

1 **Boundary County School District No. 101**

2
3 **FINANCIAL MANAGEMENT**

7215

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6 Fund Accounting System (GASB Statement 54)

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8 To enhance the usefulness of fund balance information, the District will provide clear fund
9 balance classifications and use fund type definitions consistently.

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11 The policy is designed to encourage consideration of unanticipated events that could adversely
12 affect the financial condition of the District and jeopardize the continuation of necessary public
13 services. The District should maintain adequate fund balances and reserves in order to:

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15 1. Provide sufficient cash flow for daily financial needs;
16 2. Secure and maintain investment grade bond ratings;
17 3. Offset significant economic downturns or revenue shortfalls; and
18 4. Provide funds for unforeseen expenditures related to emergencies.

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20 Fund Types

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22 The accounts of the District are organized on the basis of funds, each of which is considered to
23 be a separate accounting entity. The operations of each fund are accounted for by providing a
24 separate set of self-balancing accounts. The following funds are maintained by the District:

- 25
26 1. The General Fund is used to account for all financial resources not accounted for and
27 reported in another fund;
28 2. Special Revenue Funds are used to account and report the proceeds of specific revenue
29 sources that are restricted or committed to expenditure for specific purposes other than
30 debt service or capital projects;
31 3. Debt Service Funds are used to account for all financial resources restricted,
32 committed, or assigned to expenditure for principal and interest;
33 4. Capital Projects Funds or Plant Facilities Funds are used to account for all financial
34 resources restricted, committed, or assigned to expenditure for the acquisition or
35 construction of capital assets.
36 5. Permanent Funds are used to account for resources restricted to the extent that only
37 earnings, and not principal, may be used for purposes that support the District's purposes.

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39 *Note: The above list is not comprehensive and the District may have other funds such as an*
40 *Activities Fund.*

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42 Fund Balance Reporting in Governmental Funds

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44 The following definitions will be used in reporting activity in governmental funds across the
45 District. The District may or may not report all fund types in any given reporting period, based
46 on actual circumstances and activity.

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48 **1. Non-spendable Fund Balance:** Includes amounts that cannot be spent because they are
49 either:

- 50 A. Not in spendable form; or
51 B. Legally or contractually required to be maintained intact.

52
53 **2. Restricted Fund Balance:** Includes amounts that can be spent only for the specific
54 purposes stipulated by District policy, external resource providers, or through federal
55 regulations or State laws or rules.

56
57 **3. Committed Fund Balance:** Includes amounts that can be used only for the specific
58 purposes determined by a formal action of the Board.

59
60 **4. Assigned Fund Balance:** Includes amounts intended to be used by the District for
61 specific purposes, but do not meet the criteria to be classified as restricted or committed.
62 In funds other than the General Fund, the assigned fund balance represents the remaining
63 amount that is not restricted or committed.

64
65 *Authority to Assign* - The Board delegates to the Superintendent or designee the authority
66 to assign amounts to be used for specific purposes. Such assignments cannot exceed the
67 available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

68
69 **5. Unassigned Fund Balance:** Includes the residual classification for the District's General
70 Fund and includes all spendable amounts not contained in the other classifications. In
71 other funds, the unassigned classification should be used only to report a deficit balance
72 from overspending for specific purposes for which amounts had been restricted, committed, or
73 assigned.

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75 Prioritization of Fund Balance Use

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77 The Board's primary role in adopting this policy is to identify the order of spending unrestricted
78 resources and to acknowledge that the Board is the ultimate decision making authority with
79 regard to committing balances upon recommendation of the Superintendent or designee.

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81 If the Board chooses not to adopt a policy addressing the order of spending, the default approach
82 of reducing restricted, then committed, then assigned, then unassigned fund balances will be
83 used.

84
85 Guidelines

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87 **Classifying Fund Balance Amounts:** Fund balance classifications depict the nature of the net
88 resources that are reported in a fund. An individual fund may include non-spendable resources
89 and amounts that are restricted, committed, or assigned, or any combination of those
90 classifications. The General Fund may also include an unassigned amount.

91
92 **Encumbrance Reporting:** Encumbering amounts for specific purposes for which resources

93 have already been restricted, committed, or assigned should not result in separate display of
94 encumbered amounts. Encumbered amounts for specific purposes for which amounts have not
95 been previously restricted, committed, or assigned, will be classified as committed or assigned,
96 as appropriate, based on the definitions and criteria set forth above.

97
98 **Minimum Unassigned Fund Balance:** The District will maintain a minimum unassigned fund
99 balance in its General fund of 5% of the current years budgeted revenue. This will be
100 represented as a contingency reserve. This minimum fund balance is to protect against cash flow
101 shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization
102 commitment.

103
104 **Replenishing Deficiencies:** When the fund balance falls below the minimum range, the District
105 will replenish the shortage or deficiency using the budget strategies and timeframes described
106 below.

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108 The following budgetary strategies shall be utilized by the District to replenish funding
109 deficiencies:

- 110
111 1. The District will reduce recurring expenditures to eliminate any structural deficit; or
112 2. The District will increase revenues or pursue other funding sources; or
113 3. Some combination of the two options above.

114
115 Minimum fund balance deficiencies shall be replenished within the following time periods:

- 116
117 1. Deficiency resulting in a minimum fund balance between percent 12.5% and 15%
118 shall be replenished over a period not to exceed one (1) years; and
119 2. Deficiency resulting in a minimum fund balance of between 10% and 12.5% shall be
120 replenished over a period not to exceed three (3) years; and
121 3. Deficiency resulting in a minimum fund balance of less than 10% shall be replenished
122 over a period not to exceed five years.

123
124 **Surplus fund balance:** Should unassigned fund balance of the General Fund ever exceed
125 three (3) months of expenses, the District will consider such fund balance surpluses for one-time
126 expenditures that are nonrecurring in nature and which will not require additional future expense
127 outlays for maintenance, additional staffing, or other recurring expenditures.

128
129 **Implementation and Review:** The Board authorizes the Superintendent to establish any
130 standards and procedures which may be necessary for its implementation. The Superintendent
131 shall review this policy and any procedures regarding its implementation annually or as needed
132 and make any recommendations for changes to the Board.

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134 The Superintendent or designee shall provide accounting procedures for the receipt, deposit,
135 expenditure and withdrawal of such moneys and procedures for monthly reporting to the Board
136 of the transactions, assets, liabilities and fund balance for each such fund.

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138 Balanced Budget: It is the overall intention of the school district to operate on a balanced
139 budget. This is generally defined as not budgeting expenses greater than expected revenue, and
140 operating to that.

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144 Legal Reference: I.C. § 33-701 et seq. Fiscal Affairs of School District
145 I.C. § 33-901 et seq. School Funds
146 Governmental Accounting Standards Board (“GASB”) Statement No. 54

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149 Policy History:
150 Adopted on: 10/22/18
151 Revised on: