

ORDINANCE NO.

FILE OF CITY COUNCIL

BILL NO. 50 - 2021

INTRODUCED BY

JUNE 2, 2021

AN ORDINANCE

Amending the 2021 General Fund budget to add one (1) Accountant position at a Paygrade 13N at an annual salary of Seventy Thousand Dollars (\$70,000) to enable the City to have the resources to design a vision of the accounting, reconciliation and reporting procedures with respect to the American Rescue Plan Act funds that will allow the City to swiftly and accurately comply with Federal Audits.

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

SECTION ONE: That page 59 of the General Fund budget be amended by adding one (1) Accountant position (13N) budgeted at an annual salary of Seventy Thousand (\$70,000) Dollars.

SECTION TWO: That City Council approves a supplemental appropriation from the unappropriated balance of the General Fund in the amount of Thirty-Two Thousand Three Hundred Eight (\$32,308) Dollars to fund the remaining 12 periods in 2021 for this position:

**Finance Department
Accounting and Financial Management**

000-02-0602-0004-02

Permanent Wages

\$ 32,308

SECTION THREE: That this Ordinance will take effect ten (10) days after final passage.

SECTION FOUR: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

LEGISLATIVE TEMPLATE

- **What Department or bureau is Bill originating from? Where did the initiative for the bill originate?**

Department of Finance

- **Summary and Facts of the Bill**

On March 11, 2021, the President of the United States signed into law the American Rescue Plan Act (ARPA), which amended the Social Security Act 42 U.S.C. § 801 et seq. In Section 603, the law provided for a Coronavirus Local Fiscal Recovery Fund. As a metropolitan city, Allentown is entitled to \$57,460,000 of the funds appropriated to the local recovery fund.

On May 10, 2021, the U.S. Department of Treasury issued interim Code of Federal Regulations under Title 31 pursuant to the eligible uses of the funds that provides for significant accounting and reporting requirements of recipients to the Federal Government. The management and accountancy of these funds presents a new, major Federal regulatory regime to which the City's Finance Department must now comply.

The distribution of funds to the eligible uses identified by the City will be complex, across funds, for General expenses, impact payroll, capital expenditures and be devoted to long term projects through December 31, 2026.

The Department cannot responsibly add this enormous accountability requirement to its already heavily tasked accounting staff. The Treasury recognized this in its interim regulations, by expressing that a responsible use of the funds includes "improving the efficacy of economic relief programs."

The Department of Finance is requesting that an additional staff accountant position be created in the General Fund program 000-02-0602-0004 (Finance, Accounting and Financial Management) as soon as possible within the year 2021.

- **Purpose – Please include the following in your explanation:**
 - **What does the Bill do – what are the specific goals/tasks the bill seek to accomplish**
 - **What are the Benefits of doing this/Down-side of doing this**
 - **How does this Bill related to the City's Vision/Mission/Priorities**

The purpose of this bill is to invest in the Finance Department's human capital, specifically to allow the Department to effectively manage the \$57.46 million dollars in Local Fiscal Recovery funds.

The benefit is an assurance that the City will have the resources to design a vision of the accounting, reconciliation and reporting procedures with respect to the ARPA funds that will allow us to swiftly and accurately comply with Federal audits.

- **Financial Impact – Please include the following in your explanation:**
 - **Cost (Initial and ongoing)**
 - **Benefits (initial and ongoing)**

The Department is requesting an appropriation of \$32,000 to the accounting program's permanent wages for the year 2021. Further expenditures in later fiscal years will be properly budgeted for and may be offset by the ARPA funds. Such an offset is an appropriate use of funds.

- **Funding Sources – Please include the following in your explanation:**
 - **If transferring funds, please make sure bill gives specific accounts; if appropriating funds from a grant list the agency awarding the grant.**

In 2021, the funding source is General Fund cash. In budget years 2022 through 2026, the cost may be offset by the ARPA funds. We reserve a determination on the latter until final federal regulations are promulgated. However, if the cost of the position remains a General Fund obligation and is not offset by the ARPA funds, the investment is still well worth the cost.

- **Priority status/Deadlines, if any**

This appropriation should be authorized as soon as possible.

- **Why should Council unanimously support this bill?**

The Finance Department strongly advises City Council that its accounting resources are strained with its current workload. For several months of any fiscal year, the accounting staff must complete all of its normal entries, reconciliations and reports while undergoing a time consuming independent audit. The accounting staff has taken significant strides to improve its turn around time for closing out months and fiscal years and for complying with the audit.

Nevertheless, we cannot hope to responsibly manage the complex new ARPA program with the current resources and deliver the same standard for reporting and reconciliation. It is unwise to attempt to shoehorn this new, long term regulatory requirement into the current staff load.