

Financial Management

Fund Accounting System (GASB Statement 54)

This policy is designed to encourage consideration of unanticipated events that could adversely affect the financial condition of the District and jeopardize the continuation of necessary public services. The District will provide clear fund balance classifications and use fund type definitions consistently to enhance the usefulness of fund balance information.

In doing so, the District strives to maintain 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.

Fund Types

The accounts of the District 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. Supplemental levy funding is allocated under the General Fund. As required by the state IFARMS system, the District identifies these funds in the 100 series on the district financial documents;
2. **Special Revenue Funds** are used to account for 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. As required by the state IFARMS system, the District identifies these funds in the 200 series on the district financial documents;
3. **Debt Service Funds** are used to account for all financial resources restricted, committed, or assigned to expenditure for principle and interest. As required by the state IFARMS system, the District identifies these funds in the 300 series on the district financial documents;
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. The school modernization funding and plant facilities funding is allocated under Capital Projects Funds. As required by the state IFARMS system, the District identifies these funds in the 400 series on the district financial documents

Note: The above list is not comprehensive, and the District may have other funds allocated in the 500, 600, or 700 series as required by the state IFARMS system.

Fund Balance

This policy establishes goals and provides guidance concerning the desired level of year-end fund balance to be maintained by the District. These guidelines shall apply to the “Unassigned” portion of the general fund balance.

DEFINITION

Fund balance is the difference between total assets and total liabilities in each fund. Governmental Accounting Standards Board (GASB) Statement 54 requires that fund balance amounts shall be reported in the following classifications:

- Nonspendable – amounts that are not in a spendable form (inventories and prepaid expenses) or are legally or contractually required to be maintained intact.
- Restricted – amounts limited by external parties (grantors, contributors) or legislation.
- Committed – amounts to be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees.
- Assigned – amounts constrained by organizational intent (by the Board or its delegated authority) to be used for specific purposes, but not restricted or committed. Balances in special funds not reported as restricted or committed are reported as assigned.
- Unassigned – amounts available for expenditures or not restricted in any manner. Unassigned fund balance shall only be reported in the General Fund.

PURPOSE

The Board of Trustees desires to follow the best practice established by the Government Finance Officers Association (GFOA) as outlined below:

- It is essential that the District maintain adequate levels of fund balance to mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates while

providing sufficient cash flow for regular operations.

- Fund balance levels are a crucial consideration in long-term financial planning.
- Credit rating agencies monitor levels of fund balance and unrestricted fund balance in the District's general fund to evaluate continuing creditworthiness. The District's will be to secure and maintain an investment-grade bond rating.
- Providing funds to offset significant economic downturns or revenue shortfalls, and funds for unforeseen expenditures related to emergencies.

GUIDELINES

The District will strive to maintain an unassigned fund balance of not less than 8.3% (one month operating expenditures) and not more than 16.6% (2 month operating expenditures) of the general fund expense budget for the fiscal year.

- If the unassigned fund balance (once attained) falls below the 8.3% (one month operating expenditures) threshold, the Board shall develop a plan to replenish the fund balance to the designated minimum level.
- If the unassigned fund balance exceeds the upper threshold of 16.6% (2 month operating expenditures) the Board may appropriate excess funds for non-recurring expenditures.
- As a part of the policy implementation, the annual budget process will include a minimum amount to increase the unassigned fund balance. If the current fund balance is 5% or less, the amount should be \$250,000 or greater for the year considering the financial needs approved by the Board. Once the 5% level has been reached, the amount can be reduced to \$100,000 annually until the minimum target is met.

Legal References:

[I.C. § 33-701](#) *et seq.* Fiscal Affairs of School District

[I.C. § 33-901](#) *et seq.* School Funds Governmental Accounting Standards Board
(“GASB”) [Statement No. 54](#)

Policy History:

Adopted on: August 13, 2025