
FINANCIAL MANAGEMENT AND BUDGETARY POLICIES OVERVIEW

The Township of Upper St. Clair has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan the adequate funding of services, including the provision and maintenance of public facilities. 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 have given assurance to the long-term stability and strong financial position of the Township.

The financial goals of the Township of Upper St. Clair are broad, fairly timeless statements of the financial position it seeks to attain. These goals are stated as follows:

- To preserve the quality of life in Upper St. Clair through the proper financial management of its resources and to fund a sufficient level of municipal services required for the maintenance of the Township's infrastructure.
- 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 good credit rating in the financial community to assure the Township's taxpayers that Township government is well managed and financially sound.

These financial and budgeting policies that follow are proposed to meet these goals.

OPERATING BUDGET POLICIES

1. The Township will pay 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.
5. The Township administration will prepare monthly reports of revenues and expenditures for the Board of Commissioners and Township Department Heads.
6. The Township will update expenditure projections for each fiscal year. Projections will include estimated operating costs of future capital improvements.

OPERATING BUDGET POLICIES (Continued)

7. Where possible, the Township will integrate performance measurements, service level, and productivity indicators within the budget.
8. The Enterprise Fund (sanitary sewer) and Recreation programs in the General Fund are to be self-supporting.
9. The Township will seek state and federal funds that are available for operating and capital projects.
10. The Township will encourage the delivery of services, in whole or in part, by other public and private organizations whenever and wherever greater efficiency and effectiveness can be expected.
11. The Township will utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs.
12. The Township will maintain an effective risk management program to minimize losses and reduce insurance costs.
13. 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 service.
2. The Township will strive to maintain the annual rate of property tax collections at 98%.
3. The Township will strive to reduce its reliance on intergovernmental revenue sources for operating purposes.
4. The Enterprise Funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
5. The Township will establish all user charges and fees at a level related to full cost (operating, direct, indirect and capital) of providing the service.
6. The Township will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, 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 by the Board of Commissioners.
2. The Township will invest its moneys only in accordance with the Township's Investment Policy adopted by the Board of Commissioners.
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 cast 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 accounting system will provide regular information concerning cash positions and investment 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.
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 notes to finance operating deficits.

CAPITAL IMPROVEMENT PROGRAM POLICIES

1. The Township will prepare a five-year capital improvements program each year.
2. The Township will base all capital improvements on the Township's long-term needs in order to minimize future maintenance and replacement cost.
3. The Township will coordinate the development of the capital improvement program with the annual operating budget in order to maintain a reasonably stable total tax levy.

CAPITAL IMPROVEMENT PROGRAM POLICIES (Continued)

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 private 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. 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.

RESERVE POLICIES

1. The Township will maintain an adequate fund balance to accommodate unanticipated expenditures, expenditures of a non-recurring nature, or unanticipated revenue declines.
2. The Township will strive to maintain the unreserved, undesignated fund balance of the General Fund at a level at least equal to 8% of the total General Fund Budget.

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICIES

1. An independent audit will be performed annually.
2. The Township will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).