

## 1 Fund Balances

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## 3 I. PURPOSE

4 The fund balance policy establishes a framework for the management of all excess funds  
5 managed by the Jefferson High School District. The policy is in accordance with GASB  
6 Statement 54; management of fund balance. It also provides guidance and direction for elected  
7 and appointed officials as well as staff in the use of excess funds at year-end.

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## 9 II. SCOPE

10 This fund balance policy applies to all funds in the custody of the School District Business  
11 Manager/Clerk of the Jefferson High School District, Boulder, Montana. These funds are  
12 accounted for in the District's annual audited financial reports and include, but are not limited to,  
13 the following:

- 14 • General Fund
- 15 • Special Revenue Funds
- 16 • Capital Project Funds
- 17 • Enterprise Funds
- 18 • Any new funds created by the District, unless specifically exempted by the governing  
19 body; in accordance with state law or GASB pronouncements.

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## 21 III. CLASSIFICATION OF FUND BALANCES

22 The school district shall classify its fund balances in its various funds in one or more of the  
23 following five classifications: nonspendable, restricted, committed, assigned, and unassigned.

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## 25 IV. DEFINITIONS

- 26 A. Fund balance---means the arithmetic difference between the assets and liabilities reported  
27 in a school district fund.
- 28 B. Committed fund balance—amounts constrained to specific purposes by the District itself,  
29 using its highest level of decision-making authority; to be reported as committed,  
30 amounts cannot be used for any other purpose unless the District takes the same highest-  
31 level action to remove or change the constraint
- 32 C. *Assigned fund balance*—amounts a school district *intends* to use for a specific purpose;  
33 intent can be expressed by the District or by an official to which the Board of Trustees  
34 delegates the authority
- 35 D. *Nonspendable fund balance*—amounts that are not in a spendable form (such as  
36 inventory) or are required to be maintained intact (such as the corpus of an endowment  
37 fund)
- 38 E. *Restricted fund balance*—amounts constrained to specific purposes by their providers  
39 (such as grantors, bondholders, and higher levels of government), through constitutional  
40 provisions, or by enabling legislation
- 41 F. *Unassigned fund balance*—amounts that are available for any purpose; these amounts are  
42 reported only in the general fund.

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V. MINIMUM FUND BALANCE

The school district will strive to maintain a minimum unassigned general fund balance of 10 percent of the annual budget.

VI. ORDER OF RESOURCE USE

If resources from more than one fund balance classification could be spent, the school district will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

VII. COMMITTING FUND BALANCE

A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board.

VIII. ASSIGNING FUND BALANCE

The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the following: Business Manager and Superintendent. Assignments so made shall be reported to the school board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the school board.

An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

IX. REVIEW

The school board will conduct, at a minimum, an annual review of the sufficiency of the minimum unassigned general fund balance level.

Legal Reference: Statement No. 54 of the Governmental Accounting Standards Board

Policy History:

Adopted on: June 29, 2011

Revised on:

*Revision Note:*