



County of Hopkins

Fund Balance Policy in Accordance with GASB Statement No. 54

Purpose. The following policy has been adopted by the County of Hopkins's (County) Commissioner's Court in order to address the implications of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the County and jeopardize the continuation of necessary public services. This policy will ensure that the County maintains adequate fund balances and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs,
- b. Secure and maintain investment grade bond ratings,
- c. Offset significant economic downturns or revenue shortfalls, and
- d. Provide funds for unforeseen expenditures related to emergencies.

This policy and the procedures promulgated under it supersede all previous regulations regarding the County's fund balance and reserve policies.

Fund balance reporting in governmental funds. Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Nonspendable fund balance

Definition - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.(inventories, and prepaid items)

Restricted fund balance

Definition - includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed fund balance

Definition - includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority (Commissioner's Court).

Authority to Commit - Commitments will only be used for specific purposes pursuant to a formal action of the Commissioner's Court. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment. The action to commit funds must occur *prior* to fiscal year end to report such commitments in the Balance Sheet of the respective period, though the amount may be determined subsequent to year end.

Assigned fund balance

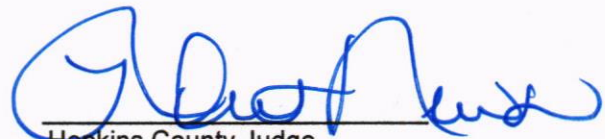
Definition - includes amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Authority to Assign - The Commissioner's Court may delegate to their designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assignments may occur subsequent to year end.

Unassigned fund balance

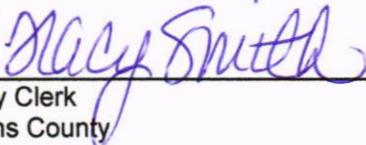
Definition - includes the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Minimum unassigned fund balance – Hopkins County will maintain a minimum unassigned fund balance in its General Fund ranging from 30 to 35 percent of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is intended to provide stabilization in case of unforeseen events that may occur such as emergencies, contingencies, revenue shortfalls, or budgetary imbalances. If it is determined that the County is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring the fund balance level into compliance with this policy through budgetary actions.



Hopkins County Judge
Hopkins County Commissioners Court

Attest:



County Clerk
Hopkins County

