CITY OF READING

FINANCIAL AND COMPLIANCE AUDIT REPORT

Year Ended December 31, 2024

TABLE OF CONTENTS

Herbein
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INDEPENDENT AUDITOR'S REPORT

Members of City Council
City of Reading, Pennsylvania
Reading, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Reading, Pennsylvania, as of and for the year ended December 31, 2024, and the related notes to the basic financial statements, which collectively comprise the City of Reading, Pennsylvania's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Reading, Pennsylvania, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Reading Area Water Authority, a component unit of the City of Reading, Pennsylvania, which represents 90%, 82%, and 99% of the assets, net position, and revenues of the water fund, respectively, as of December 31, 2024. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Reading Area Water Authority, is based solely on the report of the other auditor.

We also did not audit the financial statements of the Reading Parking Authority, a discretely presented component unit of the City of Reading, Pennsylvania as of December 31, 2024. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Reading Parking Authority, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Reading, Pennsylvania and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the blended component unit in the water fund and the discretely presented component unit noted above were not audited in accordance with *Government Auditing Standards.*

Change in Accounting Principle

As described in Note 1 to the financial statements, effective December 31, 2024, the City of Reading adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, retroactive to January 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Reading, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Reading, Pennsylvania's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Reading, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the general fund, and the pension and other postemployment benefit information on pages 116 through 120 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Reading, Pennsylvania's basic financial statements. The schedule of revenues and other financing sources - budgetary basis - general fund, schedule of expenditures and other financing uses - budgetary basis - general fund, and the combining capital projects funds, nonmajor governmental funds, water funds, and fiduciary funds financial statements/schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditor. In our opinion, based on our audit and the report of the other auditor, the general fund budgetary basis schedules, the combining capital projects funds, nonmajor governmental funds, water funds, and fiduciary funds financial statements/schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2026, on our consideration of the City of Reading, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Reading, Pennsylvania's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Reading, Pennsylvania
April 16, 2026

INTRODUCTION

This Management's Discussion and Analysis (MD&A) presents a narrative overview and analysis of the financial activities of the City of Reading (City) for the year ended December 31, 2024. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to the financial statements in order to obtain a thorough understanding of the City's financial condition at December 31, 2024. This discussion focuses on the City's primary government. Component units, unless otherwise noted, are not included in this discussion.

FINANCIAL HIGHLIGHTS

- The City's property tax millage was kept the same for the fourth consecutive year, 18.129 mills. The allocations of millage changed slightly from 2023. Millage for general purposes decreased to 17.629 mills from 17.729 mills, a decrease of 0.100 mills; mills for the Library system were kept the same at 0.200 mills; mills for the City's Shade Tree fund increased to 0.300 mills from 0.200 mills, an increase of 0.100 mills. The reason for this change was to aid in restoring the deficit fund balance that existed in the Shade Tree fund at December 31, 2023. The effect of this change was a decrease in general fund, and an increase in shade tree fund, property tax revenue of approximately $130,000.

- During 2024, the City's general fund had a decrease in fund balance of $1,937,617; during 2023, the City's general fund had an increase in fund balance of $6,263,744. This is a decrease in results of operations of approximately $8.2 million, and the 2024 decrease in fund balance was the first since 2018. Refer to the analyses at Tables 6 and 7 later in this MD&A for further insights.

- During 2024, the City's change in net position was $49.1 million. The net position of governmental activities increased by $28.9 million and the net position of business-type activities increased by $20.1 million.

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2024 by $298.9 million. Of this amount, net position of $8.4 million was from governmental activities, $(61.3) million of which is unrestricted, and $290.5 million was from business-type activities, $195.2 million of which is unrestricted.

- Long-term liabilities decreased overall by $27.9 million, or 6.6%. Governmental activities long-term liabilities decreased by $11.8 million primarily because of net effect of principal payments made of $8.7 million and a new general obligation bond proceeds and premium of $12.2 million (GOB 2024), a decrease in net pension liability of $19.6 million, increase in OPEB liability of $6.4 million and decrease in construction retainages payable of $0.9 million. Business-type activities long-term liabilities decreased by $16.1 million primarily because of principal payments made over net new borrowings of $13.9 million and a decrease in net pension liability of $1.6 million.

- In 2024, management of the City has elected to present the Community Development fund, the Grant Fund, the Capital Projects Fund, and the Solid Waste fund as major funds. See Note 1.C. on page 39 for more information.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Required supplementary information
- Supplementary information

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand City government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the City's pension and other post-employment benefit plans and budget-to-actual figures for the General Fund. In addition to these required elements, an optional supplementary section is included with other statements that provide particulars about non-major funds, capital projects funds, water funds, fiduciary funds and detailed budgetary information of the general fund.

The basic financial statements present two different views of the City.

- **Government-wide financial statements**, the first two statements, provide a broad overview of the City's overall financial status as well as the financial status of the City's component units, in a manner similar to private-sector business.

- **Fund financial statements**, the remaining statements, focus on individual parts of City government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:

  - *Governmental* fund statements show how general government services such as public safety were financed in the short term, as well as what remains for future spending.

  - *Proprietary* fund statements offer short-term and long-term financial information about the activities the City operates like a business.

  - *Fiduciary* fund statements reflect activities involving resources that are held by the City as a trustee or agent for the benefit of others, including the City's pension plans and OPEB Trust fund. Fiduciary funds are not reflected in the government-wide statements, because the resources cannot be used to support the City's programs.

Table 1 summarizes the major features of the City's financial statements, including the area of the City's activities they cover and the types of information they contain.

Table 1
Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	**Fund Financial Statements**		
		Governmental	**Business-Type**	**Fiduciary**
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the City such as general government, public safety and public works	The business-type activities of the City, such as water and sewer	Instances in which the City administers resources on behalf of others, such as employee pension plans
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows	• Statement of Net Position - Fiduciary Funds - Trust Funds • Statement of Changes in Net Position - Fiduciary Funds - Trust Funds
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources measurement focus
Type of asset and liability information	All assets and liabilities, both financial and capital, current and noncurrent, and deferred inflows and outflows of resources	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, current and noncurrent, and deferred inflows and outflows of resources	All assets and liabilities, both financial and capital, current and noncurrent; funds do not contain capital assets, although they can
Types of inflow and outflow information	All revenues, expenses and interfund transfers during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter, expenditures when good or services have been received and the related liability is due and payable	All revenues, expenses and interfund transfers during year, regardless of when cash is received or paid	All revenues, expenses and interfund transfers during year, regardless of when cash is received or paid

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

Government-Wide Financial Statements

Government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except fiduciary funds, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.

- The statement of activities focuses on how the City's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not related to a particular program), it shows to what extent each program has had to rely on local taxes for funding.

All changes to the net position are recorded using the accrual method of accounting, which requires that revenues be recorded when they are earned and expenses be recorded when the goods and/or services are received, regardless of when cash is received or paid.

Net position is one way to measure the City's financial position. Over time, increases or decreases in the City's net position are one indicator of whether the City's financial position is improving or deteriorating. However, other non-financial factors such as changes in the City's real property tax base and general economic conditions must be considered to assess the overall position of the City.

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the City can exercise influence and/or be obligated to provide financial support. The City has one blended component unit, Reading Area Water Authority, and two discretely presented component units: the Reading Parking Authority and the Reading Redevelopment Authority.

There are two categories of activities for the primary government.

- *Governmental activities* include the City's basic services such as general government, public safety, public works, community development, and culture and recreation. Property taxes and other taxes, plus operating grants and revenues, finance most of these activities.

- *Business-type activities* generally charge a fee to customers to help cover the cost of services.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Capital assets are reported as expenditures when financial resources (monies) are expended to purchase or build assets in the fund financial statements. Likewise, the financial resources that may have been borrowed are considered other financing sources when they are received in the fund financial statements. Principal and interest payments are both considered expenditures when paid in the fund financial statements. Depreciation is not calculated, as it does not provide or reduce current financial resources in the fund financial statements.

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays for capital assets
- Report long-term debt, including leases payable and construction retainages payable, as liabilities.
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position balances as follows:
    - Net investment in capital assets
    - Restricted net position are those with constraints placed on their use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
    - Unrestricted net position is net position that does not meet any of the above criteria.

Fund Financial Statements

Fund financial statements provide more detailed information on the City's most significant funds, *not the City as a whole*. Funds are accounting devices, i.e., a group of related self-balancing accounts that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Governmental fund financial statements are reported using current financial resources measurement focus and modified accrual accounting established by the Governmental Accounting Standards Board (GASB) for governments.

The City has three kinds of funds:

- *Governmental funds* include most of the City's basic services and focus on: (1) the flow in and out of cash and other financial assets that can be readily converted to cash, and (2) the balances left at year-end that are available for spending. The seven governmental funds that the City maintains (General, Community Development, Grant, American Rescue Plan and Capital Projects [major funds] plus Shade Tree and Liquid Fuels [non-major funds]) are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the City's programs.

  The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

  The City adopts an annual budget for all of the City's funds excluding fiduciary funds, as required by state law. Budgetary comparisons for the general fund are presented as required supplementary information.

- *Proprietary funds* report business-type programs and activities that charge fees designed to cover the cost of providing services. They report using the full accrual basis of accounting.

- *Fiduciary funds* are funds for which the City is the trustee or fiduciary. These include the Police Pension Fund, the Paid Firemen's Pension Fund, Officers 'and Employees' Pension Fund and OPEB Trust fund, and certain agency funds or clearing accounts for assets held by the City in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The City is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the City's government-wide financial statements, because the City cannot use these assets to finance its operations.

Notes to financial statements

The notes, beginning on page 35, are integral to developing a complete understanding of both the government-wide and fund financial statements. They provide additional explanation of the amounts shown in the various statements.

Other information

This report also includes required supplementary information related to employee pension liabilities, other post-employment benefits and budgetary comparison schedules for major governmental funds. The combining statements and other financial information, in connection with nonmajor governmental and enterprise funds, internal service funds and fiduciary funds are presented following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position may serve as a useful indicator of a government's financial position. The table below summarizes the City's net position at December 31, 2024 and 2023.

Table 2
Condensed Statement of Net Position
(Amounts expressed in thousands)

	Governmental Activities			Business-Type Activities			Total		
	2024	2023 restated	% Change	2024	2023 restated	% Change	2024	2023 restated	% Change
Current & Other Assets	$ 127,705	$ 128,352	-0.5%	$ 204,789	$ 198,261	3.3%	$ 332,494	$ 326,613	1.8%
Capital Assets	116,836	104,571	11.7%	290,368	290,415	0.0%	407,204	394,986	3.1%
Total Assets	244,541	232,923	5.0%	495,157	488,676	1.3%	739,698	721,599	2.5%
Deferred Outflows of Resources	40,072	50,518	-20.7%	9,744	11,625	-16.2%	49,816	62,143	-19.8%
Current & Other Liabilities	44,943	53,054	-15.3%	19,273	17,867	7.9%	64,216	70,921	-9.5%
Long-Term Liabilities	202,732	215,273	-5.8%	191,946	208,385	-7.9%	394,678	423,658	-6.8%
Total Liabilities	247,675	268,327	-7.7%	211,219	226,252	-6.6%	458,894	494,579	-7.2%
Deferred Inflows of Resources	28,578	35,692	-19.9%	3,150	3,644	-13.6%	31,728	39,336	-19.3%
Net Position:									
Net Investment in Capital Assets	53,166	37,684	41.1%	92,507	79,118	16.9%	145,673	116,802	24.7%
Restricted	16,488	14,716	12.0%	2,872	2,675	7.4%	19,360	17,391	11.3%
Unrestricted	(61,295)	(72,978)	-16.0%	195,153	188,612	3.5%	133,858	115,634	15.8%
Total Net Position	$ 8,359	$ (20,578)	-140.6%	$ 290,532	$ 270,405	7.4%	$ 298,891	$ 249,827	19.6%

The City's net investment in capital assets, net of the related debt outstanding used to acquire those assets, is $145.7 million, or 48.7% of its net position. These capital assets are used to provide services and are not available for future spending. The resources needed to repay the debt incurred to acquire these assets will come from future revenues.

An additional portion of net position, $19.4 million or 11.3% represents resources subject to external restrictions. The unrestricted balance increased by $18.2 million from last year; the primary reasons for the overall increases are discussed in the sections for governmental activities and business-type activities.

The changes in long-term liabilities are described in the Financial Highlights section of the MD&A on page 5.

The following statement of activities represents changes in net position for the year ended December 31, 2024. It shows revenues by source and expenses by function for governmental activities, business-type activities, and the government as a whole.

Table 3
Changes in Net Position
(Amounts expressed in thousands)

	Governmental Activities			Business-Type Activities			Total		
	2024	2023 restated	% Change	2024	2023 restated	% Change	2024	2023 restated	% Change
Revenues:									
Program Revenues:									
Charges for services	$ 13,288	$ 16,914	-21.4%	$ 88,728	$ 84,675	4.8%	$ 102,016	$ 101,589	0.4%
Operating Grants and Contributions	23,345	35,437	-34.1%	127	127	0.0%	23,472	35,564	-34.0%
Capital Grants and Contributions	10,536	12,053	-12.6%	-	196	-100.0%	10,536	12,249	-14.0%
General Revenues:									
Property Tax	26,422	26,322	0.4%	-	-	0.0%	26,422	26,322	0.4%
Act 511 Taxes	47,593	45,676	4.2%	-	-	0.0%	47,593	45,676	4.2%
Indirect Cost Allocation	1,661	1,661	0.0%	(1,661)	(1,661)	0.0%	-	-	0.0%
Other	3,971	4,033	-1.5%	6,292	5,163	21.9%	10,263	9,196	11.6%
Total Revenues	126,816	142,096	-10.8%	93,486	88,500	5.6%	220,302	230,596	-4.5%
Expenses									
General Government	18,085	27,379	-33.9%	-	-	0.0%	18,085	27,379	-33.9%
Public Safety	65,758	61,305	7.3%	-	-	0.0%	65,758	61,305	7.3%
Public Works - Highway and Street	3,345	3,856	-13.3%	-	-	0.0%	3,345	3,856	-13.3%
Public Works - Other	7,626	7,035	8.4%	-	-	0.0%	7,626	7,035	8.4%
Community Development	11,910	11,766	1.2%	-	-	0.0%	11,910	11,766	1.2%
Culture and Recreation	2,451	1,956	25.3%	-	-	0.0%	2,451	1,956	25.3%
Other (employee benefits)	1,129	-	0.0%	-	-	0.0%	1,129	-	0.0%
Debt Service - Interest	4,467	4,395	1.6%	-	-	0.0%	4,467	4,395	1.6%
Water	-	-	0.0%	23,593	23,385	0.9%	23,593	23,385	0.0%
Sewer	-	-	0.0%	22,715	21,353	6.4%	22,715	21,353	0.0%
Solid Waste	-	-	0.0%	10,159	10,124	0.3%	10,159	10,124	0.0%
Total Expenses	114,771	117,692	-2.5%	56,467	54,862	2.9%	171,238	172,554	-0.8%
Excess of revenues over expenses before transfers	12,045	24,404	-50.6%	37,019	33,638	10.1%	49,064	58,042	-15.5%
Transfers	16,892	13,617	24.1%	(16,892)	(13,617)	24.1%	-	-	0.0%
Increase in net position	28,937	38,021	-23.9%	20,127	20,021	0.5%	49,064	58,042	-15.5%
Net Position (Deficit) - Beginning of Year	(20,578)	(57,816)	-64.4%	270,405	250,718	7.9%	249,827	192,902	29.5%
Restatement (see Note 14)	-	(783)	-100.0%	-	(334)	-100.0%	-	(1,117)	-100.0%
Net Position (Deficit) - Beginning of Year - Restated	(20,578)	(58,599)	-64.9%	270,405	250,384	8.0%	249,827	191,785	30.3%
Net Position (Deficit) - End of Year	$ 8,359	$ (20,578)	-140.6%	$ 290,532	$ 270,405	7.4%	$ 298,891	$ 249,827	19.6%

During 2024, the City's governmental activities net position (deficit) increased by $28.9 million, from ($20.6 million) (restated) to $8.3 million. Total governmental activities revenues decreased by $15.3 million, from $142.1 million to $126.8 million. Charges for services decreased by $3.6 million primarily because of decreased ambulance service revenue of $1.9 million. Operating and capital grants and contributions combined were $13.6 million less than last year largely because of timing of expenditures of operating and capital grants from year to year, most notably decreased ARPA spending from last year of $10.3 million, a decrease in U.S. HUD awards activity of $1.3 million and a decrease in an PennDOT award of $1.2 million because this project was completed in 2024.

Expenses for governmental activities decreased $2.9 million, or 2.5%. The expenses cover a range of services, the largest being public safety. Public safety (police, fire, and EMS) expense increased by $4.5 million, or 7.3%, mostly because of the net effect of an increase in salaries and overtime, $1.3 million, an increase in fringe benefits of $1.0 million and an increase in other postemployment benefits of $0.7 million. General government expense decreased by $9.3 million, or 33.9%, primarily because of the decrease in operating and capital grants revenue described above.

Net Cost of Services

Net cost of services indicates the amount of support required from taxes and other general revenues for a program of the government. In 2024, real estate and Act 511 taxes totaled $74.0 million. Table 4 depicts the net program expenses for the years ended December 31, 2024 and 2023.

Table 4
Net Cost of Governmental Activities
(Amounts expressed in thousands)

	Total Cost of Services		%	Net Cost (Income) of Services		2024
	2024	2023	Change	2024	2023	Surplus/(Deficit)
Expenses						
General Government	$ 18,085	$ 27,379	-33.9%	$ 4,805	$ 150	Deficit
Public Safety	65,758	61,305	7.3%	54,599	47,904	Deficit
Public Works - Highway and Streets	3,345	3,856	-13.3%	(3,872)	1,326	Surplus
Public Works - Other	7,626	7,035	8.4%	2,450	(2,669)	Deficit
Community Development	11,910	11,766	1.2%	2,749	506	Deficit
Culture and Recreation	2,451	1,956	25.3%	(386)	15	Surplus
Other (employee benefits)	1,129	-	-100.0%	1,129	-	Deficit
Debt Service - interest	4,467	4,395	1.6%	4,467	4,395	Deficit
Total Expenses	$ 114,771	$ 117,692	-2.5%	$ 65,941	$ 51,627	

The City relied on real estate tax, Act 511 taxes, and other general revenues to fund 67.9% of its governmental activities in 2024.

Revenues of the City's business-type activities (see Table 3) increased by 5.6% ($93.5 million in 2024 compared to $88.5 million in 2023). Charges for services revenue increased $4.1 million, or 4.8% because of a one-time charge imposed on two of the city's intermunicipal sewer transportation and treatment customers of $1.6 million, and a general increase among all of the city's intermunicipal sewer transportation and treatment customers of approximately $2.0 million.

During 2024, the City's business-type activities net position increased by $20.1 million, from $270.4 million (restated) to $290.5 million.

Expenses for business-type activities increased $1.6 million, or 2.9%. The expenses cover providing services to the City's water, sewer, and solid waste customers.

Operations of the water, sewer and solid waste funds are substantially funded through charges and fees for services.

Table 5
Net Cost of Business-Type Activities
(Amounts expressed in thousands)

	Total Cost of Services		%	Net Cost (Income) of Services		2024
	2024	2023	Change	2024	2023	Surplus/(Deficit)
Business-Type Activities						
Water	$ 23,593	$ 23,385	0.9%	$ (11,646)	$ (11,746)	Surplus
Sewer	22,715	21,353	6.4%	(19,749)	(17,419)	Surplus
Solid Waste	10,159	10,124	0.3%	668	690	Deficit
Total Expenses	$ 56,467	$ 54,862	2.9%	$ (30,727)	$ (28,475)	

Financial Analysis of the Government's funds

GOVERNMENTAL FUNDS

The City of Reading uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year. Governmental fund accounting was not affected by the adoption of GASB No. 34. Therefore, a schedule is presented to reconcile the fund statements to the government-wide statements.

The City's governmental funds include the general fund, special revenue funds, and a capital projects fund. The general fund is the chief operating fund for the City. Special revenue funds are restricted to specific legislated use. The capital projects fund primarily accounts for allocations of earned income taxes, and when applicable, proceeds on bond issues to be used for capital projects. The major funds are shown on the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance in the financial statements.

Governmental Fund Revenues

Governmental fund revenues by source for the years ended December 31, 2024 and 2023 were as follows. Table 6 also presents changes from 2024 to 2023.

Table 6
Revenues by Source
Governmental Funds
(Amounts expressed in thousands)

	2024	2023	Change	Percent Change
Real Estate Taxes	$ 26,109	$ 26,321	$ (212)	(0.8)%
Earned Income Tax	35,280	33,530	1,750	5.2%
Other Taxes	12,097	11,907	190	1.6%
Licenses, Permits, Fines	4,140	5,757	(1,617)	(28.1)%
Intergovernmental	33,554	47,942	(14,388)	(30.0)%
Charges for Services	8,242	10,109	(1,867)	(18.5)%
Interest and Rent	3,885	3,904	(19)	(0.5)%
Other	4,246	4,098	148	3.6%
Total Revenue	$ 127,553	$ 143,568	$ (16,015)	(11.2)%

Governmental fund revenues totaled $127.6 million for the year ended December 31, 2024. This is a decrease of $16.0 million from 2023. The overall decrease is primarily due to decrease in operating and capital grants and contributions of $14.4 million and a decrease in charges for services of $1.9 million.

Governmental Fund Expenditures

Governmental fund expenditures by function for the years ended December 31, 2024 and 2023 were as follows. Table 7 also presents changes from 2024 to 2023.

Table 7
Expenditures by Function
Governmental Funds
(Amounts expressed in thousands)

	2024	2023	Change	Percent Change
General Government	$ 16,139	$ 29,178	$ (13,039)	-44.69%
Public Safety	72,930	75,464	(2,534)	-3.36%
Public Works-Highways & Streets	14,390	10,226	4,164	40.72%
Public Works-Other	12,711	16,834	(4,123)	-24.49%
Community Development	12,078	12,665	(587)	-4.63%
Culture and Recreation	1,233	1,148	85	7.40%
Other (employee Benefits)	4,056	3,134	922	29.42%
Debt Service - Principal	8,529	8,317	212	2.55%
Debt Service - Interest	3,642	3,527	115	3.26%
Total Expenditures	$ 145,708	$ 160,493	$ (14,785)	-9.21%

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community development, grant fund, ARPA fund and capital projects fund, which includes the street paving, city facilities construction and housing improvements funds, are considered major funds. Non-major funds include the shade tree fund and liquid fuels fund are presented separately in the combining balance sheet other non-major governmental funds and in the combining statement of revenues, expenditures, and changes in fund balance - other non-major governmental funds.

Governmental fund expenditures totaled $145.7 million for the year ended December 31, 2024, a decrease of (9.2)% from 2023.

Governmental Fund Balances (Deficit) and Net Position of Enterprise Funds

Table 8 reflects ending fund balances (deficit) for governmental funds and the net position for enterprise funds at December 31, 2024 and 2023.

Table 8
Ending Fund Balances (Deficit), Governmental Funds; Net Position, Enterprise Funds
(Amounts expressed in thousands)

	2024		2023	
	Governmental Funds	Enterprise Funds	Governmental Funds restated	Enterprise Funds restated
General	$ 51,989	$ -	$ 53,926	$ -
Community Development	1,777	-	2,275	-
Grant Fund	808	-	765	-
ARPA	104	-	104	-
Capital Projects	21,980	-	10,392	-
Shade Tree	41	-	(218)	-
Liquid Fuels	4,473	-	2,172	-
Water	-	28,407	-	26,392
Sewer	-	258,227	-	239,491
Solid Waste	-	3,898	-	4,522
Internal Service	-	2,136	-	3,128
Total	$ 81,172	$ 292,668	$ 69,416	$ 273,533

The City's governmental funds reported a combined fund balance of $81.2 million at December 31, 2024. Of the total, $ 18.3 million is restricted for capital projects and acquisitions, $4.5 million is restricted for liquid fuels, $3.2 million is restricted for certain purposes, $2.0 million is assigned for various projects, and $9.8 million is assigned for the 2025 budget contingency.

Budgetary Highlights

The City's adopted budget had $111,498,483 of expenditures, including $2,350,000 of other financing uses (interfund transfers to other city funds), and $111,498,483 of revenues, including $15,045,859 of other financing sources (interfund transfers from other city funds) and $5,341,609 use of budgetary reserves; operating revenues adopted budget is $91,111,015. The total adopted budget amounts are increases of 8.3% from the prior year for both expenditures and revenues.

Over the course of the year, Reading City Council revised the budget several times through transfers or ordinance. There are two kinds of revisions:

- Allocations made to specific line items from other line items (budgetary amendments) or from contingency funds established in the budget
- New appropriations of revenue are budgeted when awarded, and the anticipated related expense is budgeted at the same time

The City's amended budget had $114,602,483 of expenditures, including $5,250,000 of other financing uses (interfund transfers to other city funds) and $114,602,483 of revenues, including $16,545,859 of other financing sources (interfund transfers from other city funds) and $6,891,609 use of budgetary reserves; operating revenues amended budget is $91,165,015. Some of the more significant budget amendments for all general fund revenues and expenditures consisted of:

- In September 2024, City Council approved an increase of $3 million to be transferred to the City's street paving fund, a capital projects fund, for ongoing street paving of certain city streets. This interfund transfer was made in October 2024 and was a one-time transfer. See Note 7, *Interfund Receivables and Payables and Transfers*, for further information.
- In early 2025, City Council approved an increase of $1.5 million to be transferred from the City's sewer fund, a proprietary fund, resulting from a 'Fourth Modification of Consent Decree' the City entered into with the DOJ. This incremental interfund transfer was recorded for year-end 2024 and this cash transfer was made in June 2025 and is a one-time amendment until a new modification is entered into with USDOJ. See Note 12, *Commitments and Contingencies*, United States Department of Justice Consent Decree, for further information.
- The net effect of the two budget amendments above resulted in an increase in the use of budgetary reserves of $1.5 million.

Budgetary schedules for the general fund are presented in both the Required Supplementary Information (RSI) and the Supplementary Information (SI) sections of the audit report. In 2024, some actual revenue balances were significantly greater than their amended and adopted budget amounts; additionally, some actual expenditure balances were significantly greater than their amended and adopted budget amounts and total expenditures and other financing uses were $1,502,875 greater than the amended budget.

Earned income tax and real estate transfer tax revenues were both significantly over budget, by $3,990,992 and $1,692,449 respectively, because of better than anticipated performances, which have continued well into 2025 so far this year. Public safety expenditures were $3,260,101 greater than the amended budget. This is made up of a slight positive variance in non-personnel expenditures of $485,761 and a significant negative variance in personnel expenditures of $3,745,862. Personnel expenditures include salaries, healthcare fringe benefits and other postemployment benefits which continue to rise rapidly year over year despite the respective employee and retiree censuses. This trend in personnel expenditures is occurring well into 2025 so far this year.

Capital Assets

The City's investment in capital assets and right-to-use lease assets at December 31, 2024, net of accumulated depreciation and amortization respectively, was $407.2 million. Capital assets consist of land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, and right-to-use lease assets. Table 9 is a summary of capital assets at December 31, 2024 and 2023.

Table 9
Capital Assets at December 31, 2024 and 2023
(Amounts expressed in thousands)

Major capital asset acquisitions during the year include the following:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 2,885	$ 2,885	$ 2,136	$ 2,136	$ 5,021	$ 5,021
Construction in Progress	15,415	40,136	199,334	196,319	214,749	236,455
Buildings	20,549	11,495	5,036	5,949	25,585	17,444
Improvements	39,684	25,336	75,235	77,511	114,919	102,847
Machinery and Equipment	14,869	13,060	8,627	8,500	23,496	21,560
Infrastructure	19,398	7,670	-	-	19,398	7,670
Right-to-use lease assets	4,036	3,989	-	-	4,036	3,989
Total	$ 116,836	$ 104,571	$ 290,368	$ 290,415	$ 407,204	$ 394,986

Governmental activities:

- Various projects that remain to be completed and are included in construction in progress, including street paving $1,452,000 increase and GESA, $1,787,000 increase
- Completion of 9th & Marion fire station, $9,728,000
- Completion of River Road extension, $7,664,000
- Completion of street paving, $4,206,000
- Completion of skate park, $1,725,885
- Completion of pool, recreation center and playground improvements, $5,487,000.

Business-type activities:

- Ongoing construction of the new wastewater treatment plant, $1.44 million.

Detailed information about the City's capital assets and right-to-use lease assets can be found in Note 8 in the financial statements.

Debt Administration

Noncurrent Liabilities

At December 31, 2024, the City's governmental activities had $202.7 million of noncurrent liabilities outstanding, including bonds, notes, leases, compensated absences and liabilities for pension and other postemployment benefits. The City's business activities had $192.0 million of noncurrent liabilities outstanding. Table 10 provides a summary of outstanding debt.

Table 10
Summary of Noncurrent Liabilities
(Amounts expressed in thousands)

	Governmental Activities	Business-Type Activities
GO and direct borrowings, net	$ 87,524	$ 189,866
Leases payable	4,203	-
Retainages payable	514	-
Compensated absences	489	18
Net pension liability	58,033	1,630
Other postemployment benefits	51,969	431
	$ 202,732	$ 191,945

The amount of indebtedness a City may incur is limited by Pennsylvania law to 250% (nonelectoral) and 350% (net non-electoral and lease rental) of a three-year average of the total revenue received, exclusive of governmental grants for a specific purpose. The City's non-electoral debt limit at December 31, 2024 was approximately $543.8 million, and the total debt outstanding was $237.9 million, which is below the legal debt limit. The City's net non-electoral and lease rental debt limit at December 31, 2024 was approximately $761.4 million and the total debt outstanding was $321.7 million.

Bond Rating

The City's debt rating was A- (stable outlook) by S&P Global as of September 9, 2024. Insurance has been purchased to guarantee repayment of certain of the City's indentures.

Detailed information about the City's Long-term Debt can be found in Note 9 in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The 2025 General Fund budget, adopted in December 2024, is approximately $120.5 million.

Expenditures

The 2025 adopted General Fund expenditures budget is $120.5 million, including $4.1 million of other financing uses (interfund transfers to other city funds). Overall, this represents a significant $5.9 million, or 5.1% increase, from the 2024 amended budget of $114.6 million.

The primary highlight in the 2025 expenditures budget is that substantially all of the budgetary increase from 2024 are because of increases in salaries and fringe benefits, including other postemployment benefits, of approximately $5,000,000, with salaries being the largest component of the increase of $4,000,000. As described within Note 12, Concentration of Labor section, approximately 90.0% of the total labor force is covered by one of four labor agreements; three of which are in place through December 31, 2026 and one is in place through December 31, 2025. All four labor agreements mandate salary increases in 2025 of either 3.0%, 4.0% or 5.0% for employees covered under these labor agreements. Management employees, those not covered under a labor agreement, generally received a 4.0% salary increase for 2025.

Since the pandemic, the City has hired substantially more full-time employees throughout 2025 to fill vacancies and to reduce employee turnover time. While overall the City had approximately 555 full-time employees as of December 31, 2024, about 465 of which, or 83.8%, are classified in and paid from the general fund. As of August 31, 2025, overall the City had approximately 577 full-time employees, about 490 of which, or 84.9%, are classified in and paid from the general fund; a net increase in general fund full time employees of 25, or 5.4%, through the first eight months of 2025.

The City has a minimum fund balance policy as disclosed in Note 1.E.16. It is projected that 2025 will be the first year that the minimum fund balance amount will be based on 20% of budgeted operating expenditures, approximately $23,300,000, instead of the minimum of $22,000,000, as budgets for operating expenditures keep increasing. The minimum fund balance is included within the unassigned fund balance classification.

Revenues

The 2025 adopted General Fund revenues budget is $120.5 million, including $15.0 million of other financing sources (interfund transfers from other city funds) and $9.6 million use of budgetary reserves; operating revenues budget is approximately $95.9 million. Overall, this represents a significant $5.9 million, or 5.1% increase, from the 2024 amended budget of $114.6 million.

Some key highlights in the 2025 revenue budget is that the overall property tax millage rate was unchanged from 2024 and 2023, 18.129 mills, except that the allocation of millage is different from 2023 as described in the Financial Highlights section.

The change in allocation was to remediate the shade tree fund's deficit fund balance at December 31, 2023. 2024 and 2025 represent the fourth and fifth years, respectively of unchanged total property tax millage rate. The last increase in property tax mills occurred in 2021 and was an increase of 0.44 mills, or 2.5%, from the 2020 property tax mills.

The 2025 earned income tax revenue budget increased by $2,801,000 because of the strong historical performance of this revenue since the pandemic. Use of budgetary reserves to balance the budget increased by $2.7 million, or 39.7%, from the 2024 amended use of budgetary reserves of $6.9 million. Use of budgetary reserves to balance budgets are classified as assigned fund balances.

2026 Budget

The 2026 draft budget was submitted to City Council on or around October 1, 2025.

Total General Fund expenditures are approximately $126.2 million, including $1.1 million of other financing uses (interfund transfers to other city funds). This is a substantial increase from the 2025 adopted budget, described above. Total General Fund revenues budget is approximately $126.2 million, including $15.8 million of other financing sources (interfund transfers from other city funds) and $12.5 million use of budgetary reserves; operating revenues budget is approximately $98.0 million.

City Council adopted the 2026 budget in early December 2025.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Michael R. Oppenheimer, City Controller, Deputy Finance Director at (610) 655-2583. Written inquiries may be made to City of Reading, Finance Department Room 2-41, 815 Washington Street, Reading, PA 19601.

CITY OF READING

STATEMENT OF NET POSITION

December 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Reading Parking Authority	Reading Redevelopment Authority
ASSETS					
Cash	$ 79,626,383	$ 123,359,145	$ 202,985,528	$ 2,002,095	$ 1,057,773
Investments	22,804,844	51,687,528	74,492,372	5,596,177	-
Accounts receivable, net	3,056,001	10,837,552	13,893,553	479,207	70,000
Taxes receivable, net	6,459,134	-	6,459,134	-	-
Internal balances	2,594,042	(2,594,042)	-	-	-
Intergovernmental receivables	4,739,607	15,038,502	19,778,109	-	-
Leases receivable due within one year	296,436	-	296,436	595,968	-
Interest receivable	74,179	-	74,179	-	-
Inventory	-	325,389	325,389	-	-
Other current assets	175,029	-	175,029	259,022	2,919
Restricted cash and investments	1,081,960	2,536,828	3,618,788	-	-
Capital assets:					
Capital assets not being depreciated	18,300,236	201,470,047	219,770,283	8,180,979	-
Capital assets, net of accumulated depreciation	94,499,487	88,898,434	183,397,921	29,543,636	-
Right-to-use assets, net of accumulated amortization	4,036,153	-	4,036,153	109,062	-
Other noncurrent assets:					
Other noncurrent assets	-	2,584,057	2,584,057	-	-
Leases receivable	1,224,664	-	1,224,664	347,325	-
Loans receivable, net	95,333	-	95,333	-	-
Notes receivable, net	5,478,065	-	5,478,065	-	-
Property held for redevelopment	-	-	-	-	475,181
Leased land rights	-	1,013,072	1,013,072	-	-
TOTAL ASSETS	244,541,553	495,156,512	739,698,065	47,113,471	1,605,873
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on bond refunding	7,612,997	6,872,424	14,485,421	6,367	-
Deferred outflows of resources for pension	26,206,833	2,952,870	29,159,703	-	-
Deferred outflows of resources for other postemployment benefits	6,251,873	(81,250)	6,170,623	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	40,071,703	9,744,044	49,815,747	6,367	-

See accompanying notes to the financial statements.

CITY OF READING

STATEMENT OF NET POSITION - CONTINUED

December 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Reading Parking Authority	Reading Redevelopment Authority
LIABILITIES					
Accounts payable	9,993,386	2,961,506	12,954,892	1,207,510	89,361
Accounts payable - capital	-	973,087	973,087	-	-
Accrued interest	508,170	169,123	677,293	-	-
Compensated absences	1,921,576	348,381	2,269,957	-	-
Accrued claims	1,886,319	-	1,886,319	-	-
Unearned revenue	20,257,975	-	20,257,975	35,481	500,000
Other current liabilities	1,091,721	926,263	2,017,984	185,175	-
Long-term debt due within one year	9,284,060	13,894,600	23,178,660	2,357,385	-
Noncurrent liabilities:					
Notes and bonds payable, net	87,523,046	189,866,515	277,389,561	21,296,000	-
Leases payable	4,202,958	-	4,202,958	-	-
Subscription liability	-	-	-	59,917	-
Retainages payable	514,323	-	514,323	-	-
Compensated absences	489,768	17,714	507,482	-	-
Net pension liability	58,033,350	1,630,499	59,663,849	-	-
Other postemployment benefits liability	51,968,799	430,936	52,399,735	-	-
TOTAL LIABILITIES	247,675,451	211,218,624	458,894,075	25,141,468	589,361
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources for lease revenue	1,998,830	-	1,998,830	930,832	-
Deferred gain on bond refunding	-	-	-	31,726	-
Deferred inflows of resources for pension	22,423,413	3,155,598	25,579,011	-	-
Deferred inflows of resources for other postemployment benefits	4,156,173	(5,589)	4,150,584	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	28,578,416	3,150,009	31,728,425	962,558	-
NET POSITION					
Net investment in capital assets	53,166,519	92,506,703	145,673,222	14,074,112	-
Restricted	16,488,574	2,871,728	19,360,302	3,745,632	-
Unrestricted (deficit)	(61,295,704)	195,153,492	133,857,788	3,196,068	1,016,512
TOTAL NET POSITION (DEFICIT)	$ 8,359,389	$ 290,531,923	$ 298,891,312	$ 21,015,812	$ 1,016,512

CITY OF READING

STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

			Program Revenues			Net (Expense) Revenue and Changes in Net Position				
						Primary Government			Component Units	
Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Reading Parking Authority	Reading Redevelopment Authority
Primary Government										
Governmental activities:										
General government	$ 18,084,903	$ (1,864,192)	$ 4,491,949	$ 6,923,738	$ -	$ (4,805,024)	$ -	$ (4,805,024)	$ -	$ -
Public safety:										
Police	39,290,854	-	1,058,367	5,322,668	30,933	(32,878,886)	-	(32,878,886)	-	-
Fire	19,181,220	-	320,776	1,178,524	183,187	(17,498,733)	-	(17,498,733)	-	-
Emergency medical services	7,287,303	-	2,547,371	518,059	-	(4,221,873)	-	(4,221,873)	-	-
Public works - highways and streets	3,344,562	-	132,960	1,962,171	5,121,382	3,871,951	-	3,871,951	-	-
Public works - other	7,625,752	-	-	392,208	4,783,948	(2,449,596)	-	(2,449,596)	-	-
Community development	11,910,408	203,634	3,408,138	5,540,421	416,232	(2,749,251)	-	(2,749,251)	-	-
Culture and recreation	2,450,685	-	1,328,932	1,507,696	-	385,943	-	385,943	-	-
Other (employee benefits)	1,128,668	-	-	-	-	(1,128,668)	-	(1,128,668)	-	-
Debt service - interest	4,466,757	-	-	-	-	(4,466,757)	-	(4,466,757)	-	-
Total governmental activities	114,771,112	(1,660,558)	13,288,493	23,345,485	10,535,682	(65,940,894)	-	(65,940,894)	-	-
Business-type activities:										
Water	23,593,121	47,710	35,286,668	-	-	-	11,645,837	11,645,837	-	-
Sewer	22,714,769	1,226,236	43,690,058	-	-	-	19,749,053	19,749,053	-	-
Solid waste	10,159,083	386,612	9,751,113	126,607	-	-	(667,975)	(667,975)	-	-
Total business-type activities	56,466,973	1,660,558	88,727,839	126,607	-	-	30,726,915	30,726,915	-	-
Total Primary Government	$ 171,238,085	$ -	$ 102,016,332	$ 23,472,092	$ 10,535,682	(65,940,894)	30,726,915	(35,213,979)	-	-
Component Units										
Reading Parking Authority	$ 12,987,167	$ -	$ 12,176,830	$ -	$ -	-	-	-	(810,337)	-
Reading Redevelopment Authority	1,105,615	-	70,000	900,000	-	-	-	-	-	(135,615)
Total Component Units	$ 14,092,782	$ -	$ 12,246,830	$ 900,000	$ -	-	-	-	(810,337)	(135,615)
General Revenues										
Taxes:										
Property taxes						26,421,541	-	26,421,541	-	-
Earned income taxes						35,280,049	-	35,280,049	-	-
Other taxes						12,313,453	-	12,313,453	-	-
Investment earnings						1,889,382	6,007,930	7,897,312	363,550	23,252
Miscellaneous income						2,082,061	284,163	2,366,224	18,759	-
Transfers - internal activities						16,892,393	(16,892,393)	-	-	-
Total General Revenues and Transfers						94,878,879	(10,600,300)	84,278,579	382,309	23,252
Change in Net Position						28,937,985	20,126,615	49,064,600	(428,028)	(112,363)
Net Position (Deficit) - Beginning of Year - As Previously Reported						(19,794,982)	270,739,180	250,944,198		
Restatement (See Note 14)						(783,614)	(333,872)	(1,117,486)		
Net Position (Deficit) - Beginning of Year - Restated						(20,578,596)	270,405,308	249,826,712	21,443,840	1,128,875
Net Position (Deficit) - End of year						$ 8,359,389	$ 290,531,923	$ 298,891,312	$ 21,015,812	$ 1,016,512

See accompanying notes to the financial statements.

CITY OF READING

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2024

	General	Community Development	Grant Fund	American Rescue Plan	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash	$ 27,216,995	$ 2,582,145	$ 814,726	$ 20,761,584	$ 23,901,227	$ 4,153,902	$ 79,430,579
Restricted cash	203,565	-	835,620	-	-	-	1,039,185
Investments	18,921,164	-	52,934	-	-	-	18,974,098
Accounts receivable	2,897,153	37,151	-	-	-	-	2,934,304
Taxes receivable, net	6,806,353	-	-	-	-	57,120	6,863,473
Interfund receivables	3,826,916	388,412	20,417	500,000	343,354	523,260	5,602,359
Intergovernmental receivable	-	1,005,622	3,733,985	-	-	-	4,739,607
Leases receivable	1,521,100	-	-	-	-	-	1,521,100
Interest receivable	74,179	-	-	-	-	-	74,179
Loans receivable	95,333	-	-	-	-	-	95,333
Prepaid expenses	-	-	-	51,994	-	-	51,994
TOTAL ASSETS	$ 61,562,758	$ 4,013,330	$ 5,457,682	$ 21,313,578	$ 24,244,581	$ 4,734,282	$ 121,326,211
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 1,902,224	$ 614,616	$ 3,038,005	$ 2,344,051	$ 1,768,113	$ 172,617	$ 9,839,626
Interfund payables	536,383	519,655	1,321,171	-	496,384	-	2,873,593
Unearned revenue	-	1,101,713	290,327	18,865,935	-	-	20,257,975
Compensated absences	274,604	-	-	-	-	-	274,604
Other liabilities	278,721	-	-	-	-	-	278,721
TOTAL LIABILITIES	2,991,932	2,235,984	4,649,503	21,209,986	2,264,497	172,617	33,524,519
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources for lease revenue	1,998,830	-	-	-	-	-	1,998,830
Unavailable revenue:							
Property taxes	3,135,555	-	-	-	-	47,412	3,182,967
Other	1,447,760	-	-	-	-	-	1,447,760
TOTAL DEFERRED INFLOWS OF RESOURCES	6,582,145	-	-	-	-	47,412	6,629,557
FUND BALANCES							
Nonspendable	-	-	-	51,994	-	-	51,994
Restricted for:							
Community development	-	1,761,646	-	-	-	-	1,761,646
Donor or regulatory restricted	-	-	765,404	-	-	-	765,404
Donor- Potteiger Trust	-	-	42,775	-	-	-	42,775
Shade tree	-	-	-	-	-	33,853	33,853
Liquid fuels	-	-	-	-	-	4,473,700	4,473,700
Capital projects	-	-	-	-	18,317,295	-	18,317,295
Sick leave pool	636,000	15,700	-		-	6,700	658,400
Committed	-	-	-	-	3,662,789	-	3,662,789
Assigned for:							
Budget appropriations	9,811,188	-	-	-	-	-	9,811,188
Demolition	1,000,000	-	-	-	-	-	1,000,000
Property acquisition	1,000,000	-	-	-	-	-	1,000,000
Capital projects	-	-	-	51,598	-	-	51,598
Unassigned	39,541,493	-	-	-	-	-	39,541,493
TOTAL FUND BALANCES	51,988,681	1,777,346	808,179	103,592	21,980,084	4,514,253	81,172,135
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 61,562,758	$ 4,013,330	$ 5,457,682	$ 21,313,578	$ 24,244,581	$ 4,734,282	$ 121,326,211

See accompanying notes to the financial statements.

CITY OF READING

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

December 31, 2024

Amounts reported for governmental activities in the statement of net position are different because:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 81,172,135
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $199,281,322 and the accumulated depreciation and amortization is $82,445,446.		116,835,876
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.		3,182,967
Other long-term assets (receivables and restricted cash) and lease rental receivable are not available to pay current period expenditures and, therefore, are reported as unearned revenue in the funds.		9,692,597
Establish allowance for doubtful accounts - property taxes receivable ($404,339) and other long-term asset receivables ($3,579,772).		(3,984,111)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds/notes payable	(95,695,341)	
Leases payable	(4,455,038)	
Retainages payable	(514,323)	
Accrued interest	(508,170)	
Unamortized bond discount	173,552	
Unamortized bond premium	(1,033,237)	
Deferred charge on bond refunding	7,612,997	
Compensated absences	(2,133,423)	(96,552,983)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.		(54,249,930)
The other postemployment benefits liability and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.		(49,873,099)
Internal service funds are used by the City to charge the costs of workman's compensation insurance and other insurance to individual funds. The assets and liabilities of the internal service funds are included with governmental activities on the statement of net position.		2,135,937
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 8,359,389

See accompanying notes to the financial statements.

CITY OF READING

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended December 31, 2024

	General	Community Development	Grant Fund	American Rescue Plan	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Real estate taxes	$ 25,693,646	$ -	$ -	$ -	$ -	$ 415,295	$ 26,108,941
Earned income taxes	30,055,892	-	-		5,224,157	-	35,280,049
Other taxes	12,096,448	-	-	-	-	-	12,096,448
Licenses, permits, and fines	4,140,201	-	-	-	-	-	4,140,201
Intergovernmental	7,332,206	4,597,142	8,670,458	10,755,732	70,545	2,127,881	33,553,964
Charges for services	7,498,863	743,590	-	-	-	-	8,242,453
Interest and rent	3,770,387	3,124	2,359	-	81,644	27,368	3,884,882
Other	4,242,867	-	2,500	-	-	507	4,245,874
TOTAL REVENUES	94,830,510	5,343,856	8,675,317	10,755,732	5,376,346	2,571,051	127,552,812
EXPENDITURES							
Current:							
General government	9,225,324	-	4,840,944	1,695,819	376,631	-	16,138,718
Public safety:							
Police	42,740,054	-	1,987,115	-	1,148,985	-	45,876,154
Fire	18,282,207	-	129,761	-	1,214,426	-	19,626,394
Emergency medical services	7,428,242	-	-	-	-	-	7,428,242
Public works - highways and streets	1,504,935	-	-	4,667,877	7,193,338	1,023,511	14,389,661
Public works - other	7,661,075	-	1,544,484	3,505,396	-	-	12,710,955
Community development	5,178,971	5,841,254	123,123	886,640	47,710	-	12,077,698
Culture and recreation	925,773	-	-	-	-	307,365	1,233,138
Other (employee benefits, debt issuance costs)	3,808,010	-	-	-	247,833	-	4,055,843
Debt service - principal	8,489,561	-	6,755	-	32,498	-	8,528,814
Debt service - interest	3,291,206	-	410	-	350,855	-	3,642,471
TOTAL EXPENDITURES	108,535,358	5,841,254	8,632,592	10,755,732	10,612,276	1,330,876	145,708,088
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(13,704,848)	(497,398)	42,725	-	(5,235,930)	1,240,175	(18,155,276)
OTHER FINANCING SOURCES (USES)							
Proceeds from issuance of leases	708,515	-	-	-	-	-	708,515
Issuance of bonds	-	-	-	-	11,945,000	-	11,945,000
Bond premiums	-	-	-		303,624	-	303,624
Transfers in - lease payments	10,303,468	-	-	-	-	-	10,303,468
Transfers in	6,005,248	-	-	-	5,088,926	658,803	11,752,977
Transfers out	(5,250,000)	-	-	-	(514,052)	-	(5,764,052)
Refund of prior year expenditures	-	-	-	-	-	661,608	661,608
TOTAL OTHER FINANCING SOURCES	11,767,231	-	-	-	16,823,498	1,320,411	29,911,140
NET CHANGES IN FUND BALANCES	(1,937,617)	(497,398)	42,725	-	11,587,568	2,560,586	11,755,864
FUND BALANCES - BEGINNING OF YEAR - AS PREVIOUSLY REPORTED	54,494,484	2,274,744	765,454	103,592	10,392,516	1,953,667	69,984,457
RESTATEMENT (See Note 14)	(568,186)	-	-	-	-	-	(568,186)
FUND BALANCES - BEGINNING OF YEAR - RESTATED	53,926,298	2,274,744	765,454	103,592	10,392,516	1,953,667	69,416,271
FUND BALANCES - END OF YEAR	$ 51,988,681	$ 1,777,346	$ 808,179	$ 103,592	$ 21,980,084	$ 4,514,253	$ 81,172,135

CITY OF READING

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

Amounts reported for governmental activities in the statement of activities are different because:		
NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 11,755,864
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation or amortization expense.		
Capital outlays	$ 19,729,869	
Less: loss on disposal of assets	(385,342)	
Less: depreciation and amortization expense	(7,079,481)	12,265,046
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(372,012)
Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Issuance of bonds payable	(11,945,000)	
Issuance of leases	(708,515)	
Bond Issuance premium	(303,624)	
Repayment of bond/note principal	8,261,109	
Repayment of lease principal	267,705	
Amortization of bond discount	(19,648)	
Amortization of bond premium	142,374	
Amortization of deferred charge on bond refunding	(1,001,274)	(5,306,873)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources.		54,261
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:		
Retainages payable	912,593	
Compensated absences	(76,142)	
Net pension liability and related deferred outflows and inflows	8,370,095	
OPEB liability and related deferred outflows and inflows	2,327,298	11,533,844
An internal service fund is used by the City to charge the costs of insurance claims to the individual funds. The excess revenue (expense) is reported with governmental activities.		(992,145)
CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		$ 28,937,985

See accompanying notes to the financial statements.

CITY OF READING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2024

	Business-Type Activities				Governmental Activities
	Water Fund	Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Fund
ASSETS					
Current assets:					
Cash	$ 16,971,780	$ 103,790,165	$ 2,597,200	$ 123,359,145	$ 238,579
Investments	127,662	51,559,866	-	51,687,528	3,830,746
Accounts receivable, net of allowance of $10,038,903	5,465,703	3,889,177	1,482,672	10,837,552	-
Interfund receivables	7,832	122,294	182,119	312,245	121,697
Intergovernmental receivables	-	15,038,502	-	15,038,502	-
Inventory	325,389	-	-	325,389	-
Prepaid expenses	-	-	-	-	123,035
Total current assets	22,898,366	174,400,004	4,261,991	201,560,361	4,314,057
Restricted assets:					
Cash and investments	2,536,828	-	-	2,536,828	-
Noncurrent assets:					
Capital assets not being depreciated	2,573,786	198,896,261	-	201,470,047	-
Capital assets, net of accumulated depreciation	59,836,985	28,387,341	674,108	88,898,434	-
Total capital assets, net	62,410,771	227,283,602	674,108	290,368,481	-
Other noncurrent assets	-	2,584,057	-	2,584,057	-
Rights to leased land	1,013,072	-	-	1,013,072	-
Total noncurrent assets	63,423,843	229,867,659	674,108	293,965,610	-
TOTAL ASSETS	88,859,037	404,267,663	4,936,099	498,062,799	4,314,057
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on bond refunding	4,877,694	1,994,730	-	6,872,424	-
Deferred outflows of resources for pension	674,643	1,941,755	336,472	2,952,870	-
Deferred outflows of resources for other postemployment benefits	-	(83,504)	2,254	(81,250)	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,552,337	3,852,981	338,726	9,744,044	-

CITY OF READING

STATEMENT OF NET POSITION -
PROPRIETARY FUNDS - CONTINUED

December 31, 2024

	Business-Type Activities				Governmental Activities
	Water Fund	Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Fund
LIABILITIES					
Current liabilities:					
Accounts payable	301,669	1,862,490	797,347	2,961,506	32,063
Accounts payable - capital	-	973,087	-	973,087	-
Interfund payables	352,419	2,467,995	85,873	2,906,287	256,421
Accrued interest	169,123	-	-	169,123	-
Accrued payroll	863,031	-	-	863,031	-
Current portion of compensated absences	-	326,031	22,350	348,381	3,317
Accrued claims	-	-	-	-	1,886,319
Escrow deposits	-	63,232	-	63,232	-
Current portion notes and bonds payable	4,701,237	9,193,363	-	13,894,600	-
Total current liabilities	6,387,479	14,886,198	905,570	22,179,247	2,178,120
Noncurrent liabilities:					
Notes and bonds payable, net	58,579,895	131,286,620	-	189,866,515	-
Compensated absences	-	17,714	-	17,714	
Net pension liability	264,443	1,240,065	125,991	1,630,499	-
Other postemployment benefits liability	-	399,006	31,930	430,936	-
Total noncurrent liabilities	58,844,338	132,943,405	157,921	191,945,664	-
TOTAL LIABILITIES	65,231,817	147,829,603	1,063,491	214,124,911	2,178,120
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources for pension	772,851	2,071,980	310,767	3,155,598	-
Deferred inflows of resources for other postemployment benefit liabilities	-	(8,475)	2,886	(5,589)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	772,851	2,063,505	313,653	3,150,009	-
NET POSITION					
Net investment in capital assets	4,007,333	87,825,262	674,108	92,506,703	-
Restricted for debt service	2,536,828	-	-	2,536,828	-
Restricted for sick leave pool	-	301,500	33,400	334,900	-
Restricted for other	-	-	-	-	2,436,292
Unrestricted net position (deficit)	21,862,545	170,100,774	3,190,173	195,153,492	(300,355)
TOTAL NET POSITION	$ 28,406,706	$ 258,227,536	$ 3,897,681	$ 290,531,923	$ 2,135,937

CITY OF READING

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

Year Ended December 31, 2024

	Business-Type Activities				Governmental Activities
	Water Fund	Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES					
Charges for services	$ 34,786,020	$ 43,690,058	$ 9,750,867	$ 88,226,945	$ 4,069,330
Other	500,648	-	246	500,894	250,112
TOTAL OPERATING REVENUES	35,286,668	43,690,058	9,751,113	88,727,839	4,319,442
OPERATING EXPENSES					
Personnel	7,850,715	7,225,084	1,002,520	16,078,319	102,490
Depreciation and amortization	4,626,088	3,580,905	103,047	8,310,040	-
Risk management	48,000	780,250	328,630	1,156,880	-
Contracted services	1,047,115	725,475	8,337,262	10,109,852	-
Chemicals and supplies	2,054,501	1,353,021	-	3,407,522	-
Utilities	1,020,412	1,389,311	-	2,409,723	-
Administrative expenses	-	-	-	-	5,384,336
Other	5,100,177	6,461,836	774,236	12,336,249	-
TOTAL OPERATING EXPENSES	21,747,008	21,515,882	10,545,695	53,808,585	5,486,826
OPERATING INCOME (LOSS)	13,539,660	22,174,176	(794,582)	34,919,254	(1,167,384)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	-	-	126,607	126,607	-
Interest income	1,073,110	4,934,820	-	6,007,930	175,239
Gain on sale of equipment	-	-	106,392	106,392	-
Other	124,526	53,245	-	177,771	-
Gain (loss) on sale of solid waste accounts receivable	63,022	-	(63,022)	-	-
Interest expense	(1,893,823)	(2,425,123)	-	(4,318,946)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(633,165)	2,562,942	169,977	2,099,754	175,239
INCOME (LOSS) BEFORE TRANSFERS	12,906,495	24,737,118	(624,605)	37,019,008	(992,145)
Transfers out - lease payments	(10,892,393)	-	-	(10,892,393)	-
Transfers out	-	(6,000,000)	-	(6,000,000)	-
CHANGES IN NET POSITION	2,014,102	18,737,118	(624,605)	20,126,615	(992,145)
NET POSITION - BEGINNING OF YEAR - AS PREVIOUSLY REPORTED	26,392,604	239,807,729	4,538,847	270,739,180	3,205,549
RESTATEMENT (See Note 14)	-	(317,311)	(16,561)	(333,872)	(77,467)
NET POSITION - BEGINNING OF YEAR - RESTATED	26,392,604	239,490,418	4,522,286	270,405,308	3,128,082
NET POSITION - END OF YEAR	$ 28,406,706	$ 258,227,536	$ 3,897,681	$ 290,531,923	$ 2,135,937

See accompanying notes to the financial statements.

CITY OF READING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended December 31, 2024

	Business-Type Activities				Governmental Activities
	Water Fund	Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 35,608,865	$ 49,497,931	$ 10,097,577	$ 95,204,373	$ 362,251
Receipts from interfund charges	-	-	-	-	4,069,330
Payments to employees	(8,071,987)	(7,899,444)	(1,048,212)	(17,019,643)	(102,490)
Payments to suppliers for goods and services	(9,141,693)	(11,475,292)	(9,685,010)	(30,301,995)	(4,852,339)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	18,395,185	30,123,195	(635,645)	47,882,735	(523,248)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	-	-	126,607	126,607	-
Nonoperating revenues/expenses, net	124,526	53,245	-	177,771	-
Gain (loss) on sale of receivables	63,022	-	(63,022)	-	-
Transfers out, net	(10,892,393)	(6,000,000)	-	(16,892,393)	-
NET CASH (USED FOR) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(10,704,845)	(5,946,755)	63,585	(16,588,015)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of long-term debt	-	(170,959)	-	(170,959)	-
Interest paid on debt	(1,841,240)	(2,327,489)	-	(4,168,729)	-
Acquisition and construction of capital assets	(2,964,579)	(5,013,785)	(261,794)	(8,240,158)	-
Principal payments of notes and bonds	(4,530,131)	(9,099,287)	-	(13,629,418)	-
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(9,335,950)	(16,611,520)	(261,794)	(26,209,264)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	1,073,110	4,934,820	-	6,007,930	175,239
Proceeds from insurance settlement	-	-	162,726	162,726	-
Net redemption of investments	(3,958)	(2,511,847)	-	(2,515,805)	(175,239)
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,069,152	2,422,973	162,726	3,654,851	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(576,458)	9,987,893	(671,128)	8,740,307	(523,248)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	20,085,066	93,802,272	3,268,328	117,155,666	761,827
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 19,508,608	$ 103,790,165	$ 2,597,200	$ 125,895,973	$ 238,579
CASH AND CASH EQUIVALENTS - AT END OF YEAR CONSISTS OF THE FOLLOWING:					
Cash	$ 16,971,780	$ 103,790,165	$ 2,597,200	$ 123,359,145	$ 238,579
Restricted cash	2,536,828	-	-	2,536,828	-
	$ 19,508,608	$ 103,790,165	$ 2,597,200	$ 125,895,973	$ 238,579

CITY OF READING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED

Year Ended December 31, 2024

	Business-Type Activities				Governmental Activities
	Water Fund	Sewer Fund	Solid Waste Fund	Total Enterprise Funds	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	$ 13,539,660	$ 22,174,176	$ (794,582)	$ 34,919,254	$ (1,167,384)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	4,626,088	3,580,905	103,047	8,310,040	-
Gain on disposal of capital assets	(8,963)	-	-	(8,963)	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
Accounts receivable	322,197	372,548	346,464	1,041,209	112,139
Interfund receivables	189,641	(69,351)	(175,119)	(54,829)	(1,314)
Intergovernmental receivables	-	5,435,325	-	5,435,325	-
Inventory	46,396	-	-	46,396	-
Prepaid expenses	(201,872)	-	-	(201,872)	(106,622)
Deferred outflows of resources for pension	201,022	965,097	95,775	1,261,894	-
Deferred outflows of resources for other postemployment benefits	5,633	175,517	2,730	183,880	-
Accounts payable	(116,107)	1,277,365	(151,095)	1,010,163	(404,511)
Interfund payables	80,988	(1,559,094)	81,332	(1,396,774)	256,421
Accrued payroll	138,429	-	-	138,429	-
Compensated absences	-	26,434	5,789	32,223	817
Accrued claims	-	-	-	-	787,206
Escrow deposits	-	(414,319)	-	(414,319)	-
Net pension liability	(308,309)	(1,240,644)	(93,807)	(1,642,760)	-
Other postemployment benefits liability	-	(312,798)	30,237	(282,561)	-
Deferred inflows of resources for pension	(73,034)	(249,195)	(75,805)	(398,034)	-
Deferred inflows of resources for other postemployment benefits	(46,584)	(38,771)	(10,611)	(95,966)	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 18,395,185	$ 30,123,195	$ (635,645)	$ 47,882,735	$ (523,248)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital additions in accounts payable	$ -	$ 36,821	$ -	$ 36,821	$ -
Intergovernmental receivable related to debt	-	(173,907)	-	(173,907)	-

CITY OF READING

STATEMENT OF NET POSITION - FIDUCIARY FUNDS - TRUST FUNDS

December 31, 2024

	Pension/OPEB Trust Funds
ASSETS	
Cash	$ 1,857,292
Investments	325,590,855
Other current assets	6,000
TOTAL ASSETS	327,454,147
LIABILITIES	
Other current liabilities	2,005
NET POSITION HELD IN TRUST FOR PENSION/OPEB BENEFITS	$ 327,452,142

See accompanying notes to the financial statements.

CITY OF READING

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS - TRUST FUNDS

Year Ended December 31, 2024

	Pension/OPEB Trust Funds
ADDITIONS	
Contributions:	
Employer (including state aid)	$ 17,950,320
Employee	2,324,192
Transfer from general fund	600,000
Investment income:	
Interest and dividends	7,762,393
Net change in fair value of investments	26,066,453
TOTAL ADDITIONS	54,703,358
DEDUCTIONS	
Benefits, including tax withheld	24,844,619
Administrative expenses	1,192,770
Refunds paid	193,609
TOTAL DEDUCTIONS	26,230,998
CHANGES IN NET POSITION	28,472,360
NET POSITION HELD IN TRUST FOR PENSION/OPEB BENEFITS - BEGINNING OF YEAR	298,979,782
NET POSITION HELD IN TRUST FOR PENSION/OPEB BENEFITS - END OF YEAR	$ 327,452,142

The City of Reading, Pennsylvania, (the "City") was founded by Thomas and Richard Penn in 1748, established as a borough in 1783, and incorporated as a city on March 26, 1847. The City operates as a Home Rule/Strong Mayor form of government with a seven member council. The City provides municipal services to its residents. Those services include: public safety (police, fire, and emergency medical services), highways and streets, sanitation, economic development, cultural and recreational, public improvements, planning and zoning, and general administrative services.

The major accounting principles and practices followed by the City are presented below to assist the reader in evaluating the basic financial statements and the accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Reading, Pennsylvania, have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units.

The City used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the reporting entity has been defined to include all criteria for which the City is financially accountable or for which there is another significant relationship. Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such units in the City's financial statements are provided in the following paragraphs. Separately published audit reports of the component units are available for public inspection in the City's finance office.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

1. Blended Component Units

Some component units, despite being legally separate from the primary government (City), are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government. The component unit reported in this way is the Reading Area Water Authority.

Reading Area Water Authority - The Authority was formed pursuant to the Municipal Authority Act of 1986 for the purpose of providing certain utility services to the residents of the City, through lease of City-owned assets. The seven-member board of directors is appointed by the Mayor and approved by City Council. The Authority's primary activity is the operation of the water distribution system on behalf of the City. The Authority publishes a separate financial statement and is accounted for in the water fund, an enterprise fund, of the City's financial statements.

2. Discretely Presented Component Units

Component units which are not blended as part of the primary government are discretely presented, which entails reporting component unit financial data in a column separate from the financial data of the primary government. The component units presented in this way are the Reading Parking Authority and the Reading Redevelopment Authority.

Reading Parking Authority - The Authority was incorporated in 1953 under the provisions of the parking authority law. The entire board of directors is appointed by the Mayor, and members can be removed from the board at will. The Authority was formed to provide parking facilities to residential and commercial users. The Authority publishes a separate financial statement.

Reading Redevelopment Authority - The Redevelopment Authority was established pursuant to the Urban Redevelopment Act of 1945 (Public Law-991). The Redevelopment Authority is administered by a five-member board, all of whom are appointed by the Mayor. The Authority was established to provide a broad range of urban renewal and maintenance programs within the City, in addition to coordination of efforts to improve the economic vitality, the housing stock, and overall living conditions within the City. On November 9, 2020, the Authority executed a cooperation agreement with the City. The agreement notes the City's Director of Community Development will serve as the executive director of the Authority. The City will also provide administrative support. The Authority will reimburse $30,000 annually for these services.

3. Fiduciary Component Units

The City has determined it has four fiduciary component units. The City's three defined benefit pension plans and the other postemployment benefits plan are considered fiduciary component units and are reported as pension/OPEB trust funds in the fiduciary financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

4. Potential Component Units Excluded

Reading Housing Authority - The Housing Authority was established pursuant to the housing authority law to promote the availability of safe and sanitary dwelling accommodations at affordable rents to families of low income. The Housing Authority is administered by a five-member board, all of whom are appointed by the Mayor.

The Housing Authority operates low rent subsidized housing projects established within the City. The Authority manages the acquisition of federal and state funds for the construction and/or improvements to low income properties and reviews programs with the landlords to ensure compliance with various rules and regulations. The City has no financial accountability over the Housing Authority's operations.

The Housing Authority operates and reports on a fiscal year ending March 31.

5. Related Organizations

The City Council and Mayor are also responsible for appointing the members of several boards, but the City's accountability for these organizations does not extend beyond making appointments. These boards include, but are not limited to:

Stadium Commission	Vacant Property Review Committee
Shade Tree Commission	Board of Historical and Architectural Review
Plumbing Board of Examiners	Board of Health
Heating Board of Examiners	Electricians Examining Board

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as its discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements - continued

The statement of activities demonstrates the degree to which the direct expenses of a given function to the City are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes, including those dedicated for specific purposes, and other items not includable in program revenues are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are contributions made to the component units from the City's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

The City chooses to allocate indirect costs in a separate column in the government-wide financial statements. The City allocates indirect costs primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. These charges are separately reported in the statement of activities. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions within public services and parks.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds on the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The City Reports the Following Major Governmental Funds:

General Fund: This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds: These funds are established to account for the cash receipts of specific sources other than expendable trusts or major capital projects that are legally restricted to disbursements for specified purposes.

Community Development Fund: This special revenue fund was established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Grant Fund: This special revenue fund is established for the purpose of accumulating special purpose grants and other resources for purposes (other than for community development or capital projects) that are restricted to expenditures for specified purposes as imposed by outside parties. This fund also includes the fire escrow activity for the City.

American Rescue Plan Act Fund: This special revenue fund is established to account for the federal funds received and disbursed through the American Rescue Plan Act.

Capital Projects Funds: These funds were established to account for financial resources to be used for the acquisition or construction of major capital equipment or facilities (other than those financed by proprietary funds). Refer to combining financial statement schedules for more information.

The following are included in the capital projects funds:

Street Paving: Provides for designated funding for street paving projects.

City Facilities Construction: Provides for designated funding for City facility construction projects.

Housing Improvement: Provides for designated funding for City housing improvement projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The City Has the Following Nonmajor Governmental Funds:

Shade Tree Fund: This special revenue fund is established for the purpose of recording a certain portion of the tax millage to be used for the maintenance and expansion of the City's horticulture. The portion was .3 mills for the year ended December 31, 2024.

Liquid Fuels Fund: This special revenue fund is established to account for proceeds from the State Motor License Fund allocated by the Commonwealth of Pennsylvania. Under the act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Disbursements are legally restricted to disbursements for highway purposes in accordance with Department of Transportation regulations.

The City has the Following Major Enterprise Funds:

***Water Fund*:** This fund was established to account for the user charges and operating expenses of providing water services to City residents. It includes the activity of the Reading Area Water Authority, a blended component unit of the City.

Sewer Fund: This fund was established to account for the user charges and operating expenses of providing wastewater transportation and treatment.

***Solid Waste Fund*:** This fund is established to account for the user charges and operating expenses of providing trash and recycling collection services to City residents.

Enterprise funds are maintained to account for activities that are financed and operated in a manner similar to private business, with the intent that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered, primarily through user charges.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

Additionally, the City Reports the Following Fund Types:

Internal Service Fund: Internal Service Fund (Self-Insurance) is a proprietary fund used to account for the risk-management services (including claims for workers' compensation, general liability, and property damage) provided by one department or agency to other departments or agencies of the City, or to other governments on a cost-reimbursement basis. Since the majority of this fund supports governmental activities, its activity is included in the governmental activities in the government-wide statements.

Pension/OPEB Trust Funds: These fiduciary funds were established to provide pension benefits for qualified City employees. The principal revenue source for these funds is employer and employee contributions (includes Police, Fire, and Officers' and Employees' Trust Funds). Also included is the Other Postemployment Benefit Trust Fund, which was established to provide resources to pay future other postemployment benefit expenses. All four plans are considered fiduciary component units.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting* as are the proprietary and the fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, and solid waste fund are charges to customers for sales and services. The internal service fund principal operating revenues are charges to fund self-insurance workers' compensation and liability insurance claims. The water and sewer funds also recognize as operating revenue the portion of tapping fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spending resources." Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting - continued

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, and licenses associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

E. Financial Position

1. Cash and Cash Equivalents

The City's reporting entity considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

For funds other than Pension Trust Funds, Pennsylvania Third Class City Code allows the City to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the City to invest in certificates of deposit of banks, savings and loan associations, and savings banks both within and outside the Commonwealth of Pennsylvania provided such amounts are insured by the FDIC or other like insurance and that deposits in excess of such insurance are collateralized by the depository. The City may also invest in shares of registered investment companies, provided that investments of such companies are in authorized investments as noted previously.

The law provides that the City's Pension Trust Funds may be invested in any form or type of investment or financial instrument when determined by the City to be prudent. See Note 10 for further discussion of the City's investment policy related to the Pension Trust Funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

2. Investments - continued

Investments for all funds are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net position.

3. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventory is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

5. Capital Assets, Depreciation, and Amortization

The City's property and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at acquisition value of the item at the date of donation. Right-to-use assets are reported when a qualifying lease liability is incurred.

The City generally capitalizes machinery, equipment, and vehicles with a cost of $5,000 or more and other assets with a cost of $25,000 or more as purchase and construction outlays occur. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable and amortizable assets are as follows:

Assets	Years
Infrastructure	25 - 50
Buildings	10 - 60
Improvements*	5 - 83
Machinery and equipment	3 - 15
Right-to-use lease assets	3 - 8

* Includes improvements to buildings, roads, water distribution and sewer collection systems.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

6. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The City periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the City's long-lived assets were considered to be impaired as of December 31, 2024.

7. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

8. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used for time off or settled (for example paid in cash to the employee) during or upon separation from employment. The liability is reported as incurred and includes salary-related benefits where applicable. The City has elected the FIFO (first in first out) flow assumption to estimate the related liability.

City policies permit employees to accumulate earned but unused sick days based on contractual agreements. Payments for sick days are expensed as paid in the governmental fund statements. Accumulated sick leave that is expected to be liquidated with expendable available financial resources and that has matured is reported as an expenditure and a liability in the governmental funds. Accumulated sick leave that is not expected to be liquidated with expendable available financial resources and that has not matured is reported as a long-term liability in the proprietary funds and the government-wide financial statements and is expensed as incurred. Additionally, all employees are permitted to accrue compensatory time up to 480 hours, paid at their standard hourly rate upon termination.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Other bond issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Leases

Lessor

The City is a lessor for noncancellable leases of building space, land, and First Energy Stadium. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Also included within the lease term are qualifying lease renewals or early termination options that the City is reasonably certain to exercise or not. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

10. Leases - continued

Lessor- continued

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee

The City is a lessee for noncancellable leases of furniture, building space, equipment, and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Also included within the lease term are any qualifying lease renewals or early termination options that the City is reasonably certain to exercise or not exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets as right-to-use lease assets and lease liabilities are reported with liabilities on the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

11. Pension

The City administers three single employer defined benefit pension plans covering all full-time police officers, full-time paid firemen, and nonuniform employees: the City of Reading Police Pension Plan (PPP), the City of Reading Paid Firemen's Pension Plan (PFPP), and the City of Reading Officers' and Employees' Pension Plan (O&E).

Financial information of the pension plans (Plans) is presented on the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Employer contributions to the Plans are recognized when due as required by applicable law. Investments of the Plans are reported at fair value.

12. Other Postemployment Benefits (OPEB)

The City's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures.

The City sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of items that qualify for reporting in this category, which are a deferred charge on bond refunding, deferred outflows of resources for pension, and deferred outflows of resources for other postemployment benefits, which are reported on the government-wide statement of net position, as well as the proprietary fund statements.

A *deferred charge on bond refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows of resources for pension relates to the City's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, or changes in the internal allocation of the net pension liability among funds. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow.

Deferred outflows of resources for other postemployment benefits relate to the City's other postemployment benefit liability and other postemployment benefits expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, or changes in the internal allocation of the other postemployment benefit liability among funds. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

13. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items that qualify for reporting this category.

Unavailable revenue arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue primarily from property taxes and other charges (alarm fees). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources for lease revenue relates to lessor agreements the City has for its facilities with third parties. The deferred inflows of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the terms of the leases.

Deferred inflows of resources for pension relates to the City's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual experience, or changes in the internal allocation of the liability among funds. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for other postemployment benefits relate to the City's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

14. Encumbrances

Appropriations in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitment. Even though goods and services have not been received, the transactions are accounted for as a reservation of fund balances in the year the commitment is made. Appropriations lapse at the end of the year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

15. Net Position and Flow Assumptions

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net investment in capital assets component of net position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. If there are unspent related debt proceeds at year end, the portion of debt attributed to the unspent bond proceeds is not included in the calculation of net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

16. Fund Balance Policies and Flow Assumptions

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The restricted fund balance represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. At December 31, 2024, the City had restrictions through grant agreements, enabling legislation, unspent tax revenues, and debt covenants as described in the governmental funds balance sheet and Note 16.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

16. Fund Balance Policies and Flow Assumptions - continued

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council by resolution may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget and policy. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City has a fund balance policy stating that the City shall maintain an unassigned fund balance in the general fund of 20% based on the annual general fund budget or a minimum of $22,000,000, whichever is higher, to allow for proper cash flow to fund operations and to allow for monthly contributions to the pension fund. The minimum fund balance under this policy for 2024 is $22,000,000.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Adoption of Accounting Standard

GASB Statement No. 101 - In June 2022, GASB issued Statement No. 101 *Compensated Absences*. The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement were implemented during fiscal year 2024. See Note 14.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data
The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

During July through September, the City department heads are required to submit requested operating budgets to the City managing director for the fiscal year commencing the following January 1. The budgets submitted include proposed expenditures along with a narrative justification for such expenditures. Budgets, as submitted, are subject to a detailed review by the director of finance and managing director. This review process, which continues through November, includes meetings with the City Council, comparisons with prior year's spending patterns, and forecasting of future needs.

As required by the Home Rule Charter, the proposed budget is made available for public inspection for at least 30 days prior to the date of adoption, with adoption required by December 15. Subsequent to the budget approval, the City Council adopts the appropriation measures required to put the budget into effect and fix the rate of taxation.

Should supplemental budget appropriations be required, the City Council may, within statutory limitations, authorize the transfer of funds between line items by means of a resolution approved at a regularly scheduled council meeting. Expenditures may not legally exceed budgeted amounts at the line item level.

Annual budgets providing comprehensive appropriations are legally adopted for all governmental funds except the community development fund, grant fund, and American Rescue Plan fund which are all special revenue funds, and capital projects funds. Budgets are adopted on a modified accrual basis; accordingly, revenues are reported when susceptible to accrual and expenditures are recorded when incurred.

Deficit Fund Balance or Net Position of Individual Funds
As of December 31, 2024, the Self-Insurance Fund reported a total unrestricted (deficit) net position of $300,355. The primary reason for the deficit results from an increase in accrued claims liability of $787,206, causing the fund to realize an overall decrease in net position of $992,145. City administration plans to recoup this unrestricted (deficit) by increasing charges for services revenue by an additional $300,000 in 2026, as part of the normal budget development and adoption process.

Excess of Expenditures Over Appropriations
For the year ended December 31, 2024, the General Fund had excess expenditures over appropriations of $1,502,875. This was covered with excess revenues received.

NOTE 3 - CASH AND INVESTMENTS

The City's investment authority for all funds, except Pension Trust Funds, is set by state statute to include: U.S. Treasury Bills, short-term U.S. Government or Agency obligations, deposits in savings accounts, time deposits or share accounts, obligations of the United States or any of its agencies or instrumentalities, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities, and shares of any investment company which invests only in the above or certificates of deposit. Pursuant to Act 72 of the 1971 Session of the General Assembly, a depository must pledge assets to secure state and municipal deposits. The pledged assets must at least be equal to the total amount of such assets required to secure all of the public deposits at the depository and may be on a pooled basis. Additionally, all such pledged assets must be delivered to a legal custodian. Fiduciary fund investments are authorized by 20 Pa.C.S. Ch. 73 for any pension or retirement plan.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the City adheres to state statutes. There are no deposits or investment transactions during the year that were in violation of either state statutes or the policy of the City.

The carrying amount of cash, restricted cash, and investments at December 31, 2024, consists of the following:

	Primary Government	Blended Component Unit	Total
Petty cash	$ 3,100	$ 1,000	$ 4,100
Demand deposit accounts	189,196,184	16,724,496	205,920,680
Pooled cash and investments	3,273,197	-	3,273,197
Investments	396,810,030	2,536,828	399,346,858
			$ 608,544,835

Classification per statement of net position and fiduciary fund statements:	
Unrestricted cash	$ 202,985,528
Investments	74,492,372
Restricted cash and investments	3,618,788
Trust cash	1,857,292
Trust investments	325,590,855
	$ 608,544,835

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Deposits
Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of December 31, 2024, the carrying amount of the City's deposits was $205,920,680 and the bank balance was $205,669,839. Of the balance, $1,209,882 was covered by federal depository insurance and $204,459,957 was exposed to custodial credit risk but covered by the collateralization requirements in accordance with Act 72 of the 1971 Session of the General Assembly.

Pooled cash and investments
As of December 31, 2024, the City had the following pooled cash:

	Amortized Cost
PA Local Government Investment Trust (PLGIT):	
PLGIT/ Reserve- Class	$ 452,999
PLGIT/ PRIME	2,820,198
Total pooled cash	$ 3,273,197

Certain external investments held by the City, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The City measures those investments, which include $3,273,197 (PLGIT) at amortized cost.

A portion of the City's deposits were in the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT acts like a money market mutual fund in that the objective is to maintain a stable net asset value of $1 per share, is rated by nationally recognized statistical rating organization, and is subject to an independent annual audit.

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940.

PLGIT/Reserve-Class is an option which requires a minimum investment of $50,000, a one day minimum investment period, and limits redemptions or exchanges to two per calendar month. However, there is no minimum investment period and dividends are paid monthly.

PLGIT/Prime is a variable rate investment portfolio. There is no minimal balance requirement and redemptions/exchanges are limited to two per calendar month.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pooled cash and investments - continued
The City's cash equivalent investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the City's position in the external investment pool is the same as the value of the pool shares. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

As of December 31, 2024, the entire PLGIT book balance of $3,273,197 is considered to be a cash equivalent for cash flow presentation on the government-wide and fund financial statements.

As of December 31, 2024, the City had the following nonpension investments:

			Investment Maturities at December 31, 2024		
Investment Type	Yield	Fair Market Value	<1 Year	1-5 Years	Fair Value Level
Investments measured at fair value:					
Money market funds	N/A	$ 2,447,552	N/A	N/A	N/A
Accrued income/ cash equivalents	N/A	166,832	N/A	N/A	N/A
U.S. Government issues:					
U.S. Treasury Bills	N/A	69,335,127	$ 69,335,127	$ -	2
U.S. Treasury Notes	1.875%-4.75%	2,089,862	1,300,607	789,255	2
Total nonpension investments		$ 74,039,373			

Level 2 securities are valued using a matrix pricing technique or comparable securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk
The City does have a formal investment policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Credit Risk
The City does have an investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2024, the City's investments were rated as:

Investments	Standard & Poor's (Moody's & Fitch)
U.S. Treasury Funds	N/A (AAA)
U.S. Treasury Notes	N/A (AAA)

The Blended Component Unit, Reading Area Water Authority, does not have an investment policy that would limit its investment choices to certain credit ratings. However, the Authority limits the type of investments permitted as defined in the Local Government Unit Debt Act, the Municipal Authorities Act, and the related trust indentures.

Concentration of Credit Risk
The City places no limit on the amount the City may invest in any one issuer.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. There are no funds exposed to custodial credit risk.

Pension Trust Funds

The pension trust funds' investments are held separately from those of other City funds. Assets in the pension trust funds are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition. The City maintains investment policies that summarize the investment philosophy of the City and establishes investment guidelines and performance objectives for the Police, the Paid Firemen and the City Officers' and Employees' Pension Funds.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pension Trust Funds - continued

As of December 31, 2024, the City had the following investments in its pension trust funds:

Investment Type	Yield	Fair Market Value	Fair Value Level
Police Pension Fund			
Investments measured at fair value:			
Money market funds	4.10%-4.19%	$ 674,106	N/A
Accrued income/cash equivalents	0.10%-4.64%	3,630,715	N/A
Common stock	N/A	41,764,468	1
Corporate bonds and notes	1.49%-9.44%	12,901,599	2
Other asset backed securities	3.44%-5.57%	5,923,074	2
Equity mutual funds:			
Diversified Emerging Markets	3.34%	4,312	1
American Growth Funds	0.08%	56,405	1
Large Blend	1.22%-1.24%	26,174,019	1
Foreign Large Blend	3.34%-3.37%	7,176,252	1
Large Cap Value	2.30%	13,570,044	1
Real Estate	3.23%	2,781	1
Fixed income mutual funds:			
Intermediate Term Bond	3.68%	11,743	1
Intermediate Core Bond	3.55%	9,685	1
High Yield Bond	5.63%	10,093	1
Multisector Bond	5.48%	9,946	1
Ultrashort Bond	3.30%-5.15%	12,411,649	1
World Bond	5.33%	6,215	1
Equity traded products:			
Equity ETPs	0.59%	10,873,472	1
Fixed Income ETPs	5.03%	376,661	1
US Government Issues:			
US Treasury notes			
Maturity <1 year	4.61% - 4.97%	666,017	1
Maturity 1-5 years	1.20%-4.84%	11,496,516	1
Maturity 6-10 years	1.36%-4.52%	1,598,572	1
Maturity > 10 years	2.63% -4.62%	1,825,126	1
Real estate investments	N/A	5,500,762	3
Investments measured at fair value - Police Pension		156,674,232	
Reconciling items		297,592	
Total investments measured at fair value - Police Pension		$ 156,971,824	

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pension Trust Funds - continued

Investment Type	Yield	Fair Market Value	Fair Value Level
Fire Pension Fund			
Investments measured at fair value:			
Money market funds	N/A	$ 128,347	N/A
Accrued income/cash equivalents	4.64%	2,422,887	N/A
Common stock	N/A	21,733,144	1
Corporate bonds and notes	1.49%-9.44%	6,884,438	2
Other asset backed securities	3.44%-5.57%	3,020,432	2
Equity mutual funds:			
Large Blend	1.24%	13,900,601	1
Foreign Large Blend	3.27%	3,717,300	1
Large Cap Value	2.30%	7,668,673	1
Fixed income mutual funds:			
Ultrashort Bond	3.30%	6,731,130	1
Equity traded products:			
Equity ETPs	0.59%	5,838,486	1
Fixed Income ETPs	5.03%	66,470	1
US Government Issues:			
US Treasury notes			
Maturity <1 year	4.61% - 4.97%	396,820	2
Maturity 1-5 years	1.20%-4.84%	6,703,873	2
Maturity 6-10 years	3.10%-4.52%	725,400	2
Maturity > 10 years	2.63% -4.62%	962,848	2
Real estate investments	N/A	3,215,731	3
Other	2.16%	2,484,460	2
Investments measured at fair value - Fire Pension		86,601,040	
Reconciling items		173,857	
Total investments measured at fair value - Fire Pension		$ 86,774,897	

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pension Trust Funds - continued

Investment Type	Yield	Fair Market Value	Fair Value Level
Officers' and Employees' Pension Fund			
Investments measured at fair value:			
Money market funds	N/A	$ 132,764	N/A
Accrued income/cash equivalents	4.64%	1,849,404	N/A
Common stock	N/A	21,326,980	1
Corporate bonds and notes	1.49%-9.44%	6,483,879	2
Other asset backed securities	3.44%-5.56%	3,054,567	2
Equity mutual funds:			
Large Blend	1.24%	13,095,824	1
Foreign Large Blend	3.27%	3,442,020	1
Large Cap Value	2.30%	7,196,931	1
Fixed income mutual funds:			
Ultrashort Bond	3.30%	6,603,877	1
Equity traded products:			
Equity ETPs	0.59%	5,308,399	1
Fixed Income ETPs	5.03%	59,247	1
US Government Issues:			
US Treasury notes			
Maturity 1-5 years	1.20%-4.84%	5,578,945	2
Maturity 6-10 years	3.10%-4.52%	737,065	2
Maturity > 10 years	2.63% -4.62%	897,484	2
Real estate investments	N/A	3,089,578	3
Investments measured at fair value - Officers' and Employees' Pension		78,856,964	
Reconciling items		166,972	
Total investments measured at fair value - Officers' and Employees' Pension		$ 79,023,936	
TOTAL PENSION INVESTMENTS		$ 322,770,657	

Level 1 securities are valued using quoted market prices. Level 2 securities are valued using a matrix pricing technique or comparable securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 securities are valued on a percentage of ownership from the audited financial statements issued by the real estate holder.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pension Trust Funds - continued

Credit Risk
The risk that an issuer or other counterparty to an investment will not fulfill its obligation is called credit risk. The pension trust funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2024, the pension trust funds' investment in corporate bonds ranged from AAA to BB.

Investments held in mutual funds are not subject to credit risk.

Concentration of Credit Risk
The City places no limit on the amount the City may invest in any one issuer. There were no individual investments in any pension plan that constituted more than 5% of any of the pension plan net assets available for benefits at December 31, 2024. In addition, the plans did not have any investment transactions with related parties during the year.

Interest Rate Risk
The pension trust funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Component Unit (Reading Parking Authority)

Under State Statute, the Authority is permitted to invest funds in:

> Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
>
> Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Component Unit (Reading Parking Authority) - continued

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. As of December 31, 2024, the carrying amount of the Authority's deposits was $2,303,925 and the bank balance was $2,381,213. As of December 31, 2024, $250,000 of the bank balance was covered by federal depository insurance and the remainder was exposed to custodial credit risk, but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the General Assembly.

Investments

As of December 31, 2024, the Authority had the following investments:

Investment	Fair Value	Cost	Maturities	S&P Rating	Level
Money market funds	$ 5,594,866	$ 5,594,866	N/A	N/A	1
Other:					
PA Invest Program	1,311	1,311	N/A	AAAm	N/A
	$ 5,596,177	$ 5,596,177			

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Money market funds are not subject to fair value hierarchy and are reported at amortized cost.

Certain external investments held by the Authority, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The Authority measures those investments, which include the Pennsylvania Treasurer's INVEST Program for Local Governments, at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Component Unit (Reading Parking Authority) - continued

Investments - continued
A portion of the Authority's deposits are in the Pennsylvania Treasurer's INVEST Program for Local Governments (INVEST). INVEST acts like a money market fund and is a family of highly rated investment pools designed specifically for local government and nonprofit groups. INVEST is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

The INVEST fund invests in the following:

Federal obligations (United States Treasury bills, notes, bonds, strips, and "short-term" United States agency obligations) which have a maturity of up to and including 397 days from the date of settlement. These are considered level one investments.

Repurchase agreements with bank or non-bank financial institutions. All repurchase agreements held by the portfolios are secured by U.S. Government Obligations and/or Government National Mortgage Association Obligations, which have explicit full faith and credit from the United States Government. Securities pledged as collateral for Buy/Sell Repurchase Agreements are held by a third-party custodian bank until the agreements mature. Each agreement requires that the market value of the collateral be sufficient to cover 102% of payments of interest and principal; however, in the event of default or bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings.

Other debt instruments of banks, financial institutions, and non-financial institutions that are authorized for the shareholder by Commonwealth of Pennsylvania statute, so long as those investment criteria are as restrictive as the provisions of Pennsylvania statutory authority. Other debt instruments may include certificates of deposit and money market funds.

The INVEST account has no maximum or minimum balance requirements or limitations or restrictions on withdrawals. Securities are valued at amortized cost, which approximates market value.

The INVEST Daily Pool portfolio is comprised of the following investments at December 31, 2024:

Certificates of deposit	10%
Commercial paper	55%
Federal Home Loan Banks	7%
Money market funds	28%
	100%

Interest Rate Risk
The Authority does not have a formal investment policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Component Unit (Reading Parking Authority) - continued

Credit Risk
The Authority does not have an investment policy that would limit its investment choices to certain credit ratings. All of the certificate of deposits are fully covered by the federal depository insurance (FDIC).

Concentration of Credit Risk
The Authority places no limit on the amount the Authority may invest in any one issuer. More than 5% of the Authority's investments are in Mountcliff Funding, LLC, Lma Americas LLC, and Alinghi Funding Co LLC Commercial Paper.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the Authority will not be able to recover the value of its investments or the collateral security that are in the possession of an outside party. The Authority has no investments subject to custodial credit risk.

Component Unit (Reading Redevelopment Authority)

The carrying amount of the Authority's cash and cash equivalents as of December 31, 2024 was $598,457 and the bank balance was $611,859. The total bank balance was covered by FDIC insurance.

The Authority has funds invested with the Commonwealth of Pennsylvania's INVEST Program with a market value and a carrying value of $459,316. The INVEST Program is an investment pool designed for local government and nonprofit groups. The INVEST Program funds are managed by the Pennsylvania Department of Treasury. The INVEST Program's authorized investments are limited to Federal Obligations, Repurchase Agreements with bank or nonbank financial institutions, and other debt instruments of banks, financial institutions, and nonfinancial institutions that are authorized for the shareholder by Commonwealth of Pennsylvania statute. The funds are reported as cash equivalents.

The INVEST account has no maximum or minimum balance requirements or limitations or restrictions on withdrawals. Securities are valued at amortized cost which reflects approximate market values.

Credit Risk
The Authority does not have an investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2024, the Authority's investments were all rated as AAAm by a nationally recognized rating organization.

Interest Rate Risk
The Authority does not have a formal investment policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNAVAILABLE REVENUE

Governmental Fund Receivables, Uncollectible Accounts, and Unavailable Revenue

Accounts Receivable

	General Fund	Community Development Fund	Total Governmental Funds
Accrued Registered Bills	$ 97,277	$ -	$ 97,277
Reading Parking Authority	146,750	-	146,750
Reading School District	83,991	-	83,991
Rebates	1,211,908	-	1,211,908
EMS Fees	1,336	-	1,336
Alarm Fees	279,694	-	279,694
Reading Public Library	710,402	-	710,402
Franchise Fee	123,146	-	123,146
Other	242,649	37,151	279,800
	$ 2,897,153	$ 37,151	$ 2,934,304

There was no allowance for doubtful accounts related to governmental funds' accounts receivable at December 31, 2024.

Real Estate Taxes and Receivables

Real estate taxes are based on assessed valuations provided by Berks County (County) and are levied on January 1 and billed March 1. The 2024 assessed value of real property totaled $1,430,307,500. These taxes are billed and collected by the County of Berks. Taxes paid through April 30 are given a 2% discount. Amounts paid after June 30 are assessed a 10% penalty. Any uncollected balances as of January 15 in the year following the billings are sent to the delinquent tax collector to be liened. Current tax collections for the year ended December 31, 2024, were 91% of the tax levy.

For 2024, the City real estate taxes were levied at 18.129 mills; 17.629 mills for general purposes, .300 mills for Shade Tree activity, and .200 mills for the Library.

NOTE 4 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNAVAILABLE REVENUE - CONTINUED

Governmental Fund Receivables, Uncollectible Accounts, and Unavailable Revenue - continued

Real Estate Taxes and Receivables - continued

The City's taxes receivable at December 31, 2024, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
General Fund:					
Property tax	$ 3,947,391	$ 400,296	$ 3,547,095	$ 811,836	$ 3,135,555
Earned Income tax	1,718,033	-	1,718,033	1,718,033	-
Real estate transfer tax	595,672	-	595,672	595,672	-
Admissions tax	110,576	-	110,576	110,576	-
Other	434,681	-	434,681	434,681	-
General Fund Total	6,806,353	400,296	6,406,057	3,670,798	3,135,555
Nonmajor Funds:					
Property tax (Shade Tree)	57,120	4,043	53,077	9,708	47,412
Total	$ 6,863,473	$ 404,339	$ 6,459,134	$ 3,680,506	$ 3,182,967

Business-Type Activities Receivables, Uncollectible Accounts, and Unavailable Revenue

Significant receivables include amounts due from customers primarily for utility services. An allowance for uncollectible accounts is estimated using accounts receivable outstanding for more than 60 to 90 days depending on the fund. Related amounts are shown in the following table:

	Major Enterprise				Component Unit
	Water	Sewer	Solid Waste	Total Enterprise Funds	Reading Parking Authority
Accounts receivable, gross	$ 9,061,486	$ 7,757,179	$ 4,057,790	$ 20,876,455	$ 824,361
Less: allowance for uncollectible accounts	(3,595,783)	(3,868,002)	(2,575,118)	(10,038,903)	(345,154)
Net accounts receivable	$ 5,465,703	$ 3,889,177	$ 1,482,672	$ 10,837,552	$ 479,207

Included in the Water Fund accounts receivable is $1,162,581 of unbilled water usage as of December 31, 2024.

NOTE 5 - RESTRICTED ASSETS - LIMITED AS TO USE

Pursuant to an Indenture of Trust agreed to by the primary government and discretely presented component unit, or by law, the following restricted cash and investments are held at December 31, 2024:

	Governmental Activities		Business-Type Activities	Component Unit
	General Fund	Grant Fund	Water Fund	Reading Parking Authority
Debt service account	$ -	$ -	$ 6,294	$ -
Debt service reserve account	-	-	2,519,514	1,000,000
Clearing account	-	-	11,020	-
Planning escrow	203,565	-	-	-
Fire escrow	-	835,620	-	-
Pottiger Trust	-	42,775	-	-
	$ 203,565	$ 878,395	$ 2,536,828	$ 1,000,000

NOTE 6 - LONG-TERM RECEIVABLES/ DEFERRED INFLOWS OF RESOURCES

Future Lease Rental Receivable

The City has entered into various lease agreements as lessor for the use of City land and property. The leases have interest rates of 5% and varying repayment terms through maturity in the year ended December 31, 2048. Included within these leases is a lease agreement related to First Energy Stadium. During the year ended December 31, 2011, the City issued the 2010 term note in the amount of $3,245,566 to provide a source of funds for the renovation of First Energy Stadium. In 2013, the note was refinanced by the General Obligation Note Series B of 2012 in the principal amount of $3,111,000. The Stadium is owned by the City and leased to a third party. The lease was amended in December 2012 to provide, among other things, annual rentals of varying amounts to be paid to the City for a term of 15 years coinciding with the life of the term note from the third party (December 31, 2027). The lease also provides the option to extend for up to two additional five-year periods. The proceeds of these lease payments are then used primarily to satisfy the annual debt service on the term note.

As of December 31, 2024, the value of the lease receivable is $1,521,100 with a related deferred inflow of $1,998,830. The City recognized lease revenue of $224,849 during the year ended December 31, 2024, including interest revenue of $80,984.

NOTE 6 - LONG-TERM RECEIVABLES/ DEFERRED INFLOWS OF RESOURCES - CONTINUED

Future Lease Rental Receivable - continued

Component Unit - Reading Parking Authority
As of December 31, 2023, the Authority's receivable for lease payments was $943,293. Also, the Authority has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was $930,832.

The following is a summary of the total lease revenue as of December 31, 2024:

Lease-related revenue:	
Parking spaces, garages, and buildings	$ 592,312
Interest revenue	60,608
	$ 652,920

The following is a schedule of future minimum lease receipts for leases with initial or remaining terms in excess of one year as of December 31, 2024:

Year	Principal	Interest	Total
2025	$ 595,968	$ 30,763	$ 626,731
2026	44,374	16,106	60,480
2027	46,644	13,836	60,480
2028	49,030	11,450	60,480
2029	51,539	8,941	60,480
2030 - 2032	155,738	10,583	166,321
	$ 943,293	$ 91,679	$ 1,034,972

Loans and Notes Receivable

The City of Reading, Pennsylvania, has issued various loans and notes receivable to promote community development activity within the City. The loans and notes have varying repayment schedules based on timing and complexity of the related project. The City has also estimated an allowance for doubtful accounts of $3,579,772 included in notes receivable on the statement of net position. Total loans and notes outstanding at December 31, 2024, are $95,333 and $5,478,065, respectively, net of allowance.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The City had interfund receivables and payables balances for the following accounts at December 31, 2024:

	Interfund Receivables	Interfund Payables
Governmental Activities		
Major funds:		
General	$ 3,826,916	$ 536,383
Community Development	388,412	519,655
Grant Fund	20,417	1,321,171
American Rescue Plan	500,000	-
Capital Projects	343,354	496,384
Nonmajor governmental funds	523,260	-
Business-Type Activities		
Major funds:		
Water	7,832	352,419
Sewer	122,294	2,467,995
Solid waste	182,119	85,873
Internal Service	121,697	256,421
	$ 6,036,301	$ 6,036,301

Interfund receivables and payables are a result of timing differences between when a cost is incurred and when it is paid or the result of interfund charges not yet reimbursed.

Accounts are satisfied as resources become available, which may not be within one year.

The City had transfers in and out for the following amounts at December 31, 2024:

	Transfers In	Transfers Out
Governmental Activities		
General	$ 6,005,248	$ 5,250,000
General - lease payments	10,303,468	-
Capital projects	5,088,926	514,052
Nonmajor governmental funds	658,803	-
Business-Type Activities		
Water - lease payments	-	10,892,393
Sewer	-	6,000,000
Fiduciary Funds		
OPEB Trust Fund	600,000	-
	$ 22,656,445	$ 22,656,445

Current year transfers and payments within the reporting entity are for the purpose of transferring lease payments, future capital spending, and subsidizing operating functions.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increase	Decrease/ Reclassifications	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	$ 2,885,605	$ -	$ -	$ 2,885,605
Construction in progress	40,135,779	12,681,293	(37,402,441)	15,414,631
Total capital assets not being depreciated	43,021,384	12,681,293	(37,402,441)	18,300,236
Capital assets being depreciated:				
Infrastructure	13,127,228	26,293	12,322,252	25,475,773
Buildings	33,045,770	-	9,728,121	42,773,891
Improvements	51,003,284	2,800,853	14,054,003	67,858,140
Machinery and equipment	37,414,270	3,512,915	(843,968)	40,083,217
Totals at historical cost	134,590,552	6,340,061	35,260,408	176,191,021
Less accumulated depreciation for:				
Infrastructure	5,457,590	620,439	-	6,078,029
Buildings	21,550,512	674,455	-	22,224,967
Improvements	25,666,890	2,507,045	-	28,173,935
Machinery and equipment	24,354,734	2,616,560	(1,756,691)	25,214,603
Total accumulated depreciation	77,029,726	6,418,499	(1,756,691)	81,691,534
Total capital assets being depreciated, net	57,560,826	(78,438)	37,017,099	94,499,487
Right-to-use lease assets being amortized:				
Vehicles	131,261	-	-	131,261
Furniture	38,915	-	-	38,915
Buildings	534,891	708,515	(534,891)	708,515
Equipment	3,911,374	-	-	3,911,374
Total lease assets being amortized	4,616,441	708,515	(534,891)	4,790,065
Less accumulated amortization for:				
Vehicles	70,318	35,159	-	105,477
Furniture	9,434	4,717	-	14,151
Buildings	493,745	383,151	(534,891)	342,005
Equipment	54,324	237,955	-	292,279
Total accumulated amortization	627,821	660,982	(534,891)	753,912
Total right-to-use lease assets being amortized, net	3,988,620	47,533	-	4,036,153
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	$104,570,830	$ 12,650,388	$ (385,342)	$ 116,835,876

NOTE 8 - CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increase	Decrease/ Reclassifications	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	$ 2,136,073	$ -	$ -	$ 2,136,073
Construction in progress	196,318,967	4,094,168	(1,079,161)	199,333,974
Total capital assets not being depreciated	198,455,040	4,094,168	(1,079,161)	201,470,047
Capital assets being depreciated:				
Buildings	45,944,060	-	-	45,944,060
Improvements	176,147,177	2,409,343	1,071,235	179,627,755
Machinery and equipment	33,098,408	1,799,317	(471,565)	34,426,160
Totals at historical cost	255,189,645	4,208,660	599,670	259,997,975
Less accumulated depreciation for:				
Buildings	39,994,791	912,739	-	40,907,530
Improvements	98,636,481	5,756,130	-	104,392,611
Machinery and equipment	24,598,595	1,607,075	(406,270)	25,799,400
Total accumulated depreciation	163,229,867	8,275,944	(406,270)	171,099,541
Total capital assets being depreciated, net	91,959,778	(4,067,284)	1,005,940	88,898,434
BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET	$ 290,414,818	$ 26,884	$ (73,221)	$ 290,368,481

NOTE 8 - CAPITAL ASSETS - CONTINUED

Depreciation and amortization expense was charged to functions of the primary government as follows:

Governmental Activities		Business-type Activities	
General government	$ 1,481,341	Water system	$ 4,591,993
Public safety:		Sewer system	3,580,905
Police	1,416,280	Recycling	103,046
Fire	1,415,252		
Public works - highway and streets	936,783		$ 8,275,944
Public works - other	67,858		
Community development	505,441		
Culture and recreation	1,256,526		
	$ 7,079,481		

Reading Parking Authority's capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increase	Decrease/ Reclassifications	Ending Balance
COMPONENT UNIT - READING PARKING AUTHORITY				
Capital assets not being depreciated:				
Land	$ 4,223,333	$ 3,000	$ (38,785)	$ 4,187,548
Construction in progress	3,388,192	663,971	(58,732)	3,993,431
Total capital assets not being depreciated	7,611,525	666,971	(97,517)	8,180,979
Capital assets being depreciated:				
Buildings	66,079,316	-	-	66,079,316
Improvements	64,962	20,500	-	85,462
Machinery and equipment	4,867,250	218,217	(23,494)	5,061,973
Totals at historical cost	71,011,528	238,717	(23,494)	71,226,751
Less accumulated depreciation	39,742,684	1,959,422	(18,991)	41,683,115
Total capital assets being depreciated, net	31,268,844	(1,720,705)	(4,503)	29,543,636
Right-to-use assets being amortized:				
Subscriptions	-	109,062	-	109,062
Less accumulated amortization for:				
Subscriptions	-	-	-	-
Total right-to-use assets being amortized, net	-	109,062	-	109,062
COMPONENT UNIT, CAPITAL ASSETS, NET	$ 38,880,369	$ (944,672)	$ (102,020)	$ 37,833,677

NOTE 9 - LONG-TERM LIABILITIES

The City's bonds and notes payable outstanding are secured by the pledge of the full faith, credit, and taxing power of the City of Reading.

Governmental Activities	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year	Due Within One Year
Bonds Payable and Notes Payable					
General Obligation Note Series B of 2012, with 4.8% fixed interest rate through February 2018, converting to a variable rate equal to the Bank's prime rate through 2027, which shall not fall below 4.0% nor exceed 12.0%. Proceeds were used to refinance the term loan of 2010 and pay note issuance costs. The net cash savings from the refunding was $175,580.	$ 1,062,000	$ -	$ 247,000	$ 815,000	$ 259,000
General Obligation Bonds Series of 2014, with 1.427% - 5.300% interest payable through 2033. Proceeds were used to currently refund the remaining General Obligation Bonds Series C, D, and E of 2008 and pay bond issuance costs. The net cash savings from the refunding was $4,012,417.	857,669	-	857,669	-	-
General Obligation Bonds Series A of 2015 with .40% - 4.00% interest payable through 2033. Proceeds were used to currently refund the Redevelopment Authority of the City of Reading's Guaranteed Lease Revenue Bonds, Series of 2003, advance refund a portion of the City's General Obligation Bonds Series of 2008, and pay bond issuance costs. The combined net cash savings from the refunding, including savings from the issuance of General Obligation Bonds Series B of 2015, was $2,985,436.	10,665,000	-	910,000	9,755,000	945,000
General Obligation Bonds Series B of 2015 with .95% - 4.67% interest payable through 2031. Proceeds were used to advance refund the City's General Obligation Bonds, Series of 2006 and pay bond issuance costs. The combined net cash savings from the refunding, including savings from the issuance of General Obligation Bonds Series A of 2015 was $2,985,436.	23,955,000	-	2,595,000	21,360,000	2,700,000

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Governmental Activities	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year	Due Within One Year
Bonds Payable and Notes Payable - continued:					
Federally Taxable Guaranteed Lease Revenue Notes, Series of 2015, with 3.50% interest payable through 2026. Proceeds were used to refinance the Federally Taxable Guaranteed Lease Revenue Note, Series of 2006. The net cash savings from the refinancing was $606,142.	1,594,000	-	513,000	1,081,000	532,000
General Obligation Bonds Series A of 2017, with 2.00% - 5.00% interest payable through 2029. Proceeds were used to advance refund a portion of the General Obligation Bonds Series of 2009 and pay bond issuance costs. The present value of net cash savings from the refunding was $1,670,817 and total cash savings of $1,986,211.	17,715,000	-	2,175,000	15,540,000	2,460,000
General Obligation Bonds Series of 2019, with 2.206% - 2.982% interest payable through 2031. Proceeds were used to advance refund a portion of the General Obligation Bonds Series C of 2012 and pay bond issuance costs. The present value of net cash savings from the refunding, which includes a portion allocated to business-type activities, was $403,904.	6,595,200	-	525,600	6,069,600	446,400
General Obligation Bonds Series of 2020, with 0.897% - 2.949% interest payable through 2033. Proceeds were used to advance refund a portion of the General Obligation Bonds Series of 2014 and 2015 and pay bond issuance costs. The present value of net cash savings from the refunding, which includes a portion allocated to business-type activities, was $725,043.	29,567,581	-	437,840	29,129,741	1,254,580
General Obligation Bonds Series of 2024, with 4% - 5% interest payable through 2044. Proceeds were used for project costs and to pay bond issuance costs.	-	11,945,000	-	11,945,000	435,000
Total Governmental Activities	$ 92,011,450	$11,945,000	$ 8,261,109	$ 95,695,341	$ 9,031,980

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Business-Type Activities	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year	Due Within One Year
Bonds Payable and Notes Payable					
General Obligation Bonds Series of 2014, with 1.427% - 5.300% interest payable through 2033. Proceeds were used to currently refund the remaining General Obligation Bonds Series C, D, and E of 2008 and pay bond issuance costs. The net cash savings from the refunding was $578,228.	$ 157,349	$ -	$ 157,349	$ -	$ -
Water Revenue Bonds Series of 2015, initial issue $25,130,000 with interest rates ranging from 3.00% to 5.00%, payable through 2027. This refinanced the Water Revenue Bonds Series of 2007.	14,585,000	-	3,445,000	11,140,000	3,585,000
Note payable to Pennsylvania Infrastructure Investment Authority, maximum drawdown of $10,013,950, interest-only payments through April 2014. Principal and interest due monthly thereafter; interest at 1.007% for first five years and 2.013% thereafter.	4,052,663	-	344,086	3,708,577	351,077
Note payable to Pennsylvania Infrastructure Investment Authority, maximum drawdown of $6,550,000 interest only for first 36 months. Principal and interest due monthly thereafter; interest at 1.274% for first five years and 2.547% thereafter. This Reading Area Water Authority obligation is guaranteed by the City of Reading.	2,505,051	-	314,707	2,190,344	322,817
General Obligation Bonds Series of 2017, with 3.0% - 5.0% interest payable through 2033. Proceeds were used to advance refund a portion of the General Obligation Bonds Series of 2008 and pay bond issuance costs. The present value of net cash savings from the refunding was $2,794,824 with total cash savings of $3,690,601.	17,680,000	-	1,410,000	16,270,000	1,475,000

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Business-Type Activities	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year	Due Within One Year
Bonds Payable and Notes Payable - continued					
Note payable to Pennsylvania Infrastructure Investment Authority, maximum drawdown of $108,161,309, interest-only payments through October 2020. Principal and interest due monthly thereafter; interest at 1.00%.	87,659,837	2,948	5,128,556	82,534,229	5,167,431
Note payable to Pennsylvania Infrastructure Investment Authority, maximum drawdown of $40,747,008, interest-only payments through October 2020. Principal and interest due monthly thereafter; interest at 1.00%.	33,766,700	-	1,933,177	31,833,523	1,939,255
General Obligation Bonds Series of 2019, with 2.206% - 2.982% interest payable through 2031. Proceeds were used to advance refund a portion of the General Obligation Bonds Series C of 2012 and pay bond issuance costs. The present value of net cash savings from the refunding, which includes a portion allocated to governmental activities, was $403,904.	2,564,800	-	204,400	2,360,400	173,600
Water Revenue Bonds, Series of 2020, initial issue $50,195,000, various interest rates ranging from 1.5% to 3.00%, maturing in amounts ranging from $575,000 to $6,245,000 through 2036. Proceeds were used to refund Water Revenue Bonds, Series of 2011.	47,475,000	-	610,000	46,865,000	645,000
General Obligation Bonds Series of 2020, with 0.897% - 2.949% interest payable through 2033. Proceeds were used to advance refund a portion of the General Obligation Bonds Series of 2014 and 2015 and pay bond issuance costs. The present value of net cash savings from the refunding, which includes a portion allocated to business-activities, was $725,043.	5,542,419	-	82,160	5,460,259	235,420
Total Business-Type Activities	$ 215,988,819	$ 2,948	$ 13,629,435	$ 202,362,332	$ 13,894,600

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Direct Borrowings

The City's obligations from direct borrowings contain a provision that in the event of default for non-payment of principal and interest, all unpaid principal and accrued interest becomes immediately due and payable. The lender may take rights to collateral pledged under the agreement to make payments. Additionally, the following specific provisions apply to certain borrowings:

General Obligation Note, Series B of 2012

The City's outstanding General Obligation Note, Series B of 2012 from direct borrowings related to governmental activities is secured by an assignment of the lease agreement between the City of Reading and Reading Baseball, LP, which relates to First Energy Stadium located at 1900 Centre Avenue, Reading Pennsylvania. In the event of default, the note is subject to a default rate of interest at a variable rate of 5% per annum in excess of the then-current rate.

Guaranteed Lease Revenue Note, Series of 2015

The City's outstanding Guaranteed Lease Revenue Note, Series of 2015 from direct borrowings related to governmental activities is secured by an assignment of the lease agreement between the City of Reading and the Reading Redevelopment Authority. In the event of default, all amounts as evidenced by the note may be declared due and payable.

Pennsylvania Infrastructure Investment Authority Note Payables

The City's outstanding notes from direct borrowings related to business-type activities of $2,190,344 are secured by a lien on the Reading Area Water Authority's water revenues and the guaranty of the City secured by an assignment of the lease between the Reading Area Water Authority and the City regarding the operation of the Reading Area Water Authority's Water System.

The City's outstanding notes from direct borrowings related to business-type activities of $3,708,577, $82,534,229, and $31,833,523 are secured by a lien on the City's sewer revenues. The outstanding note of $3,708,577 also contains a provision allowing for a late charge of 4% of any unpaid amount.

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Leases

The City has entered into lease agreements for vehicles, furniture, parking spaces, and equipment. The leases have various termination dates through November 2033. These leases include monthly payments of principal and interest at rates ranging from 6.02% to 7.00%.

Future lease maturities as of December 31 are as follows:

	Principal	Interest	Total
2025	$ 252,080	$ 378,166	$ 630,246
2026	682,293	360,790	1,043,083
2027	508,642	297,840	806,482
2028	499,288	266,878	766,166
2029	535,275	234,074	769,349
2030-2033	1,977,460	558,587	2,536,047
	$ 4,455,038	$ 2,096,335	$ 6,551,373

Subscriptions

The Reading Parking Authority has entered into an agreement for subscription-based information technology arrangement for body camera software. The arrangement matures through 2027. Annual payments are made and interest is accrued with an interest rate of 3.93%.

Future subscription maturities as of December 31 are as follows:

	Principal
2025	$ 31,356
2026	31,356
2027	31,356
Total payments	94,068
Less: interest	(5,910)
Total present value	$ 88,158

Covenants

The Water Revenue Bonds, Series of 2015, are subject to financial covenants, including a rate covenant. In addition, the Reading Area Water Authority covenants that at all times it will maintain the Water System in good and operating condition, continuously operate the same, maintain adequate service, and maintain adequate insurance coverage. At December 31, 2024, the Reading Area Water Authority was in compliance with these financial and operational covenants.

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Unused Line of Credit

The Reading Area Water Authority has a line of credit agreement with a bank of $4,500,000. There were no borrowings against the line of credit at December 31, 2024.

Component Unit - Reading Parking Authority	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year	Due Within One Year
Revenue Bonds Payable					
Parking Revenue Bonds, Series of 2019					
Series A of 2019 Bonds: The bonds bear interest at a fixed rate of 3.51% through November 14, 2029. Commencing on November 15, 2029, the bonds bear interest at a floating rate per annum which is calculated at LIBOR plus 185 basis points, multiplied by 83%; provided, however that the interest rate shall not exceed 5.0%. Interest is due monthly on the 15th of each month. Monthly principal payments are due on the 15th of each month, commencing January 15, 2025 through maturity in 2036.	$ 12,180,000	$ -	$ -	$ 12,180,000	$ 783,000
Series B of 2019 Bonds: The bonds bear interest at a fixed rate of 3.51% through November 14, 2029. Commencing on November 15, 2029, the bonds bear interest at a floating rate per annum which is calculated at LIBOR plus 185 basis points, multiplied by 83%; provided, however that the interest rate shall not exceed 5.0%. Interest is due monthly on the 15th of each month. Monthly principal payments are due on the 15th of each month, commencing January 15, 2025 through maturity in 2026.	10,580,000	-	-	10,580,000	681,000
Series C of 2019 Bonds: Interest is due monthly on the 15th of each month. Monthly principal payments are due on the 15th of each month, commencing on January 15, 2020 through maturity in 2025.	2,521,329	-	1,656,185	865,144	865,144
	$ 25,281,329	$ -	$ 1,656,185	$ 23,625,144	$ 2,329,144

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

The annual requirements to pay principal and interest on long-term debt outstanding at December 31, 2024, are as follows:

	Governmental Activities					
	Direct Borrowings		General Obligation Bonds		Total	
	Principal	Interest ^	Principal	Interest	Principal	Interest ^
2025	$ 791,000	$ 71,741	$ 8,240,980	$ 3,276,745	$ 9,031,980	$ 3,348,486
2026	821,000	39,938	8,486,990	3,026,290	9,307,990	3,066,228
2027	284,000	6,854	9,391,650	2,695,370	9,675,650	2,702,224
2028	-	-	9,766,120	2,330,190	9,766,120	2,330,190
2029	-	-	10,096,910	2,000,087	10,096,910	2,000,087
2030 - 2034	-	-	40,561,691	4,874,947	40,561,691	4,874,947
2035 - 2039	-	-	3,270,000	1,205,800	3,270,000	1,205,800
2040 - 2044	-	-	3,985,000	490,800	3,985,000	490,800
	$ 1,896,000	$ 118,533	$ 93,799,341	$ 19,900,229	$ 95,695,341	$ 20,018,762

^ Assumes a consistent interest rate of 4.8% over the life of GOB 2012B

	Business-Type Activities					
	Direct Borrowings		Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 7,780,580	$ 1,234,627	$ 6,114,020	$ 2,533,727	$ 13,894,600	$ 3,768,354
2026	7,867,425	1,147,783	6,333,010	2,296,612	14,200,435	3,444,395
2027	7,955,347	1,059,861	6,588,350	2,094,522	14,543,697	3,154,383
2028	8,044,361	970,847	6,878,880	1,873,345	14,923,241	2,844,192
2029	8,134,482	880,725	7,028,090	1,672,062	15,162,572	2,552,787
2030 - 2034	40,483,896	3,076,843	39,853,309	4,812,872	80,337,205	7,889,715
2035 - 2039	39,393,255	1,023,564	9,300,000	364,720	48,693,255	1,388,284
2040 - 2044	607,327	1,089	-	-	607,327	1,089
	$ 120,266,673	$ 9,395,339	$ 82,095,659	$ 15,647,860	$ 202,362,332	$ 25,043,199

The above maturity schedule includes interest for bank notes estimated at stated rates and a full draw down for funds still available at December 31, 2024. Accrued interest is not recorded for business-type activities as the amount is not materially different from expense on the cash basis.

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

	Parking Revenue Bonds		
Year	Principal	Interest*	Total
2025	$ 2,329,144	$ 788,211	$ 3,117,355
2026	1,778,000	718,886	2,496,886
2027	1,841,000	655,465	2,496,465
2028	1,907,000	589,784	2,496,784
2029	1,958,000	539,380	2,497,380
2030 - 2034	10,237,000	2,245,802	12,482,802
2035 - 2036	3,575,000	154,488	3,729,488
	$23,625,144	$ 5,692,016	$ 29,317,160

* Interest payable for variable rate periods is calculated using the maximum rate of 5%.

The following is a summary of governmental long-term liability activity for the year ended December 31, 2024:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation debt:					
Bonds payable	$ 89,355,450	$ 11,945,000	$ 7,501,109	$ 93,799,341	$ 8,240,980
Discounts	(193,200)	-	(19,648)	(173,552)	-
Premiums	871,987	303,624	142,374	1,033,237	-
Net general obligation debt	90,034,237	12,248,624	7,623,835	94,659,026	8,240,980
Direct borrowings	2,656,000	-	760,000	1,896,000	791,000
Other liabilities:					
Leases payable	4,014,228	708,515	267,705	4,455,038	252,080
Compensated absences	2,318,060	93,284	-	2,411,344	1,921,576
Net pension liability	77,584,320	-	19,550,970	58,033,350	-
OPEB liability	45,583,002	6,385,797	-	51,968,799	-
	$ 222,189,847	$ 19,436,220	$ 28,202,510	$ 213,423,557	$ 11,205,636

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

The following is a summary of business-type long-term liability activity for the year ended December 31, 2024:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
General obligation bonds payable	$ 25,944,568	$ -	$ 1,853,909	$ 24,090,659	$ 1,884,020
Water revenue bonds	62,060,000	-	4,055,000	58,005,000	4,230,000
Discounts	(139,601)	-	(9,231)	(130,370)	-
Premiums	1,906,401	-	295,605	1,610,796	-
Other	(87,441)	-	(5,782)	(81,659)	-
Net bonds payable	89,683,927	-	6,189,501	83,494,426	6,114,020
Direct borrowings	127,984,251	2,948	7,720,526	120,266,673	7,780,580
Compensated absences	333,872	32,223	-	366,095	348,381
Net pension liability	3,273,259	-	1,642,760	1,630,499	-
OPEB liability	713,497	-	282,561	430,936	-
	$ 221,988,806	$ 35,171	$ 15,835,348	$ 206,188,629	$ 14,242,981

Total interest paid for the year ended December 31, 2024 was $3,642,470 for governmental activities and $4,168,729 for business-type activities. Liabilities will be liquidated by resources received in governmental and enterprise funds as appropriate. The increase in the compensated absence liability is presented as a net increase.

The following is a summary of long-term liability activity for the Component Unit (Reading Parking Authority) for the year ended December 31, 2024:

	Balance December 31, 2023	Additions	Deletions	Balance December 31, 2024	Due Within One Year
Revenue bonds payable	$ 25,281,329	$ -	$ 1,656,185	$ 23,625,144	$ 2,329,144
Subscriptions	-	88,158	-	88,158	28,241
	$ 25,281,329	$ 88,158	$ 1,656,185	$ 23,713,302	$ 2,357,385

NOTE 10 - CITY OF READING RETIREMENT PLANS

Plan Description

The City administers three single employer defined benefit pension plans covering all full-time police officers, full-time paid firemen, and nonuniform employees; the City of Reading Police Pension Plan (PPP), the City of Reading Paid Firemen's Pension Plan (PFPP), and the City of Reading Officers' and Employees' Pension Plan (O&E), respectively. The Plans are included in the financial statements of the City as a pension trust fund and do not issue a separate financial statement. Plan provisions are established and amended by City ordinance with the authority for municipal contribution required by the Commonwealth of Pennsylvania Act 205 of 1984 (the Act). The PPP is administered by a six-member board consisting of the Mayor, director of finance, city auditor, police chief, and two active police officers; the PFPP is administered by a six-member board consisting of the Mayor, director of finance, city auditor, fire chief, and two active fire employees; the O&E is administered by a six-member board consisting of the Mayor, director of finance, city auditor, and three active employees.

Membership of each plan consisted of the following at January 1, 2024, the date of the latest actuarial valuation:

	PPP	PFPP	O&E
Inactive plan members or beneficiaries currently receiving benefits	325	174	273
Inactive plan members entitled to, but not yet receiving benefits	3	3	31
Active plan members	135	122	190
Total plan members	463	299	494

At December 31, 2024, there were no individual investments that constituted more than 5% of plan net position available for benefits that were required to be reported. The Plans did not have any investment transactions with related parties during the year.

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Benefits Provided - City of Reading Police Pension Plan (PPP)

Retirement Benefit - The PPP is a contributory plan available to all full-time City police officers. Pension benefits become 100% vested after the completion of 12 years of service. For police officers hired prior to January 1, 2012, eligibility for the normal retirement benefit is attained after completing 20 years of service, including any service purchased. These members may purchase up to five years of additional service credit for non-intervening military service as well as five years of police service. The monthly pension benefit is equal to 60% of "average monthly pay" plus 2.0% of "average monthly pay" for each year of service in excess of 20 years to a maximum of five years. An additional benefit of 2.5% ($1/40^{th}$) of the pension benefit determined for each year of service in excess of 20 years to a maximum of $500 per month is also payable. "Average monthly pay" is the greater of monthly average compensation over the highest five years of service or monthly rate of pay at retirement, if greater. Compensation is defined as the sum of basic monthly salary plus longevity and holiday pay, excluding overtime and any other extra forms of compensation.

For police officers hired on or after January 1, 2012, eligibility for the normal retirement benefit is attained after completing 20 years of service and reaching the age of 50. The monthly pension benefit is equal to 50% of "average monthly pay." An additional benefit of 2.5% ($1/40^{th}$) of the pension benefit determined for each year of service in excess of 20 years to a maximum of $500 per month is also payable. These members may not purchase any intervening or non-intervening military time.

Disability Benefit - For police officers hired prior to January 1, 2012, if a participant becomes totally and permanently disabled as a result of accident or sickness occurring in the line of duty or non-service-related after 10 years of service or greater, they are entitled to a monthly disability benefit equal to normal retirement calculated as of the date of disablement. If the event is non-service-related before the participant has 10 years of service, then they are entitled to 50% of normal retirement benefits.

For police officers hired after January 1, 2012, if a participant becomes totally and permanently disabled as a result of accident or sickness occurring in the line of duty, they are entitled to a monthly disability benefit equal to normal retirement calculated as of the date of disablement.

Death Benefit - For police officers hired prior to January 1, 2012, if a participant suffers a non-service-related death before 10 years of service, 50% of the normal retirement benefit is payable to the spouse for life. Upon the spouse's death, or if there is no spouse, the participant's children, if any, will share the benefit until age 18. If the participant's death occurs after 10 years of service, they are killed-in-service or after retirement, the normal retirement benefit is payable to the spouse for life. Upon the spouse's death, or if there is no spouse, the participant's children, if any, will share the benefit until age 18.

For police officers hired after January 1, 2012, if the participant is killed-in-service or after retirement eligibility, 50% of the normal retirement benefit is payable to the spouse for life. Upon the spouse's death, or if there is no spouse, the participant's children, if any, will share the benefit until age 18.

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Benefits Provided - City of Reading Paid Firemen's Pension Plan (PFPP)

Retirement Benefit - The PFPP is a contributory plan available to all full-time City firefighters. Pension benefits become 100% vested after the completion of 12 years of service. Eligibility for the normal retirement benefit is attained for employees completing 20 years of service and attaining the age of 50. The monthly pension benefit is equal to 50% of "average monthly compensation" plus an incremental pension equal to 2.5% (1/40th) of the pension benefit determined for each year of service in excess of 20 years, and prior to attainment of age 65. The maximum incremental pension is $500 per month. "Average monthly compensation" is the higher of average compensation over the highest five consecutive years of employment or the rate of compensation during the 12-month period prior to retirement. Members hired after December 31, 2010, will exclude overtime paid by the employer from the compensation calculation. Retirement benefits are payable monthly during the member's lifetime.

Disability Benefit - A participant is entitled to a disability benefit for a service-related injury or accident or non-service-related injury or accident after five years of service that leaves the member totally and permanently disabled. For a service-related incident, the participant is entitled to normal retirement benefit calculated as of the date of disablement. For a nonservice-related incident after five years of service, the participant is entitled to a benefit of 2.5 percent of average monthly compensation for each year of service (maximum 50%).

Death Benefit - If a participant dies after retirement eligibility, after retirement, or is killed in the line of duty, a monthly benefit equal to normal retirement is payable to the spouse for life. Upon the spouse's death, the participant's children will share the benefit until the age of 18.

Benefits Provided - Officers' and Employees' Pension Plan (O&E)

Retirement Benefit - The O&E is a contributory plan available to any person appointed or elected to regular service for the City of Reading who is not a police officer or a firefighter.

Officers and employees hired prior to January 1, 1988, become 100% vested after the completion of 12 years of service. Eligibility for the normal retirement benefit is attained for employees completing 20 years of service and attaining the age of 60. The monthly pension benefit is equal to 50% of "average monthly compensation" plus a service increment equal to 2.5% (1/40th) of the monthly retirement benefit for each completed year of service in excess of 20 years, provided the employee elected to contribute an additional 0.5% of compensation to be covered by this provision. "Average monthly compensation" is the higher of average total compensation over the highest five years of employment or the rate of compensation during the month of retirement. The retirement benefits will be reduced by 40% of the social security benefit. The reduction will commence the month following eligibility for social security benefits. The offset can be eliminated if the member elects to contribute an extra 1.5% of compensation, retroactive to their date of participation. Pension benefits are paid monthly for the member's lifetime. Compensation is defined as total wages paid by the employer.

Officers and employees hired before November 7, 1987, may retire with a normal retirement benefit after 20 years of service and age 55.

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Benefits Provided - Officers' and Employees' Pension Plan (O&E) - continued
Officers and employees hired on or after January 1, 1988, become 100% vested after the completion of 10 years of service. Eligibility for the normal retirement benefit is attained for employees completing 10 years of service and attaining the age of 65. The monthly pension benefit is equal to 2% of "average monthly compensation" multiplied by years of service (up to a maximum of 25) plus a service increment equal to 1.25% of the monthly retirement benefit multiplied by years of service in excess of 25. "Final average monthly compensation" is the higher of average compensation over the highest five consecutive years of employment of the last 10 that produce the greatest average. Pension benefits are paid monthly for the member's lifetime. Compensation is defined as base pay plus longevity, excluding overtime pay, educational incentive payments, bonuses, payments in lieu of dependent's health insurance, and other special forms of pay.

Officers and employees hired on or after January 1, 1988, can also elect early retirement after age 50 and 10 years of service. The accrued benefit at the date of actual retirement is reduced by 1/3 of 1% for each month early.

Disability Benefit - For officers and employees hired prior to January 1, 1988, if a participant in the plan becomes totally and permanently disabled after 15 years of service, they are entitled to a disability benefit equal to normal retirement with no social security benefit offset. Officers and employees hired on or after January 1, 1988, are entitled to the accrued benefit at the date of disablement with a minimum benefit of 20% average monthly compensation.

Death Benefit - For officers and employees hired prior to January 1, 1988, participants who are vested in the plan are eligible for death benefits. A monthly benefit equal to 50% of the benefit the participant was receiving or entitled to receive at the time of death is payable to the spouse for life or until remarriage, provided the employee was contributing the additional 0.5% of compensation for spousal benefit coverage. Payment of benefits to the spouse of a participant who had not reached normal retirement eligibility is subject to vesting provisions regarding deferral of payments and continued contributions, where applicable.

Officers and employees hired on or after January 1, 1988, are entitled to a death benefit equal to 50% of the pension the participant was receiving or entitled to receive on the day of the participant's death. The benefit is payable to the participants spouse, provided the participant was married to the spouse for at least one year prior to the date of death. This benefit is subject to reduction for early commencement as under vesting.

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Contributions

PA Act 205 of 1984 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. The January 1, 2021 valuation was used in the calculation of the City's 2024 MMO.

Employees are not required to contribute under the Act; such contributions are subject to collective bargaining.

City of Reading Police Pension Plan (PPP): Members are required to contribute 6.5% of salary, plus $1 per month. Members who elect to participate in the DROP, also contribute 6.5% of compensation. Member contributions are not credited with interest.

City of Reading Paid Firemen's Pension Plan (PFPP): Plan members are required to contribute 5.0% of compensation, plus $5 per month. Members who elect to participate in the DROP after April 1, 2011, also contribute 5.0% of compensation. Member contributions are not credited with interest.

Officers' and Employees' Pension Plan (O&E): Plan members who were hired prior to January 1, 1988, are required to contribute 3.5% of compensation subject to social security taxation, plus 5.0% of the excess. Members who elect dual coverage (no offset to pension for social security benefits) contribute 5.0% of all compensation. Married participants contribute an additional 0.5% of compensation. Participants who elected to be covered by the service increment provision contribute an additional 0.5% of compensation. Member contributions are not credited with interest. Plan members who were hired after January 1, 1988, are required to contribute 3.0% of compensation. Member contributions are credited with a 5.0% interest compounded annually.

Refund of Contributions: In the event of the termination of employment prior to being eligible for pension, member contributions without interest are refunded. If termination is due to death and no pension benefits are provided, there is refunded member contributions without interest. The exception is for O&E plan members hired after January 1, 1988, whose member contributions are credited with 5.0% interest compounded annually.

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Contributions - continued

The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirement established by the MMO, which exceeds the Commonwealth allocation, must be funded by the City (and could include employee contributions). Payments made to the Plans were sufficient to meet the MMOs in 2024. The following table reflects contribution information for 2024:

	PPP	PFPP	O&E	Total
MMO	$ 10,680,538	$ 4,129,368	$ 3,140,414	$ 17,950,320
Contributions:				
City	$ 8,918,903	$ 2,644,561	$ 1,812,896	$ 13,376,360
Allocation of state aid	1,761,635	1,484,807	1,327,518	4,573,960
Total	10,680,538	4,129,368	3,140,414	17,950,320
Employee	1,242,861	706,958	374,373	2,324,192
Total contributions	$ 11,923,399	$ 4,836,326	$ 3,514,787	$ 20,274,512
Covered payroll	$ 12,612,049	$ 11,957,087	$ 11,955,974	$ 36,525,110
Employee contributions as a percent of covered payroll	9.85%	5.91%	3.13%	6.36%

Administrative costs, including investment, custodial trustee, and actuarial services are charged to the appropriate plan and funded from investment earnings.

Deferred Retirement Option Program

City of Reading Police Pension Plan (PPP)

Members who are eligible to retire and were hired before January 1, 2012, may elect to enter into the DROP (Deferred Retirement Option Program) for no more than five years. Officers in the DROP have their retirement benefit calculated as of the date of entry into the DROP and accrue no further benefit under the plan. The retirement benefit is paid from the plan and deposited into an account established for the officer, which will be paid in full upon retirement. The City remains the fiduciary for these funds until full retirement of the officers. At December 31, 2024, the balance of DROP accounts for the PPP held by the City was $1,485,201.

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Deferred Retirement Option Program - continued

City of Reading Paid Firemen's Pension Plan (PFPP)
Members who were hired before January 1, 2011, and who had met the eligibility requirements for normal retirement may elect to participate in the DROP (Deferred Retirement Option Program) for no more than five years. The member's monthly pension benefit shall be calculated as of the date of entry into the DROP and shall be accumulated with annual interest and distributed in a lump sum at retirement. Members who elect to participate in DROP after January 1, 2011, will be required to continue their member contributions to the plan. The City remains the fiduciary for these funds until full retirement of the member. There shall be a limit of 10 bargaining unit members added to the DROP each year. At December 31, 2024, the balance of DROP accounts for the PFPP held by the City was $2,484,459.

Net Pension Liability
The components of the net pension liability of the Plans at December 31, 2024, were as follows:

	PPP	PFPP	O&E	Total
Total pension liability	$ 200,273,684	$ 99,235,822	$ 84,786,287	$ 384,295,793
Plan fiduciary net position	(157,606,850)	(86,853,860)	(80,171,234)	(324,631,944)
Net pension liability	$ 42,666,834	$ 12,381,962	$ 4,615,053	$ 59,663,849
Plan fiduciary net position as a percentage of total pension liability	78.70%	87.52%	94.56%	84.47%

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Net Pension Liability - continued

Changes in the Net Pension Liability
The changes in the net pension liability of the City for the year ended December 31, 2024, were as follows:

		Increases/Decreases	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2023	$ 377,753,297	$ 296,895,718	$ 80,857,579
Changes for the year:			
Service cost	5,165,884	-	5,165,884
Interest	26,414,840	-	26,414,840
Contributions - employer	-	17,950,320	(17,950,320)
Contributions - employee	-	2,324,192	(2,324,192)
Net investment income	-	32,711,704	(32,711,704)
Benefit payments, including refunds	(25,038,228)	(25,038,228)	-
Administrative expenses	-	(211,762)	211,762
Net changes	6,542,496	27,736,226	(21,193,730)
Balances at December 31, 2024	$ 384,295,793	$ 324,631,944	$ 59,663,849
Plan fiduciary net position as a percentage of the total pension liability			84.47%

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Net Pension Liability - continued

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation performed on January 1, 2023, and rolled forward to December 31, 2024, using the following actuarial assumptions, applied to all periods in the measurement:

	PPP	PFPP	O&E
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	7.25%
Projected salary increases	4.75%	5.25%	4.75%
Inflation rate	2.75%	2.75%	2.75%
Mortality	PubS-2010 Mortality Table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.	PubS-2010 Mortality Table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.	PubG-2010 Mortality Table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Net Pension Liability - continued

Investment Policy - The pension trust funds' investments are held separately from those of other City funds. Assets in the pension trust funds are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition. The City maintains investment policies that summarize the investment philosophy of the City and establishes investment guidelines and performance objectives for the Police, Paid Firemen, and Officers' and Employees' Pension Funds. The core objectives of the police pension fund investment statement are as follows: (1) to maximize returns without exposure to undue risk, (2) to attain "real" growth over a market cycle consistent with the level of risk assumed by the Fund, and (3) to have the relative investment return over a market cycle of three to five years exceed the rate of return that would have been achieved by a statically allocated and passively managed portfolio at the same risk. The core objectives of the paid firemen pension fund statement are as follows: (1) to maintain a fully funded status with regard to accumulated benefits obligation, (2) to maximize return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) to maintain flexibility in determining the future level of contributions, and (4) to have the ability to pay all benefits and expense obligations when due. The core objectives of the officers' and employees' pension fund statement are as follows: (1) to maximize returns without exposure to undue risk, (2) to attain "real" growth over a market cycle consistent with the level of risk assumed by the fund, and (3) for the relative investment return over a market cycle of three to five years to exceed the rate of return that would have been achieved by a statically allocated and passively managed portfolio at the same risk in accordance with the long-term asset allocation policy set forth in the statement.

Long Term Expected Rate of Return - The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Net Pension Liability - continued

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2024:

	Target Allocation			
Asset Class	PPP	PFPP	O&E	Long-Term Expected Real Rate of Return
Equity:				
Domestic	43.0%	43.0%	43.0%	5.50% -7.50%
International	17.0%	17.0%	17.0%	4.50% - 6.50%
Fixed income	35.0%	35.0%	35.0%	1.00% - 3.00%
Real estate	5.0%	5.0%	5.0%	4.50% - 6.50%
	100.0%	100.0%	100.0%	

Rate of Return - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2024, the annual money-weighted rate of return on the PPP, PFPP, and O&E investments, net of investment expenses, was 11.38%, 11.32% and 11.41%, respectively.

Discount Rate - The discount rate used to measure the total pension liability for the PPP, PFPP, and O&E was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the City's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Net Pension Liability - continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability (asset) of the Plans calculated using the discount rates described previously, as well as what the Plan's net pension liabilities (assets) would be if they were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rates:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Reading Police Pension Plan	$ 63,358,756	$ 42,666,834	$ 23,900,868
City of Reading Paid Firemen's Pension Plan	$ 23,492,727	$ 12,381,962	$ 3,131,642
Officers' and Employees' Pension Plan	$ 14,642,625	$ 4,615,053	$ (3,756,082)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the City recognized pension expense of $8,801,325 ($8,470,921 - governmental activities; $330,404 - business-type activities). At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PPP	PFPP	O&E	Total
Deferred Outflows of Resources:				
Internal change in proportion allocated	$ -	$ -	$ 394,208	$ 394,208
Differences between expected and actual experience	983,100	360,888	-	1,343,988
Changes of assumptions	-	30,977	530,420	561,397
Net difference between projected and actual earnings on pension plan investments	12,911,056	7,197,782	6,751,272	26,860,110
Total deferred outflows of resources	$ 13,894,156	$ 7,589,647	$ 7,675,900	$ 29,159,703
Deferred Inflows of Resources:				
Internal change in proportion allocated	$ -	$ -	$ 394,208	$ 394,208
Difference between expected and actual experience	-	379,083	1,913,780	2,292,863
Net difference between projected and actual earnings on pension plan investments	11,321,712	5,899,748	5,670,480	22,891,940
Total deferred inflows of resources	$ 11,321,712	$ 6,278,831	$ 7,978,468	$ 25,579,011

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Net Pension Liability - continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the years ending December 31 as follows:

2025	$ 4,005,432
2026	7,893,821
2027	(5,747,037)
2028	(2,448,016)
2029	(123,508)
Total	$ 3,580,692

Pension Trust Fund Financial Information

Plan Net Position

	Police Pension Fund	Paid Firemen's Pension Fund	Officers' and Employees' Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	$ 635,026	$ 78,963	$ 1,143,303	$ 1,857,292
Investments:				
Equities	41,764,468	21,733,144	21,326,980	84,824,592
Fixed income	18,824,673	9,904,870	9,538,446	38,267,989
Exchange traded products/ mutual funds	70,693,277	37,922,660	35,706,298	144,322,235
U.S. Government issues	15,586,231	8,788,941	7,213,494	31,588,666
Other	10,103,175	8,425,282	5,238,718	23,767,175
Other current assets	-	-	6,000	6,000
TOTAL ASSETS	157,606,850	86,853,860	80,173,239	324,633,949
LIABILITIES				
Other current liabilities	-	-	2,005	2,005
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	$ 157,606,850	$ 86,853,860	$ 80,171,234	$ 324,631,944

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Pension Trust Fund Financial Information - continued

Changes in Plan Net Position

	Police Pension Fund	Paid Firemen's Pension Fund	Officers' and Employees' Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Employer (including state aid)	$ 10,680,538	$ 4,129,368	$ 3,140,414	$ 17,950,320
Employee	1,242,861	706,958	374,373	2,324,192
Investment income:				
Interest and dividends	3,710,908	2,040,676	1,874,675	7,626,259
Net change in fair value of investments	12,709,852	6,859,707	6,496,894	26,066,453
TOTAL ADDITIONS	28,344,159	13,736,709	11,886,356	53,967,224
DEDUCTIONS				
Benefits, including tax withheld	13,634,093	5,980,490	5,230,036	24,844,619
Administrative expenses	579,739	301,858	311,173	1,192,770
Refunds paid	54,578	39,634	99,397	193,609
TOTAL DEDUCTIONS	14,268,410	6,321,982	5,640,606	26,230,998
CHANGE IN NET POSITION	14,075,749	7,414,727	6,245,750	27,736,226
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR	143,531,101	79,439,133	73,925,484	296,895,718
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR	$ 157,606,850	$ 86,853,860	$ 80,171,234	$ 324,631,944

NOTE 10 - CITY OF READING RETIREMENT PLANS - CONTINUED

Pension Trust Fund Financial Information - continued

Net Change in Fair Value of Investments

The composition of net change in fair value of investments reported on the statement of changes in plan net position is as follows:

	PPP	PFPP	O&E	Total
Realized gain	$ 2,343,209	$ 1,266,300	$ 1,195,888	$ 4,805,397
Unrealized gain	10,366,643	5,593,407	5,301,006	21,261,056
	$ 12,709,852	$ 6,859,707	$ 6,496,894	$ 26,066,453

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments.

Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year were included as part of the change in the fair value of investments reported in the prior year(s) and the current year.

Other Retirement Plans

During 2011, the Reading Area Water Authority adopted a retirement plan covering salary deferral for those employees who meet the eligibility requirements set forth in the plan. The amount of the contribution for salary deferral is at the discretion of the employee, subject to the provisions of Section 457(b) of the Internal Revenue Code. Under the terms of the plan, the Authority may make discretionary matching contributions. The contributions are reflected as an operating expense. For the year ended December 31, 2024, $138,312 was contributed to the plan.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

Employee Defined Benefit Other Postemployment Benefits Plan

General Information About the OPEB Plan

Plan Description

The City of Reading administers a single-employer defined benefit healthcare plan (the OPEB Plan). The City OPEB Plan provides medical, prescription drug, and life insurance for eligible retirees and their spouses through the City's health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the City and the unions representing the City's employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits, as of the measurement date of the liability presented. The City contributed $600,000 to a trust for the year ended December 31, 2024.

Benefits Provided

The City classifies employees in the following categories: AFSCME First Level, AFSCME Rank and File, Non-Fire Management, Police Officers, and Firefighters and Fire Management. Contribution requirements are negotiated between the City and union representatives. Below is a summary of the postemployment benefits provided to each of these groups:

AFSCME First Level

Eligibility for Benefits: First level AFSCME members hired prior to January 1, 1988, are eligible to receive medical and prescription drug coverage upon reaching age 55 with at least 20 years of service or upon disability with at least 15 years of service. First Level members hired after January 1, 1988, and prior to June 11, 2010, are eligible to receive medical and prescription drug coverage upon reaching age 65 with at least 10 years of service or upon disability. First Level AFSCME members hired on or after June 11, 2010, are not eligible to receive coverage.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Employee Defined Benefit Other Postemployment Benefits Plan - continued

General Information About the OPEB Plan - continued

Benefits Provided - continued

AFSCME First Level - continued

Benefits Payable Upon Retirement or Disability: First Level AFSCME members retiring between January 1, 2007, and June 11, 2010, contribute a fixed dollar amount based on the year of retirement. The contribution for those retiring in 2007 is $26 and increases by $5 for members retiring in the years 2008-2010. First Level AFSCME members retiring on or after June 11, 2010, must contribute the difference between the premium and a fixed amount based on the year of retirement for medical and prescription drug coverage. The monthly fixed amount for retirement years 2011 to 2024 follow the below table:

	2011	2012	2013	2014	2015	2016	2017
Single	$450	$473	$497	$521	$548	$575	$604
Dual	$914	$960	$1,008	$1,058	$1,111	$1,167	$1,225

	2018	2019	2020	2021	2022	2023	2024
Single	$634	$666	$734	$770	$809	$850	$893
Dual	$1,287	$1,351	$1,486	$1,560	$1,638	$1,720	$1,806

Duration: Retirees are able to continue coverage until age 65 and qualification for Medicare. Spouses are eligible to receive coverage until the earlier of member death, age 65 and qualification for Medicare, or retiree coverage ends. If the member dies while active, the spouse is not eligible to continue coverage.

AFSCME Rank and File and Non-Fire Management

Eligibility for Benefits: Members hired prior to January 1, 1988, are eligible to receive medical and prescription drug coverage upon reaching age 55 with at least 20 years of service or upon disability with at least 15 years of service. Members hired after January 1, 1988, and prior to January 1, 2012, are eligible to receive medical and prescription drug coverage upon reaching age 65 with at least 10 years of service or upon disability. Members hired on or after January 1, 2012, are not eligible to receive coverage.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Employee Defined Benefit Other Postemployment Benefits Plan - continued

General Information About the OPEB Plan - continued

Benefits Provided - continued

AFSCME Rank and File and Non-Fire Management - continued

Benefits Payable upon Retirement or Disability: Members retiring between January 1, 2008, and January 1, 2012, must contribute 2% of their salary at retirement towards medical and prescription drug coverage. Members retiring on or after January 1, 2012, must contribute the difference between the premium and a fixed amount based on the year of retirement for medical and prescription drug coverage. The monthly fixed amount for retirement years 2011 to 2024 follow the below table:

	2011	2012	2013	2014	2015	2016	2017
Single	$450	$473	$497	$521	$548	$575	$604
Dual	$914	$960	$1,008	$1,058	$1,111	$1,167	$1,225

	2018	2019	2020	2021	2022	2023	2024
Single	$634	$666	$734	$770	$809	$850	$893
Dual	$1,287	$1,351	$1,486	$1,560	$1,638	$1,720	$1,806

Duration: Retirees are able to continue coverage until age 65 and qualification for Medicare. Spouses are eligible to receive coverage until the earlier of member death, age 65 and qualification for Medicare, or retiree coverage ends. If the member dies while active, the spouse is not eligible to continue coverage.

Police Officers

Eligibility for Benefits: Officers hired prior to January 1, 2012, are eligible to receive medical and prescription drug coverage upon reaching 20 years of service or upon disability. Officers hired on or after January 1, 2012, are not eligible to receive coverage.

Benefits Payable upon Retirement or Disability: Officers that retired prior to January 1, 2007, do not contribute anything towards coverage. Officers that retired after January 1, 2007, and prior to January 1, 2013, must contribute a fixed amount of $36 per month for single coverage and $62 per month for family coverage. Officers retiring between January 1, 2013, and January 1, 2018, must contribute a percentage of the premium based on the plan elected (5% for Premier Plan, 10% for Preferred Plan, 15% for Police PPO Plan). Officers retiring on or after January 1, 2018, must contribute the difference between the premium and a fixed amount each year for medical and prescription drug. For 2022, 2023, and 2024, the fixed amount was $809, $850, and $893 for single coverage and $1,638, $1,720, and $1,806 for employee/spouse coverage, respectively.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Employee Defined Benefit Other Postemployment Benefits Plan - continued

General Information About the OPEB Plan - continued

Benefits Provided - continued

Police Officers - continued

Duration: Retirees are able to continue coverage until age 65 and qualification for Medicare. Spouses are eligible to receive coverage until the earlier of member death, age 65 and qualification for Medicare, or retiree coverage ends. For officers hired prior to January 1, 2012, if the officer dies while active, the surviving spouse is eligible to continue coverage until age 65 and qualification for Medicare.

Firefighters and Fire Management

Eligibility for Benefits: Firefighters hired prior to January 1, 2011, are eligible to receive medical and prescription drug coverage upon reaching age 50 with at least 20 years of service, upon in-service disability, or upon ordinary disability with at least 5 years of service. Firefighters hired on or after January 1, 2011, are not eligible to receive coverage.

Benefits Payable upon Retirement or Disability: Firefighters that retired prior to January 1, 2011, do not contribute anything towards coverage. Firefighters retiring on or after January 1, 2011, must contribute the difference between the premium and a fixed amount based on the year of retirement for medical and prescription drug coverage. The monthly fixed amount for retirement years 2011 to 2024 follow the below table.

	2011	2012	2013	2014	2015	2016	2017
Single	$450	$473	$497	$521	$548	$575	$604
Dual	$914	$960	$1,008	$1,058	$1,111	$1,167	$1,225

	2018	2019	2020	2021	2022	2023	2024
Single	$634	$666	$734	$770	$809	$850	$893
Dual	$1,287	$1,351	$1,486	$1,560	$1,638	$1,720	$1,806

Duration: Retirees are able to continue coverage until age 65 and qualification for Medicare. Spouses are eligible to receive coverage until the earlier of member death, age 65 and qualification for Medicare, or retiree coverage ends. For Firefighters hired prior to January 1, 2011, if the firefighter dies while active, the surviving spouse is eligible to continue coverage until age 65 and qualification for Medicare.

Life Insurance: Firefighters hired prior to January 1, 2011, that meet the eligibility requirements above are eligible to receive life insurance in the amount of $50,000 until age 70. Firefighters hired on or after January 1, 2011, are not eligible to receive life insurance.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Employee Defined Benefit Other Postemployment Benefits Plan - continued

General Information About the OPEB Plan - continued

Employees Covered by Benefit Terms

At January 1, 2024, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

	AFSCME First Level	Management	AFSCME Rank and	Police	Fire	Total
Active participants	11	23	57	53	43	187
Vested former participants	-	-	-	4	1	5
Retired participants	1	1	14	115	71	202
Total	12	24	71	172	115	394

OPEB Liability

Actuarial Assumptions and Other Inputs

The net OPEB liability as of December 31, 2024, was determined by rolling forward the City's total OPEB liability as of January 1, 2024 to December 31, 2024, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal
- Salary increases - annual salary increases are assumed to be 5.0%
- Discount rate - 4.28%
- Mortality rates - PubS-2010 Generational mortality table including rates for contingent survivors and disabled retirees for Police and Fire. PubG-2010 Generational mortality table including rates for contingent survivors and disabled retirees for all other employees.
- Healthcare cost trend rates - 7.0% in 2025, with 0.5% decrease per year until 5.5% in 2028. Rates gradually decrease from 5.4% in 2029 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 90% of employees are assumed to elect coverage.

The actuarial assumptions were selected using input from the City based on actual experience.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Employee Defined Benefit Other Postemployment Benefits Plan - continued

Net OPEB Liability

Total OPEB liability	$ 55,219,933
Plan fiduciary net position	(2,820,198)
Net OPEB liability	$ 52,399,735
Plan fiduciary net position as a percentage of total OPEB liability	5.11%

Changes in Net OPEB Liability

	AFSCME First Level	Management	AFSCME Rank and File	Police	Fire	Total
Total OPEB Liability						
Balance at December 31, 2023	$ 49,673	$ 32,618	$ 2,116,023	$33,383,455	$12,798,794	$48,380,563
Service cost	1,937	3,199	10,791	497,935	263,446	777,308
Interest	1,698	1,363	79,276	1,295,517	501,013	1,878,867
Changes of benefit terms	-	-	-	-	81,064	81,064
Differences between expected and actual experience	5,787	246,772	(672,870)	5,033,311	3,592,665	8,205,665
Changes of assumptions	457	1,368	3,011	(60,421)	(12,177)	(67,762)
Benefit payments	(16,918)	(3,209)	(267,519)	(2,756,975)	(991,151)	(4,035,772)
Net changes	(7,039)	249,493	(847,311)	4,009,367	3,434,860	6,839,370
Balance at December 31, 2024	42,634	282,111	1,268,712	37,392,822	16,233,654	55,219,933
Plan Fiduciary Net Position						
Balance at December 31, 2023	2,140	1,405	91,151	1,438,041	551,327	2,084,064
Contributions - Employer	17,534	3,614	293,761	3,170,986	1,149,877	4,635,772
Net investment income	(579)	12,598	(52,597)	57,678	119,034	136,134
Benefit payments	(16,918)	(3,209)	(267,519)	(2,756,975)	(991,151)	(4,035,772)
Net changes	37	13,003	(26,355)	471,689	277,760	736,134
Balance at December 31, 2024	2,177	14,408	64,796	1,909,730	829,087	2,820,198
Plan Fiduciary Net Position						
Balance at December 31, 2024	$ 40,457	$ 267,703	$ 1,203,916	$35,483,092	$15,404,567	$52,399,735

Changes of assumptions or other inputs reflect the following changes: (1) the discount rate changed from 4.00% to 4.28% (2) the trend assumption was updated.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Employee Defined Benefit Other Postemployment Benefits Plan - continued

Changes in Net OPEB Liability - continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.28%) or one-percentage point higher (5.28%) than the current discount rate:

	1% Decrease 3.28%	Current Discount Rate 4.28%	1% Increase 5.28%
AFSCME First Level	$ 40,878	$ 40,457	$ 39,671
Management	272,786	267,703	262,182
AFSCME Rank and File	1,248,871	1,203,916	1,160,068
Police	38,077,229	35,483,092	33,136,959
Fire	16,472,526	15,404,567	14,426,990
Net OPEB Liability	$56,112,290	$52,399,735	$49,025,870

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
AFSCME First Level	$ 37,050	$ 40,457	$ 44,301
Management	256,548	267,703	279,588
AFSCME Rank and File	1,142,490	1,203,916	1,269,212
Police	32,669,800	35,483,092	38,628,076
Fire	14,192,906	15,404,567	16,749,938
Net OPEB Liability	$48,298,794	$52,399,735	$56,971,115

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Employee Defined Benefit Other Postemployment Benefits Plan - continued

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the City recognized OPEB expense of $1,513,827- $1,708,474 - governmental activities; $(194,647) - business-type activities). At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	AFSCME First	Management	AFSCME	Police	Fire	Total
Deferred Outflows of Resources:						
Differences between projected and actual experience	$ 3,858	$ 164,515	$ (448,580)	$ 3,355,540	$ 2,395,110	$ 5,470,443
Changes of assumptions	260	238	30,564	496,866	172,252	700,180
Total deferred outflows of resources	$ 4,118	$ 164,753	$ (418,016)	$ 3,852,406	$ 2,567,362	$ 6,170,623
Deferred Inflows of Resources:						
Differences between projected and actual experience	$ 2,405	$ 36,370	$ (94,945)	$ 1,300,413	$ 502,104	$ 1,746,347
Changes of assumptions	682	(711)	88,802	1,569,916	721,797	2,380,486
Net difference between projected and actual earnings	(983)	9,305	(47,156)	(9,165)	71,750	23,751
Total deferred inflows of resources	$ 2,104	$ 44,964	$ (53,299)	$ 2,861,164	$ 1,295,651	$ 4,150,584

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending December 31:

2025	$ (1,025,323)
2026	3,056,331
2027	(6,390)
2028	(4,579)
Total	$ 2,020,039

NOTE 12 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the City is subject to various contingent liabilities arising from litigation. The City does not anticipate future losses resulting from these transactions to be material to the City's financial statements.

Grant Programs
The City participates in state or federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Any adjustments resulting from subsequent examination are recognized in the year in which the results of such examinations are known. The City does not expect any significant adjustments as a result of these examinations.

Concentration of Labor
The City has in effect four labor agreements, which cover approximately 90% of the total labor force. The collective bargaining agreement with AFSCME - The American Federation of State, County, and Municipal Employees Local 3799 is effective through December 31, 2026. AFSCME Local 2763 is effective through December 31, 2026. The Reading Lodge #9 Fraternal Order of Police’s labor agreement is effective through December 31, 2025. The labor agreement with the International Association of Firefighters, Local 1803 is effective through December 31, 2026.

Construction Commitments
The City has entered into contracts for capital improvements. At December 31, 2024, the balance of open contracts was as follows:

Project	Commitment Remaining
GESA	$ 16,010,337
City Hall HVAC System Replacement and Cleaning	11,013,588
Biosolids removal	4,387,960
19th Ward Pump Station	2,890,778
Pagoda Upgrades- General Contracting	2,117,000
Pagoda Electrical Upgrades	1,596,800
Egelman's Dam Remediation	1,358,500
Liggett Ave./ E. Wyomissing Blvd. / Hancock Blvd. Paving	1,314,802
Buttonwood Gateway Phase 2 Streetscape	1,080,266
Pagoda Mechanical Upgrades	998,918
Pierce Enforcer	982,500
PW HVAC	979,350
RPD evidence room remodel	767,293
	$ 45,498,092

Open commitments will be funded by cash on hand.

NOTE 12 - COMMITMENTS AND CONTINGENCIES - CONTINUED

United States Department of Justice Consent Decree

In November 2005, the City entered into a consent order with the United States Department of Justice (DOJ), United States Environmental Protection Agency (EPA), and the Pennsylvania Department of Environmental Protection (DEP) regarding alleged violations by the City of the Clean Water Act, 33 U.S.C.A. § 1319 and the Pennsylvania Clean Streams Law, 35 P.S. § 691-1001. The decree requires the City to identify and rehabilitate priority areas of its sanitary sewer system. These areas include operational improvements at the plant, investigate the condition of infrastructure and upgrade recommendations, perform plant and sewer system upgrades, and perform supplemental environmental projects. The City has completed most of the consent decree projects with the final improvements to the 19th Ward Pump Station expected to be completed by the end of 2026. Under the consent decree, the City was also limited to a $3,000,000 transfer annually from the sewer fund to the general fund until all projects are complete. In January 2024, the City and the DOJ entered into a 'Fourth Modification of Consent Decree'. As a part of this fourth modification, the maximum annual transfer amount from the sewer fund to the general fund has been increased to $4,500,000 from $3,000,000, effective for calendar year 2023. The City did not record this allowable $1.5 million increment in 2023 but has done so for 2024. The 2024 amount transferred from the sewer fund to the general fund is $6 million; refer to Note 7. The 2025 transfer from the sewer fund to the general fund is expected to be $4.5 million.

Conduit Debt

The City is involved in conduit debt transactions for which the City issued the debt but retains no obligation for the repayment. The responsibility for repayment belongs to the private borrowers. These loans noted below were issued under the U.S. Department of Housing and Urban Development Section 108 loan program. Under this program, the City guarantees the debt through pledging future funding from Community Development Block Grants. The City had the following conduit debt activities during 2024:

Balance at January 1, 2024	Borrowings	Repayments	Balance at December 31, 2024
$ 3,970,780	$ -	$ 572,834	$ 3,397,946

Included in the above activity is a Section 108 loan that was drawn down by the City, but not currently issued. This amount is reported as an unearned revenue in the Community Development Fund until the loan is issued or is declared in default and needs to be repaid. The balance of this loan was $1,100,000 and $1,200,000 as of December 31, 2024 and 2023, respectively.

Intermunicipal Sewer Agreements

The City engaged with a vendor to perform and is in the process of performing the required analysis under the intermunicipal agreements through December 31, 2023, to sewer expenses for certain municipalities.

NOTE 12 - COMMITMENTS AND CONTINGENCIES - CONTINUED

The Reading Area Water Authority (RAWA) has entered into the following agreements:

Letters of Credit
The Reading Area Water Authority has a letter of credit of $800,000 available for general RAWA matters. At December 31, 2024, all letters of credit were unused.

Concentration of Labor
The Water Authority has entered into a collective bargaining agreement with the employees who operate and maintain the Water Authority's facilities. Of RAWA's total workforce, 87% is covered by the agreement. As of December 31, 2024, the Forman Collective Bargaining Agreement is effective through 2026 and the Rank and File Collective Bargaining Agreement was effective through 2025.

NOTE 13 - RISK MANAGEMENT AND SELF-INSURANCE

The City is exposed to various risks of losses related to torts; theft, damage, destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City manages these risks through self-insurance and coverage from commercial insurance companies for excess liabilities. The table below outlines the limits and deductibles for these lines of coverage at December 31, 2024:

	Limit	Deductible
Property	$ 317,082,609	$ 100,000
Liability	1,000,000	150,000
Crime	1,000,000	10,000
Auto Liability	1,000,000	150,000
Auto Property Damage	Cash value or cost to repair	5,000
Excess Liability	4,000,000	10,000
Law Enforcement	2,000,000	100,000
Employment Practices	3,000,000	100,000
Public Officials	2,000,000	100,000
Excess Workers Comp	1,000,000	650,000
Excess Workers Comp Police/Fire	1,000,000	1,000,000
Pollution Liability	5,000,000	25,000 - 50,000

The City of Reading is recognized and meets the qualifications of the Pennsylvania Department of Labor and Industry as a Self-Insured Workers' Compensation Employer. As part of the qualifications to maintain self-insured status, the City of Reading purchases excess workers' compensation coverage for police and firefighter claims that exceed $1,000,000, and all other claims that exceed $650,000. This insurance policy is underwritten by Safety National Casualty Corporation. The City is also required to maintain a trust for outstanding liabilities for workers' compensation. That trust is in the amount of $2,436,292.

NOTE 13 - RISK MANAGEMENT AND SELF-INSURANCE - CONTINUED

Activity of the self-insurance program including liability exposure is accounted for in the Self-Insurance Internal Service Fund (the Fund). The Fund is responsible for collecting interfund premiums, paying claim settlements, and purchasing other specified insurance policies. Claims settled and loss expense are accrued in the Fund for estimated reported claims. This fund has a net position balance of $120,000 for a sick leave pool.

The City had an actuarial study performed to estimate the workers' compensation liability. Based on past experience, management of the City believes incurred, but not reported claims, to be immaterial and, therefore, has not established an accrual for such claims at December 31, 2024. An analysis of claims activity is presented below:

	Beginning of Year Liabilities	Estimated Current Year Claims	Actual Claim Payments	Balance at Fiscal Year End
2024	$ 1,099,113	$ 6,171,542	$ 5,384,336	$ 1,886,319
2023	$ 1,541,534	$ 3,509,008	$ 3,951,429	$ 1,099,113
2022	$ 1,743,791	$ 4,513,102	$ 4,715,359	$ 1,541,534

Employee Benefit
The City pays premiums for certain employee benefits such as health and life insurance, in accordance with stipulations of collective bargaining agreements. Such expenditures are not accounted for through the self-insurance fund, but rather are allocated to the particular fund that records the related payroll expenditures.

NOTE 14 - NET POSITION/FUND BALANCE RESTATEMENT

At January 1, 2024, the City restated beginning fund balance/net position to account for the implementation of GASB Statement No. 101, to account for some vendor invoices in the Internal Service Fund recorded in the City's books but not the City's audit in 2023, and to change how unavailable revenue is recorded in governmental funds. The restatements were as follows:

	Governmental Activities	Business-Type Activities	Internal Service Fund	General Fund	Sewer Fund	Solid Waste Fund
Fund Balance/Net Position Reported at December 31, 2023	$ (19,794,982)	$ 270,739,180	$ 3,205,549	$ 54,494,484	$ 239,807,729	$ 4,538,847
Restatements for:						
Compensated absences	(708,647)	(333,872)	(2,500)	(258,278)	(317,311)	(16,561)
Accounts payable	(74,967)	-	(74,967)	-	-	-
Unavailable revenue	-	-	-	(309,908)	-	-
Fund Balance/Net Position Reported at January 1, 2024	$ (20,578,596)	$ 270,405,308	$ 3,128,082	$ 53,926,298	$ 239,490,418	$ 4,522,286

NOTE 15 - FUND BALANCE

Primary Government
Details of the City's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended December 31, 2024, were as follows:

General Fund: The general fund has a restricted fund balance of $636,000 for sick leave pool, an assigned fund balance of $11,811,188 consisting of $9,811,188 appropriated for the 2025 budget, $1,000,000 for demolition, and $1,000,000 for property acquisition, and unassigned fund balance of $39,541,493.

Community Development Fund: The community development fund has restricted funds of $1,761,646 consisting primarily of unspent federal and state grant funds restricted by federal or state law and $15,700 for sick leave pool.

Primary Government - continued

Grant Fund: The grant fund has restricted funds of $808,179 consisting primarily of unspent funds granted by various parties which are to be used according to the grantor's wishes.

American Rescue Plan Fund: The American Rescue Plan fund has a nonspendable fund balance of $51,994 for prepaid expenditures and $51,598 assigned for capital purposes at year end. The assigned fund balance in the American Rescue Plan fund represents interest income generated from the grant funding held.

Capital Projects Funds: The capital projects funds include $18,317,295 in restricted funds, comprised of $12,000,791 in unspent bond proceeds and $6,316,504 in unspent tax revenue. Committed funds total $3,662,789, allocated as follows: $2,389,752 for street paving, $273,037 for facility construction, and $1,000,000 for housing improvements.

Nonmajor Funds:

Shade Tree Fund: The special revenue fund has unassigned funds of $33,853 consisting primarily of real estate revenues collected and restricted funds of $6,700 for sick leave pool.

Liquid Fuels Fund: The liquid fuels fund has a restricted fund balance of $4,473,700, consisting primarily of unspent state grant funds restricted by state law.

The City has established and will maintain reservations of fund balance in accordance with GASB 54. This policy applies to the City's general fund and all governmental funds. Fund balance is composed of nonspendable, restricted, committed, assigned, and unassigned amounts.

Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing programs, or enhance the financial position of the City in accordance with policies established by the members of council.

NOTE 16 - NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 102, *Certain Risk Disclosures* - The primary objective of this statement is to provide users of government financial statements with essential information about risks related to government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

- Statement No. 103, *Financial Reporting Model Improvements* - The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

- Statement No. 104, *Disclosure of Certain Capital Assets* - The primary objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

- Statement No. 105, *Subsequent Events* - The primary objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

Although the City has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements, it does not believe the new standards will have a material impact on the City’s net position.

NOTE 17 - SUBSEQUENT EVENTS

City of Reading Revitalization and Improvement Zone Authority

In October 2024, City Council adopted Bill No. 67-2024 authorizing a loan to the City of Reading Revitalization and Improvement Zone Authority (CRRIZA) in the amount of $250,000. In February 2025, the City paid the loan proceeds to CRRIZA.

NOTE 17 - SUBSEQUENT EVENTS - CONTINUED

Commitments

In March 2025, City Council adopted Bill No. 23-2025 which amends the 2025 general fund budget by increasing Building and Trades Division expenditures by $400,000 for the emergency demolition of 431 Penn Street. The increase in expenditures was funded by the use of general fund fund balance.

In June 2025, City Council awarded a contract authorizing the sole source purchase of a renewal to an existing vendor, for the City's police department, for body worn cameras, conducted electrical weapons (tasers), related software, storage and hardware for a five-year period starting June 2025 through June 2030. The total cost of the contract is $3,327,734 and is to be funded by the general fund. Annual payments are made in the beginning of each contract year. The payment schedule is:

2025	$ 600,000
2026	681,934
2027	681,934
2028	681,933
2029	681,933
Total	$ 3,327,734

Reading Parking Authority

In December 2025 (12/22/25), City Council adopted a resolution authorizing the City to enter into the first amendment to the 2021 amended cooperation agreement (2021 agreement) with the Reading Parking Authority (RPA), with an effective date of January 1, 2026.

The 2021 agreement was effective March 1, 2021 and was for a three-year term; this agreement automatically renewed for an additional three-year term on March 1, 2024. This agreement mandated an annual contribution from RPA to the City of $1,761,000, payable in monthly installments of $146,750. The first amendment of the 2021 agreement was effective January 1, 2026 and continues automatic renewals for three-year terms as provided in the 2021 agreement, plus, lowers the annual contribution required from RPA by $511,000 annually, from $1,761,000 to $1,250,000 ($104,167 per month), starting in 2026.

In exchange for the decreased annual contribution from RPA of $511,000 annually, RPA agrees to make an annual payment of Five Hundred Eleven Thousand Dollars ($511,000) in 2026, and each year thereafter, towards its existing parking revenue bond debt (bond debt), which shall be in addition to and above the annual required debt service of the Authority for the bond debt. The Authority shall confirm to the City its current required debt service for the bond debt and shall provide proof on an annual basis that it has paid Five Hundred Eleven Thousand Dollars ($511,000) over and above the required debt service for the bond debt. Proof of the additional debt service payment shall be provided no later than January 31 of each year.

Refer to Note 9, Long-Term Liabilities, for detailed information on RPA's revenue bonds payable.

NOTE 17 - SUBSEQUENT EVENTS - CONTINUED

Police Labor Contract

The City has four labor agreements in place, which cover approximately 86% of the total full-time employee labor force as stated in Note 12 - Concentration of Labor. Three of the labor agreements are in place through December 31, 2026. The fourth labor agreement, with the Fraternal Order of Police (FOP) Lodge #9, was effective thorough December 31, 2025.

On April 27, 2026, City Council signed Resolution 69-2026, which authorizes execution of the new Collective Bargaining Agreement (CBA) between the City and FOP, effective January 1, 2026 and expiring December 31, 2028. The new FOP CBA enacts salary increases, for all covered FOP employees, for each of the three years as follows:

2026 four percent (4.0%)
2027 five percent (5.0%)
2028 five percent (5.0%)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF READING

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

Year Ended December 31, 2024

	General Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Real estate taxes	$ 25,242,386	$ 25,242,386	$ 25,693,646	$ 451,260
Earned income taxes	26,064,900	26,064,900	30,055,892	3,990,992
Other taxes	10,142,500	10,142,500	12,096,448	1,953,948
Licenses, permits, and fines	5,915,630	5,915,630	4,140,201	(1,775,429)
Intergovernmental	6,959,601	6,959,601	7,332,206	372,605
Charges for services	7,775,396	7,825,396	7,498,863	(326,533)
Interest and rent	3,196,167	3,196,167	3,770,387	574,220
Other	3,494,435	3,498,435	4,242,867	744,432
TOTAL REVENUES	88,791,015	88,845,015	94,830,510	5,985,495
EXPENDITURES				
Current:				
General government	9,486,643	9,453,483	9,225,324	228,159
Public safety:				
Police	41,583,834	41,574,834	42,740,054	(1,165,220)
Fire	17,624,542	17,592,042	18,282,207	(690,165)
Emergency medical services	6,023,526	6,023,526	7,428,242	(1,404,716)
Public works - highways and streets	1,415,783	1,415,783	1,504,935	(89,152)
Public works - other	8,085,859	8,328,359	7,661,075	667,284
Community development	6,291,986	6,208,986	5,178,971	1,030,015
Culture and recreation	939,863	939,863	925,773	14,090
Other (employee benefits, debt issuance costs)	3,838,208	3,957,368	3,808,010	149,358
Debt service - principal	8,256,040	8,256,040	8,489,561	(233,521)
Debt service - interest	3,282,199	3,282,199	3,291,206	(9,007)
TOTAL EXPENDITURES	106,828,483	107,032,483	108,535,358	(1,502,875)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(18,037,468)	(18,187,468)	(13,704,848)	4,482,620
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of leases	-	-	708,515	708,515
Transfers in - lease payments	10,545,859	10,545,859	10,303,468	(242,391)
Transfers in	4,500,000	6,000,000	6,005,248	5,248
Transfers out	(2,350,000)	(5,250,000)	(5,250,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	12,695,859	11,295,859	11,767,231	471,372
NET CHANGE IN FUND BALANCE	$ (5,341,609)	$ (6,891,609)	(1,937,617)	$ 4,953,992
FUND BALANCE - BEGINNING OF YEAR- RESTATED			53,926,298	
FUND BALANCE - END OF YEAR			$ 51,988,681	

See notes to required supplementary information.

CITY OF READING

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
POLICE PENSION FUND

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 2,274,937	$ 2,171,778	$ 2,231,232	$ 2,130,054	$ 2,341,543	$ 2,235,363	$ 3,007,401	$ 2,957,882	$ 2,878,084	$ 2,741,032
Interest	13,676,211	14,569,489	13,566,354	13,510,108	13,750,945	12,897,122	12,303,991	12,020,675	11,587,287	11,415,541
Differences between expected and actual experience	-	1,966,202	-	(1,170,718)	-	19,733	-	1,151,403	-	372,746
Changes of assumptions	-	-	-	625,061	-	-	-	7,157,130	-	-
Benefit payments, including refunds of employee contributions	(13,688,671)	(12,444,386)	(12,434,802)	(11,685,101)	(11,112,003)	(11,595,232)	(10,959,749)	(11,275,270)	(11,805,479)	(12,194,828)
Net change in total pension liability	2,262,477	6,263,083	3,362,784	3,409,404	4,980,485	3,556,986	4,351,643	12,011,820	2,659,892	2,334,491
Total pension liability, beginning	198,011,207	191,748,124	188,385,340	184,975,936	179,995,451	176,438,465	172,086,822	160,075,002	157,415,110	155,080,619
Total pension liability, ending	$ 200,273,684	$ 198,011,207	$ 191,748,124	$ 188,385,340	$ 184,975,936	$ 179,995,451	$ 176,438,465	$ 172,086,822	$ 160,075,002	$ 157,415,110
Plan Fiduciary Net Position										
Contributions - employer	$ 10,680,538	$ 10,419,909	$ 11,300,512	$ 11,303,371	$ 11,337,885	$ 11,575,020	$ 11,453,968	$ 9,996,690	$ 9,729,933	$ 8,398,475
Contributions - employee	1,242,861	1,137,414	836,041	824,451	967,487	919,638	718,724	892,168	875,026	740,779
Net investment income	15,935,007	17,746,051	(21,518,279)	17,902,724	16,057,436	16,558,784	(6,632,149)	13,536,087	6,268,079	(1,183,711)
Benefit payments, including refunds of employee contributions	(13,688,671)	(12,444,386)	(12,434,802)	(11,685,101)	(11,112,003)	(11,595,232)	(10,959,749)	(11,275,270)	(11,805,479)	(12,194,828)
Administrative expenses	(93,986)	(58,999)	(13,000)	(3,575)	(66,169)	(59,182)	(468,345)	(425,728)	(400,163)	(484,484)
Net change in plan fiduciary net position	14,075,749	16,799,989	(21,829,528)	18,341,870	17,184,636	17,399,028	(5,887,551)	12,723,947	4,667,396	(4,723,769)
Plan fiduciary net position, beginning	143,531,101	126,731,112	148,560,640	130,218,770	113,034,134	95,635,106	101,522,657	88,798,710	84,131,314	88,855,083
Plan fiduciary net position, ending	$ 157,606,850	$ 143,531,101	$ 126,731,112	$ 148,560,640	$ 130,218,770	$ 113,034,134	$ 95,635,106	$ 101,522,657	$ 88,798,710	$ 84,131,314
Net Pension Liability	$ 42,666,834	$ 54,480,106	$ 65,017,012	$ 39,824,700	$ 54,757,166	$ 66,961,317	$ 80,803,359	$ 70,564,165	$ 71,276,292	$ 73,283,796
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.70%	72.49%	66.09%	78.86%	70.40%	62.80%	54.20%	59.00%	55.47%	53.45%
Covered Payroll	$ 12,612,049	$ 11,989,490	$ 11,641,075	$ 10,713,580	$ 10,602,424	$ 10,110,784	$ 12,237,673	$ 11,537,808	$ 11,472,383	$ 10,745,475
Net Pension Liability as a Percentage of Covered Payroll	338.30%	454.40%	558.51%	371.72%	516.46%	662.28%	660.28%	611.59%	621.29%	682.00%

See notes to required supplementary information.

CITY OF READING

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - PAID FIREMEN'S PENSION FUND

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 1,732,574	$ 1,646,151	$ 1,531,026	$ 1,454,657	$ 1,474,679	$ 1,401,120	$ 1,583,339	$ 1,537,256	$ 1,545,376	$ 1,494,096
Interest	6,827,023	7,520,129	7,186,804	6,391,984	6,365,191	6,553,907	5,966,533	5,784,370	5,534,661	5,346,065
Differences between expected and actual experience	-	601,480	-	(1,895,415)	-	(2,021,076)	-	(628,536)	-	(3,239,956)
Changes of assumptions	-	-	-	154,877	-	-	-	3,807,415	-	-
Benefit payments, including refunds of employee contributions	(6,020,124)	(5,929,858)	(5,974,852)	(5,319,243)	(4,935,167)	(4,999,032)	(5,453,682)	(4,277,152)	(4,244,639)	(4,504,335)
Net change in total pension liability	2,539,473	3,837,902	2,742,978	786,860	2,904,703	934,919	2,096,190	6,223,353	2,835,398	(904,130)
Total pension liability, beginning	96,696,349	92,858,447	90,115,469	89,328,609	86,423,906	85,488,987	83,392,797	77,169,444	74,334,046	75,238,176
Total pension liability, ending	$ 99,235,822	$ 96,696,349	$ 92,858,447	$ 90,115,469	$ 89,328,609	$ 86,423,906	$ 85,488,987	$ 83,392,797	$ 77,169,444	$ 74,334,046
Plan Fiduciary Net Position										
Contributions - employer	$ 4,129,368	$ 3,897,965	$ 3,963,275	$ 3,894,670	$ 3,526,477	$ 3,567,944	$ 3,536,370	$ 3,025,070	$ 2,811,430	$ 2,957,060
Contributions - employee	706,958	664,394	506,975	521,217	489,210	463,727	460,023	480,346	466,719	463,696
Net investment income	8,647,354	9,487,269	(11,902,607)	10,120,202	8,966,368	11,031,604	(3,224,441)	7,856,603	3,427,585	(116,829)
Benefit payments, including refunds of employee contributions	(6,020,124)	(5,929,858)	(5,974,852)	(5,319,243)	(4,935,167)	(4,999,032)	(5,453,682)	(4,277,152)	(4,244,639)	(4,504,335)
Administrative expenses	(48,829)	(42,576)	(17,365)	(3,900)	(42,825)	(66,973)	(110,122)	(112,983)	(114,338)	(129,985)
Net change in plan fiduciary net position	7,414,727	8,077,194	(13,424,574)	9,212,946	8,004,063	9,997,270	(4,791,852)	6,971,884	2,346,757	(1,330,393)
Plan fiduciary net position, beginning	79,439,133	71,361,939	84,786,513	75,573,567	67,569,504	57,572,234	62,364,086	55,392,202	53,045,445	54,375,838
Plan fiduciary net position, ending	$ 86,853,860	$ 79,439,133	$ 71,361,939	$ 84,786,513	$ 75,573,567	$ 67,569,504	$ 57,572,234	$ 62,364,086	$ 55,392,202	$ 53,045,445
Net Pension Liability	$ 12,381,962	$ 17,257,216	$ 21,496,508	$ 5,328,956	$ 13,755,042	$ 18,854,402	$ 27,916,753	$ 21,028,711	$ 21,777,242	$ 21,288,601
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.52%	82.15%	76.85%	94.09%	84.60%	78.18%	67.34%	74.78%	71.78%	71.36%
Covered Payroll	$ 11,957,087	$ 11,015,647	$ 8,202,849	$ 8,290,663	$ 7,921,095	$ 8,931,512	$ 8,641,768	$ 8,265,535	$ 7,959,803	$ 8,126,767
Net Pension Liability as a Percentage of Covered Payroll	103.55%	156.66%	262.06%	64.28%	173.65%	211.10%	323.04%	254.41%	273.59%	261.96%

CITY OF READING

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
OFFICERS' AND EMPLOYEES' PENSION FUND

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 1,158,373	$ 1,105,845	$ 1,268,222	$ 1,210,713	$ 1,242,592	$ 1,186,245	$ 1,287,800	$ 1,249,541	$ 1,165,580	$ 1,135,512
Interest	5,911,606	5,795,223	5,744,764	5,624,229	5,541,420	5,431,165	5,486,219	5,375,550	5,219,129	5,126,628
Differences between expected and actual experience	-	(864,568)	-	(1,469,505)	-	(2,245,913)	-	(2,301,879)	-	(1,054,281)
Changes of assumptions	-	-	-	1,060,840	-	-	-	5,496,078	-	-
Benefit payments, including refunds of employee contributions	(5,329,433)	(5,367,192)	(5,212,911)	(5,246,892)	(5,155,644)	(5,150,351)	(5,131,721)	(5,141,823)	(5,068,045)	(5,049,970)
Net change in total pension liability	1,740,546	669,308	1,800,075	1,179,385	1,628,368	(778,854)	1,642,298	4,677,467	1,316,664	157,889
Total pension liability, beginning	83,045,741	82,376,433	80,576,358	79,396,973	77,768,605	78,547,459	76,905,161	72,227,694	70,911,030	70,753,141
Total pension liability, ending	$ 84,786,287	$ 83,045,741	$ 82,376,433	$ 80,576,358	$ 79,396,973	$ 77,768,605	$ 78,547,459	$ 76,905,161	$ 72,227,694	$ 70,911,030
Plan Fiduciary Net Position										
Contributions - employer	$ 3,140,414	$ 3,262,068	$ 3,364,313	$ 3,353,417	$ 3,500,466	$ 3,476,030	$ 3,532,555	$ 3,135,808	$ 3,005,282	$ 3,179,616
Contributions - employee	374,373	368,115	412,515	423,599	443,026	408,664	411,457	391,888	412,951	416,374
Net investment income	8,129,343	8,917,834	(11,172,159)	9,690,974	8,617,267	8,189,937	(3,191,004)	8,051,525	4,112,997	598,813
Benefit payments, including refunds of employee contributions	(5,329,433)	(5,367,192)	(5,212,911)	(5,246,892)	(5,155,644)	(5,150,351)	(5,131,721)	(5,141,823)	(5,068,045)	(5,049,970)
Administrative expenses	(68,947)	(61,221)	(15,470)	(3,575)	(60,560)	(55,711)	(455,561)	(428,049)	(392,538)	(448,751)
Net change in plan fiduciary net position	6,245,750	7,119,604	(12,623,712)	8,217,523	7,344,555	6,868,569	(4,834,274)	6,009,349	2,070,647	(1,303,918)
Plan fiduciary net position, beginning	73,925,484	66,805,880	79,429,592	71,212,069	63,867,514	56,998,945	61,833,219	55,823,870	53,753,223	55,057,141
Plan fiduciary net position, ending	$ 80,171,234	$ 73,925,484	$ 66,805,880	$ 79,429,592	$ 71,212,069	$ 63,867,514	$ 56,998,945	$ 61,833,219	$ 55,823,870	$ 53,753,223
Net Pension Liability	$ 4,615,053	$ 9,120,257	$ 15,570,553	$ 1,146,766	$ 8,184,904	$ 13,901,091	$ 21,548,514	$ 15,071,942	$ 16,403,824	$ 17,157,807
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.56%	89.02%	81.10%	98.58%	89.69%	82.13%	72.57%	80.40%	77.29%	75.80%
Covered Payroll	$ 11,955,974	$ 12,173,544	$ 12,045,901	$ 13,318,635	$ 13,284,117	$ 12,522,275	$ 13,931,821	$ 13,832,568	$ 14,240,701	$ 14,403,603
Net Pension Liability as a Percentage of Covered Payroll	38.60%	74.92%	129.26%	8.61%	61.61%	111.01%	154.67%	108.96%	115.19%	119.12%

CITY OF READING

SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
POLICE PENSION PLAN										
Schedule of City Contributions										
Actuarial determined contributions	$ 10,680,538	$ 10,419,909	$ 11,300,512	$ 11,303,371	$ 11,337,885	$ 11,508,252	$ 11,453,968	$ 9,820,271	$ 9,678,338	$ 8,398,280
Contributions in relation to the actuarially determined contribution	10,680,538	10,419,909	11,300,512	11,303,371	11,337,885	11,575,020	11,453,968	9,996,690	9,729,933	8,398,475
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (66,768)	$ -	$ (176,419)	$ (51,595)	$ (195)
Covered payroll	$ 12,612,049	$ 11,989,490	$ 11,641,075	$ 10,713,580	$ 10,602,424	$ 10,110,784	$ 10,334,534	$ 11,537,808	$ 11,472,383	$ 10,745,475
Contributions as a percentage of covered payroll	84.69%	86.91%	97.07%	105.51%	106.94%	114.48%	110.83%	86.64%	84.81%	78.16%
Investment Returns										
Annual money-weighted rate of return, net investment expense	11.38%	14.35%	(14.28%)	13.91%	14.16%	16.32%	(4.99%)	16.27%	8.61%	(1.52%)
PAID FIREMEN'S PENSION PLAN										
Schedule of City Contributions										
Actuarial determined contributions	$ 4,129,368	$ 3,897,965	$ 3,963,275	$ 3,894,670	$ 3,526,477	$ 3,567,944	$ 3,533,964	$ 2,891,616	$ 2,811,430	$ 2,956,620
Contributions in relation to the actuarially determined contribution	4,129,368	3,897,965	3,963,275	3,894,670	3,526,477	3,567,944	3,536,370	3,025,070	2,811,430	2,957,060
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,406)	$ (133,454)	$ -	$ (440)
Covered payroll	$ 11,957,087	$ 11,015,647	$ 8,202,849	$ 8,290,663	$ 7,921,095	$ 8,931,512	$ 8,287,415	$ 8,265,535	$ 7,959,803	$ 8,126,767
Contributions as a percentage of covered payroll	34.53%	35.39%	48.32%	46.98%	44.52%	39.95%	42.67%	36.60%	35.32%	36.39%
Investment Returns										
Annual money-weighted rate of return, net investment expense	11.32%	14.14%	(14.29%)	13.90%	13.72%	17.49%	(5.57%)	15.46%	7.12%	(0.28%)
OFFICERS' AND EMPLOYEES' PENSION PLAN										
Schedule of City Contributions										
Actuarial determined contributions	$ 3,140,414	$ 3,262,068	$ 3,364,313	$ 3,353,417	$ 3,500,466	$ 3,446,705	$ 3,532,555	$ 3,033,047	$ 3,005,282	$ 3,173,811
Contributions in relation to the actuarially determined contribution	3,140,414	3,262,068	3,364,313	3,353,417	3,500,466	3,476,030	3,532,555	3,135,808	3,005,282	3,179,616
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (29,325)	$ -	$ (102,761)	$ -	$ (5,805)
Covered payroll	$ 11,955,974	$ 12,173,544	$ 12,586,805	$ 13,318,635	$ 13,284,117	$ 12,522,275	$ 12,871,617	$ 13,832,568	$ 14,240,701	$ 14,403,603
Contributions as a percentage of covered payroll	26.27%	26.80%	26.73%	25.18%	26.35%	27.76%	27.44%	22.67%	21.10%	22.08%
Investment Returns										
Annual money-weighted rate of return, net investment expense	11.41%	14.21%	(14.31%)	14.03%	13.67%	13.38%	(5.34%)	15.19%	8.11%	1.08%

Other Information:
Note: Covered payroll for even number years is based on the actuarial valuation completed in the odd number years.

See notes to required supplementary information.

CITY OF READING

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	$ 777,308	$ 698,235	$ 1,492,967	$ 1,499,985	$ 2,449,051	$ 1,227,102	$ 1,061,045
Interest	1,878,867	2,015,516	1,444,395	1,286,342	4,357,120	2,109,469	2,424,195
Changes of benefit terms	81,064	-	-	-	-	-	-
Differences between expected and actual experience	8,205,665	-	(6,985,391)	-	(3,292,537)	-	-
Changes of assumptions	(67,762)	1,400,362	(8,504,295)	(1,046,190)	7,790,386	(2,306,473)	2,675,677
Benefit payments	(4,035,772)	(3,925,450)	(4,272,615)	(4,087,329)	(8,509,298)	(4,340,011)	(5,592,000)
Net change in total OPEB liability	6,839,370	188,663	(16,824,939)	(2,347,192)	2,794,722	(3,309,913)	568,917
Total OPEB liability, beginning	48,380,563	48,191,900	65,016,839	67,364,031	64,569,309	67,879,222	67,310,305
Total OPEB liability, ending	$ 55,219,933	$ 48,380,563	$ 48,191,900	$ 65,016,839	$ 67,364,031	$ 64,569,309	$ 67,879,222
Plan Fiduciary Net Position:							
Contributions - employer	$ 4,635,772	$ 1,000,000	$ -	$ -	$ 1,000,000	$ -	$ -
Interest	136,134	84,064	-	-	-	-	-
Benefit payments	(4,035,772)	-	-	-	-	-	-
Net change in total OPEB net position	736,134	1,084,064	-	-	1,000,000	-	-
Plan fiduciary net position, beginning	2,084,064	1,000,000	1,000,000	1,000,000	-	-	-
Plan fiduciary net position, ending	$ 2,820,198	$ 2,084,064	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ -	$ -
Net OPEB Liability	$ 52,399,735	$ 46,296,499	$ 47,191,900	$ 64,016,839	$ 66,364,031	$ 64,569,309	$ 67,879,222
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	5.11%	4.31%	2.08%	1.54%	1.48%	0.00%	0.00%
Covered Employee Payroll	$ 14,451,438	$ 14,721,628	$ 14,721,628	$ 15,439,848	$ 15,439,848	$ 18,072,245	$ 18,072,245
Net OPEB Liability as a Percentage of Covered Employee Payroll	362.59%	314.48%	320.56%	414.62%	429.82%	357.28%	375.60%

NOTES TO SCHEDULE

Changes of Benefit Terms
None.

Changes of Assumptions
Significant changes in assumptions for the December 31, 2024 measurement date are as follows:

- The discount rate changed from 4.00% to 4.28%.
- The trend assumption was updated.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

NOTE 1 - BUDGETARY COMPARISON SCHEDULE

The budgetary comparison schedule for the general fund is prepared using the modified accrual basis of accounting which is the same basis used to report actual expenditures.

Council also has the authority to implement grant project budgets for certain special revenue funds (Community Development, Grant, and American Recuse Plan funds) and capital projects as the grant applications are accepted or capital projects are authorized, respectively, by the City. These amounts are not included in any budgetary statements as the appropriations do not specify a time frame and therefore are not legally adopted annual budgets.

NOTE 2 - PENSION SCHEDULES

The information presented in the required supplementary schedules related to the pension funds was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates for the PPP, PFPP, and O&E required under Act 205 are as follows:

	PPP	PFPP	O&E
Actuarial valuation date	01/01/21	01/01/21	01/01/21
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	9 years	6 years	7 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	7.25%
Projected salary increases	4.75%	5.25%	4.75%
Inflation rate	2.75%	2.75%	2.75%
Mortality table	PubS-2010 table	PubS-2010 table	PubG-2010 table

Changes in Actuarial Assumptions
Mortality assumptions were updated.

SUPPLEMENTARY INFORMATION

CITY OF READING

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS - GENERAL FUND

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance
REVENUES				
TAXES:				
Real estate taxes	$ 25,242,386	$ 25,242,386	$ 25,693,646	$ 451,260
Earned income taxes	26,064,900	26,064,900	30,055,892	3,990,992
Other taxes:				
Per capita tax	300,500	300,500	282,843	(17,657)
Per capita tax - prior years	290,000	290,000	348,926	58,926
Real estate transfer tax	6,200,000	6,200,000	7,892,449	1,692,449
Occupation tax	1,171,000	1,171,000	1,191,481	20,481
Occupation tax - prior years	20,000	20,000	33,549	13,549
Business privilege tax	2,100,000	2,100,000	2,195,704	95,704
Business privilege tax - prior years	61,000	61,000	151,496	90,496
Total Other Taxes	10,142,500	10,142,500	12,096,448	1,953,948
TOTAL TAXES	61,449,786	61,449,786	67,845,986	6,396,200
LICENSES, PERMITS, AND FINES:				
Food permits	165,000	165,000	114,253	(50,747)
Building and electrical	1,520,000	1,520,000	1,561,977	41,977
Trades licenses	100,000	100,000	69,489	(30,511)
Business privilege	280,000	280,000	290,175	10,175
Street and pavement	500,000	500,000	132,960	(367,040)
Zoning and land development	123,600	123,600	102,927	(20,673)
Housing	1,723,000	1,723,000	967,379	(755,621)
Tax administration licenses	13,600	13,600	16,135	2,535
Franchise fees	580,000	580,000	526,861	(53,139)
No parking signs	300	300	80	(220)
Penalties and interest	78,380	78,380	27,679	(50,701)
District court	342,950	342,950	156,957	(185,993)
Other	488,800	488,800	173,329	(315,471)
TOTAL LICENSES, PERMITS, AND FINES	5,915,630	5,915,630	4,140,201	(1,775,429)
INTERGOVERNMENTAL:				
Payments in lieu of taxes	140,000	140,000	121,884	(18,116)
Malt and liquor tax	20,000	20,000	30,750	10,750
Public utility tax	57,000	57,000	64,371	7,371
Snow and ice control	60,000	60,000	112,224	52,224
Reading Public Library	927,086	927,086	944,648	17,562
School guard	317,038	317,038	288,742	(28,296)
Pension - state aid	4,423,367	4,423,367	4,573,961	150,594
Police training	415,110	415,110	388,637	(26,473)
Grant reimbursement - code enforcement	325,000	325,000	174,298	(150,702)
Grant reimbursement - police	275,000	275,000	632,691	357,691
TOTAL INTERGOVERNMENTAL	6,959,601	6,959,601	7,332,206	372,605

CITY OF READING

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS - GENERAL FUND - CONTINUED

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance
REVENUES - CONTINUED				
CHARGES FOR SERVICES:				
Pagoda and tower	1,000	1,000	-	(1,000)
School district tax collection	6,110	6,110	2,432	(3,678)
Admissions fee/tax	800,000	800,000	1,328,932	528,932
Police services	1,039,311	1,039,311	1,090,616	51,305
Fire services	270,900	270,900	320,776	49,876
Ambulance services	3,152,000	3,152,000	2,547,371	(604,629)
Housing Authority	250,000	250,000	186,262	(63,738)
Public works	153,425	153,425	-	(153,425)
Meter surcharge	1,700,000	1,700,000	1,700,000	-
Other	402,650	452,650	322,474	(130,176)
TOTAL CHARGES FOR SERVICES	7,775,396	7,825,396	7,498,863	(326,533)
INTEREST AND RENT:				
Interest	996,500	996,500	1,774,887	778,387
Stadium rental	325,000	325,000	-	(325,000)
Building rental	66,000	66,000	42,968	(23,032)
Parking Authority	1,761,000	1,761,000	1,761,000	-
Loan repayments	47,667	47,667	47,667	-
Lease revenue	-	-	143,865	143,865
TOTAL INTEREST AND RENT	3,196,167	3,196,167	3,770,387	574,220
OTHER:				
Sale of city property	20,000	20,000	6,685	(13,315)
Indirect cost reimbursement:				
Community development	203,634	203,634	203,634	-
Recycling	203,889	203,889	203,889	-
Sewer	1,226,236	1,226,236	1,226,236	-
Water	-	-	47,710	47,710
Solid waste	182,723	182,723	182,723	-
Direct cost reimbursement:				
Pension	-	-	74,209	74,209
Sewer	125,000	125,000	-	(125,000)
Grants and gifts	-	4,000	113,604	109,604
Other shared revenues	25,000	25,000	12,525	(12,475)
Miscellaneous	1,507,953	1,507,953	2,171,652	663,699
TOTAL OTHER	3,494,435	3,498,435	4,242,867	744,432
TOTAL REVENUES	88,791,015	88,845,015	94,830,510	5,985,495
OTHER FINANCING SOURCES				
Proceeds from issuance of leases	-	-	708,515	708,515
Transfers in:				
Capital Projects Fund	-	-	5,248	5,248
Water Fund - lease payments	10,545,859	10,545,859	10,303,468	(242,391)
Sewer Fund	4,500,000	6,000,000	6,000,000	-
TOTAL OTHER FINANCING SOURCES	15,045,859	16,545,859	17,017,231	471,372
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 103,836,874	$ 105,390,874	$ 111,847,741	$ 6,456,867

CITY OF READING

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS - GENERAL FUND

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
GENERAL GOVERNMENT:				
Office of the Mayor:				
Personnel	$ 450,165	$ 450,165	$ 472,896	$ (22,731)
Other operating expenditures	70,449	78,449	72,246	6,203
City Council:				
Personnel	377,634	377,634	435,590	(57,956)
Other operating expenditures	160,500	160,500	106,118	54,382
City Auditor:				
Personnel	227,984	227,984	213,307	14,677
Other operating expenditures	12,000	12,000	4,556	7,444
Office of the Managing Director:				
Personnel	770,860	770,860	822,482	(51,622)
Other operating expenditures	272,900	272,900	216,377	56,523
Department of Finance:				
Office of the Director:				
Personnel	529,906	529,906	539,518	(9,612)
Other operating expenditures	166,000	157,840	190,717	(32,877)
Purchasing:				
Personnel	286,010	286,010	199,695	86,315
Other operating expenditures	226,500	195,500	183,097	12,403
Accounting:				
Personnel	700,238	696,629	702,468	(5,839)
Other operating expenditures	340,000	349,609	339,754	9,855
Information Technology:				
Personnel	1,049,266	1,049,266	1,098,329	(49,063)
Other operating expenditures	1,115,000	1,115,000	1,067,775	47,225
Department of Human Resources:				
Personnel	493,406	438,406	582,016	(143,610)
Other operating expenditures	338,729	385,729	374,811	10,918
Citizens Service Center:				
Personnel	919,640	919,640	901,564	18,076
Other operating expenditures	34,050	34,050	24,921	9,129
Department of Law:				
Personnel	538,216	538,216	469,479	68,737
Other operating expenditures	407,190	407,190	207,608	199,582
TOTAL GENERAL GOVERNMENT	9,486,643	9,453,483	9,225,324	228,159

CITY OF READING

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS - GENERAL FUND - CONTINUED

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES - CONTINUED				
PUBLIC SAFETY:				
Police:				
Police - Criminal Investigation:				
Personnel	8,325,683	8,325,683	8,059,382	266,301
Other operating expenditures	194,915	185,915	180,554	5,361
Police - Special Services:				
Personnel	4,704,891	4,704,891	5,305,552	(600,661)
Other operating expenditures	1,029,066	1,015,566	873,877	141,689
Police - Patrol:				
Personnel	24,614,048	24,614,048	25,588,828	(974,780)
Other operating expenditures	1,531,110	1,554,610	1,544,486	10,124
Police - Administration:				
Personnel	938,276	938,276	982,643	(44,367)
Other operating expenditures	245,845	235,845	204,732	31,113
Fire:				
Fire Administration:				
Personnel	1,513,718	1,513,718	1,618,767	(105,049)
Other operating expenditures	328,830	319,834	309,454	10,380
Fire Special Services:				
Personnel	775,055	775,055	770,969	4,086
Other operating expenditures	101,000	101,000	97,450	3,550
Fire Suppression:				
Personnel	14,225,695	14,227,191	14,898,757	(671,566)
Other operating expenditures	680,244	655,244	586,810	68,434
Fire Emergency Medical Services:				
Personnel	5,302,649	5,302,649	6,922,475	(1,619,826)
Other operating expenditures	720,877	720,877	505,767	215,110
TOTAL PUBLIC SAFETY	65,231,902	65,190,402	68,450,503	(3,260,101)
PUBLIC WORKS:				
Department of Public Works:				
Fleet Management:				
Personnel	918,591	918,591	974,682	(56,091)
Other operating expenditures	705,301	937,801	664,306	273,495
Traffic Engineering:				
Other operating expenditures	1,442,270	1,596,270	1,445,192	151,078
Public Works Administration:				
Personnel	891,354	891,354	654,704	236,650
Other operating expenditures	657,800	417,800	344,441	73,359
Engineering:				
Personnel	14,847	14,847	-	14,847
Other operating expenditures	22,500	22,500	1,695	20,805
Streets:				
Personnel	1,236,555	1,236,555	1,341,463	(104,908)
Other operating expenditures	179,228	179,228	163,472	15,756
Parks:				
Personnel	777,092	777,092	806,812	(29,720)
Other operating expenditures	135,850	135,850	123,108	12,742
Recreation:				
Personnel	23,753	23,753	-	23,753
Public Property:				
Personnel	929,701	929,701	1,003,876	(74,175)
Other operating expenditures	1,566,800	1,662,800	1,642,259	20,541
TOTAL PUBLIC WORKS	9,501,642	9,744,142	9,166,010	578,132

CITY OF READING

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS - GENERAL FUND - CONTINUED

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES - CONTINUED				
COMMUNITY DEVELOPMENT:				
Administration:				
Personnel	501,045	501,045	591,992	(90,947)
Other operating expenditures	459,850	444,850	308,809	136,041
Zoning:				
Personnel	686,397	686,397	566,782	119,615
Other operating expenditures	239,012	246,012	230,753	15,259
Trades:				
Personnel	1,044,158	1,044,158	709,482	334,676
Other operating expenditures	440,998	440,998	270,579	170,419
Codes:				
Personnel	2,646,341	2,646,341	2,370,520	275,821
Other operating expenditures	274,185	199,185	130,054	69,131
TOTAL COMMUNITY DEVELOPMENT	6,291,986	6,208,986	5,178,971	1,030,015
CULTURE AND RECREATION:				
Library:				
Personnel	939,863	939,863	925,773	14,090
TOTAL CULTURE AND RECREATION	939,863	939,863	925,773	14,090
NONDEPARTMENTAL:				
Payroll and benefits	331,478	331,478	312,341	19,137
Risk management	2,912,450	2,912,450	2,912,450	-
Other	594,280	713,440	583,219	130,221
TOTAL NONDEPARTMENTAL	3,838,208	3,957,368	3,808,010	149,358
DEBT SERVICE:				
Principal	8,256,040	8,256,040	8,489,561	(233,521)
Interest	3,282,199	3,282,199	3,291,206	(9,007)
TOTAL DEBT SERVICE	11,538,239	11,538,239	11,780,767	(242,528)
TOTAL EXPENDITURES	106,828,483	107,032,483	108,535,358	(1,502,875)
OTHER FINANCING USES				
Transfers out	2,350,000	5,250,000	5,250,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 109,178,483	$ 112,282,483	$ 113,785,358	$ (1,502,875)

CITY OF READING

COMBINING SCHEDULE - BALANCE SHEET -
CAPITAL PROJECTS FUNDS

December 31, 2024

	Street Paving	City Facilities	Housing Improvements	Capital Projects	Totals
ASSETS					
Cash	$ 3,141,299	$ 12,363,768	$ 1,000,000	$ 7,396,160	$ 23,901,227
Interfund receivables	1,081	-	-	342,273	343,354
TOTAL ASSETS	$ 3,142,380	$ 12,363,768	$ 1,000,000	$ 7,738,433	$ 24,244,581
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 256,244	$ 89,940	$ -	$ 1,421,929	$ 1,768,113
Interfund payables	496,384	-	-	-	496,384
TOTAL LIABILITIES	752,628	89,940	-	1,421,929	2,264,497
FUND BALANCES					
Restricted for:					
Capital Projects	-	12,000,791	-	6,316,504	18,317,295
Committed for:					
Street Paving	2,389,752	-	-	-	2,389,752
City Facilities Construction	-	273,037	-	-	273,037
Housing Improvement	-	-	1,000,000	-	1,000,000
TOTAL FUND BALANCES	2,389,752	12,273,828	1,000,000	6,316,504	21,980,084
TOTAL LIABILITIES AND FUND BALANCES	$ 3,142,380	$ 12,363,768	$ 1,000,000	$ 7,738,433	$ 24,244,581

CITY OF READING

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS

Year Ended December 31, 2024

	Street Paving	City Facilities	Housing Improvements	Capital Projects	Totals
REVENUES					
Earned income taxes	$ -	$ -	$ -	$ 5,224,157	$ 5,224,157
Intergovernmental	-	-	-	70,545	70,545
Interest and rent	-	-	-	81,644	81,644
TOTAL REVENUES	-	-	-	5,376,346	5,376,346
EXPENDITURES					
Current:					
General government	-	-	-	376,631	376,631
Public safety:					
Police	-	-	-	1,148,985	1,148,985
Fire	-	442,367	-	772,059	1,214,426
Public works - highways and streets	2,327,737	-	-	4,865,601	7,193,338
Community development	-	47,710	-	-	47,710
Other	-	247,833	-	-	247,833
Debt service - principal	-	-	-	32,498	32,498
Debt service - interest	-	-	-	350,855	350,855
TOTAL EXPENDITURES	2,327,737	737,910	-	7,546,629	10,612,276
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,327,737)	(737,910)	-	(2,170,283)	(5,235,930)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	11,945,000	-	-	11,945,000
Bond premiums	-	303,624	-	-	303,624
Sale of capital assets	-	-	-	-	-
Transfers in	4,500,000	-	-	588,926	5,088,926
Transfers out	(508,804)	-	-	(5,248)	(514,052)
TOTAL OTHER FINANCING SOURCES (USES)	3,991,196	12,248,624	-	583,678	16,823,498
NET CHANGES IN FUND BALANCES	1,663,459	11,510,714	-	(1,586,605)	11,587,568
FUND BALANCES - BEGINNING OF YEAR	726,293	763,114	1,000,000	7,903,109	10,392,516
FUND BALANCES - END OF YEAR	$ 2,389,752	$ 12,273,828	$ 1,000,000	$ 6,316,504	$ 21,980,084

CITY OF READING

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2024

	Shade Tree	Liquid Fuels	Totals
ASSETS			
Cash	$ 40,160	$ 4,113,742	$ 4,153,902
Taxes receivable, net	57,120	-	57,120
Interfund receivables	-	523,260	523,260
TOTAL ASSETS	$ 97,280	$ 4,637,002	$ 4,734,282
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 9,315	$ 163,302	$ 172,617
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	47,412	-	47,412
FUND BALANCES			
Restricted for:			
Shade Tree	33,853	-	33,853
Liquid Fuels	-	4,473,700	4,473,700
Sick leave pool	6,700	-	6,700
TOTAL FUND BALANCES	40,553	4,473,700	4,514,253
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 97,280	$ 4,637,002	$ 4,734,282

CITY OF READING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2024

	Shade Tree	Liquid Fuels	Totals
REVENUES			
Real estate taxes	$ 415,295	$ -	$ 415,295
Intergovernmental	-	2,127,881	2,127,881
Interest and rent	-	27,368	27,368
Other	507	-	507
TOTAL REVENUES	415,802	2,155,249	2,571,051
EXPENDITURES			
Current:			
Public works - highways and streets	-	1,023,511	1,023,511
Culture and recreation	307,365	-	307,365
TOTAL EXPENDITURES	307,365	1,023,511	1,330,876
EXCESS OF REVENUES OVER EXPENDITURES	108,437	1,131,738	1,240,175
OTHER FINANCING SOURCES			
Transfers in	150,000	508,803	658,803
Refund of prior year expenditures	-	661,608	661,608
TOTAL OTHER FINANCING SOURCES	150,000	1,170,411	1,320,411
NET CHANGES IN FUND BALANCES	258,437	2,302,149	2,560,586
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	(217,884)	2,171,551	1,953,667
FUND BALANCES - END OF YEAR	$ 40,553	$ 4,473,700	$ 4,514,253

CITY OF READING

COMBINING SCHEDULE OF NET POSITION - WATER FUND

December 31, 2024

	City Water Fund	Reading Area Water Authority	Eliminations	Total Water Fund
ASSETS				
Current assets:				
Cash	$ 246,284	$ 16,725,496	$ -	$ 16,971,780
Investments	127,662	-	-	127,662
Accounts receivable, net	-	5,465,703	-	5,465,703
Interfund receivables	7,832	(167,413)	167,413	7,832
Inventory	-	325,389	-	325,389
Total current assets	381,778	22,349,175	167,413	22,898,366
Restricted assets - cash and investments	-	2,536,828	-	2,536,828
Noncurrent assets:				
Capital assets not being depreciated	2,091,773	482,013	-	2,573,786
Capital assets, net of accumulated depreciation	5,805,897	54,031,088	-	59,836,985
Total capital assets, net	7,897,670	54,513,101	-	62,410,771
Rights to leased land	-	1,013,072	-	1,013,072
Total noncurrent assets	7,897,670	55,526,173	-	63,423,843
TOTAL ASSETS	8,279,448	80,412,176	167,413	88,859,037
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	294,824	4,582,870	-	4,877,694
Deferred outflows of resources for pension	674,643	-	-	674,643
TOTAL DEFERRED OUTFLOWS OF RESOURCES	969,467	4,582,870	-	5,552,337
LIABILITIES				
Current liabilities:				
Accounts payable	36,865	264,804	-	301,669
Interfund payables	185,006	-	167,413	352,419
Accrued interest	-	169,123	-	169,123
Accrued payroll and compensated absences	-	863,031	-	863,031
Current portion notes and bonds payable	148,420	4,552,817	-	4,701,237
Total current liabilities	370,291	5,849,775	167,413	6,387,479
Noncurrent liabilities:				
Notes and Bonds payable, net	2,708,459	55,871,436	-	58,579,895
Net pension liability	264,443	-	-	264,443
Total noncurrent liabilities	2,972,902	55,871,436	-	58,844,338
TOTAL LIABILITIES	3,343,193	61,721,211	167,413	65,231,817
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources for pension	772,851	-	-	772,851
NET POSITION				
Net investment in capital assets	5,335,615	(1,328,282)	-	4,007,333
Restricted for debt service	-	2,536,828	-	2,536,828
Unrestricted	(202,744)	22,065,289	-	21,862,545
TOTAL NET POSITION	$ 5,132,871	$ 23,273,835	$ -	$ 28,406,706

CITY OF READING

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - WATER FUND

Year Ended December 31, 2024

	City Water Fund	Reading Area Water Authority	Eliminations	Total Water Fund
OPERATING REVENUES				
Charges for services	$ 12,942,374	$ 34,786,020	$ (12,942,374)	$ 34,786,020
Other	492,202	8,446	-	500,648
TOTAL OPERATING REVENUES	13,434,576	34,794,466	(12,942,374)	35,286,668
OPERATING EXPENSES				
Lease payments	-	13,011,799	(13,011,799)	-
Personnel	53,383	7,797,332	-	7,850,715
Depreciation and amortization	480,047	4,146,041	-	4,626,088
Risk management	48,000	-	-	48,000
Contracted services	-	1,047,115	-	1,047,115
Chemicals and supplies	-	2,054,501	-	2,054,501
Utilities	-	1,020,412	-	1,020,412
Other	1,942,391	3,088,361	69,425	5,100,177
TOTAL OPERATING EXPENSES	2,523,821	32,165,561	(12,942,374)	21,747,008
OPERATING INCOME	10,910,755	2,628,905	-	13,539,660
NONOPERATING REVENUES (EXPENSES)				
Interest income	3,957	1,069,153	-	1,073,110
Other	-	124,526	-	124,526
Gain on sale of solid waste accounts receivable	-	63,022	-	63,022
Interest expense	(118,049)	(1,775,774)	-	(1,893,823)
NET NONOPERATING REVENUES (EXPENSES)	(114,092)	(519,073)	-	(633,165)
INCOME BEFORE TRANSFERS	10,796,663	2,109,832	-	12,906,495
Transfers out - lease payments	(10,892,393)	-	-	(10,892,393)
CHANGES IN NET POSITION	(95,730)	2,109,832	-	2,014,102
NET POSITION - BEGINNING OF YEAR	5,228,601	21,164,003	-	26,392,604
NET POSITION - END OF YEAR	$ 5,132,871	$ 23,273,835	$ -	$ 28,406,706

CITY OF READING

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS - TRUST FUNDS

December 31, 2024

	Police Pension Fund	Paid Firemen's Pension Fund	Officers' and Employees' Pension Fund	Total Pension Trust Funds	Other Postemployment Benefits (OPEB) Trust Fund	Total Pension/OPEB Trust Funds
ASSETS						
Cash	$ 635,026	$ 78,963	$ 1,143,303	$ 1,857,292	$ -	$ 1,857,292
Investments	156,971,824	86,774,897	79,023,936	322,770,657	2,820,198	325,590,855
Other current assets	-	-	6,000	6,000	-	6,000
TOTAL ASSETS	157,606,850	86,853,860	80,173,239	324,633,949	2,820,198	327,454,147
LIABILITIES						
Other current liabilities	-	-	2,005	2,005	-	2,005
NET POSITION						
Held in trust for pension benefits	157,606,850	86,853,860	80,171,234	324,631,944	-	324,631,944
Held in trust for other postemployment benefits	-	-	-	-	2,820,198	2,820,198
TOTAL NET POSITION	$ 157,606,850	$ 86,853,860	$ 80,171,234	$ 324,631,944	$ 2,820,198	$ 327,452,142

CITY OF READING

COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS - TRUST FUNDS

Year Ended December 31, 2024

	Police Pension Fund	Paid Firemen's Pension Fund	Officers' and Employees' Pension Fund	Total Pension Trust Funds	Other Postemployment Benefits (OPEB) Trust Fund	Total Pension/OPEB Trust Funds
ADDITIONS						
Contributions:						
Employer (including state aid)	$ 10,680,538	$ 4,129,368	$ 3,140,414	$ 17,950,320	$ -	$ 17,950,320
Employee	1,242,861	706,958	374,373	2,324,192	-	2,324,192
OPEB transfer from general fund	-	-	-	-	600,000	600,000
Investment income:						
Interest and dividends	3,710,908	2,040,676	1,874,675	7,626,259	136,134	7,762,393
Net change in fair value of investments	12,709,852	6,859,707	6,496,894	26,066,453	-	26,066,453
TOTAL ADDITIONS	28,344,159	13,736,709	11,886,356	53,967,224	736,134	54,703,358
DEDUCTIONS						
Benefits, including tax withheld	13,634,093	5,980,490	5,230,036	24,844,619	-	24,844,619
Administrative expenses	579,739	301,858	311,173	1,192,770	-	1,192,770
Refunds paid	54,578	39,634	99,397	193,609	-	193,609
TOTAL DEDUCTIONS	14,268,410	6,321,982	5,640,606	26,230,998	-	26,230,998
CHANGES IN NET POSITION	14,075,749	7,414,727	6,245,750	27,736,226	736,134	28,472,360
NET POSITION HELD IN TRUST FOR PENSION OPEB BENEFITS - BEGINNING OF YEAR	143,531,101	79,439,133	73,925,484	296,895,718	2,084,064	298,979,782
NET POSITION HELD IN TRUST FOR PENSION OPEB BENEFITS - END OF YEAR	$ 157,606,850	$ 86,853,860	$ 80,171,234	$ 324,631,944	$ 2,820,198	$ 327,452,142

CITY OF READING

NOTE TO SUPPLEMENTARY INFORMATION

December 31, 2024

NOTE 1 - READING AREA WATER AUTHORITY (RAWA) WATER DISTRIBUTION

During June 2017, the City entered into a new lease agreement with RAWA to repeal and replace the original lease agreement and all addendums in an effort to organize all proceeding agreements and addendums into one complete document. The new lease agreement was effective January 1, 2017, and was to continue until November 30, 2046. The lease payment under the 2017 agreement was $9,275,000, increased by 2% on January 1 of each respective year for 2018 and 2019. For 2020, 2021, and 2022, the amount of the lease payment shall be increased by 1.5% on January 1 of each respective year. In May 2023, City Council enacted Bill 48-2023 approving a new lease agreement with the Reading Area Water Authority ("RAWA") for the City's water system. The term of the lease is January 1, 2023 through November 30, 2046, unless earlier terminated as provided in Article VIII of the agreement. RAWA shall pay to the City for year 2023 $10,292,303, which has been determined to be the fair rental value of the water system. For each of the lease years 2024 through 2027 the amount of the lease payment for such calendar year shall be increased on January 1st of each year by 2%. Between July and December 2027, the City and RAWA shall engage in good faith negotiations regarding any further annual increases in the lease payments. If the City and RAWA are unable to agree on the amount of further increases, then the annual increase starting January 1, 2028 shall be 1.5%. This lease agreement also mandates that RAWA shall pay to the City $1,700,000 annually as a meter surcharge and make the City responsible for half of the bank fees incurred by RAWA annually (City's share for 2024 was budgeted to be $230,625 and was actually $194,681 and was paid by the City's water fund.). Either the City or RAWA may terminate this lease by serving written notice on the other of its intent and desire to terminate on the date specified in such notice, which shall not be earlier than 180 days from and including the date of such notice.

In addition, if RAWA enters into a contract to supply new commercial customers with water in excess of 10% of the current permitted capacity, RAWA shall pay to the City 25% of the net annual revenues generated by the contract.

The following is a schedule of the future minimum lease payments, at gross amounts, under this operating agreement:

2025	$ 10,708,112
2026	10,922,274
2027	11,140,720
2028	11,307,830
2029	11,477,448
Thereafter	223,670,091
	$ 279,226,475

RAWA is reported as a blended component unit within the water fund. The lease revenue and expense are eliminated with this presentation. A transfer was reported for the financing fee paid to the general fund of $10,303,468, which is net of the bank fee of $194,681 described above. A separate transfer was reported for the new commercial customer revenue paid to the capital projects fund totaling $588,926. Refer to Note 7 for more information on interfund transfers.

CITY OF READING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2024

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Grant Period	Grant Contract	Total Award	Accrued (Unearned) 1/1/24	Amount Received	Revenue/ Expenditures	Accrued (Unearned) 12/31/24	Passed Through to Subrecipients
U.S. DEPARTMENT OF HOUSING										
Community Development Block Grant/Entitlement Grant	D	14.218		B-20-MC-42-0013	$ 2,560,654	$ 44,408	$ 51,512	$ 7,104	$ -	$ -
Community Development Block Grant/Entitlement Grant	D	14.218		B-21-MC-42-0013	2,576,835	20,810	472,858	541,718	89,670	-
Community Development Block Grant/Entitlement Grant	D	14.218		B-22-MC-42-0013	2,398,525	130,550	270,233	139,683	-	-
Community Development Block Grant/Entitlement Grant	D	14.218		B-23-MC-42-0013	2,361,194	121,990	216,771	158,231	63,450	-
Community Development Block Grant/Entitlement Grant	D	14.218		B-24-MC-42-0013	2,420,031	-	539,816	639,157	99,341	-
COVID-19 - Community Development Block Grant/Entitlement Grant	D	14.218		B-20-MW-42-0013	2,082,307	156,861	246,433	303,978	214,406	-
Subtotal - ALN 14.218						474,619	1,797,623	1,789,871	466,867	-
Community Development Block Grant - Section 108 Loan Guarantee	D	14.248				(1,200,000)	-	2,149,780	(1,100,000)	-
Emergency Shelter Grant	D	14.231		E-22-MC-42-0013	216,610	148,268 *	165,486	17,218	-	-
Emergency Shelter Grant	D	14.231		E-23-MC-42-0013	210,805	9,000 *	120,322	191,048	79,726	-
Subtotal - ALN 14.231						157,268	285,808	208,266	79,726	-
HOME Investment Partnership Program	D	14.239		M-17-MC-42-0204	745,445	146,375	315,027	168,652	-	-
HOME Investment Partnership Program	D	14.239		M-18-MC-42-0204	1,027,240	-	243,618	286,661	43,043	
HOME Investment Partnership Program	D	14.239		M-19-MC-42-0204	937,491	21,603 *	21,726	1,937	1,814	-
HOME Investment Partnership Program	D	14.239		M-22-MC-42-0204	1,043,814	5,965 *	78,106	72,141	-	-
HOME Investment Partnership Program	D	14.239		M-23-MC-42-0204	988,462	-	113,651	119,041	5,390	-
HOME Investment Partnership Program	D	14.239		M-24-MC-42-0204	803,311	-	-	80,331	80,331	-
Subtotal - ALN 14.239						173,943	772,128	728,763	130,578	-
Fair Housing	D	14.401	10/01/12-09/30/13	FF-203-K-13-3012	65,058	(32,309)	-	-	(32,309)	-
Fair Housing	D	14.401	10/01/13-09/30/14	FF-203-K-14-3012	34,386	124	-	479	603	-
Fair Housing	D	14.401	10/01/14-09/30/15	FF-203-K-15-3012	33,800	(14,413)	-	-	(14,413)	-
Fair Housing	D	14.401	10/01/15-09/30/16	FF-203-K-16-3012	14,000	(13,828)	-	-	(13,828)	-
Subtotal - ALN 14.401						(60,426)	-	479	(59,947)	-
U.S. DEPARTMENT OF HOUSING, Office of Lead Hazard Control and Healthy Homes										
Lead-Based Paint Hazard Reduction Grant Program	D	14.900	11/01/21-04/30/25	PALHD0466-21	3,300,000	85,768	850,216	1,092,900	328,452	-
Passed through the Commonwealth of Pennsylvania Department of Health										
Lead Hazard Control Program	I	14.900	07/01/21-06/30/25	4100090348	508,009	47,515	77,938	115,828	85,405	-
Subtotal - ALN 14.900						133,283	928,154	1,208,728	413,857	-
TOTAL U.S. DEPARTMENT OF HOUSING						(321,313)	3,783,713	6,085,887	(68,919)	-
U.S. DEPARTMENT OF JUSTICE										
Edward Byrne Memorial Justice Assistance Program	D	16.738	10/01/20-09/30/24	15PBJA-21-GG-01781-JAGX	63,303	38,000	50,642	12,642	-	-
Edward Byrne Memorial Justice Assistance Program	D	16.738	10/01/21-09/30/25	15PBJA-22-GG-02238-JAGX	82,086	-	5,703	16,776	11,073	-
Edward Byrne Memorial Justice Assistance Program	D	16.738	10/01/22-09/30/26	15PBJA-23-GG-03725-JAGX	74,176	-	14,835	14,835	-	-
Subtotal - ALN 16.738						38,000	71,180	44,253	11,073	-
Bulletproof Vest Partnership Program	D	16.607		BJA01004208		14,415	14,415	-	-	-
COPS Office COPS Hiring Program	D	16.710	07/01/20-06/30/23	2020UMWX0172	500,000	85,698	214,244	171,395	42,849	-
U.S. Department of Justice - Drug Forfeiture	D	16.922				(53,515)	80,755	-	(134,270)	-

See notes to schedule of expenditures of federal awards.

CITY OF READING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2024

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Grant Period	Grant Contract	Total Award	Accrued (Unearned) 1/1/24	Amount Received	Revenue/ Expenditures	Accrued (Unearned) 12/31/24	Passed Through to Subrecipients
U.S. DEPARTMENT OF JUSTICE - CONTINUED										
DEA (DEA Admin reimbursement)	D	16.999				-	7,576	9,752	2,176	-
CBP JOPREIM (U.S. Treasury Dept Joint Ops Reimb)	D	16.999				4,087	8,574	8,645	4,158	-
U.S. Department of Justice - Joint Law Enforcement Operations	D	16.999				2,476	13,568	11,302	210	-
U.S. Department of Justice - FBI	D	16.999				-	764	764	-	-
U.S. Department of Justice - MAPAE	D	16.999		MAPAE0506		-	-	2,115	2,115	-
Subtotal - ALN 16.999						6,563 *	30,482	32,578	8,659	-
TOTAL U.S. DEPARTMENT OF JUSTICE						91,161	411,076	248,226	(71,689)	-
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION										
Equal Employment Opportunity Commission	D	30.001		EECCN110067	21,700	(11,822)	-	-	(11,822)	-
Employment Discrimination State and Local Fair Employment Practices Agency Contracts	D	30.002	10/01/22-09/30/24	45310023C0133	20,990	(4,900)	6,990	6,765	(5,125)	-
TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION						(16,722)	6,990	6,765	(16,947)	-
U.S. DEPARTMENT OF TRANSPORTATION										
Passed through the Commonwealth of Pennsylvania										
Department of Transportation										
Transportation Enhancement Funds	I	20.205		057342	8,021,601	15,503	59,180	43,677	-	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed through Pennsylvania Department of Health										
Community Program to Improve Minority Health	D	93.137	07/01/21-06/30/24	1 CPIMP211290-01-00	3,999,382	501,823	1,258,803	756,980	-	366,967
ENVIRONMENTAL PROTECTION AGENCY										
Passed through Pennsylvania Infrastructure Investment Authority										
Capitalization Grants for Clean Water State Revolving Funds	I	66.458	12/01/16-12/01/35	71419	108,161,309	1,255,871	-	2,948	1,258,819	-
Capitalization Grants for Clean Water State Revolving Funds	I	66.458	12/01/16-09/01/40	71420	40,747,008	1,328,186	-	-	1,328,186	-
TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER AND ENVIRONMENTAL PROTECTION AGENCY						2,584,057	-	2,948	2,587,005	-
U.S. DEPARTMENT OF THE TREASURY										
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	D	21.027	03/03/21-12/31/24		61,134,970	(28,789,803)	-	10,076,766	(18,713,037)	-
Passed through Pennsylvania Commission on Crime and Delinquency										
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	I	21.027 CL	01/01/23-12/31/24	2022-CL-01-39397	2,029,000	61,661	179,634	1,311,598	1,193,625	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	I	21.027 CG	01/01/23-12/31/24	2022-CG-01 39392	686,768	29,519	236,123	242,413	35,809	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	I	21.027 CL	01/01/24-12/31/25	2022-CG-01 41186	140,000	-	5,000	15,000	10,000	-
Passed through Pennsylvania Department of Community and Economic Development										
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	I	21.027	03/01/20-12/31/24	C000086300	200,000	-	200,000	200,000	-	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	I	21.027	03/01/20-12/31/24	C000087199	20,000	-	20,000	20,000	-	-
TOTAL U.S. DEPARTMENT OF THE TREASURY						(28,698,623)	640,757	11,865,777	(17,473,603)	-
FEDERAL EMERGENCY MANAGEMENT AGENCY										
Passed through Muhlenberg Township Fire and Rescue										
Assistance to Firefighters Grant	I	97.044	08/19/22-08/18/24	EMW-2021-FG-03607	252,303	-	70,545	70,545	-	-
TOTAL FEDERAL AWARDS						$ (25,844,114)	$ 6,231,064	$ 19,080,805	$ (15,044,153)	$ 366,967

*Corrections made to accrued (unearned) balances as of 12/31/2024
Source Codes - I = Indirect; D = Direct

See notes to schedule of expenditures of federal awards.

CITY OF READING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the City of Reading under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Reading, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Reading.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business amounts reported as expenditures in prior years.

NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS

The City did not elect to use the de minimis rate for indirect costs.

NOTE 4 - LOAN/LOAN GUARANTEE PROGRAMS

As a Community Development Block Grant (CDBG) entitlement community, the City participates in the Department of Housing and Urban Development's Section 108 loan program. The City submits an application, often in conjunction with a third party who will ultimately receive the loan, to obtain a low interest loan. The proceeds from this loan must be used to meet one of the national objectives for the CDBG program and be allowable costs under the CDBG Program. The loans are secured through collateral of the third party as well as the pledging of future CDBG entitlement funds. As of December 31, 2024, the City had the following Section 108 loan activity:

Outstanding Loans At 12/31/2023	Proceeds	Payments	Outstanding Loans at 12/31/2024
$ 2,149,780	$ -	$ (219,000)	$ 1,930,780

NOTE 5 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

The revenue reported on the schedule of expenditures of federal awards for the Coronavirus State and Local Fiscal Recovery Funds differs from the revenue reported in the American Rescue Plan Fund because the fund level reports on the modified accrual basis of accounting and does not accrue retainages payable, while the Schedule of Expenditure of Federal Awards is reported on the full accrual basis.

Herbein
CPAs + Advisors

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www.herbein.com I 610.378.1175

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Council
City of Reading, Pennsylvania
Reading, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Reading, Pennsylvania, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Reading, Pennsylvania's basic financial statements, and have issued our report thereon dated April 16, 2026. We did not audit the financial statements of the Reading Area Water Authority, a blended component unit, or the Reading Parking Authority, a discretely presented component unit, of the City of Reading, Pennsylvania. Those statements were audited by other auditors whose report has been furnished to us. The financial statements of the Reading Area Water Authority and the Reading Parking Authority were not audited in accordance with *Government Auditing Standards.*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Reading, Pennsylvania's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Reading, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Reading, Pennsylvania's internal control.

Our consideration of the internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal controls that we consider to be a material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Reading, Pennsylvania's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

City of Reading, Pennsylvania's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Reading, Pennsylvania's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Reading, Pennsylvania's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Herbein + Company, Inc.

Reading, Pennsylvania
April 16, 2026

Herbein
CPAs + Advisors

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Council
City of Reading, Pennsylvania
Reading, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Reading, Pennsylvania's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Reading, Pennsylvania's major federal programs for the year ended December 31, 2024. The City of Reading, Pennsylvania's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Reading, Pennsylvania complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Reading, Pennsylvania and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Reading, Pennsylvania's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Reading, Pennsylvania's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Reading, Pennsylvania's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Reading, Pennsylvania's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Reading, Pennsylvania's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City of Reading, Pennsylvania's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Reading, Pennsylvania's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Reading's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Reading's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Reading's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Reading's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Herbein + Company, Inc.

Reading, Pennsylvania
April 16, 2026

CITY OF READING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	X yes ___ no
Significant deficiency(s) identified not considered to be material weaknesses?	X yes ___ none reported
Noncompliance material to financial statements noted?	X yes ___ no

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	___ yes X no
Significant deficiency(s) identified not considered to be material weaknesses?	X yes ___ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	X yes ___ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.231	Emergency Shelter Grant
14.248	Section 108 Loan Guarantee Program
14.900	Lead Hazard Reduction Grant Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	___ yes X no

Section II - Financial Statement Findings

2024-001 GRANT MANAGEMENT - MATERIAL WEAKNESS

Criteria
A proper system for tracking and accounting for grants approved is key to staying compliant with grant requirements. The City currently has a decentralized grant structure whereas grant administration occurs in various departments.

Condition
The City received a grant from the Commonwealth of Pennsylvania, Commonwealth Financing Authority, Contract No. C000085919, for construction, engineering, and administration costs at the public safety building. The costs related to this project were reported in the American Rescue Plan Fund with no receivable, revenue, or expenditure recognized for this grant.

Cause
The decentralized nature of the grant administration did not allow the accounting staff to properly identify the grant related expenditures and record them in the correct fund.

Effect
The public safety building grant was not properly recorded in the grant fund including a $500,000 receivable for the grant funds that were not yet received. The current account also overstated the expenditures in the American Rescue Plan Fund by $500,000.

Recommendation
It is important that the City continue working to centralize grant administration or at a minimum improve communication between departments with grants outstanding. This would enable proper administration of the grant from both a programmatical and financial reporting standpoint.

Management Response
See corrective action plan included in this report package.

Section II - Financial Statement Findings - continued

2024-002 CASH DISBURSEMENT CONTROLS - SIGNIFICANT DEFICIENCY

Criteria
Establishment of proper cash disbursement controls are an integral part of the internal controls of an organization. The City's cash disbursement controls are designed to have at least one level of approval on all disbursements before they are issued.

Condition
In our sample of 42 disbursements for testing we noted 3 refunds which did not have documentation of any approvals prior to disbursement.

Cause
The process for issuing refunds in Munis was to use the "One Time Vendor" vendor profile within the system. Any user that has the ability to create a purchase order in the system is able to create a payment to the "One Time Vendor." There was no approval flow set up for this vendor after the payment was created and before payments were issued.

Effect
The 3 refunds selected from our sample were paid without any documented approval. This set-up also would allow any user authorized to create a purchase order to generate a payment request.

Recommendation
The City should continually evaluate the new accounting system for proper mapping and approvals. This process also includes monitoring the rights that users have for steps in the disbursement process. We understand that changes were made to this process at the conclusion of the 2023 annual audit and were in effect during the 2025 fiscal year.

Management Response
See corrective action plan included in this report package.

Section III - Federal Award Findings and Questioned Costs

2024-003 ALLOWABLE COSTS AND REPORTING - SIGNIFICANT DEFICIENCY

Federal Program
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds –
U.S. Department of the Treasury (direct award) ALN 21.027

Criteria
The City utilizes a separate governmental fund to account for the directly received State and Local Fiscal Recovery Fund transactions. This fund is then used to complete the quarterly reports required under the grant.

Condition
During the 2024 fiscal year, grant expenditures related to a Commonwealth of Pennsylvania grant (see finding 2024-001) for the public safety building were reported in the American Rescue Plan fund. Since they were reported in the American Rescue Plan fund they were then included in the report submitted for that time period.

Cause
The decentralized grant administration at the City lead to missing communication between the departments and the improper accounting for the public safety building grant.

Effect
The City accounted for this Commonwealth of Pennsylvania grant within the American Rescue Plan Fund which lead to the understatement of grant activity in the grant fund and overstated activity within the American Rescue Plan Fund as well as the American Rescue Plan reporting.

Questioned Costs
None.

Context
Management detected this public safety building grant of $500,000 reported in the American Rescue Plan Fund during the budget review of activity for the 2026 budget. This discovery also noted that the grant proceeds were never requested for reimbursement from the Commonwealth of Pennsylvania.

Repeat Finding
No.

Recommendation
The City should continue to refine its grant administration and accounting functions to allow for a seamless accounting for grant awards. The current decentralized structure for grant administration can allow for grants awarded to not be properly accounted for and grant reimbursement or expenditures not performed timely.

Management Response
See corrective action plan included in this reporting package.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

December 31, 2024

Section II - Financial Statement Findings

2023-001 MATERIAL ADJUSTMENTS POSTED AS A RESULT OF THE AUDIT - MATERIAL WEAKNESS

AU-C Section 265 indicates that the "Identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected and corrected by the entity's internal control" should be considered a material weakness in internal controls.

Condition
Material audit adjustments were proposed during the audit and recorded to properly reflect accounts within various funds. Specifically, there were two areas where material adjustments were required: (1) accurate accounts payable accruals and (2) accurate grant receivable and unearned revenue accruals.

Cause
A lack of understanding the accrual process, as well as adjusting to the new accounting software allowed material misstatements to go undetected.

Recommendation
We recommend that the City continue developing standard operating procedures for the reporting of year-end accrual-related transactions. It is also important to develop the proper oversight and accountability for completing the tasks assigned. This includes the assignment of responsibility, as well as a review of documentation to ensure completion.

Current Status of Corrective Action Plan
This finding has been resolved by management.

2023-002 CASH DISBURSEMENT CONTROLS - SIGNIFICANT DEFICIENCY

Condition
In our sample of 42 disbursements for testing, 1 disbursement was over the $500 threshold requiring Division or Department Manager approval and did not have documentation of such approvals before being paid. We also noted 2 refunds which did not have documentation of any approvals prior to disbursement.

Section II - Financial Statement Findings - continued

2023-002 CASH DISBURSEMENT CONTROLS - SIGNIFICANT DEFICIENCY - CONTINUED

Cause
The software system allowed for 6 disbursements to be issued without division or department manager approval. The process for issuing refunds in Munis was to use the "One Time Vendor" vendor profile within the system. Any user that has the ability to create a purchase order in the system is able to create a payment to the "One Time Vendor." There was no approval flow set up for this vendor after the payment was created and before payments were issued.

Recommendation
The City should continually evaluate the new accounting system for proper mapping and approvals. This process also includes monitoring the rights that users have for steps in the disbursement process.

Current Status of Corrective Action Plan
See current year finding 2024-002.

2023-003 PAYROLL CONTROLS - SIGNIFICANT DEFICIENCY

Condition
In our sample of 48 disbursements for testing, we noted one individual whose time sheet was manually entered incorrectly, resulting in an underpayment of $9.48 for the pay period tested.

Cause
Currently, certain timesheets are manually entered into the payroll software by supervisors. There is no internal control to ensure accurate entry of manual timesheets before payroll is processed.

Recommendation
The City should review the process for entering time sheets and assign responsibility for reviewing any manual entry to ensure their accuracy.

Current Status of Corrective Action Plan
This finding has been resolved by management.

Section II - Financial Statement Findings - continued

2023-004 PENSION REPORTING - SIGNIFICANT DEFICIENCY

Condition
The information reported on the 2023 AG-385 report contained multiple errors. During audit testing, the following items were noted: (1) youth academy wages were included as pensionable wages for two individuals in our testing, but shouldn't be; (2) A transposition led to an error in reporting pension contributions withheld for one individual; (3) retroactive overtime was improperly excluded for one employee; and (4) one employee had an equal amount of pension withholdings withheld from every pay, regardless of gross wages for the pay period.

Cause
Lack of controls over report review allowed these errors to go undetected.

Recommendation
We recommend a member of management continues to obtain the proper training to be able to assist in completing and reviewing Form AG-385 with the proper supporting documentation. This reporting is very complex in a larger municipality that includes multiple collective bargaining units as well as outsourced payroll processing. This is a critical function and the continued training of the staff is crucial with continuous changes in pension regulations.

Current Status of Corrective Action Plan
This finding has been resolved by management.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended December 31, 2023.

CITY OF READING, PENNSYLVANIA

815 WASHINGTON STREET
READING, PA 19601-3690

CORRECTIVE ACTION PLAN

December 31, 2024

The City of Reading respectfully submits the following corrective action plan for the year ended December 31, 2024.

Name and address of independent public accounting firm: Herbein & Company, 2763 Century Boulevard, Reading, PA 19610.

Audit period: December 31, 2024

The findings from the December 31, 2024 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Section II - Financial Statement Findings

2024-001 GRANT MANAGEMENT - MATERIAL WEAKNESS

Condition
The City received a grant from the Commonwealth of Pennsylvania, Commonwealth Financing Authority, Contract No. C000085919, for construction, engineering, and administration costs at the public safety building. The costs related to this project were reported in the American Rescue Plan Fund with no receivable, revenue, or expenditure recognized for this grant.

Cause
The decentralized nature of the grant administration did not allow the accounting staff to properly identify the grant related expenditures and record them in the correct fund.

Recommendation
It is important that the City continue working to centralize grant administration or at a minimum improve communication between departments with grants outstanding. This would enable proper administration of the grant from both a programmatical and financial reporting standpoint.

Management Response
City management agrees with this finding. Going forward the Grant Manager is required to include the Accounting Manager in all quarterly department grant reviews. Having more attention to the reconciliation process will allow for additional input, coordination between departments and timelier drawdown after funding has been spent by the City. The Finance Director will also more closely monitor the monthly grant reports to ensure timely reporting and funding drawdowns.

Anticipated Completion Date - Ongoing

Section II - Financial Statement Findings – continued

2024-002 CASH DISBURSEMENT CONTROLS - SIGNIFICANT DEFICIENCY

Condition
In our sample of 42 disbursements for testing we noted 3 refunds which did not have documentation of any approvals prior to disbursement.

Cause
The process for issuing refunds in Munis was to use the “One Time Vendor” vendor profile within the system. Any user that has the ability to create a purchase order in the system is able to create a payment to the “One Time Vendor.” There was no approval flow set up for this vendor after the payment was created and before payments were issued.

Recommendation
The City should continually evaluate the new accounting system for proper mapping and approvals. This process also includes monitoring the rights that users have for steps in the disbursement process. We understand that changes were made to this process at the conclusion of the 2023 annual audit and were in effect during the 2025 fiscal year.

Management Response
City management agrees with this finding. We have a dedicated Munis Specialist in IT who regularly monitors access and user utilization, on a quarterly basis they audit permissions and workflow setup in consultation with the Accounting Manager and Finance Director. We have significantly limited the number of users with access to one-time vendor payment.

Anticipated Completion Date - April 2026

CITY OF READING

CORRECTIVE ACTION PLAN

December 31, 2024

Section III - Federal Award Findings and Questioned Costs

2024-003 ALLOWABLE COSTS AND REPORTING - SIGNIFICANT DEFICIENCY

Federal Program
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds -
U.S. Department of the Treasury (direct award) ALN 21.027

Condition
During the 2024 fiscal year, grant expenditures related to a Commonwealth of Pennsylvania grant (see finding 2024-001) for the public safety building were reported in the American Rescue Plan fund. Since they were reported in the American Rescue Plan fund they were then included in the report submitted for that time period.

Cause
The decentralized grant administration at the City lead to missing communication between the departments and the improper accounting for the public safety building grant.

Recommendation
The City should continue to refine its grant administration and accounting functions to allow for a seamless accounting for grant awards. The current decentralized structure for grant administration can allow for grants awarded to not be properly accounted for and grant reimbursement or expenditures not performed timely.

Management Response
City management agrees with this finding. Grants Manager is in training to use the automated tracking system within Tyler Munis. The system has much greater capability than what we have been using or leveraging to date. During the first 2 quarters of 2026 we are taking steps to use the Tyler Maturity Model to refine and make sure we fully built out and turned on all features, including those for grant activity and project management. We look forward to the opportunity to grow and professionally our operations and grant accounting.

Anticipated Completion Date - June 2026

Sincerely,

Michael R. Oppenheimer
City Controller
City of Reading