



## Minutes - Final

### Budget and Finance Committee

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Wednesday, July 26, 2017

5:30 PM

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#### Call to Order: Chairperson Guridy, Hendricks, Mota

[15-1766](#)

Intern Presentations  
Lights in Parkway Process  
Lead Grant Process

Attachments: [F2 - Lead Grant Flowchart](#)  
[F1 - Lead Grant Narrative](#)  
[F1- LIP Process Narrative](#)  
[F2- LIP Process Flow Chart](#)

Mr. Jeff Glazier stated that he is happy to be here with the Controller's office summer interns to have them go over their process flowcharts and narratives. He thanked the departments for their cooperation, Parks and Recreation and Community and Economic Development. He thanked Jacqui Moore who is our auditor and chief for shepherding these folks and doing a great job. We have two presentations this evening, John Bucsek, and Cheng Huang.

Mr. John Bucsek stated that he did the process flow for Lights In The Parkway. He explained how tickets from Lights in the Parkway are distributed. Customers can buy tickets from the Event Brite Website throughout the entire season and on the Event Brite for Credit Card Sales. For our current City Hall Employees Human Resources emails them special access codes and they can redeem these codes from Event Brite. Event Brite provides daily sales reports. The reports can be accessed through Treasury and the Parks and Recreation department. He gave the onsite procedures for Lights In The Parkway.

Mr. Julio Guridy thanked Mr. Bucsek.

Mr. Jeff Glazier stated to Council if they had any questions, he would do his best to answer them.

Mr. Julio Guridy asked Mr. Bucsek if he was able to see the Lights in the Parkway.

Mr. John Bucsek stated that he has seen the area, but has not been through for the actual event. He stated that he is going this season.

Mr. Jeff Glazier stated next up is Cheng Huang which is a Lehigh University Master's of Science, Accounting and Information Analysis student. The Lead Program was a new program.

Ms. Cheng Huang stated that she will explain the Lead Program. She went over the grant application. They will get results via email if the application is approved. If the application is denied we can request debriefing for HUD. She went over the Lead Grant Flow Process for Federal and State Grants. She talked about Grant reimbursements, relocation costs, and program costs. After the invoices are paid, the following Invoices are the same. She went over the reporting process.

Mr. Julio Guridy asked about Page 2, state level pass through we don't know who the recipient is.

Mr. Jeff Glazier stated that his understanding that part has already happened because we already been chosen as a sub-recipient. The process flow is from the beginning of the process. We are one of the sub-recipient in the state.

[15-1767](#)

June Finance Reports - Forthcoming

**Attachments:** [JUNE 2017 MO RPT](#)

Mr. Julio Guridy stated that there is some good news. He stated that he asked Mr. Hartzell the report that he promised Mr. Herschman.

Mr. Brent Hartzell stated that his intent to get the report as quickly as possible. He stated that the city's will be able to summarized its findings a month from now.

Mr. Julio Guridy asked about the unrestricted funding budget. He wants to make sure that they put a closure on that.

Mr. Brent Hartzell thanked Mr. Guridy and stated that he still has one more step to go to get the documents approved. We opened 2016 with about \$10.6 million in a cash balance that was not committed to something else. During 2016, we did have an increase in revenue with a little over \$1 million. We made a payment to the Risk Fund for the same amount to close out 2016. We have a \$3.6 million deficit put in to the budget. That is how we planned this. It is not \$10.3 million at the start of next year. Based upon our estimates, as of this point the unspoken for balance is about \$6.1 million.

Mr. Julio Guridy stated that he likes to hear the fact the there is \$6.1 million unappropriated balance. He asked where the money is coming from and how it is being spent.

Mr. Brent Hartzell stated at this moment. He stated that it comes in under the monthly financial report.

Mr. Julio Guridy stated that the good news is that we have a higher EIT than expected.

Mr. Brent Hartzell stated that he is very happy and so far that our revenues came in about \$3 million higher. We are seeing robust collection in earned income taxes. He believes that business privilege tax will come in \$200,000. The negative is the collection of the business privilege tax for the Neighborhood Improvement Zone. Real Estate Taxes are coming in as expected, Deed transfer tax not quite as good we hoped, but it is coming in a speedy pace. The other revenue in the aggregate is holding very constant. The overall cost structure for the city is flat in every other category. He stated that the special purpose funds, nothing unusual in terms of revenues. He went to Page 6 in the Golf Fund. If you look into the revenue for April, May and June we almost caught up from where we were a year ago. The fixed costs are a bit higher. He talked about the Vacancy Report, Page 3 you will notice that in dollar terms, Vacancy Factor

Mr. Julio Guridy stated that even though the expenditures are higher, it is really wealthy. In the years to come, we will see a Class Act type of Golf Course and they did a lot of repairs then they did a couple of years ago.

Mr. Brent Hartzell stated that some of the expenditures are in order to have long-term health. it will eventually pay off. He went over the personnel expenditure by fund. On Page 10, this is where the cash balance and the Golf Fund. It will get better as the year goes along. We will have a clearer explanation a month from now on how the deficit and fund 001 is taking care of. He talked about the Vacancy Report and the number he looks at from a dollar perspective. We already had \$964,000 in imputed savings due to vacancies this time a year ago. We are now actually at \$857,000 this year.

Mr. Ray O'Connell stated that we hear that same repetition every month about the Vacancy Report. He stated that he respects Mr. Hartzell and his staff and asked who puts the Vacancy Report together. He asked if the Mayor has to review and approve it before you present to the public. He stated that there are 25 positions. If we preach that Public Safety is very important to the City of Allentown we are not fulfilling our preaching or obligation to the City of Allentown.

Mr. Brent Hartzell stated his staff. No, he gets it the same time that Council does.

Ms. Cynthia Mota asked what is going to happen. You mentioned that there are a lot of vacancies. What is the answer?

Mr. Julio Guridy stated that Mr. Hartzell wherewithal to filling in those positions.

Mr. Brent Hartzell stated that he has one part-time position. He stated that he is not doing anything to hold anything up.

Mr. Ray O'Connell stated that it is his assumption that we are balancing the budget and the backs of the vacancy report. He stated to go back to the \$3.6 million. It appears that it will be in the budget, but it is not in the budget.

Mr. Julio Guridy stated that he and Mr. Hartzell met earlier, and that is what he says too.

Mr. Brent Hartzell stated that a year ago you saw a \$4.5 million transfer come over from the Solid Waste Fund, new revenue coming over to the General Fund. nothing is being hidden here. When we draw upon the funds in the General Fund that is not only revenue.

Mr. Julio Guridy stated that the issue is that we have to get away from approving budgets that are unbalanced.

Mr. Brent Hartzell stated that he is listening very carefully and Mr. Guridy's points are quite valid.

Dr. David McGuire asked is it fair to say giving the experience on the record going three years back, the vacancy report that we currently have is significantly different.

Mr. Brent Hartzell stated that it does appear in 2016 and 2017 it is higher than 2015. He stated that it is a very good question and it ties with using the vacancy factor to keep the budget balanced. We will be close to what we considered that vacancy factor would be. He stated that he doesn't have no intent not to hire people.

Dr. David McGuire asked if Mr. Hartzell is aware of the probability that the vacancies are being filled.

Mr. Jeff Glazier stated that the revenues summaries for 2015, 2016 and 2017 are the pre-audit numbers. It has the total value of the vacancy factors for the year. In 2014 the pre-audit number was just shy of \$1.7 million, in 2015, that number was just under \$1.9 million, in 2016, the dollar amount dropped to \$1,763,000.

Mr. Julio Guridy stated that when we have a bigger exodus in the Police and Fire department it was much higher.

Mr. Jeff Glazier stated that was before 2014.

Dr. David McGuire stated that it is hard for me to comprehend. I look at it as a novice type of person. This is so misleading, administrative management.

Mr. Julio Guridy asked if there were any further comments on the reports from the dais or the public.

Mr. Lou Hershman stated that his first question was the \$21 million dollars you gave us. That is cash reserves and unappropriated. The transfers have not been made from the cash reserves. The money is there is for payroll for the year, pension benefits for the year and benefits. Is it malfeasance that the Mayor is doing here. He asked about the Right to Know he provided and stated that Mr. Hartzell didn't count the pension bond.

Mr. Julio Guridy stated that he is not an administrator. I can't make him hire people. He asked Mr. Hershman who did he send the Right to Know Request to.

Mr. Lou Hershman stated the Law Office. he asked about the pension obligation payments and if it has been budgeted.

Mr. Brent Hartzell stated \$105.0 - \$98.9 is \$6.1. He stated \$6.1 - \$3.6 is \$2.5 QED. The deficit of \$6.1 million included \$2.5 million that is in cash reserves. It is not counted in cash reserves. He stated that he focuses on the operation deficit which the remainder of that deficit.

Mr. Lou Hershman stated that you didn't make the transfers yet for the wage increases. The agreement you and the Mayor made has not been done yet. he stated that he doesn't know what they are waiting for.

Mr. Julio Guridy stated that Mr. Hartzell mentioned that we are a little bit behind.

Mr. Brent Hartzell stated that his expectation of whatever they have been involved in and altered in they budget in January is how we came up with the \$6 million. There is possible to get transfers between accounts.

Mr. Lou Hershman thanked Mr. O'Connell for bringing out public safety as an issue.

Mr. Glenn Hunsicker stated that they should have 15 minutes because there are so many things on here. He talked about the Vacancy Report when you go back to 2012 right around the Waster and Sewer it is \$5.1 million that he was playing with and saying that he did not have any money. He asked if the insurance money for the vacancy people are budgeted for the whole year and if they are paid for to the insurance people a ahead of time.

Mr. Brent Hartzell stated that Mr. Hunsiker raises an important point that he would like to say. We are not paying for the health insurance of vacant pension. There is a dollar amount based on calculations regardless o what the vacancy all across the county.

Mr. Glenn Hunsicker asked if it was a number at the end of the year. When we are going to see the

Mr. Brent Hartzell stated that the was we expend for both pensions and in for insurance. This year we did a replenishing earlier this spring from the Risk Management Fund. In the event of the positions being filled, they upon the actually salaries. He asked when are we going to send the reserve fund added the report.

Mr. Julio Guridy stated that we talked about it.

Mr. Glenn Hunsicker asked about Page 10 and are all the funds on these sheet for nonpooled bank accounts.

Mr. Tom Hahn asked if we stopped for the filibuster. He stated that tonight they talked about what our he Controller office.faster I talk, you don't understand. Are you interested? He asked if figures only lie, or liars only figures.

**Adjourned: 6:30 PM**