

Tredyffrin Township Funds

A. General Fund (Governmental)

Purpose: Primary operating fund to account for the ongoing revenues and expenditures for Township services.

Planned use: Unrestricted, ongoing

Minimum: Based on a review of cash flows as well as discussions with Moody's (Aaa Rating), Tredyffrin's Bond Underwriter, Government Finance Officers Association's best practices, and nearby townships, a cash balance of 17-25% of annual operating expenses (2 to 3 months or \$3.2M to \$4.8M) is maintained.

B. Capital Reserve Fund (Governmental)

Purpose: To account for operating fund monies previously approved for specific capital activity including projects that will receive grant funding reimbursement.

Planned use: Unrestricted, ongoing

Minimum: To support funding assumptions in the budget. In addition, for grant funded projects, \$1M of initial seed money is maintained. These funds are replenished as grant funds are received on previously completed projects.

C. General Reserve Fund (Governmental)

Purpose: To account for monies accumulated from the erratic receipt of large commercial transfer taxes and the annual systematic transfer of 10% (assuming a 10-year cycle) to the general fund for operating expenses.

Planned use: Unrestricted, mid-term (2-3 years)

Minimum: To support funding assumptions in the budget. The balance fluctuates with the timing of large commercial property transactions.

D. Special Revenue Funds (Governmental)

Purpose: To account for the proceeds of specific revenue sources that are restricted to certain uses. Tredyffrin's special revenue funds are the:

- Liquid Fuels Fund: State funds from gas tax to pay for roadway improvements;
- Tredyffrin Township Municipal Authority Highway Revenue Fund: assessment to businesses along Route 202 corridor to pay debt service relating to bonds issued for highway improvements;

Tredyffrin Township Funds

- Tredyffrin Township Municipal Authority Sewer Revenue Fund: Township lease payment for sewer system to pay debt service for sewer bonds;
- Highway Improvement Fund: contribution from developers as part of development projects in prior years;
- Parks Fund: corporate contributions relating to the support of parks.

Planned use: Restricted, ongoing

Minimum: Not applicable

E. Debt Service Funds (Governmental)

Purpose: To account for the accumulation of money for the payment of principal and interest on bonds.

Planned use: Partially restricted (per bond agreements), ongoing

Minimum: For general obligation bonds, to protect against default from unforeseen events and to protect underlying bond holders, half of one year's debt service is maintained (\$1.2M). For other bonds, defined by debt agreements.

F. Capital Project Bond Funds (Governmental)

Purpose: To account for bond monies to be used for the acquisition or construction of capital items.

Planned use: Restricted, ongoing (typically should be used within 3 years of bond issuance)

Minimum: To support funding assumptions in the budget

G. Sewer Utility Fund (Proprietary)

Purpose: To account for revenue from sewer utility fees and expenditures relating to the operation and maintenance of the sanitary sewer system, traffic signals and street lights.

Planned use: Restricted to sewer/utility uses, ongoing

Minimum: A cash balance of 4-5 months of operating expenses (\$2M – \$2.5M) plus \$5M for emergency maintenance / capital events

Tredyffrin Township Funds

H. Sewer Utility Capital Fund (Proprietary)

Purpose: To account for monies, primarily tapping fees, received for the capital needs of the sewer system.

Planned use: Restricted to sewer/utility uses, ongoing

Minimum: To support capital funding assumptions in the five-year plan.

H. Sewer Utility Reserve Fund (Proprietary)

Purpose: To account for monies accumulated for anticipated capital projects in the planning stage, but not yet funded.

Planned use: Restricted to sewer/utility uses, projects primarily scheduled in 6-10 years

Minimum: To support capital funding assumptions in and beyond the five-year plan.

I. Valley Creek Trunk Sewer Fund (Proprietary)

Purpose: To account for the shared funding (Tredyffrin, Easttown, E. Whiteland, Malvern, Willistown, VF Sewer Authority) and expenditures relating to the operation and maintenance of the Valley Creek Trunk Sewer.

Planned use: Restricted to VCTS use, ongoing

Minimum: To support funding assumptions in the budget.

J. Pension Trust Funds (Fiduciary)

Purpose: To account for assets, receipts and disbursements of employee benefit plans held in a trustee capacity. The Pension Trust Funds are the Police Pension Plan, Deferred Compensation Plan, Money Purchase Plan, and OPEB (savings for future obligations for retiree medical benefits – a.k.a. “other post-employment benefits”).

Planned use: Restricted, ongoing

Minimum: Determined by plan, law, and actuarial valuations – as applicable.

Tredyffrin Township Funds

K. Agency Funds (Fiduciary)

Purpose: To account for assets, receipts and disbursements held in a purely custodial capacity. The Township at this time does not have any agency funds.

Planned use: Restricted, not applicable at this time

Minimum: Not applicable.