



# ***CITY COUNCIL***

## ***Finance, Audit & Budget Committee***

**Monday, November 18, 2013**

**5:00 pm**

**Penn Room**

- The Budget and Finance Committee's responsibilities and topics include but are not limited to Annual Budget Review, Capital Improvement Programs, Financial Reports, Taxes (Rates, exonerations and exemption appeals), Fee Assessments, Procurement Policies, Review of Budget & Financial Reports, oversight of the City's external auditing, internal controls and any other financial or business practices, and reviewing the work of the City Auditor.

**Committee Members:** Donna Reed (Chair), Randy Corcoran and Dennis Sterner

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

*All electronic recording devices must be at the entry door in all meeting rooms and offices, as per Bill No. 27-2012*

### **I. Main Street Update – C. Broad**

### **II. Report**

#### **a. Update on CDC**

### **III. Review Monthly Reports**

- **CDBG – funds expended & un-programmed quarterly – next report October**
- **Charter Review Commission (City Auditor) – next report November**
- **Review Finance Reports Hard Copy Only**

- 2013 Property and Assessment Report
- Income Statement YTD
- Income Statement Projection
- Review Expenditures/Revenues
- Cash Flow Projection
- Review Bank Statement Activity
- Review Transfers
- Contingency Account/Fund re beginning balance and YTD balance
- Quarterly Pension Reports – *next report September*
- Quarterly Delinquent Collection Reports – *next report in October*
- Quarterly IT Reports – *next report December*

Meeting Report  
Monday, October  
21, 2013

# *CITY COUNCIL*

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***Budget Committee***

**Attending:** D. Reed, Chair; D. Sterner, R. Corcoran, M. Goodman-Hinnershitz, F. Acosta, J. Waltman, S. Marmarou, D. Cituk, C. Younger, C. Zale, L. Kelleher, M. Bembenick V. Spencer, E. Lloyd, D. Pottiger

Ms. Reed called the Budget Review meeting to order at approximately 5:08 pm.

### **Finance Report**

Mr. Zale called Council's attention to the Finance Reports attached to the agenda. He stated that at the end of September, on a cash basis, the City has \$8.7M which includes the payment of the annual pension MMO and the State contribution. He stated that revenues yielded a good return and are running \$1.2M ahead of budget. He stated that expenditures are running \$2.4M over budget. The projected deficit is \$1.1M for 2013. Police and Fire overtime exceed budget by a total of \$638,132 (\$258,574 Police and \$379,558 Fire). Law also has \$300,000 in unbudgeted legal fees. There is no change in the five (5) year projection.

Ms. Goodman-Hinnershitz inquired if the \$300,000 in legal fees will be covered by the budget adjustment request on the October 28<sup>th</sup> agenda or if these are in addition to that adjustment.

Mr. Waltman stressed the need to find compromise and to zero out the legal fees.

Mr. Waltman expressed the belief that EIT is a shell game. Noting the improved collection rate in 2013, he questioned the uncollected revenue prior to 2013. He questioned the amount of money left behind. Mr. Bembenick stated that Act 32 requires the use of a single tax collector and requires the employer to withhold the municipal rate from the employees pay. Before 2013 the employer was only required to withhold 1% from the employees pay.

Mr. Waltman inquired about the progress on reconciling the general disbursement accounts (GDA). Mr. Zale stated that there are 35 accounts that require attention. Mr. Bembenick stated that the Finance Division is making strides to correct that problem. He stated that he expects major improvements with the 2013 audit.

Mr. Cituk provided an overview of the Audit Committee meeting held last week. Minutes were distributed to Council at the end of last week.

Mr. Marmarou expressed the belief that hiring two additional police officers would decrease police overtime. He stated that when EMS was brought back, Fire personnel predicted that the EMS service would be a revenue generator; however, that has not

happened. Mr. Bembenick stated that the 4<sup>th</sup> EMS unit is just getting started. It is predicted that adding that unit will put the EMS in a position revenue position.

Ms. Goodman-Hinnershitz questioned the amount of times EMS is used as a cab service for inappropriate trips to the hospital. She questioned how much of the sum billed is actually collected.

Ms. Kelleher was asked to request information from EMS and Chief Mogel.

Mr. Zale reported that Solid Waste has repaid the money borrowed from the General Fund at the beginning of 2013.

## **2014 Budget**

- **Parking Lot Items**

Mr. Bembenick distributed a sheet showing the \$205K in reductions that was requested to justify the new positions requested by the administration. The list includes:

- Changing 1 FT Business Analyst to 2 PT Business Analysts - <\$35K>
- Managing Director Contracted Services - <\$100,000>
- Zoning Contracted Services - <\$10,000>
- Fire Building Maintenance - <\$5,000>
- EMS Maintenance Agreements - <\$5,000>
- Police Special Services - <\$20,000>
- Police Overtime - <\$20,000>
- Police Uniforms - <\$10,000>

Mr. Corcoran and Mr. Acosta questioned reducing Police overtime, as that line item continually goes over budget annually. Mr. Bembenick stressed the need for the Department to operate within their means rather than just spending and expecting the City to cover the overage.

Mr. Acosta countered that the projected reductions are unreasonable. He stated that some of the positions requested are unrealistic as they cannot be sustained in future years.

Mr. Zale stated that the 2014 Police overtime is budgeted at their current spending level.

Mr. Acosta stated that while he thanks the administration for finding \$200K in cuts, he expressed the belief that \$200K in savings do not justify \$660K in additional salaries for new positions.

Ms. Goodman-Hinnershitz stated that the administration defines operational costs based on trends and need. However, she stated that the additional positions cannot be added without proper justification when most are unsustainable.

Mr. Waltman expressed the belief that PFM will recognize the savings generated in the 2014 budget. He suggested that Council should decide if they can support the strategy for the new positions.

Mr. Sterner agreed with the concerns expressed. He noted the need for improved strategy statements and the need to break the existing overtime culture in police and fire.

Ms. Reed stated that the Police Overtime Report prepared by Ms. Westermann from PFM provides graphic detail on the overtime system and a realistic approach to make operational change that requires cooperation with the County and negotiation with the FOP. She expressed the belief that the changes requiring cooperation could be realized in 2014 and those changes could save approximately \$250K. She stated that after the Managing Director returns she will be discussing implementation with Chief Heim.

Mr. Acosta noted that Council as a body needs to let the administration know if they will or will not support the Parking Lot positions. He stated that the positions have a cost of \$662K and the non-labor Parking Lot non-labor changes require \$123K.

Ms. Goodman-Hinnershitz agreed with the need to develop consensus on the parking lot.

Mr. Marmarou stated that there is state legislation that could affect police pensions and Act 111.

Ms. Reed agreed with the need for Council to develop consensus that can be shared with the administration. She asked Council to send Ms. Kelleher their position on the Parking Lot issues by Thursday.

- o Land Value Tax (LVT)

Mr. Acosta noted the need to develop consensus on the implementation of the LVT. He suggested that Council send their positions on the LVT to Ms. Kelleher. He stated that if councilors have additional questions, they should be directed to the Mayor's staff.

Mr. Waltman expressed the belief that many are getting overly concerned with the effect the LVT will have over the five (5) year phase-in period. He suggested that Council focus only on the initial year which would create a 20% phase in. He stated that he can agree to implementing only the first phase-in and moving no further until the administration presents Council with a firm strategy on economic development.

- Per Capita Tax Increase

Mr. Bembenick stated that the Law Office has stated that increasing the Per Capita as a Home Rule tax is legal.

Mr. Waltman requested a breakdown that includes the approach to correct the collection of this tax.

Mr. Bembenick stated that the administration is requesting an increase of \$20 to the City's portion, making the City's tax rise to \$25 and the total tax rise from \$15 to \$35. He explained that the budgeted amount expects only those currently paying to participate. However, he stated that the City intends to use a collection firm to go after those who choose not to pay, so any success would come in above the budget projection.

Mr. Waltman challenged the administration to create check points during various application processes within City Hall to make sure people have paid this tax.

Mr. Sterner stated that he needs to see an increased effort to go after those who are not currently paying their Per Capita tax.

Mr. Acosta expressed the belief that this is merely an additional burden on those who are already paying. He stated that the administration needs to present their plan that shows the collection efforts for those who do not pay.

Mr. Bembenick stated that the City plans to retain a collection agency who is experienced at collecting this tax for other municipalities. He stated that these agencies use a variety of documents to gather intelligence such as cell phone records, money order records, etc.

Mr. Marmarou stressed the need for those who reside in Housing Authority properties and high-rises to pay.

Mr. Sterner suggested adding a collection fee on top of that owed to the City. Mr. Bembenick stated that collections companies generally add their fee onto the delinquent amount. He noted that the collection company only makes money on delinquencies.

Ms. Goodman-Hinnershitz noted the need to keep the issue in perspective, as people generally focus on paying for essentials and needs first. She noted that this tax is neither essential or fills a need of the citizen; therefore it may be ignored.

Mr. Waltman noted the need for a strategic collection plan to be presented. He stated that currently payment of Per Capita is optional; therefore, perhaps elimination of the tax should be considered.

Mr. Acosta asked Council to include their position on this tax when they email Ms. Kelleher. He reminded Council that if the increase to the tax will not be approved, a \$140K budget adjustment will be required.

Mr. Waltman noted the need to consider the 2015 and 2016 budgets with the 2014 budget.

Mr. Acosta stated that Council needs to provide the administration with their collective opinion on the budget options so they can make the required adjustments. He noted that the administration provided Council with the budget two (2) weeks early so Council should take advantage of the option to approve the budget earlier than usual.

Mr. Waltman asked Council to consider asking PFM to keep the commuter and resident EIT rates at their current levels. The majority of Council agreed with the need to ask PFM to consider this request. This will be brought up at the COW on October 28<sup>th</sup>.

Ms. Reed and Mr. Sterner noted the need to show PFM the need to retain the current rates and to show reductions in spending. Ms. Reed noted that PFM has been stressing the need to reduce spending at the Act 47 meetings.

Mr. Cituk stated that he will have his budget comments prepared on October 28<sup>th</sup>. He stated that after reviewing the revenue figures, he believes some are overly conservative. He stated that he will be suggesting modifications.

Mr. Bembenick inquired if Council would like to meet with any of the Department Directors. Ms. Goodman-Hinnershitz stated that Council will only ask to meet with departments if questions during the review process arise. She noted her concern for Public Work's ability to continue to manage with the current staffing.

Mr. Acosta reminded Council of the need to email Ms. Kelleher with their positions on the following by Monday at noon:

- Parking Lot new positions
- Parking Lot non-labor additions
- LVT
- Per Capita

The next budget session will occur at 5:00 pm on Monday, November 4th. The evening will start with a Public Hearing on the Land Value Tax and the Per Capita Tax increase.

*Respectfully submitted by  
Linda Kelleher CMC, City Clerk*

**City of Reading City Council  
Budget Review Meeting  
Thursday, November 7, 2013**

**Council Members attending:** D. Reed, F. Acosta, M. Goodman-Hinnershitz, D. Sterner, S. Marmarou, J. Waltman

**Others attending:** L. Kelleher, C. Younger, C. Snyder, D. Cituk, G. Mogel, J. Conrad, First States, R. Johnson, M. Bembernick, C. Zale, V. Spencer, E. Lloyd, L. Murin

Ms. Reed called the budget meeting to order after the conclusion of the executive session.

**EMS**

Chief Mogel introduced Deputy Chief Conrad and the representative from First States, the firm who handles the billing for the EMS service.

Deputy Chief Conrad distributed the response to the questions posed by the City Clerk about EMS services. He stated that the 4<sup>th</sup> EMS unit will be in service on November 15<sup>th</sup> and the unit will be staffed using EMS technicians brought in through the SAFER Grant. He stated that the 4<sup>th</sup> unit is projected to generate \$600-800,000 per year.

Deputy Chief Conrad stated that 80% of the patients transported have insurance and 20% are patient pay transports. He stated that in general 7% of the amount billed is collected, which is in line with other municipalities.

Deputy Chief Conrad stated that a BLS (Basic Life Support) call is billed at \$700, an ALS1 (Advanced Life Support without medication or other measures) call is billed at \$850 and an ALS2 (with medication or other measures) is billed at \$950. Standby calls are billed at \$90 per hour with a half hour charge for transportation. He stated that the division responds to 11,000 calls per year. He explained that the division has been unable to respond to every call and depends on surrounding municipalities to assist. He stated that bringing on the 4<sup>th</sup> unit will allow the division to handle more calls and assist surrounding municipalities.

Deputy Chief Conrad stated that during 2012 and 2013 the EMS Division billed and collected the following:

	<b>Billed</b>	<b>Collected</b>
<b>2012</b>	\$8.2M	\$3.1M
<b>2013</b>	\$6.3M	\$2.3M

Deputy Chief Conrad explained that the difference between the billed rate and the rate collected is due to the contractual or negotiated rate with the insurance providers. He stated that Medical Assistance pays \$200 of an \$800 bill. Approximately 15% is charged off and sent to collection.

Deputy Chief Conrad stated that Affordable Healthcare will decrease the number of patient pay transports and that State Governors are expected to increase the amount of Medical Assistance reimbursement, although Governor Corbett has not done that yet.

Deputy Chief Conrad explained that when a call for service comes through 911, the crew responding is required to transport a patient to the hospital if they make that request. He stated that the crew is not permitted to determine if a trip to the hospital is actually required under State statute.

Deputy Chief Conrad stated that Affordable Healthcare will require hospitals to form partnerships with EMS providers so discharged patients can be monitored which should reduce repeat visits. He stated that hospitals are fined for repeat patient visits for the same conditions.

Deputy Chief Conrad stated that the responding EMS unit begins communications with the hospital while on route, which allows the hospital to begin determining the care of the patient on arrival.

Deputy Chief Conrad stated that the SAFER Grant expires in 2015 and the City will then determine if the 4<sup>th</sup> unit will stay on.

### **Auditor's Recommendations**

Mr. Cituk reviewed the revenue recommendations distributed at the October 28<sup>th</sup> regular meeting. He stated that properties coming off of the KOZ (Keystone Opportunity Zone) program in 2013 will generate \$700K in property taxes (conservatively).

Mr. Cituk stated that his recommendations will increase revenues by \$838,703.

Mr. Cituk stated that he will provide his expenditure reduction recommendations at the November 12<sup>th</sup> regular meeting.

### **Recycling**

Mr. Acosta called an executive session to discuss the recycling litigation at 6:24 pm. The executive session ended at 6:56 pm.

### **Public Works Budget Additions**

Mr. Johnson stated that the City currently owns three (3) dams: Bushong, Bernhart's and Egleman's. He stated that the State DEP is pressuring the City to drain, inspect and rehab the Bernhart's Dam. He stated that the DEP is also suggesting that the dam be breached and taken out of service. He stated that repairs to this dam could cost millions of dollars.

Mr. Johnson stated that there are unremediated safety concerns with Bushong that will need to be addressed. He noted that repairs to Egleman's Dam are not pressing.

Mr. Johnson stated that the dams have different purposes. Bushong was built to support an industrial property and Bernhart's was built as a water source. He stated that the piping to transport the water is still in place.

Mr. Johnson stated that the retaining wall around the base of the Pagoda is crumbling and the area has been fenced off. The required repairs are being assessed.

Ms. Snyder stated that the required public works repairs and the potential loss of the recycling billing will require an additional \$2.6M, after adding in \$500K of the Auditor's revenue recommendations, adding in the retention of the current resident and commuter EIT rates and eliminating the parking lot issues.

Ms. Snyder stated that options to consider are:

- Pare down recycling levels of service
- Consider the use of the funds appropriated for CPAAM
- Finance the repairs to the Pagoda and the dams over a five year period
- Reduce the Library allocation

Ms. Goodman-Hinnershitz noted that breaching and removing the Bernhart's dam could cause drainage issues for Muhlenberg Township properties. She also noted that the problem with the retaining wall at the Pagoda was identified approximately five (5) years ago, so the administration should not be surprised.

#### **Other Matters**

Mr. Acosta stated that a portion of the Committee of the Whole meeting on the 12<sup>th</sup> will be used to continue budget discussions. He stated that he will review the poll taken and discuss the results with Ms. Snyder.

*Respectfully submitted by Linda A. Kelleher CMC, City*

*Clerk*

P E N N S Y L V A N I A

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## M E M O R A N D U M

**TO:** City Council, David Cituk  
**FROM:** Christian F. Zale, City Controller



**DATE:** October 25, 2013

**SUBJECT:** Schedule of Transfers -October 2013

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The following transfers occurred in October 2013 as specified in the 2013 council approved budget: **(Changes to budget captioned in bold.)**

To General Fund (01):

**Indirect Cost:** CD (32) \$ 158,330 for January through October activity;  
**Sewer (54) \$100,743.92; Recycling (56) \$20,656.34; Trash (56) \$14,669.29;**  
**Water (50) \$NONE: non sufficient funds because 12 months of pension transfers occurred in September. The October indirect transfer will occur in November and December. The sewer, recycle, trash and water transfers changed per the Maximus study.**

**Transfers:** Sewer (54) \$250,000.00; Water (50) \$414,166.67

Water RAWA Act 47: \$125,000.00

**Meter Surcharges:** Water (50) \$141,666.67

To Water Fund (50):

Meter Reading Cost: Sewer (54) \$15,000.00; Billing Cost: Sewer (54) \$25,000.00

RAWA Lease Agreement: From RAWA \$797,286.00

To Self Insurance (52):

Sewer (54) \$47,630.67; Water (50) \$8,200.67; General (01) \$219,665.33;

Recycle \$7,008.67

**Corrections:**

None

**Additional Transfers:**

None

**Other Transfers:**

None

These transfers are reflected in October trial balance. Also, the related cash has been transferred among the various funds; thus, no impact in the DT/DF accounts. This activity has been confirmed by the City Auditor.

**CITY of READING  
GENERAL FUND FINANCIAL REVIEW SUMMARY  
October 2013**

The attached files are the General Fund results, year to date through October 2013. The documents include the statement of activities (income statement), full year projection, year-end cash flow/balance position, revenue by line item and contingency usage. For comparison purposes, prior year income statement results are also included.

**OVERVIEW:**

**Ten months, 83%** of the full year, is completed. On a cash basis, the month's year to date surplus/deficit generated a surplus of **\$7,389,145**. This result **does** include the City's full year pension MMO (minimum municipal obligation) of \$9,928,999 (General Fund only) and the State Pension contribution of \$3,068,643. If only 83% of these activities are recognized this month, the reported surplus would **increase to \$8,532,537**. The entire MMO expense and revenue contribution has occurred in September, opposed to December as in previous years.

**Revenues:**

Continued good returns on EIT through October... **\$14,386,895** compared to plan of **\$12,693,821**. Because of these positive returns, the full year forecast continues to include \$750,000 higher than anticipated EIT filings.

Source of EIT through October: (2% collection fee not deducted)

	2012 & Prior	2013	Total
Actual	\$4,980,156.16		
\$9,406,738.66	\$14,386,894.82		
Budget	<u>4,655,070.31</u>		
<u>8,038,750.26</u>	<u>12,693,820.57</u>		
Excess/(Deficit)	\$ 325,085.85	\$ 1,367,988.40	\$
1,693,074.25		Percent of Budget	
7.0%	17.0%	13.3%	

Now for the full year revenue outlook: **(Change from prior month's outlook)**

Property Tax (\$44,000) reduced assessment

Earned Income Tax \$750,000 increase in returns

**Act 511 Taxes \$125,000 various fluctuations; increase in real estate transfer of Penn St. property**

Licenses, Permits (\$600,000) reduced new construction permits related to hotel

Fire SAFER Grant \$850,000 salary & benefit reimbursement for 20 added fire personnel

Act 129 Rebate (\$52,000) lower estimate

OT Reimbursement \$20,000 police reimbursed for assisting DA with drug investigations

Stadium Lease \$292,000 loan refinanced with Phillies; offset with equal debt expense

Derivative Settlement \$45,000 class action award from Wachovia

Berks EIT Refund \$40,000 lower collection expense incurred in 2012

CD Indirect (\$92,000) reduced indirect cost reimbursement

**Total \$1,334,000 added revenue**

**Expenditures: (Change from prior month's outlook)**

Through this month, Police and Fire year to date overtime exceeds budget by **\$302,091** and **\$419,455** respectively; **\$721,546** cumulative. At this pace, the full year overtime public safety spending will surpass plan by **\$866,000**.

Now for the full year expenditure outlook:

Mayor	\$5,000 various added expenses
Police	\$400,000 increased overtime
Police	\$(100,000) reimburse pay adjustment per arbitration award
<b>Police</b>	<b>\$100,000 move reimburse pay adjustment per arbitration award to 2014</b>
Fire	\$200,000 increased overtime
Fire	\$200,000 additional overtime
Fire	\$69,000 unfunded fireman
Fire	\$900,000 20 added fire personnel (SAFER grant reimburses \$850,000)
Law	\$200,000 added legal fees
Law	\$100,000 additional legal fees
Actuarial Fees	\$30,000 unbudgeted mandatory retiree medical actuarial study (GASB 45)
EIT Fees	\$15,000 2% fees on increased collections
	Charter Board \$95,000 added legal fees
<b>Charter Board</b>	<b>\$155,000 additional fees</b>
Debt Service	\$292,000 loan refinanced with Phillies; offset with equal revenue
<b>Total</b>	<b>\$2,661,000 added expenditures</b>

**2013 Full Year Projection:**

Anticipating \$1,334,000 excess revenue, \$2,661,000 excess spending, and \$41,168 refinancing loan proceeds, the projected 2013 deficit is **\$1,285,832**; a \$130,000 deficit increase from prior month.

**Cash Flow:**

This month's ending cash position is **\$19,300,059** compared to last year's **\$20,787,918**. With a projected deficit of **\$8,674,977** for the balance of the year, the anticipated year-end cash balance is **\$10,625,082**.

**2013 Contingency Usage:**

The budget is \$980,615. The use of this budget is strictly prohibited, requiring council's approval. **As of this month, \$20,000 for Charter Board review purposes and \$300,000 for administration legal fees has been approved. Excess Charter Board legal fees and overtime will require future usage. See Contingency schedule for other potential usages.**

**City's Bond Rating by Moody's:**

**Baa2** (low medium grade) compared to a target of **Aaa** (prime). The lower the rating, the more interest expense the City incurs.

**Headcount by Fund:**

The general fund full time headcount is 4 above plan, with the added 20 fire SAFER grant the primary reason. The reduced part time employees are associated with the seasonality of crossing guards. The mix of headcount between public safety and non uniform is near plan, with public safety 2 percentage points higher than plan.

	<u>Full Time</u>	<u>Part Time</u>	<u>vs. Plan FT</u>	<u>vs. Plan PT</u>
General	468	123	4 more than plan	25 less than plan
Shade	1	0	1 less than plan	ok to plan
Sewer	72	1	1 less than plan	4 less than plan
Solid Waste	25	2	1 less than plan	ok to plan
HUD	5	0	2 less than plan	ok to plan
<b>TOTAL</b>	<b>571</b>	<b>126</b>	<b>1 less than plan</b>	<b>29 less than plan</b>
<b>plan</b>				
General:	<u>Actual FT</u>	<u>% of Total GF</u>	<u>Plan FT</u>	<u>% of</u>
<u>Total of GF</u>	194	41.8%	189	40.4 %
	31.2 %		131	28.2%
Public Safety	335	71.6%	325	70.0%
Non Safety	133	28.4%	139	30.0%
Total	468	100.0%	464	100.0%

**FIVE YEAR PROJECTION: (STOPPED projections until 2014 budget is finalized and approved.)**

The following are estimated deficits during the next five years per the current 2013 projection and the ensuing years: (Each year assumes the following increases: 5% Property Tax, 2% Salary, 5% Fringe, 5% Pension. The 5% fringe assumption is a high risk...underestimating health cost.)

<u>increases)</u>	<u>Cumulative</u>	<u>Major Drivers (in addition to above</u>
2013 Projection	\$1,155,832	\$ 1,155,832 Overtime, Legal Fees

2014 Projection	\$1,450,194	\$ 2,606,026	EIT Reduction
2015 Projection (Act 73) \$6.7 MM	\$10,192,935	\$12,798,961	No Commuter EIT; No RAWA
2016 Projection	\$10,961,044	\$23,760,005	Same as 2015
2017 Projection	\$11,408,317	\$35,168,322	Same as 2015

	<b>EIT Rates</b>		<b>Property Tax</b>	
	<u>Resident</u>	<u>Non-Resident</u>		<u>Mils</u>
2013	2.1	0.3	15.689	
2014	1.9	0.1	16.473	
2015	1.9	0.0	17.297	
2016	1.9	0.0	18.162	
2017 2013)	1.9	0.0	19.07	(21.6% increase from

**City of Reading, PA**  
**General Fund Income Statement**  
**October 31, 2013**  
**(as of November 7, 2013)**

	2013 Budget	2013 Year to Date	% of Budget	October 2012 Year to Date	% of Budget	2013 v. 2012 Increase (Decrease)	% of Change
<b>Revenues</b>							
Real Estate Taxes	20,606,517.00	19,563,139.08	95%	17,523,277.00	90%	2,039,862.08	12%
Earned Income Tax	16,271,686.00	14,386,894.82	88%	12,782,872.00	93%	1,604,022.82	13%
Act 511 Taxes	4,715,000.00	4,815,213.28	102%	4,279,073.00	81%	536,140.28	13%
Licenses, Permits & Fines	6,513,640.00	4,336,951.78	67%	4,322,941.00	67%	14,010.78	0%
Intergovernmental	8,755,377.00	8,080,631.92	92%	7,151,643.00	71%	928,988.92	13%
Charges for Services	6,060,506.00	4,131,631.27	68%	4,110,583.00	64%	21,048.27	1%
Interest and Rent	1,113,000.00	1,106,535.19	99%	420,195.00	11%	686,340.19	163%
Other	4,926,584.00	4,568,704.21	93%	3,465,847.00	61%	1,102,857.21	32%
		-		-			
<b>TOTAL REVENUES</b>	<b>\$ 68,962,310.00</b>	<b>\$ 60,989,701.55</b>	<b>88%</b>	<b>\$54,056,431.00</b>	<b>77%</b>	<b>\$ 6,933,270.55</b>	<b>13%</b>

**Expenditures**

Mayor	333,385.00	288,564.59	87%	353,484.00	84%	(64,919.41)	-18%
City Council	312,564.00	242,784.85	78%	225,348.00	61%	17,436.85	8%
City Auditor	159,564.00	113,133.44	71%	111,892.00	66%	1,241.44	1%
Managing Director Finance	415,050.00	299,401.04	72% 81%	302,166.00	74% 68%	(2,764.96) 48,775.25	-1% 2%

	3,831,763.00	3,110,861.25		3,062,086.00			
Public Works	5,910,724.00	4,659,648.29	79%	5,197,557.00	74%	(537,908.71)	-10%
Police	27,454,106.00	23,923,561.65	87%	19,095,890.00	64%	4,827,671.65	25%
Fire	14,579,782.00	13,042,796.63	89%	11,768,842.00	67%	1,273,954.63	11%
Community Development	3,824,574.00	2,862,629.68	75%	2,548,997.00	57%	313,632.68	12%
Human Resources	436,008.00	290,789.17	67%	308,573.00	50%	(17,783.83)	-6%
Law	748,842.00	609,112.95	81%	610,223.00	73%	(1,110.05)	0%
Library	780,538.00	643,031.73	82%	621,564.00	68%	21,467.73	3%
Non-Departmental	2,459,088.00	1,310,830.41	53%	948,797.00	62%	362,033.41	38%
Board of Ethics	9,500.00	8,379.23	88%	9,951.00	82%	(1,571.77)	-16%
Charter Board	47,500.00	192,485.22	405%	68,453.00	89%	124,032.22	181%
Human Relations Commission	219,259.00	120,662.32	55%	121,953.00	52%	(1,290.68)	-1%
Debt Service-Principal	5,573,370.00	694,555.40	12%	5,119,143.00		(4,424,587.60)	-86%
Debt Service-Interest	7,200,709.00	5,673,510.24	79%	4,761,769.00		911,741.24	19%
TOTAL EXPENDITURES	<u>\$ 74,296,326.00</u>	<u>\$ 58,086,738.09</u>	<u>78%</u>	<u>\$55,236,688.00</u>	<u>67%</u>	<u>\$ 2,850,050.09</u>	<u>5%</u>

Excess (Deficiency) of

Funding Sources of Uses	<u>\$ (5,334,016.00)</u>	<u>\$ 2,902,963.46</u>		<u>\$ (1,180,257.00)</u>		<u>\$ 4,083,220.46</u>	
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**OTHER FINANCING SOURCES (USES)**

Bond Proceeds	\$ -	\$ 3,111,000.00	#DIV/0!	\$15,356,600.00	(12,245,600.00)	-80%
Bond Discounts	-	-	#DIV/0!	(163,561.00)	163,561.00	-100%

Payment to Escrow Agent,Bond Refunding	-	(3,069,832.22)	#DIV/0!	(15,192,463.00)		12,122,630.78	-80%
Transfers In	7,970,000.00	6,641,666.70	83%	6,350,000.00	75%	291,666.70	5%
Transfers Out	(2,635,984.00)	(2,196,653.30)	83%	(1,406,411.00)	75%	(790,242.30)	56%
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>\$ 5,334,016.00</u>	<u>4,486,181.18</u>		<u>\$ 4,944,165.00</u>		<u>\$ (457,983.82)</u>	
<b>Excess of Revenues and other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	\$ -	7,389,144.64		\$ 3,763,908.00		\$ 3,625,236.64	

**City of Reading, PA  
General Fund Income Statement  
October 31, 2013**

	2013 Budget <b>A</b>	2013 Year to Date <b>B</b>	% of Budget	2013 Remaining Budget <b>C</b>	% of Budget	2013 Remaining Projection <b>D</b>	% of Budget	2013 Projected <b>E</b>	% of Budget
<b>Revenues</b>									
Real Estate Taxes	20,606,517.00	19,563,139.08	95%	1,043,377.92	5%	999,377.92	5%	20,562,517.00	100%
Earned Income Tax	16,271,686.00	14,386,894.82	88%	1,884,791.18	12%	2,634,791.18	16%	17,021,686.00	105%
Act 511 Taxes	4,715,000.00	4,815,213.28	102%	(100,213.28)	-2%	24,786.72	1%	4,840,000.00	103%
Licenses, Permits & Fines	6,513,640.00	4,336,951.78	67%	2,176,688.22	33%	1,576,688.22	24%	5,913,640.00	91%

Intergovernmental	8,755,377.00	8,080,631.92	92%	674,745.08	8%	1,472,745.08	17%	9,553,377.00	109%
Charges for Services	6,060,506.00	4,131,631.27	68%	1,928,874.73	32%	1,948,874.73	32%	6,080,506.00	100%
Interest and Rent	1,113,000.00	1,106,535.19	99%	6,464.81	1%	298,464.81	27%	1,405,000.00	126%
Other	4,926,584.00	4,568,704.21	93%	357,879.79	7%	350,879.79	7%	4,919,584.00	100%

	-						#DIV/0!		
<b>TOTAL REVENUES</b>	<b>\$ 68,962,310.00</b>	<b>\$ 60,989,701.55</b>	<b>88%</b>	<b>\$ 7,972,608.45</b>	<b>12%</b>	<b>\$ 9,306,608.45</b>	<b>13%</b>	<b>\$ 70,296,310.00</b>	<b>102%</b>

**Expenditures**

Mayor	333,385.00	288,564.59	87%	44,820.41	13%	49,820.41	15%	338,385.00	101%
City Council	312,564.00	242,784.85	78%	69,779.15	22%	69,779.15	22%	312,564.00	100%
City Auditor	159,564.00	113,133.44	71%	46,430.56	29%	46,430.56	29%	159,564.00	100%
Managing Director	415,050.00	299,401.04	72%	115,648.96	28%	115,648.96	28%	415,050.00	100%
Finance	3,831,763.00	3,110,861.25	81%	720,901.75	19%	720,901.75	19%	3,831,763.00	100%
Public Works	5,910,724.00	4,659,648.29	79%	1,251,075.71	21%	1,251,075.71	21%	5,910,724.00	100%
Police	27,454,106.00	23,923,561.65	87%	3,530,544.35	13%	3,930,544.35	14%	27,854,106.00	101%
Fire	14,579,782.00	13,042,796.63	89%	1,536,985.37	11%	2,905,985.37	20%	15,948,782.00	109%
Community Development	3,824,574.00	2,862,629.68	75%	961,944.32	25%	961,944.32	25%	3,824,574.00	100%
Human Resources	436,008.00	290,789.17	67%	145,218.83	33%	145,218.83	33%	436,008.00	100%
Law	748,842.00	609,112.95	81%	139,729.05	19%	439,729.05	59%	1,048,842.00	140%
Library	780,538.00	643,031.73	82%	137,506.27	18%	137,506.27	18%	780,538.00	100%
Non-Departmental	2,459,088.00		53%	1,148,257.59	47%	1,193,257.59	49%	2,504,088.00	102%

		1,310,830.41							
Board of Ethics	9,500.00	8,379.23	88%	1,120.77	12%	1,120.77	12%	9,500.00	100%
Charter Board	47,500.00	192,485.22	405%	(144,985.22)	-305%	105,014.78	221%	297,500.00	626%
Human Relations Commission	219,259.00	120,662.32	55%	98,596.68	45%	98,596.68	45%	219,259.00	100%
Debt Service-Principal	5,573,370.00	694,555.40	12%	4,878,814.60	88%	5,022,814.60	90%	5,717,370.00	103%
Debt Service - Interest	7,200,709.00	5,673,510.24	79%	1,527,198.76	21%	1,675,198.76	23%	7,348,709.00	102%
TOTAL EXPENDITURES	\$ 74,296,326.00	\$ 58,086,738.09	78%	\$ 16,209,587.91	22%	\$ 18,870,587.91	25%	\$ 76,957,326.00	104%

Excess (Deficiency) of

Funding Sources of Uses	\$ (5,334,016.00)	\$ 2,902,963.46		\$ (8,236,979.46)		\$ (9,563,979.46)		\$ (6,661,016.00)	
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**OTHER FINANCING SOURCES (USES)**

Bond Proceeds	\$ -	\$ 3,111,000.00		(3,111,000.00)		\$ -		3,111,000.00	
Bond Discounts	-	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Payment to Escrow Agent,Bond Refunding	-	(3,069,832.22)	#DIV/0!	3,069,832.22	#DIV/0!	-	#DIV/0!	(3,069,832.22)	#DIV/0!
Transfers In	7,970,000.00	6,641,666.70	83%	1,328,333.30	17%	1,328,333.30	17%	7,970,000.00	100%
Transfers Out	(2,635,984.00)	(2,196,653.30)	83%	(439,330.70)	17%	(439,330.70)	17%	(2,635,984.00)	100%
<b>TOTAL OTHER FINANCING SOURCES</b>	\$ 5,334,016.00	4,486,181.18		847,834.82		889,002.60		5,375,183.78	

**Excess of Revenues and other Financing Sources Over (Under) Expenditures and**

<b>Other Financing Uses</b>	\$ -	7,389,144.64		(7,389,144.64)		(8,674,976.86)		(1,285,832.22)	
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**Cash Flow Projection**

**October 31, 2013 Cash Balance** **\$ 19,300,059**

**November 1, 2013 through December 31, 2013 Activity:**

Excess of Revenues and other Financing	\$ (8,674,977)
Sources Over (Under) Expenditures and Other Financing Uses	-

**December 31, 2013 Cash Balance before Adjustments** **\$ 10,625,082**

**Adjustments:**

		Beginning to 12/31/2010	1/1/2011 to 12/31/2011	1/1/2012 to 12/31/2012	1/1/2013 to 12/31/2013
Due To / Due From Balances:					
Community Development	\$	-	\$ -	\$ -	\$ -
Sewer	\$	-	\$ -	\$ -	\$ -
Recycle/Trash	\$	-	\$ -	\$ -	\$ -
Self Insurance	\$	-	\$ -	\$ -	\$ -
Liquid Fuels	\$	-	\$ -	\$ -	\$ -
Water	\$	-	\$ -	\$ -	\$ -
Agency	\$	-	\$ -	\$ -	\$ -
Total			\$ -		
Other			\$ -		
<b>Net Adjustments</b>			<b>\$ -</b>		

<b>Estimated Decembr 31, 2013 Cash Balance</b>	<b>\$ 10,625,082</b>
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Human Relations Commission	219,259.00	72,150.89	33%	87,016.00	43%	(14,865.11)	-17%
Debt Service-Principal	5,573,370.00	265,675.40	5%	5,119,143.00		(4,853,467.60)	-95%
Debt Service-Interest	7,200,709.00	4,269,391.07	59%	4,693,775.60		(424,384.53)	-9%
<b>TOTAL EXPENDITURES</b>	<b>\$ 74,296,326.00</b>	<b>\$ 37,878,869.32</b>	<b>51%</b>	<b>\$43,923,041.60</b>	<b>56%</b>	<b>\$ (6,044,172.28)</b>	<b>-14%</b>

Excess (Deficiency) of Funding Sources of Uses	\$ (5,334,016.00)	\$ 9,406,168.35		\$ (167,896.60)		\$ 9,574,064.95	
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**OTHER FINANCING SOURCES (USES)**

Bond Proceeds	\$ -	\$ 3,111,000.00	#DIV/0!	\$18,732,000.00		(15,621,000.00)	-83%
Bond Discounts	-	-	#DIV/0!	(228,963.00)		228,963.00	-100%
Payment to Escrow Agent,Bond Refunding	-	(3,069,832.22)	#DIV/0!	(18,196,674.00)		15,126,841.78	-83%
Transfers In	7,970,000.00	5,313,333.36	67%	5,080,000.00	58%	233,333.36	5%
Transfers Out	(2,635,984.00)	(1,757,322.64)	67%	(1,125,129.00)	58%	(632,193.64)	56%
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 5,334,016.00</b>	<b>3,597,178.50</b>		<b>\$ 4,261,234.00</b>		<b>\$ (664,055.50)</b>	

<b>Excess of Revenues and other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	\$ -	13,003,346.85		\$ 4,093,337.40		\$ 8,910,009.45	
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C:\Users\lakelleher\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\6NNK49G4\[August 2013 income statement September 9 (2).xls]Income Statement YTD

Account No						Account Description	Current Year Budget	Y-Act
01-00-00-3009	Discount and Allowance	300,000.00	316,139.06	(16,139.06)	105%	01-00-00-3009 Discount and Allowance	300,000.00	316,139.06
01-00-00-3010	Property Tax Current	(19,706,517.00)	(18,251,634.77)	(1,454,882.23)	93%	01-00-00-3010 Property Tax Current	(19,706,517.00)	(18,251,634.77)
01-00-00-3020	Property Tax Prior				128%	01-00-00-3020 Property Tax		

		(1,000,000.00)	(1,284,550.93)	284,550.93			Prior	(1,000,000.00)	(1,284,550.93)
01-00-00-3021	Penalty & Interest	<u>(200,000.00)</u>	<u>(343,092.44)</u>	<u>143,092.44</u>	172%	01-00-00-3021	Penalty & Interest	<u>(200,000.00)</u>	<u>(343,092.44)</u>
<b>Total Real Estate Taxes</b>		<b>(20,606,517.00)</b>	<b>(19,563,139.08)</b>	<b>(1,043,377.92)</b>	<b>95%</b>	<b>Total Real Estate Taxes</b>		<b>(20,606,517.00)</b>	<b>(19,563,139.08)</b>
01-00-00-3140	Earned income Tax	(16,271,686.00)	(9,406,738.66)	(6,864,947.34)	58%	01-00-00-3140	Earned income Tax	(16,271,686.00)	(9,406,738.66)
01-00-00-3150	Eit Prior Year	—	<u>(4,980,156.16)</u>	<u>4,980,156.16</u>	#DIV/0!	01-00-00-3150	Eit Prior Year	—	<u>(4,980,156.16)</u>
<b>Total Earned Income Taxes</b>		<b>(16,271,686.00)</b>	<b>(14,386,894.82)</b>	<b>(1,884,791.18)</b>	<b>88%</b>	<b>Total Earned Income Taxes</b>		<b>(16,271,686.00)</b>	<b>(14,386,894.82)</b>
01-00-00-3110	Per Capita Tax	(60,000.00)	(51,175.47)	(8,824.53)	85%	01-00-00-3110	Per Capita Tax	(60,000.00)	(51,175.47)
01-00-00-3111	Per Capita Tax Prior	(5,000.00)	(5,712.84)	712.84	114%	01-00-00-3111	Per Capita Tax Prior	(5,000.00)	(5,712.84)
01-00-00-3120	Business Privilege Tax	<u>(1,400,000.00)</u>	<u>(1,313,435.63)</u>	<u>(86,564.37)</u>	94%	01-00-00-3120	Business Privilege Tax	<u>(1,400,000.00)</u>	<u>(1,313,435.63)</u>
01-00-00-3121	Bus Priv Tax - Prior Year	(150,000.00)	(49,352.21)	(100,647.79)	33%	01-00-00-3121	Bus Priv Tax - Prior Year	(150,000.00)	(49,352.21)
01-00-00-3130	Real Estate Transfer Tax	(1,900,000.00)	(2,534,196.14)	634,196.14	133%	01-00-00-3130	Real Estate Transfer Tax	(1,900,000.00)	(2,534,196.14)
01-00-00-3190	Occupation Tax	(1,000,000.00)	(754,563.54)	(245,436.46)	75%	01-00-00-3190	Occupation Tax	(1,000,000.00)	(754,563.54)
01-00-00-3191	Occupation Tax - Prior Year	<u>(200,000.00)</u>	<u>(106,777.45)</u>	<u>(93,222.55)</u>	53%	01-00-00-3191	Occupation Tax - Prior Year	<u>(200,000.00)</u>	<u>(106,777.45)</u>
<b>Total Act 511 Taxes</b>		<b>(4,715,000.00)</b>	<b>(4,815,213.28)</b>	<b>100,213.28</b>	<b>102%</b>	<b>Total Act 511 Taxes</b>		<b>(4,715,000.00)</b>	<b>(4,815,213.28)</b>
01-00-00-3161	Curb & Sidewalk Permit	(5,000.00)	(17,060.00)	12,060.00	341%	01-00-00-3161	Curb & Sidewalk Permit	(5,000.00)	(17,060.00)
01-00-00-3210	Food Permits	(141,360.00)	(158,178.50)	16,818.50	112%	01-00-00-3210	Food Permits	(141,360.00)	(158,178.50)
01-00-00-3220	Electrical Permits	(100,053.00)	(90,691.50)	(9,361.50)	91%	01-00-00-3220	Electrical Permits	(100,053.00)	(90,691.50)
01-00-00-3221	New Construction				8%	01-00-00-3221	New Construction		

	Permits	(596,000.00)	(50,604.25)	(545,395.75)			Construction Permits	(596,000.00)	(50,604.25)
01-00-00-3222	Demolition Permits	(20,000.00)	(1,065.00)	(18,935.00)	5%	01-00-00-3222	Demolition Permits	(20,000.00)	(1,065.00)
01-00-00-3223	Remodeling Permits	(241,853.00)	(336,348.44)	94,495.44	139%	01-00-00-3223	Remodeling Permits	(241,853.00)	(336,348.44)
01-00-00-3226	Trades Licenses	(80,000.00)	(30,120.00)	(49,880.00)	38%	01-00-00-3226	Trades Licenses	(80,000.00)	(30,120.00)
01-00-00-3227	Examination Fees	(21,966.00)	(10,725.00)	(11,241.00)	49%	01-00-00-3227	Examination Fees	(21,966.00)	(10,725.00)
01-00-00-3228	Commercial Parking Permits	(4,852.00)	(2,385.00)	(2,467.00)	49%	01-00-00-3228	Commercial Parking Permits	(4,852.00)	(2,385.00)
01-00-00-3230	Business Privilege License	(350,000.00)	(277,811.00)	(72,189.00)	79%	01-00-00-3230	Business Privilege License	(350,000.00)	(277,811.00)
01-00-00-3250	Plumbing Permits	(137,211.00)	(114,230.00)	(22,981.00)	83%	01-00-00-3250	Plumbing Permits	(137,211.00)	(114,230.00)
01-00-00-3251	Heating Permits	(62,405.00)	(25,888.50)	(36,516.50)	41%	01-00-00-3251	Heating Permits	(62,405.00)	(25,888.50)
01-00-00-3260	Street Cuts	(100,000.00)	(105,276.00)	5,276.00	105%	01-00-00-3260	Street Cuts	(100,000.00)	(105,276.00)
01-00-00-3261	Pavements	-	(12,110.00)	12,110.00	#DIV/0!	01-00-00-3261	Pavements	-	(12,110.00)
01-00-00-3270	Zoning Fees	(198,204.00)	(127,675.00)	(70,529.00)	64%	01-00-00-3270	Zoning Fees	(198,204.00)	(127,675.00)
01-00-00-3274	Dumpster Fees	(4,666.00)	(3,870.00)	(796.00)	83%	01-00-00-3274	Dumpster Fees	(4,666.00)	(3,870.00)
01-00-00-3275	Land Development Fees	(20,000.00)	(15,370.00)	(4,630.00)	77%	01-00-00-3275	Land Development Fees	(20,000.00)	(15,370.00)
01-00-00-3276	Housing No Show Fee	(45,562.00)	(107,670.00)	62,108.00	236%	01-00-00-3276	Housing No Show Fee	(45,562.00)	(107,670.00)
01-00-00-3278	Housing Prior Year	(508,437.00)	(116,268.78)	(392,168.22)	23%	01-00-00-3278	Housing Prior Year	(508,437.00)	(116,268.78)
01-00-00-3280	Housing/Rental Permit	(743,576.00)	(674,455.56)	(69,120.44)	91%	01-00-00-3280	Housing/Rental Permit	(743,576.00)	(674,455.56)
01-00-00-3282	Tax Administration Licenses	(12,000.00)	(9,095.03)	(2,904.97)	76%	01-00-00-3282	Tax Administration Licenses	(12,000.00)	(9,095.03)

01-00-00-3283	Franchise Fees	(725,000.00)	(373,305.79)	(351,694.21)	51%	01-00-00-3283	Franchise Fees	(725,000.00)	(373,305.79)
01-00-00-3285	No Parking Signs Revenue	(800.00)	(800.00)	-	100%	01-00-00-3285	No Parking Signs Revenue	(800.00)	(800.00)
01-00-00-3286	Bicycle Licenses Revenue	-	(1.00)	1.00	#DIV/0!	01-00-00-3286	Bicycle Licenses Revenue	-	(1.00)
01-00-00-3310	Traffic Fines Motor Codes	(325,000.00)	(313,236.00)	(11,764.00)	96%	01-00-00-3310	Traffic Fines Motor Codes	(325,000.00)	(313,236.00)
01-00-00-3322	Quality of Life	(390,000.00)	(303,025.27)	(86,974.73)	78%	01-00-00-3322	Quality of Life	(390,000.00)	(303,025.27)
01-00-00-3330	District Court Summary offense	(825,000.00)	(696,247.72)	(128,752.28)	84%	01-00-00-3330	District Court Summary offense	(825,000.00)	(696,247.72)

**City of Reading, PA**

**2013 Contingency**

**Budget 980,615**

**Added savings:**

Open 0  
Open 0

Total added savings 0

**Adjusted Contingency 980,615**

**Usage:**

Human Relations-Rental Assistance 787  
Charter Board - review process 20,000  
Charter Board - fees 250,000

**STATUS**

SPENT  
ASSUME SPENT BY DECEMBER 31,2013  
\$228,637.82 SPENT THROUGH OCTOBER 31, 2013

Legal - fees	300,000	\$??? SPENT THROUGH OCTOBER 31, 2013
Public Works - vehicle fuel	175,000	ASSUME SPENT BY DECEMBER 31,2013
Public Works - dam assessment	40,000	ASSUME SPENT BY DECEMBER 31,2013
Open	0	
Open	0	
<b>Total usage</b>	<b>785,787</b>	
<b>Remaining</b>	<b>194,828</b>	

**Note: None of the above excess spending is carried over to 2014; therefore, not included in the 2014 budget.**