

EXHIBIT A
BOISE COUNTY FINANCIAL POLICY

SUBJECT: COMMITTED, ASSIGNED AND UNASSIGNED FUND BALANCE

PURPOSE: To outline in policy what committed, assigned and unassigned fund balance is and how it is determined.

BACKGROUND: GASB Statement #54 – Fund Balance Reporting and Governmental Fund Type Definitions issued February 2009. Required initial implementation for Boise County is for the fiscal year ended September 30, 2011, audited financial statements.

DEFINITIONS:

Fund Balance: Fund balance represents the difference between fund assets and fund liabilities. Fund balance is also referred to as net assets. Fund balance is intended to serve as a measure of the financial resources available in a governmental fund.

Non-spendable Fund Balance: Non-spendable fund balance is when assets are never converted to cash (prepaids or inventory) or won't convert to cash soon enough for the current period (long term portions of notes receivable or non-financial assets held for resale i.e. foreclosures) or resources that must be maintained intact pursuant to legal or contractual requirements (the principle of an endowment or capital of a revolving loan fund).

Restricted: Restricted fund balance is where limitations are imposed by creditors, grantors, contributors or law and regulations of other governments or limitations imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: Committed fund balance is where a self-imposed limitation is set in place prior to the end of the period. The limitation is imposed at the highest level of decision-making that requires formal action at the same level to remove. This would occur annually via a resolution approved by the Board of County Commissioners.

Assigned Fund Balance: Assigned fund balance is where a limitation results from intended uses either by: 1) highest level of decision-making, 2) body designated for that purpose or 3) official designated for that purpose. This would occur every year by the Board of County Commissioners and/or the Elected Official or Department Director and done in conjunction with the close of the fiscal year.

Unassigned Fund Balance: Residual net resources – total fund balance in excess of the other classifications (surplus) or excess of the other classifications over total fund balance (deficit).

COMMITTED FUND BALANCE:

Subsequent Years Expenditures

During the budget process, for the subsequent year, departments may request the use of fund balance to support their budget requests where expenditures exceed revenues and taxes. This request is formalized during a public hearing (Per I.C. Section 31, Chapter 16, the county must adopt a final budget on or before the first Tuesday after the first Monday in September) in which the County Commissioners take comments; upon conclusion of the hearing, the County Commissioners legally adopt the budget by a resolution in the official minutes of the Board. *See Subsequent Years Expenditures Policy.*

Cash Basis

Current property tax collections are not available until the fourth month of the fiscal year, therefore, fund balance must provide for cash flow during the fiscal year to alleviate the timing difference between receipt of revenues and disbursement of expenditures. An estimate of the cash basis requirement will be prepared annually in conjunction with the budget process. Some self-supporting funds may have enough revenue coming in the first three months to cover their expenditures; therefore, not every fund will be required to commit fund balance for cash basis. *See Cash Basis Policy.*

Minimum Fund Balance

Fund balance ranges are established for each fund that contains operating expenses. The ranges set for each fund are based on the predictability of revenues, volatility of expenditures and liquidity requirements of each fund and shall be reviewed periodically. Adequate fund balance ranges are necessary for purposes of unanticipated expenditures and to meet desired reserves. They serve as “budget stabilization/rainy day funds”. The county maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or emergencies, or for nonrecurring unanticipated expenditures and small increases in service delivery costs. The Board of County Commissioners, by a two-thirds vote, can declare a fiscal emergency and withdraw a portion of this balance to address the emergency. Any such action must also provide for necessary appropriations to restore the amount of the withdrawal within one year.

The minimum fund balance range in all funds is to be maintained at a level between 10% and 30% of actual operating revenues. *See Minimum Fund Balance Policy, Exhibit D.*

ASSIGNED FUND BALANCE:

Capital Improvements

At the close of the fiscal year, during financial statement preparation; Elected Officials/Department Directors, at their discretion, may assign a portion of their fund balance to future capital improvements. This does not obligate the County Commissioners to include this assignment as a request in the department’s budget the following year. It does, however, give the department the opportunity to accumulate fund balance for one-time capital needs, reducing the need for the county to incur long-term debt.

Replacement Programs

At the close of the fiscal year, during financial statement preparation; Elected Officials/Department Directors, at their discretion, may assign a portion of their fund balance to replacement programs. Technological advances require replacement of equipment and software on a scheduled timetable. Fleet vehicles must also be replaced. This does not obligate the County Commissioners to include this assignment as a request in the department’s budget the following year.

Special Revenue Funds

Note: At this time, Boise County does not have any Special Revenue Funds. Residual amounts or fund balances in excess of non-spendable, restricted and committed in Special Revenue Funds are considered assigned.

If Special Revenue Funds are established in the future, such funds that do not meet the definition of “special revenue”, by having specific revenue sources and/or restrictions, they will be combined with the General Fund and their total fund balance will be considered “assigned” for their fund.

UNASSIGNED:

Residual Net Resources

Total fund balances in excess of non-spendable, restricted, committed and assigned fund balance, is known as 'surplus' and will become "unassigned". This amount is available for any purpose and only reported in the General Fund.

The excess of non-spendable, restricted and committed fund balances over total fund balance is known as a 'deficit'. These negative balances occurring in governmental funds would be presented as 'negative' "unassigned".