

ORDINANCE NO.

FILE OF CITY COUNCIL

BILL NO. 65 - 2025

JULY 23, 2025

AN ORDINANCE

Amending the 2025 General and Liquid Fuels Fund Budgets to provide for a transfer of Five Hundred Sixty-Seven Thousand Nine Hundred Fifty-One Dollars and Thirty-One Cents (\$567,951.31) from the unappropriated balance of the General Fund to the Liquid Fuels Fund. This transfer stems from an audit finding on the Liquid Fuels funding from 2016-2020 stating that the paving of more than one inch required prior approval from the Department of Transportation and that prior approval was not received. This was not found in previous audits and has since been corrected once the city was made aware.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

SECTION ONE: That City Council authorizes the transfer of Five Hundred Sixty-Seven Thousand Nine Hundred Fifty-One Dollars and Thirty-One Cents (\$567,951.31) from the unappropriated balance of the General Fund to the Liquid Fuels Fund.

Decrease:

000-00-0000-0000-11010- (Cash – General Fund)	\$567,951.31
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Increase:

004-00-0000-0000-11010- (Cash –Liquid Fuels PA Motor Fund)	\$567,951.31
000-02-0602-0009-50088- (Expenditure-Interfund Transfers-General Fund)	\$567,951.31
004-00-0000-0000-47100- (Revenue-Transfer From General Fund-Liquid Fuels Fund)	\$567,951.31

SECTION TWO: That this Ordinance takes effect ten (10) days after final passage.

SECTION THREE: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

- What department or bureau is this bill originating from? Where did the initiative for the bill originate?

The Departments of Finance and Public Works-Liquid Fuels.

- Summary and facts of the bill.

This bill transfers \$567,951.31 from the General Fund unappropriated balance to the Liquid Fuels Fund in fiscal year (FY) 2025. The state conducted an audit on the Liquid Fuels Tax Fund for the period of January 1, 2016, to December 31, 2020. The audit requires the City to reimburse a total of \$1,703,853.92 to the Liquid Fuels Fund from the General Fund for paving in excess of one inch on various streets without obtaining the approval of the Department of Transportation. Per the auditors "Before paving of one inch in thickness or greater is done the municipality must obtain the approval of the Department of Transportation. However, the municipality did not file an application with the Department of Transportation for the project and also failed to submit specification for approval". A payment plan has been set up for three years (2024 through 2026).

The first payment for FY 2024 was approved via ordinance 16095 on February 5, 2025. This bill amends the 2025 budget appropriating payment number two. The third payment will be built into the 2026 budget due to be proposed in October of 2025.

- Purpose – Please include the following in your explanation:
 - a. What does the bill do? What are the specific goals or tasks the bill seeks to accomplish?

This bill reimburses the Liquid Fuels Fund in the amount of \$567,951.31 for 2025 per the state's audit findings.

- b. What are the benefits of doing this? What are the drawbacks?

The benefit of doing this transfer is complying with the state's audit findings and following regulations. The funds will not be returned to the state. The funds are being reimbursed to the Liquid Fuels Fund, which means the payments can be used on construction projects that have received previous approval, or approved expenditures in the Liquid Fuels Fund.

- c. How does this bill relate to the City's vision/mission/priorities?

This bill relates to the City's vision/mission/priorities as it shows our commitment to the safety of our community and following the findings from the state audit of the Liquid Fuels Fund. This shows our dedication to working with the state and making corrections to issues they have identified.

- Financial Impact – Please include the following in your explanation:
 - a. Cost (initial and ongoing)

\$567,951.31 for 2025 per the payment plan representing payment number two of three.

b. Benefits (initial and ongoing)

The funds will be reimbursed to the Liquid Fuels Fund as recommended by the state audit covering January 1, 2016, through December 31, 2020. The Liquid Fuels Fund may use these funds on previously approved projects, and or approved expenditures.

- Funding Sources – Please include the following in your explanation:
 - a. If transferring funds, please make sure to give specific account names and numbers. If appropriating funds from a grant, please list the agency awarding the grant.

Journal Entry:

Decrease:

000-00-0000-0000-11010- (Cash – General Fund)	\$567,951.31
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Increase:

004-00-0000-0000-11010- (Cash –Liquid Fuels PA Motor Fund)	\$567,951.31
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Budget Appropriation:

Increase:

000-02-0602-0009-50088- (Expense-General Fund Interfund Transfers)	\$567,951.31
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004-00-0000-0000-47100- (Revenue-Liquid Fuels Transfer In)	\$567,951.31
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- Priority status – Are there any deadlines to be aware of?

The audit finding and required corrective actions were not finalized in time to be incorporated into the 2025 budget. The budget appropriation must be approved before payment can be made. The deadline to make the second payment is December 31, 2025.

- Why should Council unanimously support this bill?

This bill implements the recommendations of the state audit. The funds reimbursed to the City of Allentown's Liquid Fuels Fund through the payment plan will not be lost to the state. The funds are being reimbursed to the Liquid Fuels Fund for future use on approved projects, or other approved expenditures.