

1 **CJI Public Schools**

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3 **FINANCIAL MANAGEMENT**

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5
6 Fund Balances

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8 **I. PURPOSE**

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

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15 **II. SCOPE**

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17 This fund balance policy applies to all funds in the custody of the School District Business
18 Manager/Clerk of the CJI School District, Chester, Montana. These funds are accounted for in the
19 District's annual audited financial reports and include, but are not limited to, the following:

- 20
- General Fund
 - 21 • Special Revenue Funds
 - 22 • Capital Project Funds
 - 23 • Enterprise Funds
 - 24 • Any new funds created by the District, unless specifically exempted by the governing body;
25 in accordance with state law or GASB pronouncements.
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27 **III. CLASSIFICATION OF FUND BALANCES**

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

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32 **IV. DEFINITIONS**

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34 A. *Fund balance*---means the arithmetic difference between the assets and liabilities reported in a
35 school district fund.

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37 B. *Committed fund balance*—amounts constrained to specific purposes by the District itself,
38 using its highest level of decision-making authority; to be reported as committed, amounts
39 cannot be used for any other purpose unless the District takes the same highest-level action to
40 remove or change the constraint

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42 C. *Assigned fund balance*—amounts a school district *intends* to use for a specific purpose; intent
43 can be expressed by the District or by an official to which the Board of Trustees delegates the
44 authority

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46 D. *Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory) or
47 are required to be maintained intact (such as the corpus of an endowment fund)

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4 E. *Restricted fund balance*—amounts constrained to specific purposes by their providers (such
5 as grantors, bondholders, and higher levels of government), through constitutional
6 provisions, or by enabling legislation
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8 F. *Unassigned fund balance*—amounts that are available for any purpose; these amounts are
9 reported only in the general fund.
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11 **V. MINIMUM FUND BALANCE**

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13 The school district will strive to maintain a minimum unassigned general fund balance of five
14 (5%) percent of the annual budget.
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16 **VI. ORDER OF RESOURCE USE**

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18 If resources from more than one fund balance classification could be spent, the school district will
19 strive to spend resources from fund balance classifications in the following order: restricted,
20 committed, assigned, and unassigned.
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22 **VII. COMMITTING FUND BALANCE**

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24 A majority vote of the school board is required to commit a fund balance to a specific purpose and
25 subsequently to remove or change any constraint so adopted by the board.
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27 **VIII. ASSIGNING FUND BALANCE**

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29 The school board, by majority vote, may assign fund balances to be used for specific purposes when
30 appropriate. The board also delegates the power to assign fund balances to the Superintendent and
31 business manager. Assignments so made shall be reported to the school board on a monthly basis,
32 either separately or as part of ongoing reporting by the assigning party if other than the school board.
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34 An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the
35 subsequent year's budget in an amount no greater than the projected excess of expected expenditures
36 over expected revenues satisfies the criteria to be classified as an assignment of fund balance.
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38 **IX. REVIEW**

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40 The school board will conduct, at a minimum, an annual review of the sufficiency of the minimum
41 unassigned general fund balance level.
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43 *Legal References:* Statement No. 54 of the Governmental Accounting Standards Board
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45 Policy History:

46 Adopted on: 02/12/2013

7 Reviewed on: 03/11/14

+8 Revised on: