BIBB COUNTY SCHOOL DISTRICT

Board Policy DCL: Fund Balance

Status: ADOPTED

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The Board of Public Education for Bibb County ("Board") recognizes that maintaining a healthy fund balance is essential to the preservation of the financial integrity of the Bibb County School District ("District") and is fiscally beneficial for both the District and its taxpayers. This policy establishes goals and provides guidelines 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 other circumstances.

The District strives to maintain a level of financial resources to protect against reducing services or raising taxes due to temporary revenue shortfalls or unexpected one-time expenditures. The District also strives to maintain the highest possible credit ratings which are dependent in part on the maintenance of an adequate fund balance. This policy, based on Governmental Accounting Standards Board ("GASB") Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions, establishes a constraint-based approach in reporting fund balances.

Fund balance is the 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. **Non-Spendable Fund Balance** – amounts that are not in a spendable form (e.g., inventory, prepaid items) or are legally or contractually required to be maintained intact (e.g., permanent fund principal).

2. **Restricted Fund Balance** – amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation (e.g., grants or donations). Restrictions may be changed or lifted with the consent of the resource provider.

3. **Committed Fund Balance** – amounts that can be used only for the specific purposes, as determined by a formal action of the Board. Commitments may be changed or lifted only by referring to the formal action that imposed the constraint originally (e.g., the Board's commitment in connection with future construction projects).

4. **Assigned Fund Balance** – amounts intended to be used by the District for specific purposes. Intent can be expressed by the Board or by a designee to whom the Board delegates the authority (Superintendent and/or Chief Financial Officer). In District funds other than the general fund, an 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 fund balance of the accounts maintained at the local schools ("School Activity Accounts") will be classified as "Committed Fund Balances" for financial statement purposes, as those funds are raised at the school level and the principal of each school has authority to manage and approve expenditures of those funds.

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

1. **Committed Fund Balance** – Board approval is required to establish, modify, or rescind a fund balance commitment.

2. Assigned Fund Balance – The Board has designated the Superintendent and the Chief Financial Officer as officials authorized to assign fund balance to a specific purpose consistent with this fund balance policy.

It is the Board's goal to achieve and maintain a fund balance for the general fund at fiscal year-end of not less than 8 percent of annual budgeted expenditures to cover unanticipated deficiencies in revenue or unanticipated expenditures However, the budget for any fiscal year will not allocate to such fund balance any amounts which, when combined with the existing unassigned, assigned, and committed fund balances, exceed 25 percent of the total budget of the subsequent fiscal year, exclusive of any reserve balance for capital expenditures in compliance with O.C.G.A. § 20-2-167(a)(5). If the unassigned fund balance at fiscal year-end falls below or above the goal, the District will develop a restoration plan to achieve and maintain the minimum fund balance or a plan to reduce the fund balance to the maximum 25 percent.

Spending Policy

When multiple categories of fund balance are available for expenditure (e.g., a project is being funded partly by a grant, funds set aside by the Board, and unassigned fund balance), the District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Policy Reference Disclaimer: These references are not intended to be part of the policy itself, nor do they indicate the basis or authority for the board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

Note: ***To access the policy references, CLICK HERE:*** State of Georgia Terms and Conditions ***and close the LexisNexis tab, which will return you to the policy. Click on the links below to be taken to each specific code. You should only have to do this one time per session.***

State	Description
O.C.G.A. 20-02-0109	Duties of local school superintendents; reporting
O.C.G.A. 20-02-0167	Funding for direct instructional, media center and staff development costs; computerized uniform budget and accounting system; submission of local budget to state board; provision of certain information by local boards