

**EAST GOSHEN TOWNSHIP
CHESTER COUNTY, PENNSYLVANIA**

RESOLUTION NO. 2019-74

**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.

WHEREAS, the Township adopted Resolution 2013-74, adopting various financial policies, on December 17, 2013.

WHEREAS, the Township wishes to amend and update those financial policies to reflect developments in the past several years and to ensure that it is appropriately depreciating its fixed assets to adequately fund the Capital Reserve Fund.

BE IT RESOLVED THAT the Board of Supervisors of East Goshen Township hereby repeals the financial policies enumerated in Resolution 2013-74 and replaces them with those listed below:

1) The Capital Reserve Fund, as authorized in § 1508 of the Second Class Township Code, will again be known as the “Capital Reserve Fund” and not the “Sinking Fund”, to avoid any confusion with a “bond sinking fund”. Similarly, the Sewer Sinking Fund will again be referred to as the “Sewer Capital Reserve Fund.”


2) In 2020 and beyond, the annual transfer from the General Fund to the Capital Reserve Fund will consist of the following two components:

- The net cost of any “new” assets purchased in that year from the Capital Reserve Fund;

- The annual change in the accumulated depreciation of assets being depreciated.
- 3) The Operating Reserve Fund as defined in §1508.1 of the Second Class Township Code will be funded at up to 25% of annual revenues, as permitted in that section.
- 4) The General Fund shall maintain a fund balance at least equal to 20% of annual revenues.
- 5) All budget presentations will include a 5-year Capital Improvement Plan (CIP) for the Board's consideration.

RESOLVED AND ADOPTED, this 3rd day of December, 2019.

ATTEST:



Secretary

**EAST GOSHEN TOWNSHIP
BOARD OF SUPERVISORS**

