

## CITY OF BETHLEHEM

INTER-OFFICE MEMORANDUM

#09-8

SUBJECT: Proposed New Ordinance – Fiscal Policy and Financial Reporting

TO: Cynthia H. Biedenkopf  
City Clerk

FROM: Joseph F. Leeson, Jr., Esq.  
Chairman, Finance Committee

DATE: December 18, 2009

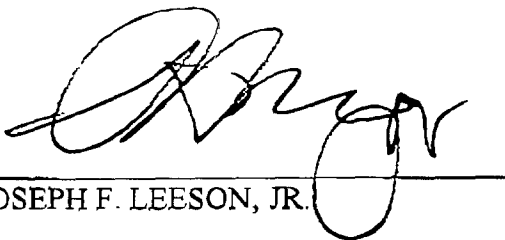
Multiple violations of City fiscal ordinances occurred during the past year, and the violations were only disclosed because of questioning raised during the budget hearings.

The failure to voluntarily disclose violations of City laws, and the initial failure to comply with City laws in the first place, is a serious matter. It is indicative of a need for, among other things, a higher level of oversight. The proposed ordinance which is attached is intended to encourage this. The proposed required Analytical Reports and Cash Flow Reports are already being provided by the Administration for the General Fund Operating Budget, the Water Fund Operating Budget and the Sewer Fund Operating Budget, but often are delayed for months before being presented to City Council. Had this proposed ordinance requiring prompt reporting been in place, the violations of City ordinances would likely have been promptly disclosed, or would have possibly led to advance disclosure to City Council of revenue shortfalls (as required by City ordinances) and the need to request authorization from Council to address the problem of a shortage of cash to pay unpaid bills.

The proposed new required reporting of accounts payable and accounts receivable will help facilitate a more accurate assessment of where the City stands from a fiscal management perspective. An accounts payable report was provided during the 2010 budget hearings. When unpaid bills go unpaid for a long time, it can be an advance warning of fiscal difficulty.

The ordinance also proposes (effective for the 2011 budget) to prohibit classification of "borrowing" from the Treasurer's Escrow Account as a "revenue" income item in budgeting. It does not prohibit such borrowing and specific emergency requests for such borrowing could still be presented by the Administration to Council during the 2011 fiscal year (and subsequent years), based on appropriate justification.

Please list this on the City Council Agenda for Tuesday, December 22, 2009, so that it can be forwarded to the appropriate committee.



JOSEPH F. LEESON, JR.

JFL, JR/dja

Attachment

cc: Members, City Council  
Honorable John B. Callahan  
Dennis W. Reichard, Business Administrator  
Christopher T. Spadoni, Esq.  
Eric Evans  
David DiGiacinto

CITY OF BETHLEHEM  
10 East Church Street  
Bethlehem, Pennsylvania 18018

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ORDINANCE NO. 2009-\_\_\_\_  
(Duly Enacted on \_\_\_\_\_, 2009)

AN ORDINANCE OF THE CITY OF BETHLEHEM TO AMEND SECTION 121.08 –  
RESTRICTIONS ON FUND TRANSFERS; CITY COUNCIL APPROVAL REQUIRED

Under the authority of the statutes of the Commonwealth of Pennsylvania and the Ordinances of the City of Bethlehem, City Council of the City of Bethlehem hereby amends, enacts and ordains as follows:

1. Section 121.11. Revenues

On and after January 1, 2010, funds on deposit in the Treasurer's Escrow Account shall not be borrowed and included as revenue in the 2011 and subsequent General Fund Operating Budgets, the 2011 and subsequent Water Fund Operating Budgets or the 2011 and subsequent Sewer Fund Operating Budgets.

2. Section 121.12. Financial Reporting to City Council

(f) The Department of Administration shall prepare for submission to City Council and to the City Controller at the second meeting of City Council in each month, a report of the following:

(i) Analytical Reports: General Fund Operating Budget, Water Fund Operating Budget and Sewer Fund Operating Budget. All revenues and expenditures for the preceding month, and year to date, together with the cash balance as of the end of the preceding month for the General Fund Operating Budget, the Water Fund Operating Budget and the Sewer Fund Operating Budget. Such reports shall also be prepared for each quarter, to be submitted within twenty-one (21) days of the end of each quarter, and for the fiscal year, to be submitted within twenty-one (21) days of the end of each fiscal year.

(ii) Analytical Reports: Treasurer's Escrow Account and Other Escrow Accounts. All revenues and expenditures for the preceding month, and year to date, together with the cash balance as of the end of the preceding month for the Treasurer's Escrow Account, and for all other escrow accounts and accounts holding federal or state grant funding. Such reports shall also be prepared for each quarter, to be submitted within twenty-one (21) days of the end of each quarter, and for the fiscal year, to be submitted within twenty-one (21) days of the end of each fiscal year.

(iii) Analytical Report: Gaming Local Share Account. A statement of all revenues and expenditures, for the preceding month, and year to date, together with the cash balance as of the end of the preceding month for the Gaming Local Share Account. Such reports shall also be prepared for each quarter, to be submitted within twenty-one (21) days of the end of each quarter, and for the fiscal year, to be submitted within twenty-one (21) days of the end of each fiscal year.

(iv) Cash Flow Reports: General Fund Operating Budget, Water Fund Operating Budget and Sewer Fund Operating Budget. A cash flow analysis up to date as of the end of the preceding month, and year to date, detailing beginning balance, receipts, interest, total receipts, disbursements, adjustments, ending balance, projected ending balance and preceding year actual balance, for the General Fund Operating Budget, the Water Fund Operating Budget and the Sewer Fund Operating Budget.

(v) Accounts Payable and Accounts Receivable Reports. A statement of all accounts payable (with an aging schedule according to dates to reflect which payments are behind their due date and by how many days) and a statement of all accounts receivable (with an aging schedule according to dates to reflect which revenues are behind their due dates and by how many days) for the preceding month. Such reports shall be furnished for the General Operating Fund Budget, the Water Fund Operating Budget and the Sewer Fund Operating Budget.

3. Repealer. All ordinances and resolutions and parts of ordinances and resolutions inconsistent herewith be, and the same are hereby repealed.

4. Severability. The provisions of this Ordinance are severable and if any provisions hereof are declared illegal or invalid on constitutional or statutory grounds by any court of competent jurisdiction, then those provisions not specifically declared illegal or invalid shall remain in full force and effect.

5. Effective Date. The effective date of this ordinance shall be twenty (20) days after its final passage by City Council and approval by the Mayor pursuant to the requirements of the Optional Third Class City Charter Law, 53 P.S. §41608(b).

Sponsored by: \_\_\_\_\_

JOSEPH F. LEESON, JR.

  
\_\_\_\_\_

PASSED finally in Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
ROBERT J. DONCHEZ  
President of Council

ATTEST:

\_\_\_\_\_  
CYNTHIA H. BIEDENKOPF  
City Clerk

This Ordinance approved this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
JOHN B. CALLAHAN  
Mayor