

OPERATIONAL SERVICESFund Balances

The Board approves budgets that support the immediate and long-range goals and established priorities within instructional, non-instructional, and administrative programs. The Board requires that, before presentation of a proposed budget for adoption, the Superintendent and the Administrator for Business Operations will prepare, for Board consideration, appropriate documentation supporting recommendations for meeting District needs within the limits of anticipated revenues. Once adopted by the Board, the operating budget shall be administered by the Superintendent or Superintendent's designees.

PURPOSE

This Fund Balance Policy establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the District against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the Administrator of Business Operations to prepare financial reports which accurately categorize fund balances as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

GENERAL POLICY

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the District is bound to honor constraints on the specific purpose for which amounts can be spent.

- Non-spendable fund balance (inherently non-spendable) - examples include inventory and the corpus of an endowment fund
- Restricted fund balance (externally enforceable limitations on use) - by enabling legislation or by grantors, bondholders, or constitutional provisions
- Committed fund balance (self-imposed limitations on use) - essentially the General Fund Reserve Balance and the Elementary Interlocal Fund balance
- Assigned fund balance (limitation resulting from intended use) - by the District or by an official designated by the Board of Trustees
- Unassigned fund balance (residual net resources) - General Fund Budget amount available for any purpose

The first two components listed above are not addressed in this policy due to the nature of their restrictions. This policy is focused on the financial reporting of the Committed Fund Balance, Assigned Fund Balance and Unassigned Fund Balance.

PROVISIONS

Committed Fund Balance

The Board of Trustees, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specific use through the same type of formal action taken to establish the commitment. School Board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined subsequent to the release of the financial statements.

MINIMUM FUND BALANCE

The school district will strive to maintain the Committed General Fund Balance to 3%-6% percent of the annual budget.

Assigned Fund Balance

Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the Superintendent and Administrator for Business Operations for the purpose of reporting these amounts in the annual financial statements.

Unassigned Fund Balance

These are residual positive net resources of the general fund in excess of what can properly be classified in one of the other four categories.

Fund Balance Classification

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

This policy is in place to provide a measure of protection for the District against unforeseen circumstances and to comply with GASB Statement No. 54. No other policy or procedure supersedes the authority and provisions of this policy.

Legal References: Statement No. 54 of the Governmental Accounting Standards Board
MCA 20-9-104 General Fund Operating Reserve

Policy History:
Adopted on:
Revised on:

12.12.2017