

FINANCIAL MANAGEMENT

Fund Balance Policy in Accordance with GASB Statement No. 54

Purpose. The following policy has been adopted by the Shoshone Joint School District in order to address the implications of Governmental Accounting Standards Board (“GASB”) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the Shoshone Joint School District and jeopardize the continuation of necessary public services. This policy and the procedures promulgated under it supersede all previous regulations regarding the Shoshone Joint School District’s fund balance and reserve policies.

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

The general fund is used to account for all financial resources not accounted for and reported in another fund.

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.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

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.

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 Shoshone Joint School District’s purposes.

Fund balance reporting in governmental funds. Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Nonspendable fund balance

Definition – 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.

Restricted fund balance

Definition – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed fund balance

Definition – includes amounts that can be used only for the specific purposes determined by a formal action of the Shoshone Joint School District’s highest level of decision making authority the Board of Trustees.

Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the Board of Trustees. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Assigned fund balance

Definition – includes amounts intended to be used by the Shoshone Joint School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Authority to Assign – The Board of Trustees delegates to the Superintendent or his/her/their 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 fund balance

Definition – includes the residual classification for the Shoshone Joint School 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.

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 governmental fund. An individual governmental fund may include nonspendable 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 – Encumbered amounts will not be carried into a new fiscal year. All encumbrances and outstanding purchases orders at year end will become void at year end.

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 Shoshone Joint School 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 Shoshone Joint School District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Implementation and review. Upon adoption of this policy the Board of Trustees authorizes the Superintendent to establish any standards and procedures which may be necessary for its implementation. The Superintendent shall review this policy at least annually and make any recommendations for changes to the Board of Trustees.

Policy History:

Adopted on : July 12, 2011 (Temporary), August 9, 2011

Revised on:

Reviewed in: June 2015