

Have Capacity!

## Year End Balances to Keep in Check

- All budgeted fund expenditures may not exceed adopted budget
- School Foods Fund (12) ending fund balance < 3 months expenditures
- Lease Rental Fund (20) ending *cash* balance < \$10,000 (\$20,000 for K-12s)
- Compensated Absence Fund (21) *cash* balance < 30% of accumulated sick & vacation leave liability for nonteaching and administrative employees
- Grants:
  - Not overspent
  - Maintenance of Effort managed strategically
- *Strategically* managing fund balance reappropriated

# Managing Ending Fund Balance

## Obtain Authority

COST/FUND

SOURCE:

N/A

### IMPLEMENTATION

ACTION: Elementary and High School District ACTION  
Effective June 11, 2019

### SUPERINTENDENT'S RECOMMENDATION:

It is recommended that the Board of Trustees approve:


- Authorizing administration to transfer fiscal year 2018-19 cash balances and expenditures between Funds as it deems necessary to ensure the efficient use of school district resources in accordance with the Bozeman School District K-12 Multidistrict Agreement and 20-3-363, MCA
- Delegation of authority to assign general fund balances and commit certain special revenue fund balances (pursuant to policy 7515)
- Commit the remaining Special Revenue fund balances (and future revenue streams) as presented.


# Managing Ending Fund Balance


## Flexible Mindset - Timing of Decision Process


June/July 2019						
Sun	Mon	Tues	Wed	Thur	Fri	Sat
23	24	25	26	27	28	29
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August 2019						
Sun	Mon	Tues	Wed	Thur	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

 Close of fiscal year

 Reports due from treasurer  
20-9-121, MCA

 Budget meeting  
20-9-131, MCA

 TFS due to County Supt  
20-9-312, MCA

# Managing Ending Fund Balance

Flexible Mindset - Timing of Decision Process

## Interfund Loans

- What the...?
  - A mechanism to move expenditures from one fund to another
  - Actual transfer of cash on county and district books is postponed
  - Must be 'repaid' in ensuing fiscal year
- When?
  - Anytime, but probably best *after* June 30 cash is balanced



# Managing Ending Fund Balance

## Flexible Mindset – Using Interfund Loans

	Interfund Loans	Transfers
Primary Purpose	Recode existing expenditures	Repurpose money for the future
Intended Duration	Short term	Permanent
Likely timing of transaction	<u>After</u> June 30 cash is balanced	<u>Before</u> June 30 cash is balanced
Repayment Required?	Yes	Generally no
Can be used to restore budget authority	Yes	No
Coding requirements	School Accounting Manual Section 5-0520.50	School Accounting Manual Sections 5-0520.30 & 5-0520.70

# Managing Ending Fund Balance

## Interfund Loans

- How? Two entries.
  - First in year you are closing out:

Debit	Credit
Expenditures: New Fund	Due To Other Funds: Old Fund
Due From Other Funds: New Fund	Expenditures: Old Fund

- Second in ensuing year:

Debit	Credit
Cash: Old Fund	Due From Other Funds: New Fund
Due To Other Funds: Old Fund	Cash: New Fund

# Managing Ending Fund Balance

## Interfund Loans

- How? Two entries.
  - First in year you are closing out:

Debit	Credit
Expenditures: New Fund	Due To Other Funds: Old Fund
Due From Other Funds: New Fund	Expenditures: Old Fund

### Impacts:

- 'Old' fund: reduces expenditures, restores budget authority, and increases fund balance

# Managing Ending Fund Balance

## Interfund Loans

- How? Two entries.
  - First in year you are closing out:

Debit	Credit
Expenditures: New Fund	Due To Other Funds: Old Fund
Due From Other Funds: New Fund	Expenditures: Old Fund

### Impacts:

- 'Old' fund: reduces expenditures, restores budget authority, and increases fund balance
- 'New' fund: increases expenditures, uses budget authority, and decreases fund balance

# Managing Ending Fund Balance

## Interfund Loans

- How? Two entries.
  - First in year you are closing out:

Debit	Credit
Expenditures: New Fund	Due To Other Funds: Old Fund
Due From Other Funds: New Fund	Expenditures: Old Fund

- Second in ensuing year:

Debit	Credit
Cash: Old Fund	Due From Other Funds: New Fund
Due To Other Funds: Old Fund	Cash: New Fund

# Managing Ending Fund Balance

## Interfund Loans

- How? Two entries:

Debit	Credit
<u>June 30</u>	
Expenditures: New Fund (Increase)	<del>Due To Other Funds: Old Fund</del>
<del>Due From Other Funds: New Fund</del>	Expenditures: Old Fund (Decrease)
<u>August 1</u>	
Cash: Old Fund (Increase)	<del>Due From Other Funds: New Fund</del>
<del>Due To Other Funds: Old Fund</del>	Cash: New Fund (Decrease)

# Managing Ending Fund Balance

## Takeaways:

- Have expectations for your ending fund balances and check them against MAEFAIRS
  - Did revenues change?
  - Is anything missing?
- Budgeting is now a long-term, fluid process - NOT a year-to-year exercise

Thank you for coming!

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