

RESOLUTION NO. 2592

EAST NORRITON TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

A RESOLUTION OF THE BOARD OF SUPERVISORS OF
EAST NORRITON TOWNSHIP APPROVING A FORMAL POLICY
RELATED TO FINANCIAL MANAGEMENT AND BUDGETARY PRACTICES

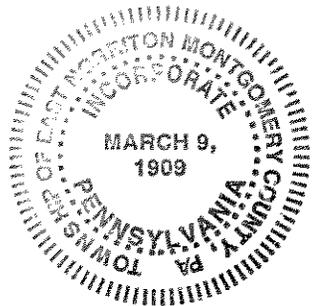
WHEREAS, the Government Finance Officers Association (GFOA) recommends that governments establish a formal policy for the purpose of accounting for public funds and managing its finances; and

WHEREAS, the Financial Management and Budgetary Policies will provide sound principles in planning the Township's current and future needs; and

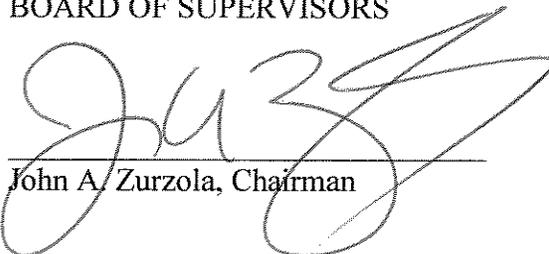
WHEREAS, the Financial Management and Budgetary Policies will strengthen the Township's credit rating with appropriate rating agencies.

NOW, THEREFORE, BE IT RESOLVED, that the East Norriton Township Board of Supervisors approves the attached East Norriton Township Financial Management and Budgetary Policies dated October 2012.

RESOLVED AND ADOPTED by the Board of Supervisors of East Norriton Township on this 23rd day of October, 2012.



EAST NORRITON TOWNSHIP
BOARD OF SUPERVISORS


John A. Zurzola, Chairman

ATTEST:



Donald D. Delamater, Secretary

EAST NORRITON TOWNSHIP
FINANCIAL MANAGEMENT AND BUDGETARY POLICIES
OCTOBER 2012

OVERVIEW

East Norriton Township has an important responsibility to its residents to carefully account for public funds, to manage its finances wisely, and to plan the adequate funding of services, including the provision and maintenance of public facilities and infrastructure. Financial management and budgetary policies are adopted for the purpose of providing sound principles in planning the Township's current and future needs. Adherence to these policies will help aid the long-term stability and financial position of the Township.

The overall goals of East Norriton Township's financial management and budget policies are as follows:

- To preserve and improve the quality of life in East Norriton Township through the proper financial management of its resources and fund a sufficient level of municipal services.
- To have the ability to withstand local and regional economic shocks, to adjust to changes in the service requirements of our community, and to respond to changes in Federal, State and County priorities and funding as they affect the Township's residents.
- To maintain a high investment grade credit rating in the financial community to assure the Township's taxpayers that Township government is financially sound and to lessen borrowing costs.

OPERATING BUDGET POLICIES

1. The Township shall annually adopt a balanced budget where operating revenues are equal to, or exceed, operating appropriations. The Township will maintain a balanced budget by paying for all current expenditures with current revenues and fund balance. The Township will avoid budgetary procedures that balance current expenditures at the expense of future years, such as postponing expenditures, underestimating expenditures, overestimating revenues, or utilizing short-term borrowing to balance the budget.
2. The budget will provide for adequate maintenance and repair of capital assets and for their orderly replacement.
3. The budget will provide for adequate funding of all retirement plans and other employee benefits.
4. The Township will maintain a budgetary control system, to help it adhere to the budget.

OPERATING BUDGET POLICIES (Continued)

5. The Township's Finance Director will prepare monthly reports of revenues and expenditures for the Board of Supervisors and will provide a summarized financial update to the Board of Supervisors on a quarterly basis.
6. The Township will update expenditure projections throughout the current fiscal year. Projections will include estimated operating costs of future capital improvements.
7. Where possible, the Township will integrate performance measurements, service level, and productivity indicators within the budget.
8. The Township will seek State and Federal funds that are available for operating and capital projects.
9. The Township will utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs.
10. The Township will maintain an effective risk management program to minimize losses and reduce insurance costs.
11. The Township will seek arrangements to share services with other municipalities where cost reductions can be achieved and where the quality of service will not be endangered.

REVENUE POLICIES

1. The Township will strive to maintain a diversified and stable revenue base as protection from short-term fluctuations in any one revenue source.
2. The Township will strive to maintain a minimum property tax collection rate of 95% of the total property tax levy.
3. The Enterprise Fund (Sewer Revenue Fund) will generate revenue sufficient to support its full direct and indirect costs.
4. The Township will establish all user fees and charges at a level not to exceed the full cost (operating, direct, indirect and capital) of providing the service.
5. The Township will consider market rates and charges levied by other public and private organizations for similar services in establishing user fees and charges.

CASH MANAGEMENT INVESTMENT POLICIES

1. The Township will deposit its moneys only in bank or trust companies located and authorized to do business in Pennsylvania; and authorized as an official Township depository.
2. The Township will invest its moneys only in accordance with the Township's Investment Policy as approved by the Township's Retirement Benefits Advisory Board.
3. The Township administration will analyze the cash flow of all funds on a regular basis. Disbursements, collections, deposits and investments will be managed to ensure maximum cash availability.
4. The Township will pool cash from its various funds to obtain the maximum possible return on its investments. Interest will be credited to the source of the invested moneys.
5. The Township's accounting system will provide regular information concerning cash positions and budgetary performance.
6. The Township will collect revenues aggressively, including past due bills of any type.

DEBT MANAGEMENT POLICIES

1. The Township will use long-term debt for only those capital improvements that cannot be readily financed from current revenues on a pay-as-you-go basis.
2. The final maturity date for any long-term debt will not exceed the expected useful life of the capital improvement so financed.
3. The Township will encourage and maintain good relations with financial and bond rating agencies, and will follow a policy of full and open disclosure on every financial report and bond prospectus.
4. The Township will not issue short-term notes to finance operating deficits.

CAPITAL IMPROVEMENT PROGRAM POLICIES

1. The Township will prepare a five-year capital improvements program annually in conjunction with the Township's annual budget.
2. To be considered in the capital improvement program, a project must have an estimated cost of at least \$1,000 in one of the fiscal years of the project and a useful life of at least five years. Projects may not be combined to meet the minimum standard unless they are dependent upon each other.
3. The Township will base all capital improvements on the Township's long-term needs in order to minimize future maintenance and replacement cost.
4. The Township will estimate and consider future maintenance needs for all new equipment and capital facilities prior to deciding to proceed with the project.
5. The Township will identify the funding source for each capital improvement prior to deciding to proceed with the project. Intergovernmental and other sources will be sought out and used as available to assist in financing capital improvements.
6. The Township will provide for the adequate maintenance of capital assets and equipment in the annual budget.

PURCHASING POLICIES

1. Purchases will be made in accordance with all federal, state, and municipal requirements, primarily the Second Class Township Code of the Commonwealth of Pennsylvania. If there are no specific requirements, purchases will be made in the best interest of the Township.
2. Purchases will be made in an impartial, economical, competitive, and efficient manner.
3. Purchases will be made from the lowest priced and most responsible vendor. Qualitative factors such as vendor reputation and financial condition will be considered, as well as price.

FUND BALANCE POLICY

1. The Township will maintain an adequate fund balance to accommodate unanticipated expenditures, expenditures of a non-recurring nature, or unanticipated revenue declines. East Norriton Township classifies fund balance as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. Fund balance types of this category are prepaid expenses and inventories.

Restricted – includes fund balance amounts that can be spent only for specific purposes stipulated by external parties, through enabling legislation, or constitutional provisions. Fund balance types of this category include amounts for debt service, street lights, fire protection, parks and recreation, capital reserve, liquid fuels, and bond funds.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the East Norriton Board of Supervisors. Commitments may be changed or lifted only by the East Norriton Board of Supervisors through the same formal action that imposed the constraint.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Township Manager and/or Township Finance Director.

Unassigned – includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICIES

1. An independent audit will be performed annually by the Township's Appointed Auditor.
2. The Township's audit will be in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).
3. The results of the audit will be shared with the Township's Elected Auditors, the Board of Supervisors, and be made available to the general public.