



BOROUGH OF TARENTUM

Allegheny County, Pennsylvania



RESOLUTION #23-21

RESOLUTION OF THE BOROUGH OF TARENTUM, COUNTY OF ALLEGHENY, COMMONWEALTH OF PENNSYLVANIA, ADOPTING A RESERVE POLICY.

WHEREAS, the Borough of Tarentum, County of Allegheny, Commonwealth of Pennsylvania, is authorized under the Borough Code Section 3301.1 to adopt ordinances and resolutions for any purpose and as deemed beneficial to the Borough, 8 Pa C.S. § 3301.1; and

WHEREAS, Section 1202(33) of the Borough Code authorizes the Borough Council to create a capital reserve fund. The Borough Council, in the past, has created various capital reserve funds and has appropriated money to the capital reserve funds in accordance with the provisions of the Borough Code.

WHEREAS, The Borough Council desires to create the General, Electric, and Water Reserve Fund officially and to ratify and confirm all other capital reserve funds previously created, and the Borough Council additionally desires to establish policies relating to the capital reserve funds of the Borough.

NOW, THEREFORE, BE IT RESOLVED by the Tarentum Borough Council as follows:

Section 1. General Fund Reserves

Tarentum Borough Council's policy is that the borough seeks to maintain a budget reserve (sometimes known as a "rainy day fund") of at least 10% but no more than 20% of its general fund budget for a given year.

It is Tarentum Borough Council's policy that the budget reserve for the general fund will be used as follows:

1. All funds will be invested in the highest-yielding instrument possible that is consistent with the borough's investment policy.
2. Any capital reserve funds will be invested separately and remain segregated from the general fund or other reserve funds.
3. Interest earned on the budget reserve investment will be reinvested in the reserve account.
4. Council authorizes the use of the general fund budget reserve funds only in the following instances:
 - a. Staff may draw from this fund for ready cash in the fourth quarter of a given year should the cash position of the borough need such an infusion or if the general fund is in deficit.
 - b. Otherwise, funds will only be used at the discretion of the Council by a simple majority vote.
5. The Council intends to maintain the general fund budget reserve fund as a tool only for emergencies and not as a method for reducing taxes or increasing spending.



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6. Should any or all of the budget reserve be needed to handle an emergency or a fourth-quarter deficit, the Council will seek to return the reserve to its recommended level, as stated above, within the next two years following the use of reserve funds.

Section 2. Electric Fund Reserves

Tarentum Borough Council's policy is that the borough seeks to maintain a budget reserve in the Electric Reserve Fund of at least \$750,000. The Council may decide to fund the capital reserve by contributing general or electric fund dollars each year as determined during the budgeting process until the fund meets the dollar goal established here. After that time, interest will be used to increase the fund size, and general fund dollars may be used to fund the Water, Capital, or Electric reserve in the future if Council desires to have a stronger fund balance. In an emergency, as defined by the Council, Council may determine that as much as 75% of the fund may be spent each year. Following such spending, the Council will work to return the fund to its recommended level within the succeeding five years. In an emergency, as defined by Council, the Council may determine that as much as 75% of the fund may be spent in a given year. Following such spending, the Council will work to return the funds to its recommended level within the succeeding five years.

Section 3. Water Fund Reserves

Tarentum Borough Council's policy is that the borough seeks to maintain a budget reserve in the Water Reserve Fund of at least \$500,000. The Council may decide to fund the Water Reserve Fund by contributing general, water, or electric fund dollars each year as determined during the budgeting process until the fund meets the minimum dollar goal established here. After that time, interest will be used to increase the size of the fund, and general fund dollars may be used to fund the Water, Capital or Electric reserve in the future if Council desires to have a stronger fund balance. In an emergency, as defined by Council, Council may determine that as much as 75% of the fund may be spent in a given year. Following such spending, the Council will work to return the fund to its recommended level within the succeeding five years.

Section 4. Capital Reserve Funds

It is the policy of Tarentum Borough Council that the borough seek to maintain a budget reserve in the capital improvements fund of at least \$750,000. The Council may decide to fund the capital reserve by contributing General, Water or Electric fund dollars each year as determined during the budgeting process until the fund meets the dollar goal established here. After that time, interest will be used to increase the size of the fund, and general fund dollars may be used to fund the Water, Capital or Electric reserve in the future if Council desires to have a stronger fund balance. In an emergency, as defined by Council, Council may determine that as much as 75% of the fund may be spent in a given year. Following such spending, the Council will work to return the fund to its recommended level within the succeeding five years.



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Council may consider establishing a reserve for other capital funds as part of this policy.

1. Interest earned on any capital reserve investments will be devoted to reinvestment of funds in the capital account until such time as Council may determine that such interest may be used to fund a current year's capital purchases.

2. It is the intent of Council that any capital reserve funds be maintained to fund future capital purchases. To that extent, such funding will be limited to no more than 60% of the fund during a given year unless otherwise approved via resolution.

Section 5. Fund Summary

- General Fund Reserve: 10-20% of annual general fund budget
- Electric Fund Reserve: Minimum of \$750,000
- Water Fund Reserve: Minimum of \$500,000
- Capital Fund: Minimum of \$750,000

RESOLVED and ENACTED this 14th day of November 2023.

ATTEST:

BOROUGH OF TARENTUM

Dwight D. Boddorf, Borough Manager

Scott Dadowski, President of Council

EXAMINED AND APPROVED by me this 14th day of November 2023.

Bob Lang, Mayor

I, the undersigned, duly qualified Secretary of the Borough of Tarentum, Allegheny County, Pennsylvania, hereby certify that the foregoing is a true and correct copy of a Resolution duly adopted by a majority vote of the Borough of Tarentum at a regular meeting held on 14th day of November, 2023 and said Resolution has been recorded in the Minutes of the Borough of Tarentum and remains in effect as of this date.

IN WITNESS WHEREOF, I affix my hand and attach the seal of the Borough of Tarentum on this 14th day of November 2023.

Dwight D. Boddorf, Borough Manager



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