

**EXHIBIT C**  
**BOISE COUNTY FINANCIAL POLICY**

**SUBJECT: CASH BASIS**

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**PURPOSE:** To outline in policy what cash basis 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.

*Committed Fund Balance:* Committed fund balance is where a self-imposed limitation is set in place prior to the closing 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.

*Cash Basis:* Due to timing differences between receipt of property tax revenue and disbursement of expenditures; the County's fund balance must provide the necessary cash flow to fund operations through the first three months of the fiscal year.

*Estimated Gross Surplus:* The estimated fund balance at the end of the current year less the amount needed to stay on a cash basis.

*Estimated Available Surplus:* The estimated gross surplus less the minimum fund balance set aside for unanticipated expenditures and to meet desired reserves; the net amount of which will then be considered available to support the subsequent year's budget.

**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 revenue and disbursement of expenditures. An estimate of the cash basis requirement will be prepared annually in conjunction with the budget process.

“Cash basis” requirement is calculated by taking: the first quarter of the current year expenditures plus a factor (factor represents increased costs for the subsequent year) less the first quarter of the current year revenue with possibly a factor depicting current economic trends.

A positive amount indicates there are more expenditures than revenue and is considered to be the amount needed to stay on a “cash basis”. This amount will be set aside when calculating the estimated ‘available’ surplus and considered “committed” fund balance in the financial statements.

A negative amount indicates there is enough revenue collected during the first quarter to cover the first quarter expenditures; most likely for some self-supported funds. In this case, there would be no need to set aside any fund balance when calculating the estimated ‘available’ surplus. Additionally, there would be no committed fund balance related to “cash basis” in the financial statements.