RESOLUTION C-2015-13 DOCKET

COMMITTEE: FINANCE
INTRODUCED BY: DAN MCGINN

A RESOLUTION AUTHORIZING THE TEMPORARY TRANSFER OF FUNDS FOR CASH FLOW PURPOSES.

WHEREAS, IC 36-1-8-4(a) permits the fiscal body of a political subdivision to transfer a prescribed amount of funds, for a prescribed period of time, to a fund in need of money for cash flow purposes from another fund of the political subdivision under certain circumstances;

NOW, THEREFORE, BE IT ORDAINED, by the Common Council of the City of Evansville, Indiana, as follows:

SECTION 1. FINDINGS

The City Council hereby finds and determines that:

(1) A temporary transfer of funds from the Rainy Day Fund and the Riverboat Fund is necessary to enhance the General Fund for cash flow purposes.

(2) The term of any fund transfer will end prior to December 31, 2015.

(3) Only revenues derived from: (i) the levying and collection of property taxes or special taxes; or (ii) from the operation of the City will be included in the amounts transferred.

SECTION 2. AUTHORIZATION OF TRANSFER

(1) The City Council hereby authorizes the transfer of up to $ 2,600,000 Dollars from the Rainy Day Fund to the General Fund in order to enhance the cash flow of the General Fund.

(2) The City Council hereby authorizes the transfer of up to $ 5,400,000 Dollars from the Riverboat Fund to the General Fund in order to enhance the cash flow of the General Fund.

FILED
SEP 09 2015
Laura Windnerst
CITY CLERK

(3) The temporary transfer of funds is necessary due to City Council passage of Ordinance G-2015-14 resulting in restrictions to Operating Funds and to City cash flow management.

(4) The amounts transferred under Section 2 shall be returned to the Rainy Day Fund and the Riverboat Fund no later than December 31, 2015.

(5) Only revenues derived from: (i) the levying and collection of property taxes or special taxes; or (ii) from the operation of the City will be included in the amounts transferred.

SECTION 3. EFFECTIVE DATE

This Resolution shall be in full force and effect from and after its adoption by the City Council and signing by the Mayor.

This Resolution shall be immediately forwarded to the State Board of Accounts and the Department of Local Government and Finance.

PASSED BY THE COMMON COUNCIL OF THE CITY OF EVANSVILLE, INDIANA ON THE 28 DAY OF September, 2015, ON SAID DAY SIGNED BY THE PRESIDENT OF THE COMMON COUNCIL AND ATTESTED BY THE CITY CLERK.

DR. DAN ADAMS, PRESIDENT
COMMON COUNCIL OF
THE CITY OF EVANSVILLE, INDIANA

ATTEST: Laura Windhorst

PRESENTED BY ME, THE UNDERSIGNED CITY CLERK OF THE CITY OF EVANSVILLE, INDIANA, TO THE MAYOR OF SAID CITY, THIS 29 DAY OF September, 2015, AT 12:30 O'CLOCK P.M. FOR HIS CONSIDERATION AND ACTION THEREON.

Laura Windhorst
LAURA WINDHORST, CITY CLERK
CITY OF EVANSVILLE, INDIANA

HAVING EXAMINED THE FOREGOING RESOLUTION, I DO NOW, AS MAYOR OF THE CITY OF EVANSVILLE, INDIANA, APPROVE SAID RESOLUTION AND RETURN THE SAME TO THE CITY CLERK THIS 30th DAY OF September, 2015, AT 1:00 O'CLOCK P.M.

LLOYD WINNECKE, MAYOR
CITY OF EVANSVILLE, INDIANA

City of Evansville
Finance Dept.
Room 300, 1 NW Martin Luther King Jr., Blvd.
Evansville, IN 47708
(812) 436-4919

MEMORANDUM

To: Honorable Members of Common Council
City of Evansville

From: Russell Lloyd Jr. CPA, Controller

Date: Sept. 9, 2015

Subject: Resolution Authorizing Temporary Transfer of Funds for Cash Flow Purposes

Dear Council Members:

The effect of Ordinance G-2015-14 since July 1, 2015 segregating the Rainy Day Fund, the Riverboat Gaming Fund and the Debt Obligations Funds into a separate checking account is negative to City operations.

The Civil City checking account with 40 operating funds' cash balances have been reduced due to the City's normal cyclical operating cycle and will not be restored until November and December when the second fall installment of property taxes are received.

The Controller's Office requests one of two actions be adopted by the City Council:

1. Amend Ordinance G-2015-14 and delete section 3.110.020 (B) to allow the Rainy Day and Riverboat Funds to be moved back to the Civil City checking account to allow for normal City cash management operations, OR....

2. Pass Resolution C-2015-13 to allow the temporary transfer of funds from the Rainy Day and Riverboat Fund checking account to the Civil City checking account to fund normal cyclical operating cash flow. The temporary transfer would be restored to these funds when property tax revenue is received in November and December 2015.

   The Controller's cash flow projection for the remainder of 2015 anticipates a cyclical cash shortfall of approximately $ 4 million in September and $3.5 million in October. This will be restored in November and December.

   Failure to enact either item 1 or 2 above will cause disruption of City expenditures to vendors and possibly payroll to employees later this month.

When other Indiana Controllers were shown an earlier version of ordinance G-2015-14, their unanimous reaction was to question why the City Council would restrict and harm its own city's financial operations.

Ordinance G-2015-14 is hampering normal City operations. No prior administration has been restricted like this and the overall effect is harmful to the City. This harm includes reduced investment earnings and increased difficulty of daily cash management resulting in delayed payments to vendors.