

CHESTER COUNTY ASSOCIATION OF TOWNSHIP OFFICIALS

PROPOSED RESOLUTION

FOR CONSIDERATION AT SPRING CONVENTION ON MARCH 8, 2012

WHEREAS, the 2nd Class Township Code is the enabling statute containing the corporate powers of a Township of the Second Class granted to it by the State legislature; and

WHEREAS, compliance with the Code is the duty of all Township officials elected, appointed or employed by a Township of the Second Class; and

WHEREAS, Section 1508.1 of the Code authorizes the Boards of Supervisors to establish an Operational Reserve Fund for sound public policy purposes; and

WHEREAS, Section 1508.1 (b) limits the fund balance **in total** of the Operational Reserve Fund to not more than five (5%) percent of annual General Fund revenues; and

WHEREAS, there is no corresponding legal limitation on the fund balance that may be accrued in a Township's General Fund, instead relying on proper judgment of the duly elected Boards of Supervisors; and

WHEREAS, the Boards of Supervisors should be granted similar discretion to build an appropriate balance in the Operational Reserve Fund, and the Operational Reserve Fund is the most fiscally appropriate account in which to set aside reserves:
now

THEREFORE BE IT RESOLVED to encourage an amendment to Section 1508.1 (b) of the 2nd Class Township Code to remove the 5% cap on Operating Reserve Fund balances and permit the duly elected officials of the Township to exercise judgment on fund balances for the Operating Reserve Fund they properly exercise in other funds.

Purpose is to encourage amendment of section 1508.1.(b) (OPERATIONAL RESERVE FUND) OF THE 2ND Class Township Code to allow Operational Reserve Fund Balances in Excess of 5% of Annual General Fund Revenue

Present by Easttown Township

The Resolution Committee recommends approval as written