Fund Reserves

A General Overview

STEP 1. Fund Balance

Cash balance in a fund at end of the year:

Beginning Fund Balance
+ Current Year Receipts
- Current Year Expenditures

Ending Fund Balance

Fund Balance: What are my options?

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Reappropriate

- Reduces revenue requirements in the next year's budget, can lesson the burden on taxpayers
- Increase budget in some funds
- Mandatory after reserves are maximized

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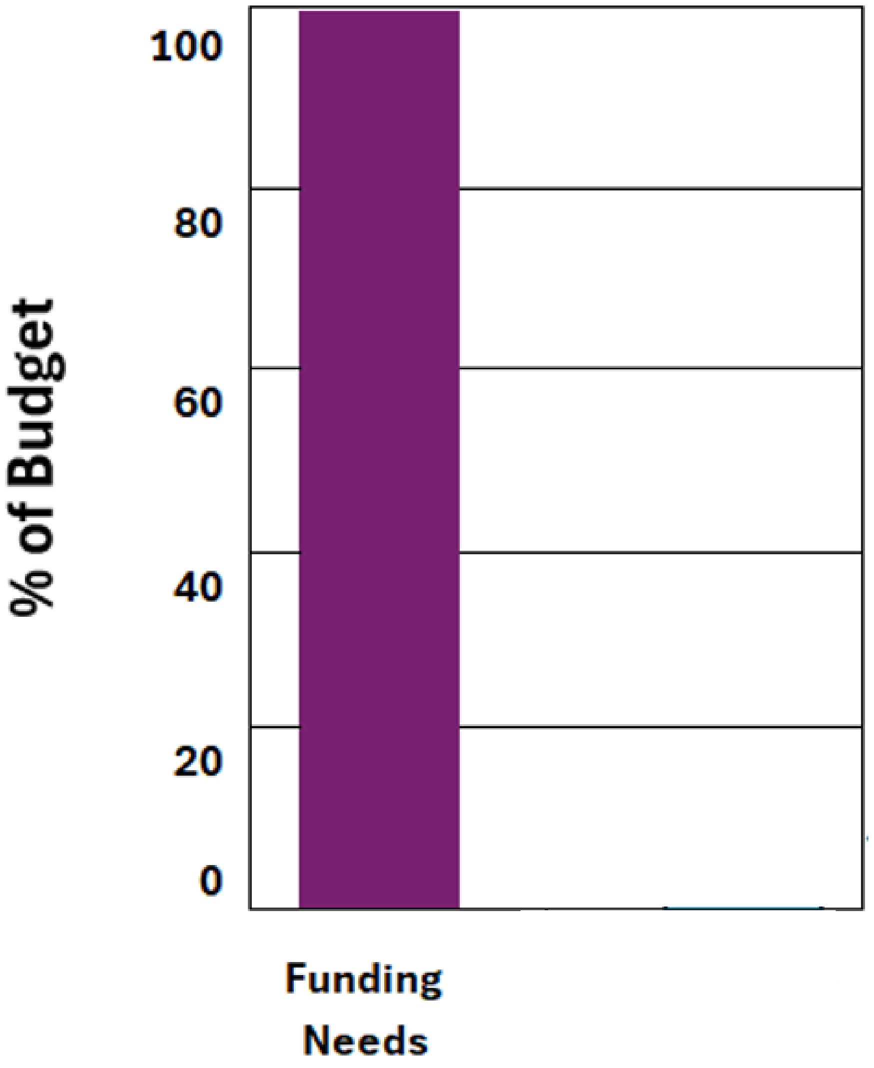
OR

Reserve

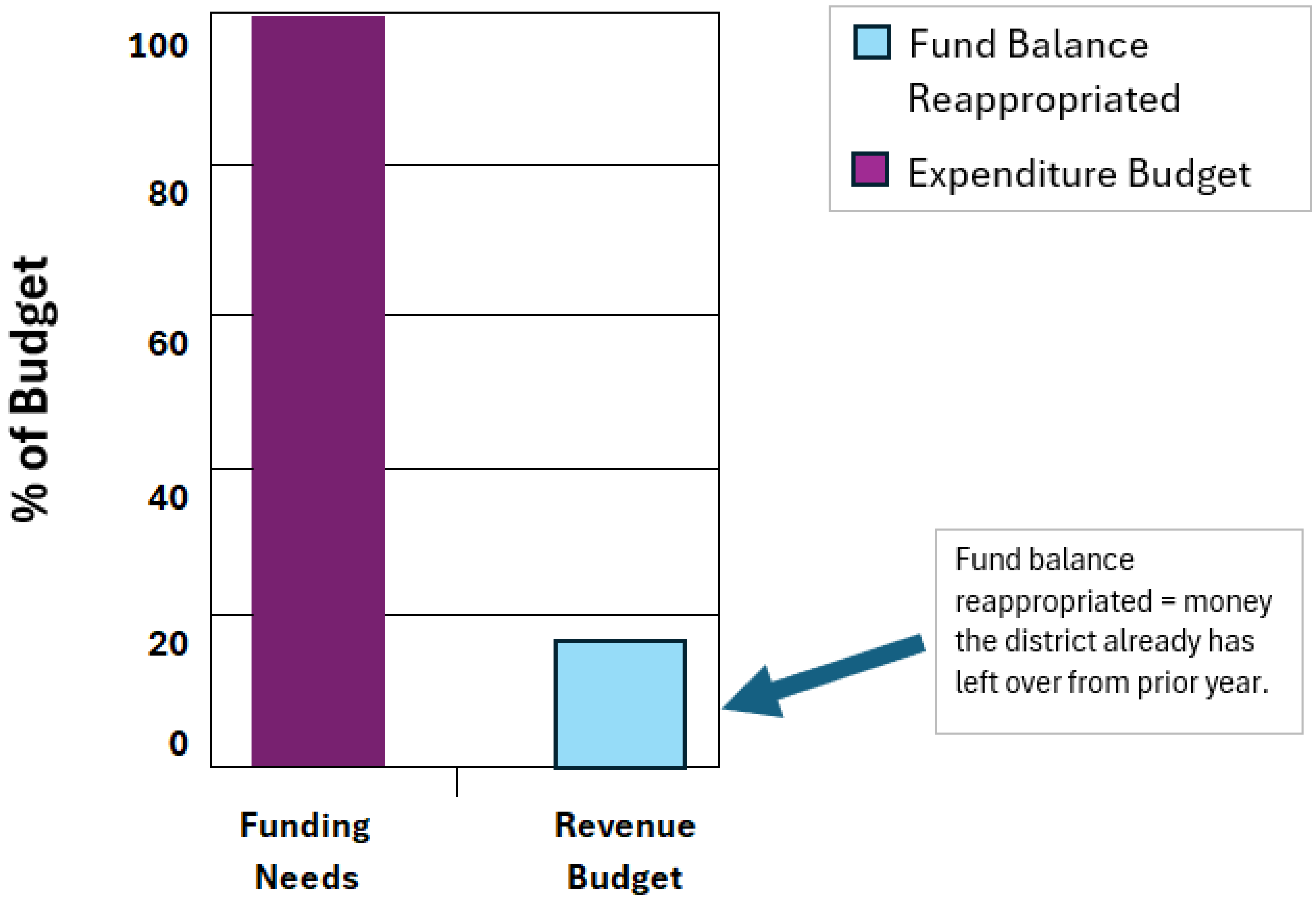
- Keep as operating reserve to cover expenses in the months when revenue is not as flush. (July 1-Nov 30)

Fund Balance Reappropriated

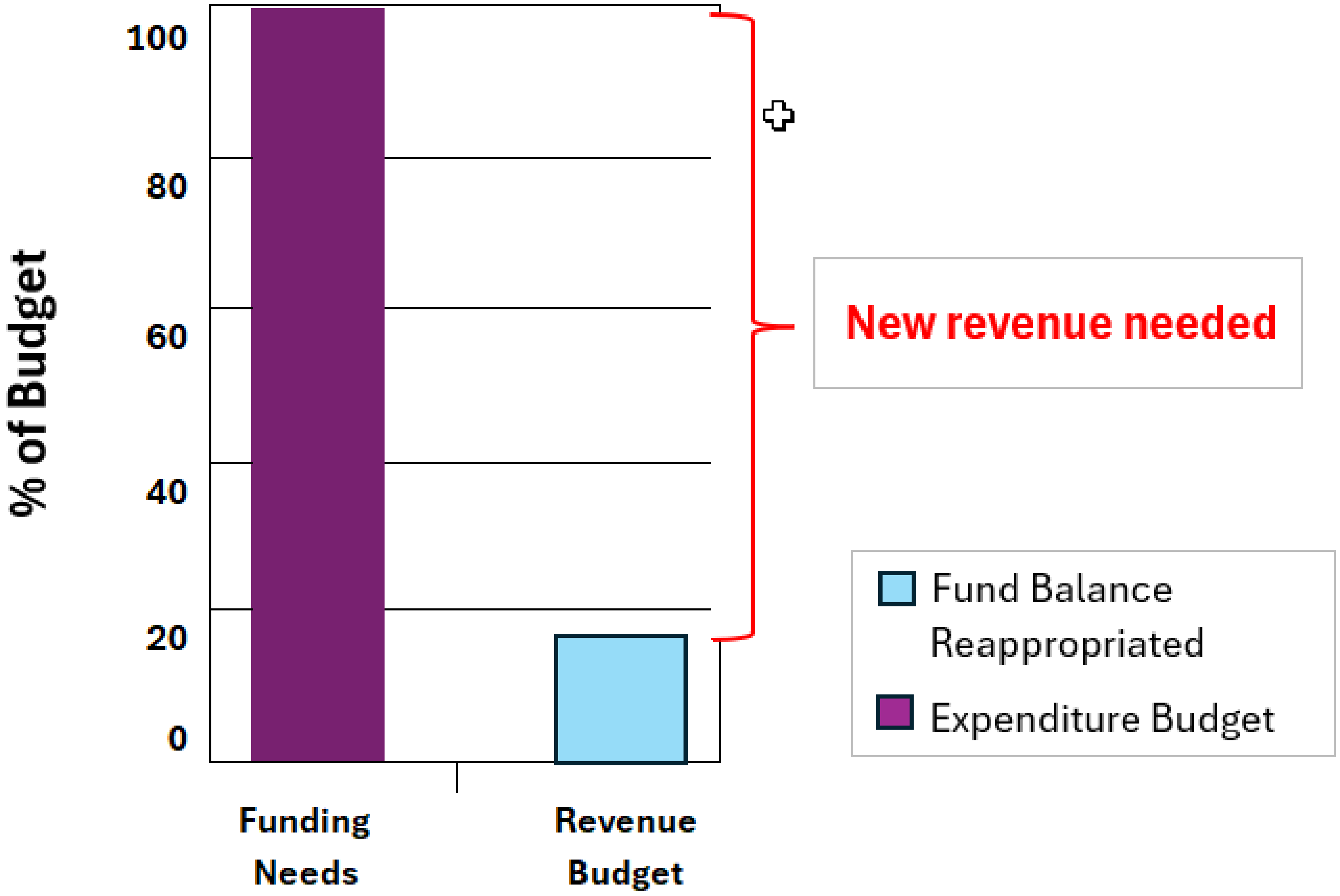


Expenditure Budget

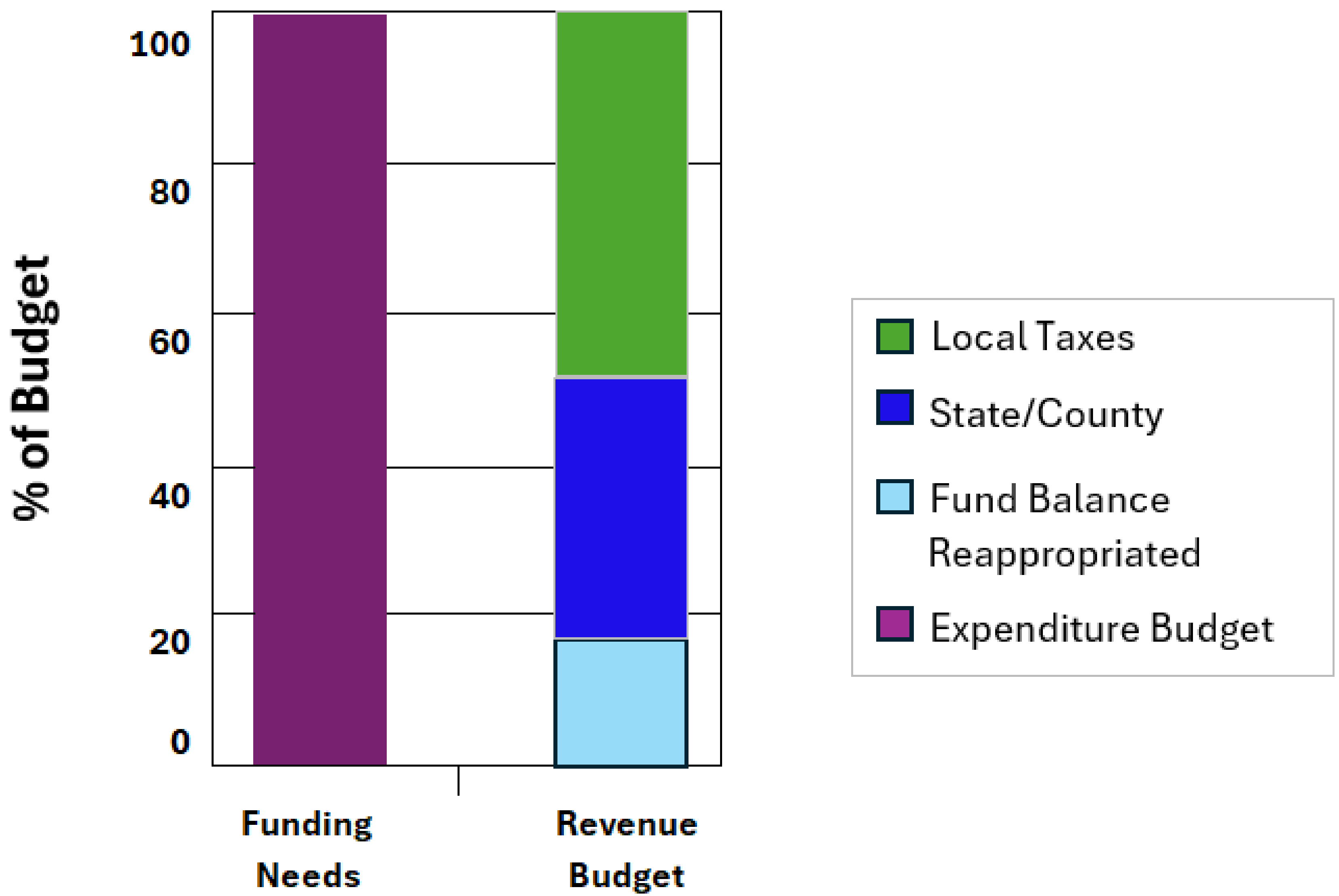
Fund Balance Reappropriated



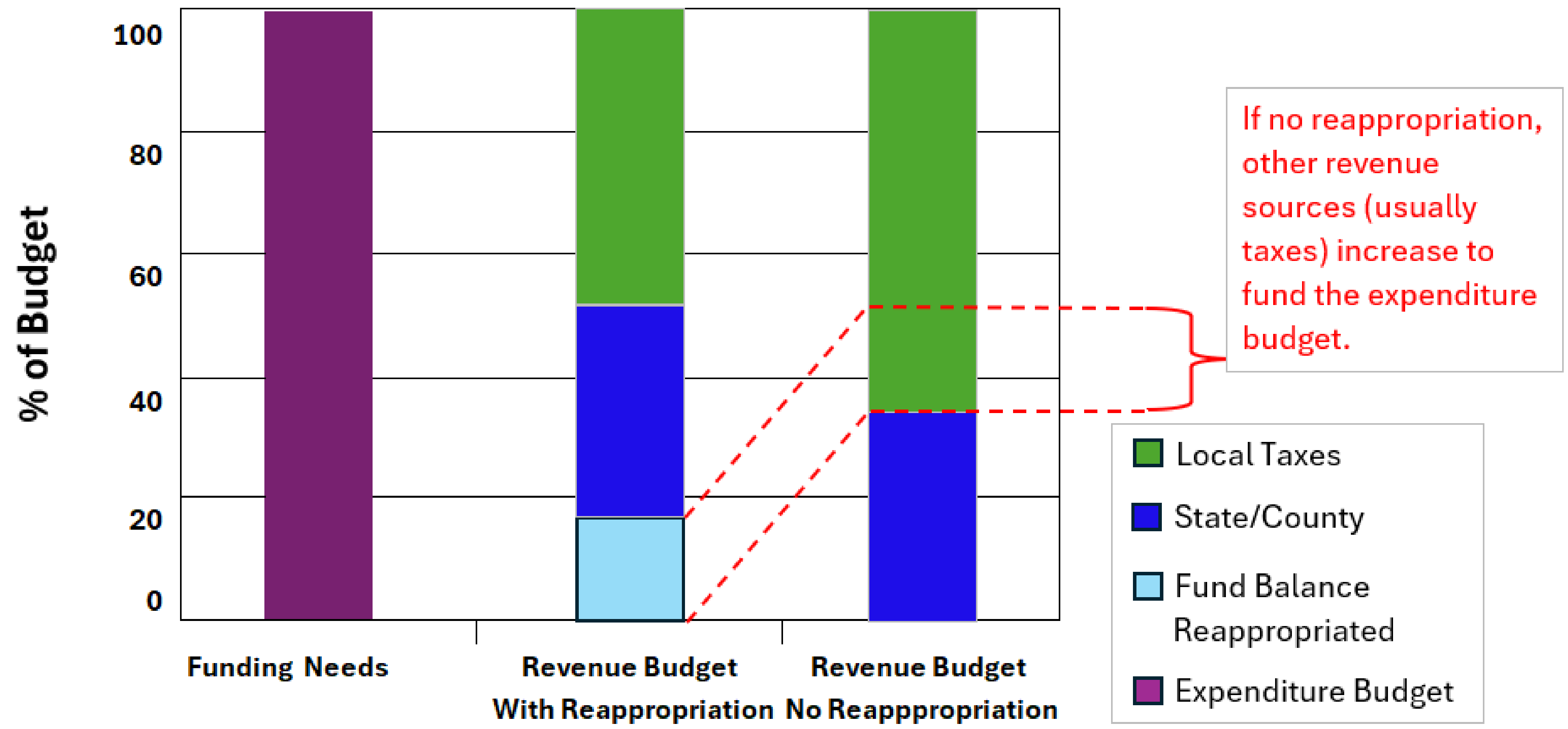
Fund Balance Reappropriated



Fund Balance Reappropriated



Fund Balance Reappropriated



Fund Balance Reappropriated

or Reserves?

Reserves: Cash balances kept for future use

- Cash flow
  (example: operating capital until taxes materialize)

- Revenue shortfalls
  (example: make up for delinquent taxes)

- Budget amendments
  (depletes the reserve but is emergency available)

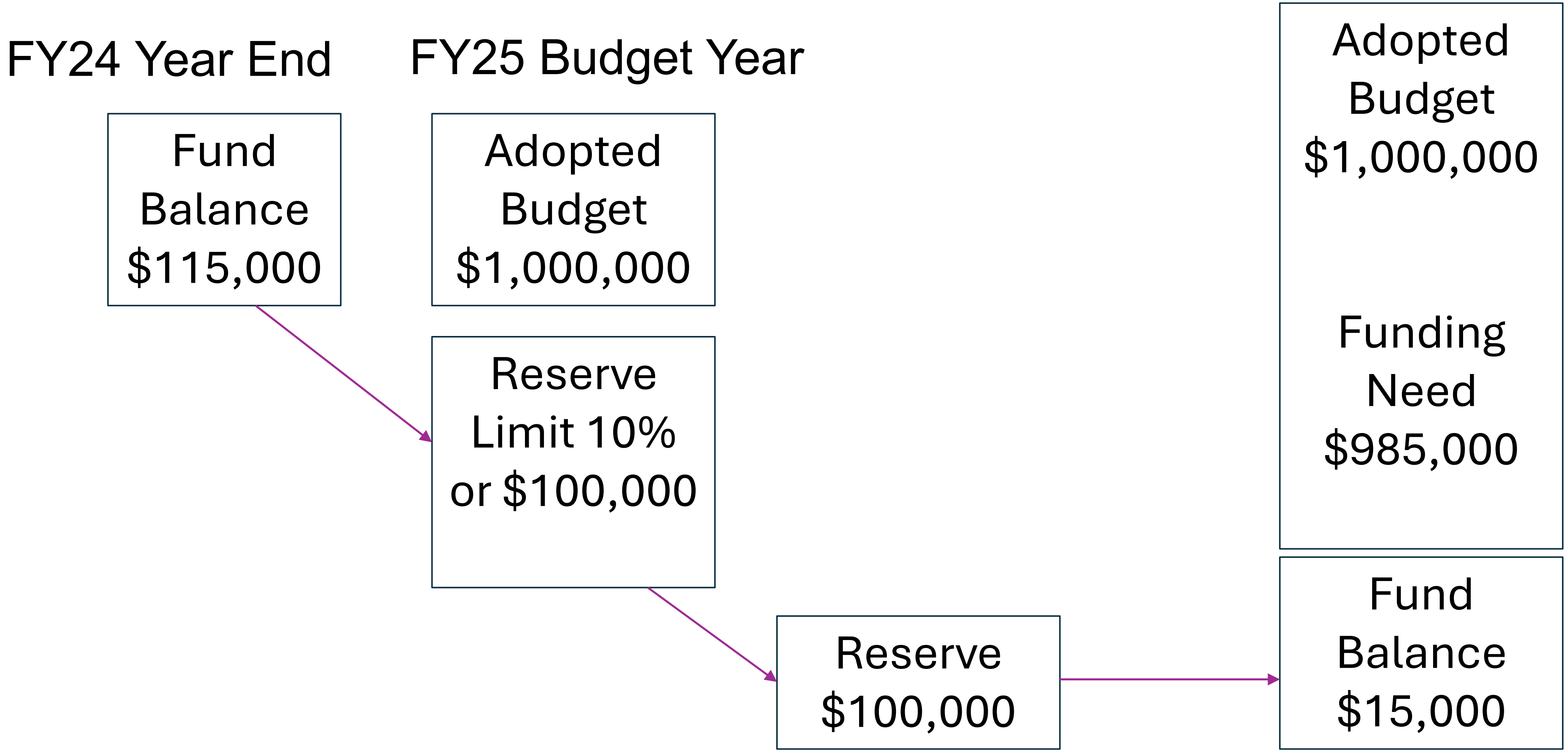
Maximum Reserves Example

FY 25 General Fund Budget	$ 1,000,000
Operating Reserve Limit	x 10%
Maximum Operating Reserve	$ 100,000

Fund balance in excess of $100,000 at end of FY24 **MUST*** be reappropriated (used in place of new revenue in FY25 budget)

***Exception: Excess Reserves**

GF Reserve & Fund Balance Example



Excess Reserves

- General Fund only
- Operating Reserves must be full (greater of 10% or $10,000)
- Can be held indefinitely, as long as operating reserves are continually being filled in full
- Unlimited amount

Excess Reserves

<u>Uses:</u>

- Cash flow
- Revenue shortfalls
- Budget amendments
- Tax Relief
  - Newly identified (current year) revenue: BASE
  - After one year: BASE <u>or</u> Over-BASE

Excess Reserves

<u>Sources:</u>

- Delinquent/Protested Taxes (Revenue Source 1117)
- Tax Audit Receipts (Revenue Source 1118)
- Penalty and Interest on Taxes (Revenue Source 1190)

These should be Identified on county treasurer's reports

GF Reserve & Fund Balance Example

FY24 Year End

FY25 Budget Year

Adopted Budget $1,000,000

Funding Need $1,000,000

Fund Balance $115,000

Adopted Budget $1,000,000

Reserve Limit 10% or $100,000

11.5%

Excess Reserves 15,000

Reserve $100,000

Recorded Revenue 1117 = 10,000

1118 = 5,000

Budget

Fiscal Year: 2025 LE: Bozeman Elem - 0350 Fund Code: 01 - General Fund

Budget Limits | Reserves | Revenues | Flexible Non-Voted Levy Authority | Summary | Print Budget Report | Print Validation Report

Fund Balance: 9,000,000.00 Add A New Budget Record

TIF Fund Balance: 0.00

Reserves:

There are no reserves entered for the selected LE.

Excess:

There are no excess reserves entered for the selected LE.

Beginning Excess Reserves	14,385.24	Fund Balance For Budget	9,000,000.00
Plus Collections	60,000.00	Less Operating Reserves	0.00
Less Used For Budget Amendments	0.00	Less Excess Reserves	0.00
Less Reappropriated to Fund OverBASE	0.00		
Ending Excess Reserve Limit	74,385.24	Unreserved Fund Balance Reappropriated	9,000,000.00

The maximum Operating Reserve allowed is 3,692,198.80.
The maximum Reappropriated To Fund OverBASE allowed is 14,385.24.
The 0961 Operating Reserves for Fund 01 are 0.

Reserves: Cash balances kept for future use

Fund	Operating Reserve Limit
General	Greater of $10,000 or 10% of ensuing years budget (20-9-104, MCA)
Transportation	20% of ensuing year budget (20-10-144, MCA)
Bus Depreciation	No Limitation
Tuition	None Permitted
Retirement	20% of ensuing year budget (20-10-501, MCA)
Adult Education	35% of ensuing year budget (20-7-713, MCA)
Non-Operating	No Limitation
Technology	No Limitation
Flexibility	No Limitation
Debt Service	Approximate amount of payment due between July 1st and Nov 30th of second ensuing year (20-9-438, MCA)
Building Reserve	No Limitation