

# ORDER #2025-17

**WHEREAS**, the Governmental Accounting Standards Board ("GASB") now requires Panola County to classify the fund balance amounts reported within our financial statement in accordance with the Comprehensive Fund Balance Policy adopted by the Commissioners' Court on November 14, 2011; and

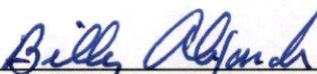
**WHEREAS**, funds reported as "committed" includes amounts that can be used only for the specific purposes determined by a formal action of the Panola County Commissioner's Court; and

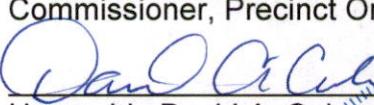
**WHEREAS**, "GASB Statement 54" requires that all such funds be committed before the end of the current fiscal year;

**THEREFORE, IT IS HEREBY ORDERED** by the Panola County Commissioners' Court, meeting in Regular Session this 2<sup>nd</sup> day of December, 2025, as follows:

1. As of the date of this Order, the entire 1971 Road Bond Fund balance plus accumulated future interest is committed to road right-of-way purchases and utility adjustments; and
2. As of the date of this Order, the entire Permanent Improvement Fund balance plus accumulated future interest is committed to be used for airport construction and other major airport improvements; and
3. As of the date of this Order, the entire Jail Improvement Fund balance plus future accumulated interest is committed for future jail improvements and/or construction.

**APPROVED and ADOPTED** in Open Court this 2<sup>nd</sup> day of December, 2025.

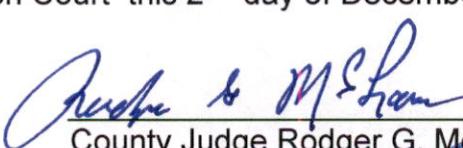
  
Honorable Billy Alexander  
Commissioner, Precinct One

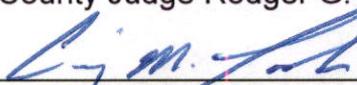
  
Honorable David A. Cole  
Commissioner, Precinct Two

**ATTEST:**

  
County Clerk Bobbie Davis



  
County Judge Rodger G. McLane

  
Honorable Craig M. Lawless  
Commissioner, Precinct Three

  
Honorable Dale LaGrone  
Commissioner, Precinct Four

PANOLA COUNTY TEXAS.  
COMPREHENSIVE FUND BALANCE POLICY

BACKGROUND

The Governmental Accounting Standards Board ("GASB") has issued Statement No. 54, *Fund Balance-Reporting and Governmental Fund Type Definitions* ("GASB-54"). The primary objective of this new standard is to improve the usefulness and comparability of fund balance information by reporting fund balance in more intuitive and meaningful components. This standard also clarifies the definitions of the different types of funds that a governmental entity may set up for financial reporting purposes.

GASB-54 now requires Panola County to classify the fund balance amounts reported within our financial statements in accordance with five new and more detailed classifications shown below. These categories are as follows:

Nonspendable Fund Balance – Fund balance reported as "nonspendable" represents fund balance associated with inventory or prepaid items. The cash outlay for these types of items has already been made and therefore the resources represented by this fund balance category cannot be spent again; hence the term "nonspendable".

Restricted Fund Balance – Fund balance reported as "restricted" represents amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources.

Committed Fund Balance – Fund balance reported as "committed" includes amounts that can be used only for the specific purposes determined by a formal action of our county's highest level of decision-making authority.

Assigned Fund Balance – Fund balance reported as "assigned" represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. In addition, our governing body may grant to an administrator within our organization the authority to "assign" fund balance.

Unassigned Fund Balance – Fund balance reported as "unassigned" represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

GASB 54 is effective for periods beginning after June 15, 2010. Therefore, Panola County is required to implement this new standard for Fiscal Year 2011.

A written Comprehensive Fund Balance Policy is recommended to be formally adopted by the governing body of our organization depicting the procedures that will be used for committing fund balance, assigning fund balance, how stabilization funds, if any, will be determined, order of spending the fund balance categories, minimum fund balance levels, and use of governmental fund types.

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COMPREHENSIVE FUND BALANCE POLICIES

1.0 Policy on Committing Funds

In accordance with GASB-54, it is the policy of Panola County that fund balance amounts will be reported as "Committed Fund Balance" only after formal action and approval by the Panola County Commissioners' Court. The action to constrain amounts in such a manner must occur prior to year end; however, the actual dollar amount may be determined in the subsequent period.

For example, the Panola County Commissioners' Court may approve a motion prior to year end to report within the year-end financial statements, if available, up to a specified dollar amount as Committed Fund Balance for Capital Projects. The exact dollar amount to be reported as Committed Fund Balance for Capital Projects may not be known at the time of approval due to the annual financial audit not yet being completed. This amount can be determined at a later date when known and appropriately reported within the year-end financial statements due to the governing body approving this action before year-end.

It is the policy of Panola County that the governing body may commit fund balance for any reason that is consistent with the definition of Committed Fund Balance contained within GASB-54. Examples of reasons to commit fund balance would be to display intentions to use portions of fund balance for future capital projects, stabilization funds, or to earmark special General Fund revenue streams unspent at year-end that are intended to be used for specific purposes.

After approval by the Panola County Commissioners' Court the amount reported as Committed Fund Balance cannot be undone without utilizing the same process required to commit the funds. Therefore, in accordance with GASB-54, it is the policy of this County that funds can only be removed from the Committed Fund Balance category after motion and approval by the Commissioners' Court. This would include amounts that were committed as stabilization funds. Therefore, if during the year it appears that fund balance previously reported as "committed for stabilization" will need to be used in accordance with approved uses of stabilization funds, the governing body is required to approve to release the fund balance previously committed for stabilization. (see also 3.0 Policy on Stabilization Funds)

2.0 Policy on Assigning Funds

In accordance with GASB-54, funds that are *intended* to be used for a specific purpose but have not received the formal approval action at the governing body level may be recorded as Assigned Fund Balance. Likewise, redeploying assigned resources to an alternative use does not require formal action by the governing body.

GASB-54 states that resources can be assigned by the governing body or by another internal body or person whom the governing body gives the authority to do so, such as a budget committee or the County Judge.

Policy on Assigning Funds (continued)

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Therefore, having considered the requirements to assign fund balance, it is the policy of this County that the County Judge will have the authority to assign fund balance of this organization based on intentions for use of fund balance communicated by the governing body.

3.0 Policy on Stabilization Funds

Panola County desires that a specific amount of General Fund fund balance be maintained to provide for emergencies, contingencies, revenue shortfalls, or budgetary imbalances that may occur from time to time. This formal set-aside of fund balance is commonly known as "Stabilization Funding".

It is the policy of this County that the amount of General Fund fund balance for stabilization is to be maintained at an amount not less than six months of General Fund operating expenditures, measured based on the most recently completed fiscal year. This amount maintained for stabilization funding is to be reported in the Unassigned fund balance classification each year.

4.0 Policy on Order of Spending Resources

It is the policy of this County that when expenditures are incurred that would qualify as expenditures of either Restricted Fund Balance or Unrestricted Fund Balance (Committed, Assigned, or Unassigned), those expenditures will first be applied to the Restricted Fund Balance category.

Furthermore, it is the policy of this County that when expenditures are incurred that would qualify as a use of any of the Unrestricted Fund Balance categories (Committed, Assigned, or Unassigned), those expenditures will be applied in the order of Committed first, then Assigned, and then Unassigned.

5.0 Policy on the Acceptable Minimum Level of Fund Balances

As stated in 3.0 Policy on Stabilization Funds, Panola County desires to maintain, if available, stabilization funds of up to six months of regular General Fund operating expenditures, measured based on the most recently completed fiscal year. This funding is intended to provide stabilization in case of unforeseen events that may occur such as emergencies, contingencies, revenue shortfalls, or budgetary imbalances. When unassigned fund balances of the General fund exceed the six months stabilization fund, the county will consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

This County has considered the possibility that stabilization funding may be required to be used at times and that the overall fund balance level across all of the Unrestricted Fund Balance categories

(Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance) may possibly be drawn down at times to a level posing a risk to our County's finances.

Therefore it is the policy of this County to maintain at all times an overall Unrestricted Fund Balance (Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance) of not less than three months of regular General Fund operating expenditures, measured based on the most recently completed fiscal year. If it is determined that Panola 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.

#### 6.0 Review of Governmental Fund Classifications

Panola County desires that the governmental fund types available for use in governmental financial reporting be appropriately selected based on the GASB-54 definitions of these fund types. Furthermore, the fund balance categories utilized within each these fund types are also to be appropriately selected from the new GASB-54 classifications.

Therefore, after consideration of the purpose of each governmental fund type, it is the policy of this County to limit the fund balance categories that may be used with each governmental fund type as follows:

General Fund  
Nonspendable Fund Balance  
Restricted Fund Balance  
Committed Fund Balance  
Assigned Fund Balance  
Unassigned Fund Balance

Debt Service Funds  
Restricted Fund Balance  
Committed Fund Balance  
Assigned Fund Balance

Capital Projects Funds  
Restricted Fund Balance  
Committed Fund Balance  
Assigned Fund Balance

Special Revenue Funds  
Restricted Fund Balance  
Committed Fund Balance  
Assigned Fund Balance

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IN WITNESS WHEREOF, and as conclusive evidence of the adoption of the foregoing instrument comprising the Panola County Comprehensive Fund Balance Policy, Panola County has caused this Policy to be executed in its name and on its behalf, on this 14<sup>th</sup> day of November, 2011.

Panola County

By: David H. Anderson  
County Judge

By: Ronnie LaGore  
Commissioner Precinct 1

By: John Shadley  
Commissioner Precinct 2

By: Harmon Lee  
Commissioner Precinct 3

By: Dale LaGore  
Commissioner Precinct 4

Attest: Clara Jones  
County Clerk

