

School district fund balances:

Why do school districts have fund balances on June 30th ?



Fund balances are critical to sound cash management. School districts must conserve cash because state and federal revenue is received in irregular installments throughout the year.

Delinquent state June payment. For the past ten years the June state aid payment has been delayed until July, however school districts are required to book the payment to June, as a result the June 30th balances are overstated \$200m statewide (for Wichita Public Schools \$30m). This should be a booked as a receivable.

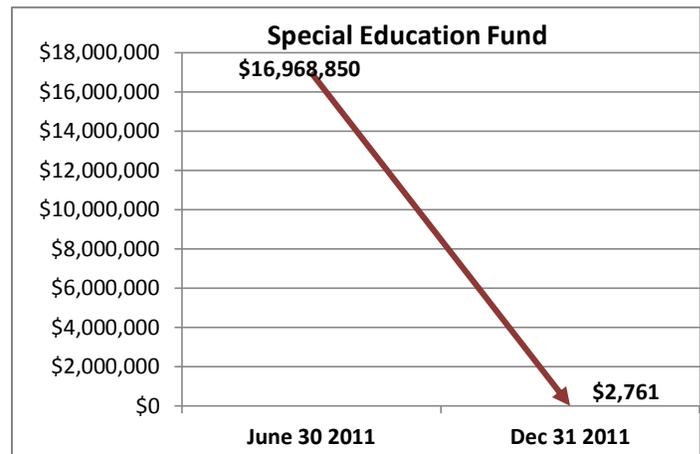
Special reserve fund contains premiums for self-funded employee health plan which is not available for other purposes. The name of this fund does not appropriately reflect the purpose and should be renamed.

Fund balances are critical for cash flow.

Contingency is the emergency fund for unanticipated expenses. Wichita Public Schools has only 4.5%, or 8 days operating cash, in contingency reserve. Spending contingency down to less than 8 days would not be sound fiscal management.

Special education begins with a balance critical to pay teacher salaries in August and September until state aid is received mid-October. Wichita's special education fund has less than \$3000 in December.

Cash flow: the remaining SB 111 funds have balances on June 30th to cover expenses over the next six months. The chart below illustrates these fund balances plummet by December 31st. If the point in time under scrutiny was December 31st instead of June 30st the picture would be quite different. Spending these funds prior to June 30th would result in inadequate cash flow to pay salaries and vendors.



SB 111 Fund Balances Over Two Years

