

EAST LAMPETER TOWNSHIP

RESOLUTION # R-2017- 02

A Resolution of the Township of East Lampeter, County of Lancaster, Commonwealth of Pennsylvania, implementing Governmental Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Government Fund Type Definitions."

Be it resolved and enacted, and it is hereby resolved and enacted by the Board of Supervisors of the Township of East Lampeter, County of Lancaster, Commonwealth of Pennsylvania

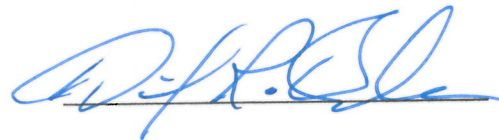
That beginning January 1, 2011, East Lampeter Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Government Fund Type Definitions." The Board of Supervisors has deemed it desirable to amend the fund balance policy to include a minimum unassigned general fund balance equaling 18% of the annual general fund expenditures. Attached fund balance policy is hereby adopted in order to address the implications of Governmental Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Government Fund Type Definitions."

This policy and the procedures promulgated under it supersede all previous regulations regarding the municipality's fund balance and reserve policies.

Adopted this third day of January, 2017.

EASTLAMPETER TOWNSHIP

BOARD OF SUPERVISORS



Chairman



Secretary

East Lampeter Township

Fund Balance Policy in Accordance with GASB Statement No. 54

Purpose. The following policy has been adopted by the Board of Supervisors in order to address the implications of Governmental Accounting Standards Board (“GASB”) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions. This policy and the procedures promulgated under it supersede all previous regulations regarding the Municipality’s fund balance and reserve policies.

Fund type definitions. The following definitions will be used in reporting activity in governmental funds across the Municipality. The Municipality may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The general fund is used to account for all financial resources not accounted for and reported in another fund.

Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the Municipality’s purposes.

Fund balance reporting in governmental funds. Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Nonspendable fund balance

Definition – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in-tact.

Classification – Nonspendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):

- The Municipality will maintain a fund balance equal to the balance of any long-term outstanding balances due from others (including other funds of the Municipality)
- The Municipality will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance)

East Lampeter Township
Fund Balance Policy
Approved **January 3, 2017**

- The Municipality will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained in-tact
- The Municipality will maintain a fund balance equal to the balance of any land or other nonfinancial assets held for sale

Restricted fund balance

Definition – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers/grantors, or through enabling legislation.

Committed fund balance

Definition – includes amounts that can be used only for the specific purposes determined by a formal action of the Municipality's highest level of decision-making authority (i.e., the Board of Supervisors).

Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the Board of Supervisors. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Assigned fund balance

Definition – includes amounts intended to be used by the Municipality for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Authority to Assign – The Board of Supervisors delegates to the **Township Manager** or his/her/their designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned fund balance

Definition – includes the residual classification for the Municipality's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Operational guidelines. The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

East Lampeter Township
Fund Balance Policy
Approved **January 3, 2017**

Encumbrance reporting – Not Applicable / No such policy.

Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Municipality to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Municipality that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum unassigned fund balance –18% of annual General Fund expenditures.

Implementation and review. Upon adoption of this policy, the Board of Supervisors authorizes the **Township Manager** to establish any standards and procedures which may be necessary for its implementation. The **Township Manager** shall review this policy at least annually and make any recommendations for changes to the Board of Supervisors.

