



# ***FINANCE COMMITTEE***

## ***CITY COUNCIL***

**TUESDAY, JANUARY 17, 2012**  
**CITY COUNCIL OFFICE**  
**5:45 p.m.**

**Committee Members:** F. Acosta, D. Reed Chair; J. Waltman

*Although Council committee meetings are open to the public, public comment is not permitted. However, citizens are encouraged to attend and observe the committee meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair.*

### **I. Update from City Auditor re 2011 Capital Project Audits**

- City Park Improvements
- Pagoda Improvements
- WWTP Capital expenses (1/1/2008-6/30/2011)
- Southwest Fire Station (post-completion audit)
- Compliance-transfers
- Follow-up to external audit findings
- 2011 tax-exempt properties analysis
- Fire escrow audit (2009-2010)

### **II. Fund Transfers (formerly Due To/Due From) - Council approval prior to the transfer of funds?**

### **III. Fund Transfer Ordinances Introduced at the 1-9-12 Meeting**

**A. Ordinance** - amending the 2011 City of Reading General Fund budget by authorizing the transfer of funds from the Sewer Minor Capital Equipment budget to the Contracted Services and Interdepartmental Direct Costs budgets (**Business Analyst**)

**B. Ordinance** - amending the 2011 City of Reading Self Insurance Fund Budget by authorizing the transfer of funds from line items within the Self Insurance Fund Budget **(Human Resources)**

**IV. 2013 Budget Process**

**V. Review Finance Reports**

- Income Statement
- Cash Flow Projection
- 2011 Year End

**VI. Review IT Monthly Report**

**VII. Update - Collection Report for Delinquent Taxes and Misc Fines & Fees (RE01) – RFP to identify new collections firm?**

**VIII. CD Report – Spent vs. Unspent CDBG Funds**

*Written Report Only*

- a. Un-programmed CDBG Funds**
- b. Closing out unpaid CD Loans (CD02)**
- c. UDAG Fund**
  - **2009 Balance Sheet/Income Statement**
  - **2010 Balance Sheet/Income Statement and quarterly report for 2010 showing revenues and expenditures**



# *CITY COUNCIL*

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## *Finance Committee*

### **Meeting Report Monday, December 19, 2011**

**Committee Members Attending:** J. Waltman, D. Reed, F. Acosta, Chair

**Others Attending:** C. Younger, H. Tangredi, C. Geffken, C. Zale, M. Loaiza

Mr. Acosta called the Finance Committee meeting to order at 5:18 pm.

#### **Update from City Auditor re: 2011 Capital Project Audits**

City Auditor Cituk was not present at this meeting. No update was provided.

#### **Update on Settlement of Due To/Due From Transactions**

Mr. Zale distributed and reviewed the due to/due from reconciliation report as of August 31, 2011. He explained that by year's end there will be an approximate \$3M deficit.

Mr. Zale described past practices of previous employees regarding reconciling accounts. He stated that a note would be made on an account (CD, Sewer, etc) but the actual cash would never be transferred to the General Fund. He stated that this was done for numerous years, although he has only been able to confirm \$12.6M as far back as 2003. He believes that there may be more than \$1M uncovered prior to 2003.

Mr. Zale described the effort put forth by the former Finance Director John Nagel and himself to determine the practices of past employees and define a total.

Mr. Waltman asked Mr. Zale his opinion on what he sees in the future related to accounting practices. Mr. Zale replied that this practice will no longer exist and the future transfers from

will be done monthly.

Mr. Waltman inquired if these transfers will need Council approval. Mr. Geffken explained that anything already approved through the budget will not need approval from Council and anything outside the budget will then require Council approval.

Mr. Waltman asked Mr. Zale how difficult the transfers will be going forward. Mr. Zale stated that going forward transfers will be easy. Mr. Zale described the difficulty in untangling the past. He added that going forward will be easy as these accounts will no longer be in use and the reconciliation will be done monthly.

Mr. Acosta stated that assurance is needed going forward to make sure things stay stable.

Mr. Acosta thanked Mr. Zale and all involved for their help on this matter.

### **Finance Report**

Mr. Zale reviewed the General Fund Income Statement that was distributed electronically.

Mr. Waltman inquired if the funds from the Due to/Due From discovery will be used to pay down the debt. Mr. Zale replied affirmatively.

Mr. Zale explained the current deficit is \$3.3M and by year end it will be closer to \$3.4M. He also explained that a \$2.8M payment will be made in January. A cash reconciliation of \$9.8M+ will also occur.

Mr. Waltman inquired about the major factor in 2011 in the 2011 deficit. Mr. Geffken replied that overtime has been a major component in 2011.

Mr. Waltman questioned the areas where the majority of the overtime was approved. Mr. Geffken stated that Fire and Police have acquired the most overtime due to reduced manpower.

Mr. Geffken explained that other factors within the total deficit are the low collection Real Estate rates of Transfer Tax and Earned Income Tax collection. He stated that the Real Estate Transfer Tax was under budget by approximately \$700K and EIT was under budget about \$300K-\$400K.

Mr. Acosta questioned the actual amount of EIT. Mr. Zale replied \$11.5M has been collected including the \$1.5M reconciliation. Mr. Geffken added that this is an improvement from last year.

Mr. Acosta shared that his wife had a positive experience with Berks EIT and the professionalism they demonstrated.

The Public Works Committee members joined the meeting at this time.

### **IT Report**

Mr. Tangredi reviewed the report attached to the Finance agenda. He stated that the email migration to Google will be complete next week.

Mr. Tangredi stated that the main focus for the past weeks has been Codes. He stated that he continues to talk to Ron Natale, Codes Manager, to fulfill Codes' needs.

Mr. Acosta inquired what the most important task for 2012 will be for the IT Department. Mr. Tangredi stated that setting priorities for projects would be the most important. Other issues in 2012 will be the continuation of the Codes project and other internal issues.

Mr. Tangredi stated that a list of priorities will be compiled and distributed. Mr. Acosta inquired if the list could be compiled within the next two (2) weeks. Mr. Tangredi replied affirmatively.

Mr. Geffken added that IT communication has improved.

Ms. Goodman-Hinnershitz questioned if there would be any emphasis on employee training of internet use and PC knowledge. Mr. Geffken stated that there are trainings currently offered by IT for employees but they are not mandatory.

### **Update – Collection Report for Delinquent Taxes and Misc Fines and Fees**

Mr. Geffken stated that the Linebarger contract is completely terminated. Mr. Younger added that the files that were in their possession have also been returned.

### **CD Report – Spent vs Unspent CDBG Funds**

Mr. Geffken reviewed the report attached to the Finance agenda.

Mr. Waltman inquired if there was any alarming discovery made. Mr. Geffken stated none has been made to date.

Mr. Geffken stated that he is currently meeting with CD on a weekly basis.

Mr. Geffken explained that future reports will include the timeliness of the projects.

Ms. Goodman-Hinnershitz inquired about a procedure when the City contracts projects if there is a procedure in place. Mr. Geffken replied that this is currently being written.

**Other**

Ms. Goodman-Hinnershitz expressed concern about the Recreation Commission and the transfer of the City contribution to Reading Beautification Inc., as a temporary solution until the Commission can set-up their own account. She stated that this has to be thought through carefully.

Mr. Waltman expressed concern that the Commission not be cut off completely at the beginning of 2012 as he believes that the Commission needs to be nurtured within their first and second year to be able to move forward successfully. Ms. Reed agreed.

Ms. Goodman-Hinnershitz explained the check disbursement process. She also described Mike Schorn's hard work in actively looking for a company that the Commission can hire to handle payroll.

Mr. Acosta agreed with the need to assist but also pointed out that the Commission will incur expenses for example outsourcing Payroll versus the City having their own Payroll Department.

Ms. Goodman-Hinnershitz expressed that another member of Council needs to join the Recreation Commission upon the resignation of the Council President.

There was next a discussion on the public's use of cameras during meetings.

Mr. Geffken reminded all of the Waste Water Treatment Plant groundbreaking ceremony on Wednesday, December 21, 2011 at 11am.

The Finance meeting adjourned at approximately 6:10 pm.

*Respectfully submitted by Maritza Loaiza, Administrative Assistant to City Clerk*

**From:** David M. Cituk  
**Sent:** Tuesday, August 09, 2011 1:49 PM  
**To:** Linda A. Kelleher  
**Cc:** John B. Nagel; Francis Acosta; Donna Reed; Jeff Waltman; Carl E. Geffken  
**Subject:** RE: Reminder - Audit Issues

To all,

Here are some areas which the Auditor's office will provide reports/analysis/audits during the remainder of 2011.

- City Park Improvements
- Pagoda Improvements
- WWTP Capital expenses (1/1/2008-6/30/2011)
- Southwest Fire Station (post-completion audit)
- Compliance-transfers
- Follow-up to external audit findings
- 2011 tax-exempt properties analysis
- Fire escrow audit (2009-2010)

Dave

**From:** Linda A. Kelleher  
**Sent:** Wednesday, August 03, 2011 1:38 PM  
**To:** David M. Cituk  
**Cc:** John B. Nagel; Francis Acosta; Donna Reed; Jeff Waltman; Carl E. Geffken  
**Subject:** Reminder - Audit Issues

Hey Dave...just a reminder that you promised the Finance Committee to select your internal audit action areas and issues before the August Finance Meeting, which is scheduled for 8-25.

*Linda A. Kelleher CMC, City Clerk  
City of Reading  
815 Washington Street  
Reading, PA 19601  
Phone 610.655.6204*

## SUMMARY OF FINDINGS FROM 2010 EXTERNAL AUDIT

Modified Accrual	2010	2009	2008	2007		2005		
Cash Disbursements - Segregation of Duties	2010	2009	2008					
Pension Reporting	2010	2009	2008	2007	2006			
Pension Compliance	2010	2009	2008	2007				
Account Reconciliations	2010							
Time Card Approval	2010							
Financial Reporting to Management	2010	2009	2008					
Compensated Absence Liability	2010							
Purchasing Card Procedures	2010							
Billing - Revenue/Accounts Receivable water/sewer	2010							
Micro Loan Program Approval	2010							
Monitoring - State Grants	2010							
Preparation of SEFA	2010							
Grant Receipts	2010	2009	2008	2007	2006	2005	2004	2003
Federal Grants ie cash disburse. & acct recon	2010	2009	2008	2007	2006	2005	2004	2003
Federal Grants ie purchasing cards	2010							
Inadequate Documentation - CDBG Admin	2010							
Quarterly performance reports not filed timely - NSP2	2010							
Unclaimed Property		2009	2008	2007	2006			
Segregation of Duties Bank Reconciliations		2009	2008	2007	2006	2005	2004	2003
DCED Reporting Requirements		2009	2008	2007				
Information Technology		2009	2008	2007	2006		2004	



MEMORANDUM

**TO:** Carl E. Geffken, David Cituk, External Auditors  
**FROM:** Christian F. Zale, City Controller  
**DATE:** January 10, 2012  
**SUBJECT:** 2010 External Audit Findings - December 2011 Review

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FINANCIAL STATEMENT AUDIT

**10-1 Modified Accrual (2010, 2009, 2008, 2007)**

**Condition:** Accounts payable and accounts receivable have not been reconciled on a monthly basis.

**Recommendation:** All accounts should be reconciled on a timely basis.

**Management Action:** The Administrative Services Department will reconcile accounts on a monthly basis.

**Current Status:** Accounts receivable aging report has been generated as of December 31, 2011. Both accounts payable and receivable December 31, 2011 reconciliations will be completed by January 13, 2012.

**10-2 Cash Disbursements – Segregation of Duties (2010, 2009, 2008)**

**Condition:** Disbursement process for authorization not being followed.

**Recommendation:** Implement prior process which includes appropriate segregation of duties, management oversight and timely payment of invoices.

**Management Action:** Effective January 1, 2011, a new procedure has been implemented to obtain, review and sign off by the City Controller, Purchasing Coordinator, Director of Administrative Services and Managing Director according to a specified spending threshold.

**Current Status:** New procedure in place and completed management's action. **This finding is considered resolved.**

**10-3 Pension Reporting (2010, 2009, 2008, 2007, 2006)**

**Condition:** Preparation of the AG-385 reports has not been correctly reported because of personnel turnover by the Pension Administrator and with the Finance Department.

**Recommendation:** The Internal Auditor's Office should oversee the preparation of the AG-385 report.

**Management Action:** The Pension Coordinator meets weekly with the Administrative Services director and City Auditor. The preparation of the AG-385 for 2010 involved the Pension Coordinator, City Auditor, City Controller, Accounting Manager Administrative Director and his Confidential Secretary. Staff expects the 2010 filing to be error free.

**Current Status:** Implemented and completed management's action. **This finding is considered resolved.**

**10-4 Pension Compliance (2010, 2009, 2008, 2007)**

**Condition:** Benefits granted to union employees that were not within the parameters of the established codes.

**Recommendation:** The City should evaluate the state code and City Charter to insure pension compliance prior to settlement of union contract. Also, the City should monitor remitting funding obligations to each fund.

**Management Action:** The Act 47 Recovery Plan is taking an active role in all negotiations resulting in negotiating new labor contracts which comply with all state and local laws.

**Current Status:** Completed Fire and O&E in 2011 according to the recovery plan. Police is currently negotiating.

**10-5 Account Reconciliations / Adjustments (2010)**

**Condition:** Turnover in key financial management positions caused many reconciliations not being performed timely and accurately.

**Recommendation:** Review policies and procedures to ensure appropriate individual is assigned the proper task. Also, review job description and responsibility to allow the most efficient flow of information.

**Management Action:** The City Controller has established a monthly schedule and assigned responsibility of all accounts that will be reconciled. This will enable the staff to make year end adjustments.

**Current Status:** Various accounts are currently reconciled; while the remaining will be assigned. Year end adjustments will be coordinated with external auditors in a timely manner.

#### **10-6 Time Card Approval (2010)**

**Condition:** Current internal control procedures for hourly employees state that the employee, time keeper and department head sign off time cards to ensure accuracy and approval of the hours worked. This is not constantly occurring.

**Recommendation:** The City should follow established internal control procedure. Also, the timekeeper, payroll clerk and city auditor should monitor the approval and reporting process to ensure procedure compliance.

**Management Action:** In addition to complying with the recommendation, the City is contemplating switching payroll systems, part of which would electronically collect time, requiring management to authorize time records.

**Current Status:** All O&E employees are signed off by department heads. Police "hour exceptions", such as overtime and LOA, are individually approved by supervisors. Fire time card signed off by time keeper. **This finding is considered resolved.**

#### **10-7 Financial Reporting to Management (2010, 2009, 2008)**

**Condition:** Current information provided to City Council is inadequate. Meaningful information, timeliness and format showing true cost of operations compared to budget did not exist.

**Recommendation:** The Finance Department should revisit the information distributed to senior management and City Council to ensure accurate, timely and meaningful information.

**Management Action:** Prepare a cash flow report and income statement, both comparing actual versus plan and prior year on a monthly basis.

**Current Status:** The Finance Department provides senior management and City Council with a monthly cash flow report with narrative, along with an income statement comparing actual versus plan. Prior year information should be added to the income statement.

#### **10-8 Compensated Absence Liability (2010)**

**Condition:** An inconsistency exists between time earned by employees and the hours accrue in the payroll system (PDS) for the liability.

**Recommendation:** Management needs to manually track this information until the issue with the payroll system is resolved.

**Management Action:** Compensated absences have been tracked manually for the first half of 2011. Corrections to the payroll system have implemented in July 2011.

**Current Status:** Corrections are maintained. **This finding is considered resolved.**

#### **10-9 Purchasing Card Procedures (2010)**

**Condition:** No review occurred of purchasing card activity by upper management.

**Recommendation:** Director of Administrative Services should review purchasing card activity for unusual or excessive items.

**Management Action:** The Managing Director and Director of Administrative Services will review monthly statements for propriety.

**Current Status:** Management actions implemented. **This finding is considered resolved.**

#### **10-10 Billing-Revenue/Accounts Receivable Water/Sewer (2010)**

**Condition:** Account receivable report not generated at month end and reconciliation not performed. Past due accounts not analyzed for collectability.

**Recommendation:** To ensure an accurate monthly accounts receivable cutoff, coordinate cash application with Treasury when generating the report. Account reconciliation between report and trial balance is required. Also, the report must be reviewed for past due accounts.

**Management Action:** Management will implement recommendations.

**Current Status:** Currently, the month end receivable report is generated. The account reconciliation and collection effort need attention. Goal is to implement these two items in December 2011.

#### **10-11 Micro Loan Program Approval (2010)**

**Condition:** Approval of not always obtained for contract for services with a third party.

**Recommendation:** The City should implement a policy to obtain City Council approval when contracting with a third party.

**Management Action:** Implement the recommendation.

**Current Status:** All City contracts are reviewed by the City Solicitor and properly executed. **This finding is considered resolved.**

#### **10-12 Monitoring State Grants (2010)**

**Condition:** Some proper documentation supporting expenses related to certain grant funds were not available. In addition, expenditures were not recorded on the City's general ledger. The City is also not maintaining an accurate listing of all state awards that have been applied for and the status of these awards.

**Recommendation:** The City should re-evaluate its procedure for handling state grants to allow proper documentation of the award and related expenditures. Procedures should include verifying to allow ability of costs and monitoring sub recipients. Also the City should provide a listing of awards applied for and received be maintained to allow the monitoring of Grant status. With the involvement of Reading Redevelopment Authority (RRA), open communication between the City grant coordinator and the Authority is important.

**Management Action:** The City recently hired a Grants Accountant to staff. This Accountant will work closely with the Grants Coordinator to ensure proper documentation is retained, along with maintaining a comprehensive listing of awards. Coordination between RRA and grants staff will improve.

**Current Status:** These recommendations require attention with a defined implementation plan identified by the end of January 2012.

#### **10-13 Preparation of Schedule of Expenditures of Federal Awards (SEFA) (2010)**

**Condition:** The City does not prepare a SEFA containing all required information. The external auditor prepared the SEFA. Also, certain federal awards were not identified at all.

**Recommendation:** To be aware of all compliance requirements from the A-133 Compliance Supplement and prepare a complete and accurate SEFA, management should have an awareness of CFDA number and Clusters.

**Management Action:** The Grants Account will prepare the SEFA schedules as required.

**Current Status:** No action taken; need implemented by the end of January 2012.

### **FEDERAL AWARD PROGRAM AUDIT**

#### **10-14 Grant Receipts (2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003)**

**Condition:** Enhanced communication needed between Community Development (CD) and Finance to improve timeliness of IDIS reporting on a more consistent manner with the general ledger. Also, no reconciliation performed of actual expenses paid on the general ledger to the IDIS draw downs.

**Recommendation:** The CD Fiscal Officer is responsible for timely draw downs, insuring expenditures are recoded on the general ledger and a monthly reconciliation is performed comparing draw downs to the general ledger. The CD Fiscal Officer should have access to the general ledger software (USL).

**Management Action:** The CD Fiscal Officer position will relocate into the Finance division. This will provide for timely draw downs, accurate accounting, proper training and timely reconciliations.

**Current Status:** The CD Fiscal Officer has been transferred to the position of Waste Water Treatment Project Accountant. He continues supporting CD until a replacement is hired. This employee recently moved to the Finance division area. CD accounts are reconciled to the general ledger as of November 30, 2011. These accounts will be reconciled on a monthly basis.

**This finding is considered resolved.**

#### **10-15 Allowable Costs-Inadequate Documentation for Administrative Expenses via Purchasing Card (2010)**

**Condition:** Some expenditures applied to various grants and contracts did not have adequate documentation to confirm the expense was necessary and reasonable to the administration of the program. Some administrative expenses charged to the program were unallowable such as donations and entertainment. All of the aforementioned charges were done through purchasing card transactions.

**Recommendation:** The city should establish effective controls to monitor this area plus have appropriate personnel to maintain a listing of allowable costs under federal regulations noted above and review all administrative costs charged to the program against these listings. Training on unallowable costs should be held.

**Management Action:** The Managing Director and Director of Administrative Services will review and approval all program and administrative costs for propriety.

**Current Status:** The Managing Director and Director of Administrative Services review monthly statements for propriety.

**This finding is considered resolved.**

#### **10-16 Reporting-Quarterly Performance (NSP2) Reports Not Filed Timely (2010)**

**Condition:** The first, second and third quarter NSP2 reports were submitted late. The Disaster Recovery Gant Report (DRGR) system generating the reports was not operating properly which caused delays. Each of the reports for the noted three quarters were reviewed and approved by the applicable federal agency.

**Recommendation:** The Director of Community Development should review the quarterly reports before they are submitted to ensure they are accurate and performed timely.

**Management Action:** The Director of Community development will review the quarterly reports to ensure accuracy and timeliness.

**Current Status:** The Director of Community is reviewing the quarterly reports. The 2010 fourth quarter and the first, second and third quarter reports for 2011 have been properly reviewed and issued on time. **This finding is considered resolved.**



C I T Y   O F   R E A D I N G ,   P E N N S Y L V A N I A

M E M O R A N D U M

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**TO:** Carl E. Geffken  
**FROM:** Christian F. Zale, City Controller  
**DATE:** January 9 , 2012  
**SUBJECT:** Schedule of Transfers - December 2011

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**The following transfers occurred in December 2011:**

\$1,106,977.00 Water Lease/Rental transfer of funds from RAWA bank account to fund 50 (city water) bank account. This dollar transfer has been reduced as city employees became RAWA employees. Budgeted annual amount is \$17,407,986.00.

\$127,503.00 Meter Surcharge transfer of funds from fund 50 (city water) bank account to fund 01 (general) bank account. Budgeted annual amount is \$1,750,000.00.

\$410,000.00 Water transfer and indirect cost reimbursement transfers of funds from fund 50 (city water) bank account to fund 01 (general) bank account. Budgeted annual amount is \$4,920,000.00.

\$112,500.00 Parking Authority transfer of funds from Parking Authority bank account to fund 01 (general) bank account. Budgeted annual amount is \$1,350,000.00.

\$125,000.00 RAWA Act 47 transfer of funds from fund 50 (water) bank account to fund 01 (general) bank account. Budget annual amount is \$1,500,000.00.

**Due To / Due From (DT/DF) Activity**

Per analysis of prior years' DT/DF activity, about \$12 million has been transferred to fund 01 (general) from the other fund accounts. This finding has been communicated by the administration with the mayor's office, city auditor and city council.

**Future transfers:**

A schedule of monthly transfers for 2012 will be published. The amounts are based on the approved 2012 budget.





# AGENDA MEMO

## Utilities Division

**TO:** City Council

**FROM:** Ralph E. Johnson, WWTP Manager

**PREPARED BY:** Ralph E. Johnson

**MEETING DATE:** December 27, 2011

**AGENDA MEMO DATE:** December 16, 2011

**RECOMMENDED ACTION:** Approve appropriation transfers

**BACKGROUND:**

Due to unscheduled 42-inch force main repairs and restoration of wastewater trenches and driveways, intra-fund line item transfers are needed to enable payment of future contracted services and inter-departmental direct cost transfers.

**BUDGETARY IMPACT:**

Intra-fund line item transfer - \$80,000 from Minor Capital Equipment to Contracted Services.  
Inter-fund line item transfer - \$40,000 from Minor Capital Equipment to Interdepartmental Direct Cost.

**PREVIOUS ACTION:**

None

**RECOMMENDED BY:**

Wastewater Treatment Plant Manager and Public Works Director.

**RECOMMENDED MOTION:**

Approve the request.

**BILL No. \_\_\_\_-2011**  
**AN ORDINANCE**

**AN ORDINANCE AMENDING THE 2011 CITY OF READING GENERAL FUND BUDGET BY AUTHORIZING THE TRANSFER OF FUNDS FROM THE SEWER MINOR CAPITAL EQUIPMENT BUDGET TO THE CONTRACTED SERVICES AND INTERDEPARTMENTAL DIRECT COSTS BUDGETS.**

**Section 1.** Amending the City of Reading 2011 General Fund Budget by authorizing the transfer of a total of \$120,000 from the Minor Capital Equipment line item to the following accounts/line items within the Sewer budget:

1. Transferring \$80,000 to Contracted Services
2. Transferring \$40,000 to Interdepartmental Direct Costs

**Section 2.** This ordinance shall become effective ten (10) days after its adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted: \_\_\_\_\_, 2011

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

(Business Analyst)

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

# AGENDA MEMO

## Human Resources/Risk & Safety Division

**TO:** City Council

**FROM:** Pat Beisswanger, Risk & Safety Coordinator & Sandy Hummel, Human Resources Manager

**PREPARED BY:** Pat Beisswanger, Risk & Safety Coordinator

**MEETING DATE:** December 27, 2011

**AGENDA MEMO DATE:** December 21, 2011

**REQUESTED ACTION:** To approve a transfer of \$130,000 from the Self Insurance Fund line item W/C Claims/Medical 52-11-27-4751 into Self Insurance Fund line item Incurred Liability Claims 52-11-00-4749.

**RECOMMENDATION:** The Risk & Safety Coordinator is asking Council to approve this transfer of \$130,000 within the Self Insurance Fund to pay for bills for the remainder of 2011.

**BACKGROUND:** The Incurred Liabilities line has exceeded its budget amount in 2011 due to larger than anticipated liability claim payments.

**BUDGETARY IMPACT:** NONE

**PREVIOUS ACTION:** NONE

**SUBSEQUENT ACTION:** NONE

**RECOMMENDED BY:** Sandy Hummel, Human Resources Manager and Pat Beisswanger, Risk & Safety Coordinator

**RECOMMENDED MOTION:** Approve a transfer of \$130,000 from the Self Insurance Fund W/C Claims/Medical line item 52-11-27-4751 into Self Insurance Fund Incurred Liability Claims line item 52-11-00-4749.

BILL No. \_\_\_\_\_ - 2012  
AN ORDINANCE

**AN ORDINANCE AMENDING THE 2011 CITY OF READING GENERAL FUND BUDGET BY AUTHORIZING THE TRANSFER OF FUNDS FROM THE HUMAN RESOURCES/RISK & SAFETY DIVISION SELF INSURANCE FUND W/C CLAIMS/MEDICAL LINE ITEM TO THE SELF INSURANCE FUND INCURRED LIABILITY CLAIMS LINE ITEM TO COVER LARGER THAN ANTICIPATED LIABILITY CLAIM PAYMENTS**

Section 1. Amending the City of Reading 2011 Self Insurance Fund Budget by authorizing the transfer of a total of \$130,000 in the Human Resources/Risk & Safety Division Self Insurance Fund W/C Claims/Medical line item #52-11-27-4751 to the Self Insurance Fund Incurred Liability Claims line item # 52-11-00-4749

Section 2. This Ordinance shall become effective ten (10) days after its adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted: \_\_\_\_\_, 2012

\_\_\_\_\_  
President of Council

Attest:

\_\_\_\_\_  
City Clerk

(Business Analyst)

Submitted to Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

Received by the Mayor's Office: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

## City of Reading Community Development

1/11/2012						Available to go	Percentage	
<b>YEAR</b>	Allocated	Spent		Total	Unspent	Back into LOC	Completion	IDIS
		Entitlement	Program Income	Spent				
<b>2009 CDBG</b>								
Centre Park Historic District Artifacts Bank	25,500.00	25,500.00		-	25,500.00		0%	
NORTHMONT PLAYGROUND	130,000.00	130,000.00		130,000.00	-		100%	1317
<b>TOTAL</b>	<b>155,500.00</b>	<b>155,500.00</b>						
		155,500.00		<b>130,000.00</b>	<b>25,500.00</b>		<b>84%</b>	
<b>CDBG-R</b>								
CDBG-R Administration	82,821.00	82,821.00		\$40,095.42	42,725.58		48%	1418
500 block Franklin St. CDBG-R	194,796.00	194,796.00		\$31,881.00	162,915.00		16%	1420
Blighted Property Review Committee CDBG-R	83,000.00	83,000.00		\$60,282.08	22,717.92		73%	1421
300-400 blocks Court St. CDBG-R	75,600.00	75,600.00		54,295.84	21,304.16		72%	1422
<b>TOTAL</b>	<b>436,217.00</b>	<b>436,217.00</b>		<b>186,554.34</b>	<b>249,662.66</b>		<b>43%</b>	
<b>HRPR</b>								
Opportunity House - HPRP	1,169,670.00	1,169,670.00		822,699.71	346,970.29		70%	1434
HPRP Admin	30,000.00	30,000.00		\$20,987.02	9,012.98		70%	1537
<b>Human Relations Commission - HPRP</b>	<b>67,351.00</b>	<b>67,351.00</b>		<b>\$44,745.55</b>	<b>22,605.45</b>		<b>66%</b>	<b>1442</b>
<b>TOTAL</b>	<b>1,267,021.00</b>	<b>1,267,021.00</b>		<b>888,432.28</b>	<b>378,588.72</b>		<b>70%</b>	
<b>2010 CDBG</b>				-	-			

Baer Park Improvements	55,000.00	55,000.00		54,610.10	389.90		99%	1381
Barbey Playground Improvements	50,000.00	50,000.00		9,608.28	40,391.72		19%	1382
BPRC / RRA	169,000.00	169,000.00		-	169,000.00		0%	1383
Emergency Demo	577,023.38	577,023.38		577,023.38	-		100%	
City Park Improvements	60,000.00	60,000.00		\$53,820.00	6,180.00		90%	1386
Residential Facade Improvements	37,275.00	37,275.00		24,285.00	12,990.00		65%	1402
Fire Station Improvements	168,640.00	168,640.00		56,319.93	112,320.07		33%	1519,20,21,22
Library Improvements	170,000.00	170,000.00		102,648.21	67,351.79		60%	1522,23,24,25
2011 Street Paving	395,000.00	395,000.00		\$342,882.93	52,117.07		87%	1533
<b>TOTAL</b>	<b>1,681,938.38</b>	<b>1,681,938.38</b>		<b>1,221,197.83</b>	<b>460,740.55</b>		<b>73%</b>	
<b><u>NSP2</u></b>								
NSP2 ACQUISTION OCR	675,000.00	675,000.00		300,228.86	374,771.14		44%	B-1
NSP2 ACQUISTION CD/RHA	246,308.75	246,308.75		-	246,308.75		0%	
NSP2 ADMINISTRATION	383,031.25	383,031.25		319,867.06	63,164.19		84%	B-7
NSP2 REHAB OCR	2,700,000.00	2,700,000.00		2,698,636.15	1,363.85		100%	B3
NSP2 REHAB RHA	995,660.00	995,660.00		540,555.04	455,104.96		54%	B-4
<b>TOTAL</b>	<b>5,000,000.00</b>	<b>5,000,000.00</b>		<b>3,859,287.11</b>	<b>1,140,712.89</b>		<b>77%</b>	
<b><u>2011 CDBG</u></b>				-				
3rd and Spruce Basketball Courts	70,000.00	70,000.00		-	70,000.00		0%	
Library Improvements	150,000.00	150,000.00			150,000.00		0%	

Olivet's Boys & Girls Clinton St Pool	88,000.00	88,000.00			88,000.00		0%	
5th & Bingaman Traffic Signal	25,000.00	25,000.00			25,000.00		0%	
Schlegel Park Pool Improvements	130,000.00	130,000.00			130,000.00		0%	
11th and Pike Playground Improvements	122,080.00	122,080.00		44.04	122,035.96		0%	1551
Abraham Lincoln Hotel Section 108 Loan Payment	240,000.00	240,000.00		\$216,691.50	23,308.50		90%	1544
Adopt-A-Tree	-	-		-	-			
Barbey Playground	251,000.00	251,000.00		-	251,000.00		0%	
BCTV	75,000.00	75,000.00		\$34,499.26	40,500.74		46%	1541
CDBG Program Administration	499,902.00	499,902.00	\$88,251.52	358,557.21	141,344.79		72%	1512
Code Enforcement - PMI	427,500.00	427,500.00		\$367,679.93	59,820.07		86%	1536
Code Enforcement - Trades	170,000.00	170,000.00		\$139,864.23	30,135.77		82%	1535
Facade Improvements – Commercial	50,000.00	50,000.00		-	50,000.00		0%	
Emergency Demos	375,000.00	375,000.00		\$267,942.69	107,057.31		71%	1532
Liberty Fire Station	26,000.00	26,000.00		22.02	25,977.98		0%	1552
NHS Home-ownership Assistance	75,000.00	75,000.00		-	75,000.00		0%	
NHS Major System Rehabilitation	75,000.00	75,000.00		-	75,000.00		0%	
N 14 St Speed Tables	35,000.00	35,000.00		\$17,080.79	17,919.21		49%	1550
Pendora Park	10,000.00	10,000.00		\$9,780.10	219.90		98%	1526
Reading Iron Playground Improvements	125,000.00	125,000.00		\$44.04	124,955.96		0%	1546
Facade Improvements – Residential	35,000.00	35,000.00		-	35,000.00		0%	
Public Services – Activity Delivery Expenses	11,000.00	11,000.00		-	11,000.00		0%	
Northwest Tennis Program					-		0%	

	4,000.00	4,000.00			4,000.00				
Baer Park Boxing Program	4,000.00	4,000.00		966.76	3,033.24			24%	1547
Community Policing	286,109.21	286,109.21		232,612.03	53,497.18			81%	1539
Human Relations Fair Housing	19,000.00	19,000.00		14,491.94	4,508.06			76%	1543
NEAR – Pendora	9,000.00	9,000.00		44.04	8,955.96			0%	1548
Oakbrook Tennis Program	4,000.00	4,000.00		-	4,000.00			0%	
Olivet's Southeast Program	74,000.00	74,000.00		\$63,282.89	10,717.11			86%	1542
Olivet's & Library Summer Program	14,000.00	14,000.00		14,000.00	-			100%	1545
RAFT - 3rd and Spruce	5,000.00	5,000.00		22.02	4,977.98			0%	1549
Riverside Tennis Program	4,000.00	4,000.00		-	4,000.00			0%	
Southern Tennis Program	4,000.00	4,000.00		-	4,000.00			0%	
<b>TOTAL</b>	<b>3,492,591.21</b>	<b>3,492,591.21</b>	<b>88,251.52</b>	<b>1,737,625.49</b>	<b>1,754,965.72</b>			<b>50%</b>	
<b><u>ESG</u></b>									
Emergency Shelter Grant Admin	6,773.84	6,773.84		3,202.84	3,571.00			47%	1540
Opportunity House- operations	6,126.65	6,126.65		5,949.35	177.30			97%	1558
Opportunity House- essential svcs	11,000.00	11,000.00		10,837.57	162.43			99%	1557
<b>TOTAL</b>	<b>23,900.49</b>	<b>23,900.49</b>		<b>19,989.76</b>	<b>3,910.73</b>			<b>84%</b>	
<b><u>HESG</u></b>									
Emergency Shelter Grant Admin	6,800.00	6,800.00		-	6,800.00			0%	1569
Homeless Prv - Catholic Charities	8,000.00	8,000.00		\$1,386.30	6,613.70			17%	1568
Mary's Shelter - Operations	36,405.60	36,405.60		\$19,762.94	16,642.66	0.35		54%	1566
Mary's Shelter - Essential Services	84,946.40	84,946.40		\$14,086.41	70,859.99	55,225.41		17%	1567

<b>TOTAL</b>	<b>136,152.00</b>	<b>136,152.00</b>		<b>35,235.65</b>	<b>100,916.35</b>	160,052.49	<b>26%</b>		
<b><u>Other Accounts</u></b>	<b>Balances</b>	<b>Add</b>	<b>Interest</b>	<b>Spent</b>	<b>Balances</b>				
<b>EZ FRED</b>	29,880.39			20,000.00	9,880.39				
<b>HOME PROG INC</b>	7,534.93	9,288.76		16,446.78	376.91				
<b>CDBG PROG INC</b>	70,756.66	147,524.73		81,146.84	137,134.55				
<b>UDAG</b>	209,879.98	30,000.00		84,708.19	155,171.79				
<b>SEC 108</b>	452,652.51	\$769,320.38		753,221.07	468,751.82				
<b>STATE OF PA - CIDC (Microloan Prog)</b>	550,000.00	20,000.00		97,124.14	472,875.86				
<b>FAMILY BUSINESS PROGRAM</b>	570,180.58		2,130.94	-	572,311.52				
<b>CDBG EN Borrowed from 2010</b>	258,781.91			-	258,781.91				
<b>CDBG PI spent for 2011 Projects</b>	125,032.13			-	125,032.13				
<b>TOTAL CDBG EN BALANCE(1/10/12)</b>	<b>\$2,424,592.76</b>			<b>-</b>	<b>2,424,592.76</b>				
<b>TOTAL CDBG PI BALANCE (1/10/12)</b>	<b>137,134.55</b>			<b>-</b>	<b>137,134.55</b>				
<b><u>CDBG Funds To Be Spent</u></b>									
<b>Line of Credit</b>	<b>\$2,561,727.31</b>								
<b>TTL CDBG 2009 - 2011 To Be Spent</b>	<b>2,241,206.27</b>								
<b>Difference</b>	<b>320,521.04</b>								
<b><u>CDBG 2011 Timelines Test</u></b>									
<b>**Timelines Test Amount</b>	<b>4,206,765.00</b>								
<b>Estimated Line of Credit</b>	<b>\$2,561,727.31</b>								
<b>Over/(under Cap)</b>	<b>(1,645,037.69)</b>								

\*\*Note: In compliance with CDBG Timelines rules by November 1, 2011, CDBG line of credit must be below \$4,206,765.00 (current year grant times 1.5)

<b>PR 02/PR 27 HOME program reconcillation</b>					<b>1/10/2012</b>
<b>Program Year</b>	<b>Grant Balance (PR 27 )</b>	<b>Admin Balance (PR 27 )</b>	<b>OCR Balance (PR 02 )</b>	<b>NHS Balance (PR 02 )</b>	<b>Unprogrammed</b>
<b>2008</b>	\$ 55,070.05	\$ 10,113.67	\$ -	\$ 46,249.00	\$ (1,292.62)
<b>2009</b>	\$ 267,838.00	\$ 107,135.20	\$ 26,620.46	\$ 128,303.83	\$ 5,778.51
<b>2010</b>	\$ 878,400.48	\$ 106,811.40	\$ (20,274.71)	\$ 44,423.84	\$ 706,890.53
<b>2011</b>	\$ 943,508.00	\$ 94,350.80	\$ 801,085.50	\$ 160,217.10	\$ (112,145.40)
<b>Current</b>	<b>\$ 2,144,816.53</b>	<b>\$ 318,411.07</b>	<b>\$ 807,431.25</b>	<b>\$ 379,193.77</b>	<b>\$ 599,231.02</b>

	100.00%	16.50%	Reduction
CDBG Grant	\$		
	3,360,585.00	\$2,804,510.00	
Projected 2011 CDBG Income	\$		
	70,000.00	\$ 70,000.00	
Abe Lincoln 108	\$240,000.00		
Available After payment of 108 Loan Obligations	\$		
	3,190,585.00	\$2,634,510.00	

2011 Activity Name		0% Cut		New 2011	* Act Del ?	Spent
3rd & Spruce Improvements*		\$ 54,000.00		\$ -		\$ -
400 and 500 blocks of Penn St. Improvements*	Amend required	\$ 65,000.00		\$ -		
11th and Pike Playground*	Amend required	\$ 200,000.00		\$ 125,000.00	-1000	\$ 44.04
Adopt-A-Tree*	Amend required	\$ 10,000.00				
Barbey Playground*		\$ 245,468.00		\$ 251,000.00	*\$-1000	\$ -
BCTV CDBG Administration		\$ 75,000.00		\$ 75,000.00		\$ 34,499.26
CDBG Administration		\$ 611,117.00		\$ 499,902.00		\$ 358,557.21
Code Enforcement - PMI*		\$ 325,000.00		\$ 325,000.00		\$ 367,679.93
Code Enforcement - Trades*		\$ 170,000.00		\$ 170,000.00		\$ 139,864.23
Commercial Façade		\$ 70,000.00		\$ 50,000.00		\$ -
Emergency Demos		\$ 425,000.00		\$ 375,000.00		\$ 267,942.69
Liberty Fire Station*	Amend required	\$ 35,000.00		\$ 26,000.00	*\$-1000	
NHS home ownership assistance		\$ 100,000.00		\$ 75,000.00		
NHS Major System Rehab		\$ 100,000.00		\$ 75,000.00		
Pendora Park*		\$ 15,000.00		\$ 15,000.00	*\$-1000	

Reading Iron Playground*		\$ 125,000.00		\$ 125,000.00	*\$-1000	
Residential Façade		\$ 50,000.00		\$ 35,000.00		\$ -
Public Services Activity Delivery	no reduction	\$ 11,000.00		\$ 11,000.00		
Northwest Rec Tennis*		\$ 4,000.00		\$ 4,000.00		
Baer Park Rec Boxing*		\$ 4,000.00		\$ 4,000.00		
Community Policing*	<b>Amend required</b>	\$ 344,000.00		\$ 279,600.00		
Human Relations Fair Housing		\$ 19,000.00		\$ 19,000.00		
NEAR Pendora*		\$ 19,000.00		\$ 19,000.00		
Oakbrook Rec Tennis*		\$ 4,000.00		\$ 4,000.00		
Olivet's Southeast (not including RPL)		\$ 74,000.00		\$ 62,000.00		
Olivet's/RPL Southeast		\$ 14,000.00		\$ 14,000.00		
RAFT 3rd and Spruce*		\$ 14,000.00		\$ 14,000.00		
Riverside Rec Tennis*		\$ 4,000.00		\$ 4,000.00		
Southern Rec Tennis*		\$ 4,000.00		\$ 4,000.00		
<b>TOTALS EXPENDITURES</b>		<b>\$ 3,190,585.00</b>		<b>\$ 2,660,502.00</b>		<b>\$ 1,168,587.36</b>

Projected 2011 Program Income	\$ 70,000.00	100.00%	reduction	reduction
BASE (Entitlement less 108 & Admin)	\$ 2,504,468.00		\$ 2,059,608.00	\$ (393,056.47)
Slum Blight Cap 30%**	\$ 545,000.00		\$ 460,000.00	\$ 267,942.69
		21.76%	22.33%	-68.17%

2010 Program Income	\$ 121,306.23	100.00%
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BASE (Entitlement + Prior PI)	\$	3,481,891.23
Public Services Cap 15%**	\$	515,000.00
		14.79%

\$	2,925,816.23
\$	438,600.00
	<b>14.99%</b>

\$	-
\$	-
	<b>#DIV/0!</b>

Projected 2011 Program Income	\$	70,000.00	100.00%
BASE (Entitlement + PI)	\$	3,430,586.00	
Public Admin Cap 20%**	\$	686,117.00	
		20.00%	

\$	2,874,510.00
\$	574,902.00
	<b>20.00%</b>

\$	-
\$	393,056.47
	<b>#DIV/0!</b>

\* subtract from each DPW project activ. deliv.

\*\* Assumes all 2011 CDBG EN and PI are drawn

