

Resolution No. 2021-04

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, and General Vehicle Sinking Fund;

WHEREAS, the Borough wishes to formalize financial policies governing the establishment of committed balances within the General Fund for Health Insurance, Train Station and Unemployment Compensation;

WHEREAS, Borough Council may, by resolution, commit and appropriate a committed balance to an identified commitment within the General Fund for Health Insurance, Train Station and Unemployment Compensation;

WHEREAS, only Borough Council may alter, by resolution, the established committed balances within the General Fund for Health Insurance, Train Station and Unemployment Compensation;

WHEREAS, as part of the budget process, Borough Council will establish the committed balances by their public meeting held in October annually; 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 an unappropriated balance between 0.5% and 2% of the estimated General Fund revenues in the current fiscal year. For example, the unappropriated balance for fiscal year 2021 budget was based on the estimated General Fund revenues in 2020. Real Estate taxes may be raised to reach a minimum.
- Use of previous fiscal year starting unappropriated balance may include:
 - Manage expenses in the General Fund for the first quarter of the year
 - Fund the Parks Fund
 - Fund the Stabilization Fund
 - Fund the Capital Reserve Fund
 - Fund the Vehicle Sinking Fund
- Committed balances will be set by Borough Council, yearly, for expenditures related to:
 - Train Station
 - Unemployment Compensation
- Committed balance will be set and maintained by Borough Council, yearly, for the funds to be used towards (A) future liabilities for post-retirement employee benefits, incrementally increasing the balance to meet requirements of GASB 75 accounting standards and (B) near-term health insurance cost spikes. The balance should be 25 - 30% of OPEB liability identified in the most recent calculation plus 2-3 months of premium costs. The committed balance will be identified as Health Insurance Committed Balance.
- Fund balance commitments for other purposes may be decided on by Borough Council.

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 Program (CIP).
- Build and maintain a minimum unappropriated balance of \$1 million through annual contributions. The identified minimum unappropriated balance should increase each year based on the Consumer Price Index for All Urban Consumers (CPI-U) set in August.
- Apply payment in lieu of taxes (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 maintain, create, or construct 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 developer contributions, 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. The identified minimum unappropriated balance should increase each year based on the Consumer Price Index for All Urban Consumers (CPI-U) set in August.
- 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 25% of the estimated General Fund revenues in the current fiscal year.
- 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 2 years.

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 and identified in the CIP.
- 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 Revenue Fund.
- 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 2nd day of September, 2021, by the Borough of Elizabethtown in lawful session duly assembled.

ELIZABETHTOWN BOROUGH

ATTEST: 
Secretary

BY: 
Council (Vice) President

[BOROUGH SEAL]