EAST GOSHEN TOWNSHIP
CHESTER COUNTY, PENNSYLVANIA

RESOLUTION NO. 2013-__

A RESOLUTION ESTABLISHING VARIOUS
FINANCIAL POLICIES

WHEREAS, it is a “best practice” of the Government Finance Officers Association for municipalities to have formal policies with respect to both the use of capital reserve funds and unrestricted general fund balances;

WHEREAS, the Township created a Capital Reserve Fund and maintains a fixed asset worksheet listing the accumulated depreciation, replacement cost and useful life of all capital assets scheduled for replacement.

WHEREAS, the Township’s threshold for capital assets is $5,000.

WHEREAS, the Township has historically distinguished between “replacement” assets, meaning assets that would replace those currently in the fixed asset worksheet, and “new” assets, meaning either assets that the Township does not currently own or assets that would not replace another asset that is listed in the fixed asset worksheet.

BE IT RESOLVED THAT the Board of Supervisors of East Goshen Township hereby authorize Township staff to implement the following financial policies:

1) The Capital Reserve Fund, as authorized in § 1508 of the Second Class Township Code, will henceforth be referred to as the “Sinking Fund”. Similarly, the Sewer Capital Reserve Fund will henceforth be referred to as the “Sewer Sinking Fund.”

2) Prior to the end of the current budget year, an amount will be transferred from the General Fund to the Sinking Fund, such that the Sinking Fund will have sufficient funds to pay for the estimated replacement costs of all capital assets in the fixed asset worksheet for East Goshen Township, plus the Hershey Mill Dam repair and the Geothermal HVAC system.

3) This transfer will also include an additional $150,000 buffer to defray the cost of future, unplanned “new” assets that may be purchased from time to time.

4) In 2014 and beyond, the annual transfer from the General Fund to the Sinking Fund will consist of the following three components:
bullet An inflationary adjustment reflecting the annual increase in the replacement value of the capital assets in the fixed asset worksheet as of December 2013, plus the Geothermal HVAC system and the Hershey Mill Dam repair project.
bullet The cost of any "new" assets purchased in that year.
bullet The annual change in the accumulated depreciation of any "new" or "replacement" assets purchased after January 1, 2014.

5) Prior to the end of the current budget year, $500,000 shall be appropriated from the General Fund into an Operating Reserve Fund as defined in §1508.1 of the Second Class Township Code. Money will be appropriated between the Operating Reserve Fund to the General Fund as needed in future years to maintain the fund balance at 5% of estimated general fund revenues in any future year.

6) Prior to the end of the current budget year, $15,000 shall be appropriated from the General Fund to a new "Events Fund", the purpose of which is to save funds in anticipation of the 2017 Bicentennial Event with West Goshen.

7) The General Fund shall maintain a fund balance at least equal to 20% of annual expenses.

8) All future budget presentations will include a 5-year Capital Improvement Plan (CIP) for the Board’s consideration.

RESOLVED AND ADOPTED, this ___th day of December, 2013.

ATTEST:                           EAST GOSHEN TOWNSHIP
                                BOARD OF SUPERVISORS

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Secretary                        Janet L Emmanuel