

EXHIBIT D
BOISE COUNTY FINANCIAL POLICY

SUBJECT: MINIMUM FUND BALANCE

PURPOSE: To outline in policy what minimum 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.

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.

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

Estimated Available Surplus: The estimated gross surplus less the minimum fund balance required; the net amount of which, will then be considered available to support the subsequent year's budget.

Minimum Fund Balance: The amount set aside for unanticipated expenditures and to meet desired reserves. Also known as "budget stabilization".

MINIMUM FUND BALANCE:

Setting aside fund balance to mitigate current and future risks, to ensure stable tax rates, to address long-term financial planning, to preserve bond ratings and to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unexpected one-time expenditures is why it is important to establish minimum levels of fund balance ('budget stabilization' reserves) often referred to as rainy day funds.

The county maintains a prudent level of financial resources to protect against all of the above. 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. The range set for all county funds is to be maintained at a level between 10% and 30% of actual operating revenues.

In conjunction with the fiscal year end audit; the amount of minimum fund balance will be calculated based on operating revenues. Operating revenues are those actual revenues reported in the county's audited financial report in the fund 'Statement of Revenues, Expenditures, and Changes in Fund Balances'; which includes property tax and excludes transfer to and/or from other funds. The amount determined from the calculation will be considered "committed" fund balance in the financial statements.