

Warren County Board of Supervisors

RESOLUTION NO. 741 OF 2011

Resolution introduced by Supervisors Thomas, Taylor, Goodspeed, Belden, Monroe, VanNess, Kenny, Merlino and Conover

ADOPTING THE FUND BALANCE POLICY IN ACCORDANCE WITH GASB STATEMENT NO. 54

WHEREAS, the Warren County Board of Supervisors hereby adopts the Fund Balance Policy in accordance with GASB Statement No. 54 attached hereto and incorporated herein as Schedule "A".

SCHEDULE “A”

Warren County

Fund Balance Policy in Accordance with GASB Statement No. 54

A) Purpose

The following policy has been adopted by the Board of Supervisors in order to comply with the requirements of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions (GASB 54). Fund balance is the difference between the total assets and total liabilities in each fund and measures the net financial resources available to finance expenditures of future periods.

B) Fund type definitions

The following definitions will be used in reporting activity in governmental funds across the County. The County may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The general fund is used to account for all financial resources not accounted for and reported in another fund.

Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

C) Fund balance reporting in governmental funds

Fund balance should be classified based on the constraints that control the purposes for which specific amounts can be spent. It is the responsibility of the County Treasurer to appropriately categorize fund balance in the County’s financial statements. Beginning with the most binding constraints, fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB 54:

1) Nonspendable fund balance

Nonspendable fund balance consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

2) Restricted Fund Balance

Restricted fund balance includes amounts that can be spent only for the specific

purposes stipulated by the constitution, external resource providers, or through enabling legislation.

3) Committed Fund Balance

Committed fund balance consists of amounts that are subject to a purpose constraint imposed by a formal action of the Board of Supervisors before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

4) Assigned Fund Balance

Assigned fund balance 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.

The Board of Supervisors has 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. The Board of Supervisors has the authority to remove or change the assignment of the funds.

5) Unassigned Fund Balance

Unassigned fund balance represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

D) Operational guidelines

The following guidelines address the classification and use of fund balance in governmental funds:

1) Classifying fund balance amounts

Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

2) Encumbrance reporting

Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB 54.

3) Prioritization of fund balance use

RESOLUTION No. 741 OF 2011

PAGE No. 4 OF 4

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.