

**EAST ROCKHILL TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA**

EAST ROCKHILL TOWNSHIP FUND BALANCE POLICY

RESOLUTION NO. 2011 - 20

RESOLUTION OF THE TOWNSHIP OF EAST ROCKHILL, BUCKS COUNTY, PENNSYLVANIA, ESTABLISHING A FUND BALANCE POLICY IN ACCORDANCE WITH THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD'S STATEMENT NO. 54.

At a regular meeting of the East Rockhill Township Board of Supervisors held on December 20, 2011, the Board adopts the following resolution:

WHEREAS, East Rockhill Township ("Township") wishes to comply with GASB 54 as required beginning with the current January 1, 2011 – December 31, 2011 calendar year;

NOW, THEREFORE, BE IT RESOLVED, that East Rockhill Township hereby adopts the following policy:

FUND BALANCE POLICY:

A. Fund Balance Policy

The Township hereby establishes and will maintain reservations of Fund Balance, as defined herein, in accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Policy shall only apply to the Township's governmental funds. Fund Balance shall be composed of non-spendable, restricted, committed, assigned and unassigned amounts.

B. Definitions

Non-spendable Fund Balances are those amounts that can't be spent because they are not in spendable form or they are legally or contractually required to be kept intact. Examples of "not in spendable form" include inventory and prepaid assets.

Restricted Fund Balances are amounts restricted for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balances are amounts that are set aside for a specific purpose by the Township's highest level of decision making authority. Formal action must be taken prior to the end of the calendar year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balances are those amounts that are constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance is the residual classification for the Township'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 over-spending for specific purposes for which amounts had been restricted, committed, or assigned.

C. Classification of Fund Balances

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

D. Authority to Commit Funds

The Township's Board of Supervisors has the authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of a resolution by the Board of Supervisors. The passage of a resolution must take place prior to December 31st of the applicable calendar year. If the actual amount of the commitment is not available by December 31st, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available.

E. Authority to Assign Funds

Authority is given to the Township's Manager and/or Secretary/Treasurer to assign funds for specific purposes. Any funds set aside as Assigned Fund Balance must be reported to the Township's Board of Supervisors at their next regular meeting. The Township's Board of Supervisors has the authority to remove or change the assignment of funds with a majority vote.

F. Minimum Level of Unassigned Fund Balance

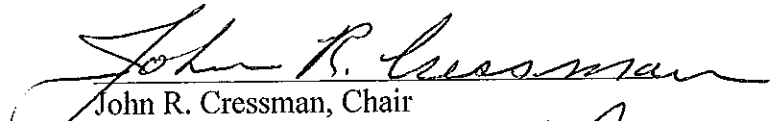
The Township does not currently have a formal minimum fund balance policy.

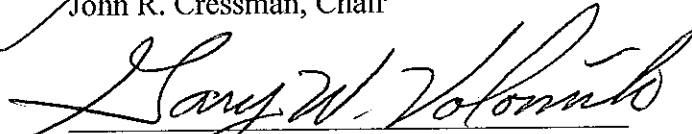
G. Annual Review and Determination of Fund Balance Reserve Amounts

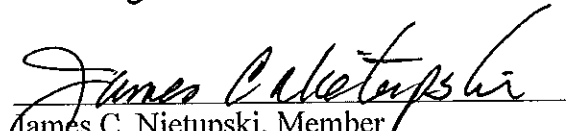
Compliance with the provisions of this policy shall be reviewed, presented and discussed as part of the year-end financial reporting process of the Township, and the amounts of non-spendable, restricted, committed, assigned, and unassigned fund balances shall be reported.

DULY RESOLVED, this 20th day of December, 2011, by the Board of Supervisors of East Rockhill Township in lawful session duly assembled.

**EAST ROCKHILL TOWNSHIP
BOARD OF SUPERVISORS**


John R. Cressman, Chair


Gary W. YOLOVNIK, Vice-Chair


James C. Nietupski, Member

ATTEST:

