

Options/Considerations for District General Fund Transfers for Facilities Projects

Commissioner Patricia Hubbard
Commissioner Renee Rasmussen
Denise Williams, MASBO Executive Director
School Funding Interim Commission
May 3, 2016

Fund Transfers - Basics

- 20-9-208, MCA
- Trustees determine:
 - a transfer is necessary to improve efficiency in spending
 - \$\$ saved in one budgeted fund can be put to more efficient use in another budgeted fund
- Allowable transfers:
 - from a budgeted fund to another budgeted fund
 - from a nonbudgeted fund to another nonbudgeted fund
 - Federal \$\$ can't be transferred unless allowed by the grant

Fund Transfers – Basics

- Unless otherwise authorized in Title 20
 - No transfers **to** or **from** the General Fund
 - No transfers **from** Retirement Fund
 - No transfers **from** Debt Service Fund
- Transfers of tax dollars approved by the voters or raised by a non-voted levy is allowed if:
 - it is within or directly related to the purpose for which the \$\$ were raised **and** trustees hold a hearing to accept public comment, or
 - If not directly related to the purpose for which the \$\$ were raise, the transfer is approved by voters for the purpose stated on the ballot

Transfer of \$\$ raised by a non-voted levy can't be restored in the originating fund in the next year

Transfers *to/from* General Fund

Lease Rental Agreement Fund

- 20-9-509, MCA
- Ending cash balance > \$10,000 (or \$20,000 for K-12 district) must be transferred *to* General Fund

Compensated Absences Fund

- 20-9-512, MCA
- Limited to 30% of compensated absences liability for administrative and classified staff
- Transfers *from* General Fund allowed if within adopted budget
- Amount > limitation must be transferred *to* General Fund

Litigation Reserve (27)

- 20-9-515(2), MCA
- Transfers *from* General Fund allowed if within adopted budget
- Once settled, transfer remaining \$\$ *to* General Fund and use to reduce the BASE levy

Transfers *to/from* General Fund

Interlocal Agreement Fund

- **Interlocal Cooperatives**

- 20-9-702 and 20-9-703, MCA
- School districts contracting with other districts and/or other public agencies under Title 7, Chapter 11, Part 1
- Transfers *from* any fund of the district allowed (includes General Fund)
- Transfers *from* budgeted funds must be within adopted budget
- Allowable expenditures are defined by the agreement of the parties

- **Multidistrict Agreements**

- 20-3-363, MCA
- Two or more school districts may create a multidistrict cooperative
- Allowable transfers include transfers *from* the General Fund up to the amount of Direct State Aid (DSA)
- Transfers *from* budgeted funds must be within adopted budget
- Allowable expenditures are defined by the agreement of the parties

Transfers *to/from* General Fund

Building Reserve Fund

- SB348 (2013 session) and SB213 (2015 session)
- For improvements to school safety and security
- School district must certify to OPI that it has a school safety plan or an emergency operations plan in place
- Transfers allowed *from* any budgeted or nonbudgeted fund
- FY2013 – FY2019 only
- Budget authority *not* required if transferring *from* a budgeted fund
- Spend \$\$ on estimated costs related to the emergency plan or improvements to school safety
- Transferred \$\$ remaining @ June 30, 2019 in Building Reserve must be transferred back *to* the originating fund

Possible Facilities Funding Option

Allow school districts to transfer \$\$ *from* the **General Fund** *to* the **Building Reserve Fund** for the purpose of accumulating \$\$ for facilities projects

- Must have budget authority
- Must track separately in Building Reserve Fund
- Possible limits or restrictions
 - Limit amount that may be transferred *from* General Fund, or
 - Limit amount that may be accumulated in the Building Reserve Fund for this purpose
 - Limit time in which the funds must be spent
 - Require unspent funds be transferred back *to* the General Fund
 - Other?