

ORDINANCE NO.

FILE OF CITY COUNCIL

BILL NO. 51 – 2018

Introduced by the Administration

AUGUST 1, 2018

AN ORDINANCE

Amending the 2017 General Fund cash balance and the 2017 Capital Fund cash balance to provide for the transfer of cash as directed by the City's auditing firm Zelenkofske Axelrod, LLC to correct the negative cash balance in the Capital Fund.

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

SECTION ONE: That City Council authorizes a supplemental appropriation from the unappropriated balance of the General Fund in the amount of Three Million Five Hundred Thirty Thousand Seven Hundred Sixty-Four Dollars and Forty-Four Cents (\$3,530,764.44) in the following manner:

**General Fund
General and Civic**

000-01-0609-0001-88	Interfund Transfer	\$ 3,530,764.44
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SECTION TWO: That City Council authorizes an increase to the unappropriated balance of the Capital Fund in the amount of Three Million Five Hundred Thirty Thousand Seven Hundred Sixty-Four Dollars and Forty-Four Cents (\$3,530,764.44) to correct the negative cash balance.

**Capital Fund
Revenue**

001-1010	Capital Fund Cash Balance	\$ 3,530,764.44
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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SECTION FOUR: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

- **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**

During the audit for the 2017 CAFR the auditors, Zelenkofske Axelrod, LLC, directed that a transfer of cash from the General Fund to the Capital Fund be completed to correct the negative cash balance in the Capital Fund. This ordinance reflects the transaction made to adhere to the Auditor's directive.

- **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**

During a very lengthy process of reconciling the entire Capital Fund it was discovered that in the early 2000's funds were appropriated for bonds that were never received. The appropriations were never reversed and were spent on the projects they were intended for, leaving the Capital Fund with a negative cash balance. To correct this and bring the cash balance of the Capital Fund to its proper amount, the Auditors advised us to transfer from the cash balance of the General Fund to the cash balance of the Capital Fund.

- **Financial Impact – Please include the following in your explanation:**

- **Cost (Initial and ongoing)**
- **Benefits (initial and ongoing)**

Funds remaining in Capital Projects which were completed and closed were placed in the unappropriated balance of the Capital Fund where possible. This helped to reduce the impact on the General Fund, leaving the total cash needed for ongoing capital projects to be \$5,232,171.25. Next, funds from the 2011 GO bonds, 2015 GO bond and Escrow Funds received to Capital were used to further lower the impact to the General Fund by another \$1,701,406.81, leaving the balance needed from the General Fund to be \$3,530,764.44.

- **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.**

Cash Balance of the General Fund

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

It was necessary to process the transaction outlined in the ordinance to complete the CAFR at the Auditor's direction.

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

This was a directive issued by the Auditor to correct the Capital Fund.