

**JOINT SCHOOL DISTRICT NO. 148,
CARIBOU, FRANKLIN AND BANNOCK COUNTIES, STATE OF IDAHO**

The purpose of this Policy – Financial Management is to establish policies and procedures related to the financial management of Joint School District No. 148, Caribou, Franklin and Bannock Counties, State of Idaho (the “District”).

Fund Accounting System (GASB Statement 54)

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

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

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

Fund Types

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

1. The General Fund is used to account for all financial resources not accounted for and reported in another fund;
2. Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects;
3. Debt Service Funds are used to account for all financial resources restricted, committed, or assigned to expenditure for principal and interest;
4. Capital Projects Funds or Plant Facilities Funds are used to account for all financial resources restricted, committed, or assigned to expenditure for the acquisition or construction of capital assets.

5. Permanent Funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's purposes.

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

Fund Balance Reporting in Governmental Funds

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

1. **Non-spendable Fund Balance:** Includes amounts that cannot be spent because they are either:
 - A. Not in spendable form; or
 - B. Legally or contractually required to be maintained intact.
2. **Restricted Fund Balance:** Includes amounts that can be spent only for the specific purposes stipulated by District policy, external resource providers, or through federal regulations or State laws or rules.
3. **Committed Fund Balance:** Includes amounts that can be used only for the specific purposes determined by a formal action of the Board.
4. **Assigned Fund Balance:** Includes amounts intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted or committed. In funds other than the General Fund, the assigned fund balance represents the remaining amount that is not restricted or committed.

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

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

Prioritization of Fund Balance Use

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

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

Guidelines

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

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

Minimum Unassigned Fund Balance: The District will maintain a minimum unassigned fund balance in its General Fund ranging from twenty-five percent (25%) to thirty-three percent (33%) of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

Replenishing Deficiencies: When the fund balance falls below the minimum of 25%, the District will replenish the shortage or deficiency over a period not to exceed five (5) years using the following budget strategies:

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

Surplus fund balance: Should unassigned fund balance of the General Fund ever exceed the range, the District will consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing, or other recurring expenditures.

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

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

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

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ADOPTED: October 11, 2017

REVIEWED:

AMENDED:

**Language in text set forth in italics is optional.*