

From: Gerry Kolbfleisch
Sent: Wednesday, October 23, 2013 3:30 PM
To: Alderman
Cc: Randy McClement
Subject: Rainy Day Reserve Shortfall

Aldermen:

The cause of the Rainy Day Reserve shortfall was the result of a communication error. I was projecting the total General Fund fund balance as of 06/30/13 to be approximately \$22,000,000. Of that \$22,000,000, approximately \$6,500,000 was in fact estimated to be unavailable for use, resulting in an estimated available fund balance of \$15,500,000.

The City of Frederick, Maryland

General Fund Fund Balance

June 30, 2013

Estimate based on 12/31/12

Beginning Fund Balance

27,689,586

Estimated Revenues

67,191,367

Estimated Expenditures

(73,606,080)

21,274,873

Estimated

Total Fund Balance

22,000,000

Purchase orders

(1,400,000)

Inventory

(480,000)

Pre-paid expenditures

(50,000)

Golf course advance

(4,850,000)

Long-term loan

(94,050)

15,125,950

After drafting the end of year General Fund financial statements and after taking out committed and restricted money, I discovered that the unassigned fund balance was lower than what it should have been. I then informed the Mayor that this error placed us outside of our financial policies as it relates to the "Rainy Day Reserve". The recent direction given by the Mayor and Board will bring us into compliance with those policies once formalized at a Mayor and Board meeting.

Gerry