

## Fund Balance Policy

### Purpose

The Board of Trustees of the Jackson Public School District recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school 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 school district to mitigate financial risk that can occur from unforeseen events. Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund.

Governmental accounting principles distinguish fund balance classifications based on the relative strength of the constraints that control the purposes for which specified amounts can be spent. 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 (e.g., inventory) 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 parties either constitutionally or through enabling legislation (e.g., grants or donations).
- 3) Committed fund balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees. Commitments may be charged 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 government for specific purposes. Intent can be expressed by the Board of Trustees or by a designee to whom the governing body 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.

