

Resolution No. 2018-13

BOROUGH OF ELIZABETHTOWN LANCASTER COUNTY, PENNSYLVANIA

A RESOLUTION OF THE BOROUGH OF ELIZABETHTOWN INSTITUTING FINANCIAL POLICIES GOVERNING VARIOUS BOROUGH FUNDS

WHEREAS, the Borough of Elizabethtown, 600 South Hanover Street, Elizabethtown, PA, is a duly constituted municipal body organized under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, the Borough wishes to formalize financial policies governing its General Fund, Capital Reserve Fund, Parks Fund, Stabilization Fund, Health Insurance Fund, and General Vehicle Sinking Fund; and

WHEREAS, said policies serve as a guide to aid Borough staff and Borough Council during annual budget preparation and adoption.

NOW, THEREFORE, BE AND IT IS HEREBY RESOLVED by the Borough Council of the Borough of Elizabethtown that the following financial policies for various Borough Funds shall be used as a guide during annual budget preparation:

General Fund

- The General Fund is the principal operating fund of the Borough
- The General Fund is used to account for all financial resources except those accounted for in another fund
- Guideline: Maintain a minimum unappropriated balance between .5% and 2% of the General Fund budgeted or actual revenues
- Real Estate taxes may be raised to reach a minimum
- Use for any excess unappropriated balance includes:
 - Manage expenses in the General Fund the first quarter of the year
 - Fund the Parks Fund
 - Fund the Stabilization Fund
 - Fund the Capital Reserve Fund
 - Fund the Vehicle Sinking Fund

Capital Reserve Fund

- The Capital Reserve Fund has an assigned fund balance intended to be used for future capital projects
- Fund capital projects from the Capital Improvement Plan (CIP)
- Build and maintain a minimum unappropriated balance of \$1 million by 2020 through annual contributions
- Apply PILOT revenues to the Capital Reserve Fund when received
- Funded with 100% of the Real Estate Transfer Tax revenues and additions from other revenues as appropriate
- Not for operating costs
- Real estate taxes may be raised to maintain or build the Capital Reserve Fund

Parks Fund

- The Parks Fund is a Special Revenue Fund – a fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes
- Manages estate contributions and activities
- Funds special projects that create or construct new public facilities or infrastructure related to parks including buildings, park amenities, land, and equipment
- Funds projects identified in the CIP
- Funded with General Fund revenues or a percentage of the unappropriated balance
- Funded by grants and/or donations
- Does not serve operating costs or shortfalls in revenues or unexpected expenses in the General Fund
- Maintain a minimum unappropriated balance of \$100,000
- Real estate taxes may be raised to maintain or build the Parks Fund

Stabilization Fund

- The Stabilization Fund is used to balance budget deficits from revenue shortfalls in the General Fund
- Serves as a “rainy day fund” based on decreased General Fund revenues or emergency event
- The balance of the Stabilization Fund shall not exceed twenty-five percent (25%) of the estimated current General Fund revenues, minus the beginning balance
- For financial reporting, the Stabilization Fund is combined with the General Fund
- Does not serve planned or budgeted increases in expenditures
- May serve unexpected or unbudgeted expenses
- May serve operating costs and capital projects
- Funded by real estate tax revenues and/or a percentage of the General Fund unappropriated balance
- The unappropriated balance will fluctuate with current value of General Fund revenues
- Maximum amount equal to \$.2 mil of assessment may be drawn down from the Fund in any fiscal year in budget planning
- If Fund is drawn down, replenish the Fund within a maximum of two (2) years

Health Insurance Fund

- The Health Insurance Fund serves several functions:
 - Pay for health insurance benefits for eligible employees and retirees
 - Support employee health / wellness initiatives
 - Receive employee and retiree premium shares for major medical insurance
 - Maintain funds towards future liabilities for active employee health insurance benefits
 - Maintain funds towards future liabilities for post-retirement employee benefits
- Funded with employee and retiree premium share payments
- Funded with transfers from the General Fund and Sewer Fund
- Funded with annual reimbursement from the health insurance cooperative when reimbursements are received
- Maintain an appropriated balance of \$1 million or equal to twelve (12) months of health insurance costs, whichever is greater
- Maintain an appropriated balance of funds towards future liabilities for post-retirement employee benefits, incrementally increasing the balance to meet requirements of GASB 75 accounting standards
- Real estate taxes may be raised to maintain or build the Health Insurance Fund
- Does not serve capital project funds

General Vehicle Sinking Fund

- The Vehicle Sinking Fund is a comprehensive fund to purchase Borough vehicles
- Build and maintain a minimum appropriated and unappropriated balance required to accompany the Vehicle Replacement Schedule for Borough vehicles
- May be used to fund unexpected replacement of vehicles due to damage as approved by Borough Council and as revised in the Vehicle Replacement Schedule
- Funded with transfers from the departmental budget lines including but not limited to highways, code enforcement, administration, and police in the General Fund and collection system and sewage disposal system in the Sewer funds
- May be funded by transfers from the unappropriated balance of the General Fund and Sewer Revenue Fund
- Real estate taxes may be raised to maintain or build the General Vehicle Sinking Fund

DULY ADOPTED this 15th day of November 2018, by the Borough of Elizabethtown in lawful session duly assembled.

ELIZABETHTOWN BOROUGH

ATTEST: R. Ryan
Secretary

BY: [Signature]
Council (Vice) President

[BOROUGH SEAL]