

**RESOLUTION APPROVING THE POWHATAN COUNTY GENERAL FUND
FUND BALANCE POLICY**

WHEREAS, the Powhatan County Board of Supervisors has a policy to maintain undesignated fund balance in the General Fund at 15%; and

WHEREAS, Statement No. 54 of the Governmental Accounting Standards Board (GASB 54) defines nonspendable, restricted, committed, assigned and unassigned fund balance, and the Powhatan County Board of Supervisors desires to adhere to the GASB 54 definitions.

NOW, THEREFORE, BE IT RESOLVED by the Powhatan County Board of Supervisors that the Powhatan County General Fund Fund Balance Policy is approved as follows:

GENERAL FUND UNASSIGNED FUND BALANCE POLICY

It is the policy of the County of Powhatan (County) to maintain unassigned fund balance in the general fund at a level to provide the County with sufficient working capital to mitigate current and future risk of revenue shortfalls due to economic downturns and unanticipated expenditures from emergencies or natural disasters.

PURPOSE

The Board of Supervisors recognizes that one of the keys to sound financial management is the development of financial policies. Credit agencies carefully monitor levels of unrestricted (committed, assigned and unassigned) fund balance in a government's general fund to evaluate a government's continued creditworthiness. The Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted fund balance. In addition, the National Advisory Council on State and Local Budgeting (NACSLB) issued a comprehensive set of accepted budget processes and procedures that set the standards of excellence in state and local governmental budgeting. A critical element incorporated into these standards is the adoption of financial policies, which include the development of a policy on stabilization funds, i.e. unrestricted fund balance.

The Board of Supervisors is ensuring the long-term economic stability of the County by adopting a policy that maintains a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. The unassigned fund balance will provide resources to allow for unforeseen needs of an emergency nature and to permit orderly adjustment to changes resulting from reductions or loss of revenues. The maintenance of an unassigned fund balance is not to be construed as a surplus or over-taxation by the County. Rather, it is an element of sound fiscal management.

UNASSIGNED FUND BALANCE LEVEL

After evaluating the County's operating characteristics, its emergency and disaster risks, its overall financial health, the diversity and flexibility of its tax base, the reliability of non-property tax revenue sources, the County's working capital needs, the impact of the Commonwealth of Virginia policies and budgets, and other contingent issues the Board of Supervisors hereby establishes that the unassigned fund balance of the general fund will be maintained at fifteen percent (15%) of general fund, social services fund, CSA fund, school operating fund and school cafeteria fund operating revenues of the same fiscal year. For purposes of this policy, operating revenues are all revenues except other financing sources (transfers).

ASSIGNED OR COMMITTED FUND BALANCE

The Board of Supervisors may assign or commit fund balance by way of a Resolution. Assigned or committed fund balance may be unassigned or uncommitted by the Board of Supervisors by way of a Resolution.

MAINTENANCE OF UNASSIGNED FUND BALANCE LEVEL

At the end of each fiscal year, all general fund revenues in excess of expenditures will first go into the unassigned fund balance, until the 15% level for the current fiscal year is met. After the fund balance level is met, all excess revenues over expenditures which have not been assigned or committed by the Board of Supervisors will be committed to the Capital Reserve Fund Balance.

CAPITAL RESERVE FUND BALANCE

The Capital Reserve Fund Balance is to be used for non-recurring needs of the County as determined by the Board of Supervisors. Only the Board of Supervisors may authorize the use of the Capital Reserve Fund Balance by way of a Resolution budgeting and appropriating the funds.

USE OF UNASSIGNED FUND BALANCE

It is the policy of the Board of Supervisors to limit the use of the general fund unassigned fund balance to address unanticipated, non-recurring needs or known and planned future obligations. General fund unassigned fund balance shall not be applied to recurring annual operating expenditures. General fund unassigned fund balance may, however, be used to allow time for the County to restructure its operations in a deliberate manner. Such use will only take place in the context of long-term fiscal planning.

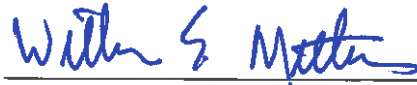
REPLENISHMENT OF UNASSIGNED FUND BALANCE

In the event the Board of Supervisors authorizes the use of general fund unassigned fund balance, the authorization must be accompanied by a plan to replenish the unassigned fund balance.

POLICY SUPERSEDES OTHER POLICIES

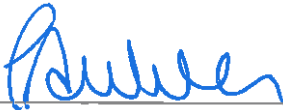
It is the intent of this policy to repeal any inconsistent policy or practice adopted prior to this date.

ADOPTED BY THE POWHATAN COUNTY BOARD OF SUPERVISORS ON JUNE 15, 2015.



William E. Melton, Chairman
Powhatan County Board of Supervisors

ATTEST:



Patricia A. Weiler, Clerk
Powhatan County Board of Supervisors

Recorded Vote:

<i>David T. Williams</i>	<u><i>Aye</i></u>
<i>Larry J. Nordvig</i>	<u><i>Aye</i></u>
<i>Barry C. Hodge</i>	<u><i>Aye</i></u>
<i>William E. Melton</i>	<u><i>Aye</i></u>
<i>Carson L. Tucker</i>	<u><i>Aye</i></u>