

RESOLUTION NO. R-02-2023

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FULTON APPROVING AND ADOPTING A FUND BALANCE POLICY (Developed for GASB 54); REPEALING RESOLUTIONS IN CONFLICT AND PROVIDING FOR SEVERANCE

WHEREAS, the Town Council recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the Town and is fiscally advantageous for both the Town and the taxpayer. This policy establishes goals and provides guidance concerning the desired level of fund balance maintained by the Town to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances.

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

WHEREAS, GASB Statement 54 distinguishes fund balance classified 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) **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).
- 2) **Assigned fund balance** – amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the Town Council 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.
- 3) **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.

WHEREAS, the responsibility for designating funds to specific classifications shall be as follows:

Assigned Fund Balance – The Town Council has authorized the Mayor as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

WHEREAS, it is the goal of the Town to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than one hundred eighty (180) days of General Fund revenues. If the unassigned fund balance at fiscal year end falls below the goal, the Town shall develop a restoration plan to achieve and maintain the minimum fund balance.

WHEREAS, it is the goal of the Town to achieve and maintain an unassigned fund balance in the pier fund at fiscal year-end of not less than one hundred eighty (180) days of Pier Fund revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the Town shall develop a restoration plan to achieve and maintain the minimum fund balance.

WHEREAS, it is the goal of the Town to achieve and maintain an unassigned fund balance in the sewer fund at fiscal year-end of not less than one hundred eighty (180) days of Sewer Fund revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the Town shall develop a restoration plan to achieve and maintain the minimum fund balance.

WHEREAS, 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 Town Council, and unassigned fund balance), the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Accordingly, the above Whereas clauses are adopted as the policy of the Town of Fulton.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FULTON, TEXAS:

Section 1. The Town Council approves the Fund Balance Policy as presented in this Resolution.

Section 2. The Fund Balance Policy becomes effective upon approval of this Resolution.

Section 3. The City Secretary shall disseminate the Fund Balance Policy to all Town of Fulton employees and agents, as necessary.

Section 4. The Mayor, or presiding officer, is hereby authorized to affix her signature to this Resolution signifying its adoption by the Town Council of the Town of Fulton and the City Secretary, is directed to attest thereto.

PASSED AND APPROVED this the ____ day of _____, 2023.

TOWN OF FULTON

Kelli Cole, Mayor

ATTEST:

Stephanie Garcia, City Secretary