

The board of trustees recognizes the importance of maintaining adequate fund balances to ensure the financial stability of the district, provide sufficient cash flow for operations, and to comply with the reporting requirements of the Government Accounting Standards Board (GASB) Statement No. 54. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the district and jeopardize the continuation of necessary public services. The purpose of this policy is to ensure that the district maintains 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.

DEFINITIONS

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.

“Fund balance” is a measurement of available financial resources and represents the difference between total assets and total liabilities in each fund.

“GASB Statement 54” means and refers to that statement which distinguishes fund balance classifications based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported by the following classifications:

“Non-spendable” – amounts that cannot be spent because they are in a non-spendable form (e.g. inventory) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

“Restricted” – Amounts limited by external parties (e.g., creditors) or legislation (e.g., laws, regulations or constitutional provisions).

“Committed” – amounts constrained to specific purposes by formal action of the board of trustees. To be reported as committed, amount cannot be used for any other purpose unless the district takes the same highest-level action to remove or change the constraint. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

“Assigned” means the amount intended to be used for a specific purpose, but does 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.

“Unassigned” – includes the residual classification for the district’s general fund and includes amounts available for consumption or not restricted in any manner. These amounts are only reported in the general fund. 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.

FUND TYPES

The district’s accounts 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 proceeds of specific revenue sources that are restricted or committed to expenditures 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 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.

OPERATIONAL GUIDELINES

The following guidelines address the classification and use of fund balance in governmental funds:

Classifying Fund Balance Amounts: Fund balance classifications depict the nature of the net resources that are reported in a government fund. An individual governmental 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 in GASB Statement 54.

Prioritization of Fund Balance Use: When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the district to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the district that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Replenishing Deficiencies: When fund balance falls below the minimum [15] percent range, the district will replenish shortages/deficiencies using budget strategies and timeframes described below.

The following budgetary strategies shall be utilized by the district to replenish funding deficiencies:

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 above options.

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

1. Deficiency resulting in a minimum fund balance between [12.5] percent and [15] percent shall be replenished over a period not to exceed one (1) year.
2. Deficiency resulting in a minimum fund balance between [10] percent and [12.5] percent shall be replenished over a period not to exceed three (3) years.
3. Deficiency resulting in a minimum fund balance of less than [10] percent shall be replenished over a period not to exceed five (5) years.

IMPLEMENTATION AND REVIEW

Upon adoption of this policy the board of trustees authorizes the superintendent or designee to establish any standards and procedures which may be necessary for its implementation. The superintendent or designee shall review this policy at least annually and make any recommendations for changes to the board of trustees.

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



LEGAL REFERENCE:

Idaho Code Sections

33-701 *et seq.* – Fiscal Affairs of School Districts

33-901 *et seq.* – School Funds

Governmental Accounting Standards Board Statement No. 54

ADOPTED: March 17, 2026

AMENDED: