

FUND BALANCE

Descriptor Code: DL

PURPOSE

To specify the size and composition of the District's financial reserves and identify certain requirements for replenishing any fund balance reserves utilized; and to establish a spending prioritization of fund balance in accordance with standards established by the Governmental Accounting Standards Board (GASB).

SCOPE

This policy applies to all federal, state, and local governmental funds within the school district.

DEFINITIONS

Fund Balance: Fund balance refers to the difference between assets and liabilities in the governmental funds balance sheet and is referred to as fund equity. Fund balances should be reported in the classifications noted below.

Restricted Fund Balance: Amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource provider.

Committed Fund Balance: Amounts that can be used only for the specific purposes determined by a formal action of the Sweetwater Board of Education. Commitments may be changed or lifted only by the Sweetwater Board of Education taking the same for action that imposed the constraint.

Assigned Fund Balance: Amounts that the District intends to use for a specific purpose, but are not restricted or committed. The intent shall be expressed by the Sweetwater Board of Education, the Director of Schools, or his/her designee (e.g. legal contingencies).

Unassigned Fund Balance: The residual classification for the general purpose school fund. It includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance that is not obligated or specifically designated and is available for any purpose.

POLICY STATEMENT

In order to maintain and protect the long term financial capacity of Sweetwater City Schools, total Fund Balances and reserves will be maintained at the suggested level as stated in Tennessee Code Annotated (TCA) 49-3-352.

Legal References:
TCA 49-3-352

Adopted: May 9, 2016