

BOROUGH OF SWARTHMORE
RESOLUTION 14-2023
COMMONWEALTH OF PENNSYLVANIA

A RESOLUTION OF THE BOROUGH COUNCIL OF THE BOROUGH OF SWARTHMORE,
DELAWARE COUNTY, PENNSYLVANIA, DECLARING ITS INTENTION TO
ESTABLISH A POLICY RELATIVE TO THE TO MAINTENANCE OF AN ADEQUATE
UNRESTRICTED OPERATING FUND BALANCE.

WHEREAS, the goal of budgeting in the Borough is to encourage sound operational and financial planning and management, and sufficient resources must be available to provide the level and quality of service as determined by the Borough Council of the Borough of Swarthmore; and,

WHEREAS, unanticipated fluctuations in expenditures and/or revenues can occur after the budget is adopted and such fluctuations can result in expenditures exceeding revenues; and

WHEREAS, the Fund Balance is defined as the cumulative amount of money and other resources retained after all expenditures and other liabilities have been paid and all revenue has been recorded; and,

WHEREAS, it is essential that the Borough maintain adequate levels of Unrestricted Operating Fund Balance to manage cash flow over the fiscal year, to smooth changes in tax rates from year to year, to achieve the stated financial planning goals of the Borough and to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures); and,

WHEREAS, the Government Finance Officers Association of the United States and Canada (GFOA) recommends that governments establish a formal written policy on the appropriate level of Unrestricted Operating Fund Balance;

NOW THEREFORE, BE IT RESOLVED that:

1. The Borough of Swarthmore will set as a goal, subject to fiscal limitations, the maintenance of a year-end Unrestricted Operating Fund Balance of between 10% and 15% of the current year operating expenditures (not including expenditures funded through fees or dedicated taxes such as the trash and sewer funds).
2. The Borough Manager will inform Borough Council, by October 30 of any given year, when it appears that the Fund Balance, through either unanticipated change in expenditures or revenue, will fall outside the goals set above, so that adequate provision can be made in future budgets to reestablish an appropriate Unrestricted Operating Fund Balance. When a shortfall exists, the Borough Manger shall include in this report proposals for replenishing the fund. If an excess exists, the Borough Manager shall include proposals for the use of those excess funds (e.g., prepayment of bond principal, special projects, etc.).
3. As general policy, tax increases should be avoided as a means of increasing operating reserves above 10%.

RESOLVED BY THE COUNCIL OF THE BOROUGH OF SWARTHMORE ON AUGUST 14,
2023.