



SOUTH FAYETTE TOWNSHIP  
ALLEGHENY COUNTY  
FUND BALANCE POLICY RESOLUTION  
RESOLUTION 17 OF 2017

RESOLVED and ENACTED this 15<sup>th</sup> day of November, 2017

Attest:

  
\_\_\_\_\_  
Ryan Eggleston  
Township Manager

TOWNSHIP OF SOUTH FAYETTE

  
\_\_\_\_\_  
Joseph Horowitz, President  
Board of Commissioners



# **SOUTH FAYETTE** T O W N S H I P

A Community Growing Together

## **South Fayette Township Fund Balance Policy for the General Fund Exhibit A**

### **Purpose**

To help the Township of South Fayette provide quick response to weather economic uncertainty, unexpected situations such as natural disasters, provide sufficient cash flow to avoid the need for short-term borrowing. The policy establishes the appropriate level of reserves which the Township will strive to maintain in its General Fund balance; how the target fund balances will be funded; and the conditions under which fund balances can be used.

For purposes of this Policy, the definition of “reserves” is limited to the portion of fund balance that is unreserved. Unreserved is to mean not set aside for existing legal obligations of the Township.

### **1. Amounts Held in Reserve**

The Township will strive to held the amounts listed below in General Fund balance, expressed as a percentage of the Township’s annual operating expenditures of the General Fund. These amounts are expressed as goal ranges to recognize that fund balance levels can fluctuate from year to year due to the normal course of Township government operations.

- 15-20% - Budget Stabilization Reserve for economic uncertainty, possible State borrowing of Township’s fund, known or anticipated future obligations.
- 15-20% - Emergency Disaster Reserve for unforeseen events such as natural disasters, catastrophic accidents.
- 5-10% - Working Capital to provide sufficient cash flow.

### **2. Funding Target Fund Balance**

Funding of General Fund balance targets will generally come from excess revenues over expenditures or one-time revenues. The reserves will be funded in the following priority order:

- Budget Stabilization
- Emergency Disaster
- Working Capital
- Self-Insurance Reserve

- GASB 45 unfunded post-employment benefits other than pensions (retiree health-care)
- Capital Improvements projects

### **3. Conditions for Use of Reserves**

The use of reserves shall be limited to unanticipated, non-recurring needs, or anticipated future obligations. Fund balances shall not be used for normal or recurring annual operating expenditures.

The Township Manager is authorized to make recommendations to the Board of Commissioners for use of reserves. Any recommendation shall be accompanied by a proposal for the replenishment of the reserves to the Board of Commissioners.

In no circumstances shall the total General Fund reserve balance drop below 15% of the Township's annual operating expenditures for the General Fund.