



MEMORANDUM

June 20, 2022

To: Budget and Finance Committee, Allentown City Council

From: Seth O'Neill, Director of Finance

Cc: Matt Tuerk, Mayor

Re: Budget and Finance Committee Meeting June 22, 2022

Mr. Siegel,

Please see below my planned comments for the June 22, 2022 Budget and Finance Committee meeting.

Monthly Financial Report:

In consideration of §5-17 of the City's Administrative Code, The Department of Finance has submitted the monthly financial report for the Month of **May 2022** to City Council and the Controller. The following pooled cash funds added to their cash balance in May: **General, Risk, Equipment, Golf. In May, there are no funds in a negative cash position in either pooled or non-pooled cash.**

Investments:

On May 10, 2022, I ordered \$25 million in General Fund reserves to be invested in marketable securities. These investments were laddered to meet the City's cash flow needs over the next 9 months. The investments mature in August, September, November, December of 2022, and February of 2023. I considered this investment to be a relatively non-aggressive position, which, nevertheless, will bring a yield of about \$250,000, if, as planned, the August maturity is reinvested.

Due to the safety of our cash position, the increase in rates for marketable securities, and less than expected May expenditures, I have ordered the purchase of an additional \$7 million in PLGIT

Term shares as of this week. This investment will mature in December 2022 and yield approximately \$95,000. See attached for detail.

I plan to introduce a short-term investment policy ordinance to City Council before the end of summer. The proposed legislation will require myself and future Finance Directors to draft an annual short-term investment policy.

ARPA Reporting:

Cassie Magliane and Treasury staff have worked together to create an ARPA spending progress summary on the Monthly report.

Cash Flow:

Our cash flow model, excluding the General Fund Reserve investments, predicts our lowest GF cash balance in 2022 will be about \$5.7M in October. We foresee our year end (“YE”) liquidity in the General Fund to be \$14.2M, with \$10M still held in short-term investments, maturing in February. So, our estimate is \$24.2M in reserves at 2022 YE, as opposed to \$20.0M for 2021 YE.

2023 Budget:

The Mayor and the 2023 Budget Team have had their first policy meeting. We expect to be ahead of schedule in 2022 for the 2023 budget meetings.