

FILE OF CITY COUNCIL

BILL NO. 52 - 2019

AUGUST 21, 2019

AN ORDINANCE

Amending the 2019 General Fund and 2019 Debt Service Fund Budget by transferring Five Hundred Forty Thousand (\$540,000) Dollars from the unappropriated balance of the General Fund to the Debt Service Fund to enable payment for debt that was unintentionally excluded from the 2019 budget.

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

SECTION ONE: That City Council authorizes the transfer from the unappropriated balance of the General Fund to Account 88 – Interfund Transfers in General and Civic in the following manner:

TO**General and Civic**

000-01-0609-0001-88	Interfund Transfers	\$ 540,000
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SECTION TWO: That City Council authorizes an increase to the unappropriated balance of the Debt Service Fund as the result of a transfer from the General Fund in the following manner:

Debt Service Fund

082-7130	General Fund Transfers In	\$ 540,000
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SECTION THREE: That City Council authorizes a supplemental appropriation from the unappropriated balance of the Debt Service Fund in the following manner:

Debt Service

082-02-8002-0001-82	Interest Expense	\$ 341,936
082-02-8002-0001-98	Debt Principal	<u>198,064</u>
	Total	\$ 540,000

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

SECTION FIVE: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.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

Finance Department

- **Summary and Facts of the Bill**

Move funds from General Fund to Debt Service to make payment on Debt Service that was not budgeted for in 2019.

- **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**

At the time of preparing the 2019 budget, the final payment on the \$6 million equipment fund loan from 2015 was unintentionally excluded from the budgeted debt service appropriation. This ordinance will transfer funds from the unappropriated balance of the General Fund to the Debt Service Fund so this payment can be made.

During 2019 the General Fund has seen a positive adjustment in cash balance of approximately \$1 million by correcting a redundant transfer to another fund, and it is not unusual to have adjustments happen in both positive and negative directions during the course of a fiscal year. Additionally, the City has achieved a \$5.6 million increase in the General Fund balance in 2018 and therefore has ample resources to pay this expense.

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

There will be no financial impact moving forward. Furthermore, the third of seven annual repayments by the General Fund of the 2016 Solid Waste Fund loan thereto will occur as scheduled in 2019 with already available appropriated 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.**

Funds are being transferred from the unappropriated balance of the General Fund to the Debt Service Fund.

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

Debt payments are coming due for the debts that were missed. Passage of this bill will enable timely payments.

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

Without this transfer debt payments not budgeted in 2019 would not be paid and the City's credit rating could be negatively impacted.