

**Terrell County Board Policy
Fund Balance**

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Issue Date: 7/1/2021
Rescinds Code: DCL
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The Terrell County Board of Education recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the District and is fiscally advantageous for both the District and its taxpayers. This policy establishes goals and provides guidance concerning the desired level of fund balance maintained by the District to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The School District also seeks to maintain the highest possible credit ratings which are dependent, in part, on the School District's maintenance of an adequate fund balance.

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund.

Beginning with the most restrictive constraints, fund balance amounts will be reported in the following categories:

- 1) **Nonspendable fund balance** – amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- 2) **Restricted fund balance** – amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation.
- 3) **Committed fund balance** – amounts that can be used only for the specific purposes determined by a formal action of the Board of Education. Commitments may be changed or lifted only by referring to the formal action that imposed the constraint.
- 4) **Assigned fund balance** – amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the Board of Education or by a designee to whom the Board of Education delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- 5) **Unassigned fund balance** – includes all amounts not contained in other classifications and is the residual classification of the general fund only. Unassigned amounts are available for any legal purpose.

The responsibility for designating funds to specific classifications shall be as follows:

Committed Fund Balance – The Board of Education is the District’s highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board.

Assigned Fund Balance – The Board of Education has authorized the Superintendent or Financial Officer as officials authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

When multiple categories of fund balance are available for expenditure, the District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

The fund balance of the School District’s General Fund has been accumulated to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. The School District’s basic goal is to maintain annual expenditure increases necessary to provide a consistent educational environment satisfactory to its citizens and to limit expenditures to anticipated revenue in order to maintain a balanced budget.