



CITY COUNCIL

Finance, Audit & Budget Committee

Monday, April 20, 2015
City Council Office
6:00 pm

The Budget and Finance Committee's responsibilities include Annual Budget Review, Capital Improvement Programs, Financial Reports, Taxes (Rates, exonerations and exemption appeals), Fee Assessments, 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: Ms. Reed, Ms. Goodman-Hinnershitz (Co-Chairs) and Mr. Waltman

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. Reports

1. 2014 Per Capita Tax Collection
2. 2014 Delinquent Fines/Fees Collection
2. Forestry Management

II. Legislative Review

1. Code of Ethics Award of Contracts (attached)

III. Non-Emergency (Wheelchair) Transport Update – Update from Chief Stoudt/D. Kersley

IV. Review Finance Reports

- Review Expenditures/Revenues
- Review Bank Statement Activity
- Review Transfers
- Compliance with SEC Regulations

V. Update from City Auditor

- Compliance-transfers
- Update on the status of all capital projects currently underway
- Define operational audits for 2015 i.e. Property Maintenance and Zoning
- Define general internal audits for 2015

FOLLOW UP ISSUES 2015 Finance Committee Topics

January

- Review Wheelchair Transport

February

- Review Wheelchair Transport
- Update on New Defined Contribution Plan

March

- Review Wheelchair Transport
- Collection Report re Delinquent Taxes, Fines and Fees
- Recovery Plan Amendments – Implementation Schedule

April

- Forestry Management
- Review Wheelchair Transport

May

- Consensus of Continuation of Wheelchair Transport
- Street and Streetlight Maintenance Assessment
-

June



CITY COUNCIL

Finance Committee

Meeting Report Monday, March 2, 2015

Committee Members Attending: M. Goodman-Hinnershitz, D. Reed, J. Waltman

Others Attending: F. Acosta, D. Cituk, C. Younger, C. Zale, L. Kelleher, M. Bembenick, W. Stoudt, J. Conrad, C. Snyder, D. Kersley, R. Johnson, B. Rivera, D. Pottiger, V. Spencer

Ms. Goodman-Hinnershitz called the Finance Committee meeting to order at approximately 5:00 pm.

I. Report re: Correction of 2013 External Audit Findings

Mr. Bembenick distributed a handout listing each repeat external audit finding and a recommended plan to correct each finding, including a timeline for the implementation. This plan will be reviewed and discussed with the auditors from Herbein. Standard Operating Procedures (SOP) will be developed for each finding and each finding has an assigned "owner". The findings will not be eliminated until the 2015 external audit.

Mr. Bembenick continued stating that Number 7 – Preparation of Bank Reconciliations – is a critical issue as the city has been unable to reconcile the General Disbursement Account (GDA), the City's main operating accounting through which most disbursements flow. The SOP is due to be completed by March 23rd and reconciliation is expected by March 31st.

Mr. Pottiger stated that a primary problem in the reconciliation of the GDA is the timing of the entries, the arrival of the bank statements and the unprocessed checks.

Mr. Bembenick continued stating that the next crucial issue is Number 1 – Internal View of Accounting Policies. He stated that Mr. Pottiger is reviewing the current policies and procedures and working to improve these areas.

Mr. Bembenick stated that the next most important findings are numbers 5, 6 and 10. He stated that 5 – Monitoring of State Grants –should be completed by the end of April. Finance will be required to sign off on the grant application before it is submitted.

Mr. Bembenick stated that Number 6 – Schedule of Expenditures of Federal Awards, (SEFA), will be completed by Mr. Pottiger, who is an expert in this particular field.

Mr. Bembenick stated that Number 10 – Grant Cash Management – will be addressed by Mr. Cituk. Mr. Cituk stated that, essentially, the process used by CD to post entries, initial invoices and obtain Managing Director approval took too much time and does not comply with the City’s cash management requirements.

Ms. Goodman-Hinnershitz asked what can be done proactively to address this issue. Mr. Cituk responded that Herbein would like the City to redraft the City’s standard operating procedures to establish a policy where a concise process is followed without regard to personnel turnover.

Ms. Snyder stated that these are just some of the issues that have been audit findings and that Mr. Bembenick will be documenting all findings and working to resolve them.

Mr. Bembenick continued with the handout pointing out Number 11 – Federal Funding Accountability and Transparency Act – in which the City will require further training to understand how the additional upcoming regulations will affect the City.

Mr. Bembenick stated that the new policies and SOPs will mirror the GFOA (Government Finance Officers Association) best practices.

Ms. Snyder stated that as Mr. Bembenick is leaving to work for the State, she met with him to develop a transition plan, schedule reporting and a requirement for all SOPs and policies to be reviewed and updated annually.

II. Legislation Review (Bills for final passage on March 9th)

Bill No. 8-2015 - authorizing the transfer of \$257,194 from Purchasing to Public Works for budgeted Motorola radio maintenance (**Controller**)

Mr. Bembenick stated that this transfer moves the funds for management purposes into Public Works.

Bill No. 9-2015 - amending the Recycling Budget (Fund 56) by transferring \$10,000 from the Portnoff Expense line item to the Contracted Services Line Item to fund contracted construction management services related to the Recycling baler project
(Bus Analyst)

Mr. Bembenick stated that this is an expense for the concrete pad that the baler sits on and that this expense is not covered by the grant.

Ms. Reed inquired if the administration is considering PFM's opinion that the City should not be starting new businesses or activities, but rather concentrate on improving what we should already be doing.

Ms. Goodman-Hinnershitz remarked that the City has not shown a good history of being self-sufficient when starting new initiatives.

Ms. Snyder stated that the City, is in its start up phase with the baler and the project should become more self-sufficient due to the sale of recycled newspaper. However, the success of the project will be subject to the change in prices set by the marketplace and the use of current staff (not new staff or outsourced staff) used on a part-time basis.

Ms. Reed requested that a monthly progress report be provided so that Council can be kept abreast of this project. Ms. Snyder concurred.

Bill No. 10-2015 – amending the Position Ordinance by adding two part-time, seasonal Graffiti Abatement Technicians to the Recycling Fund, Fund 56 **(Business Analyst)**

Ms. Snyder stated that with this bill, the Graffiti Abatement part-timers assigned to Mr. Harranty are budgeted but were not included in the Position Ordinance. There were two people on "light duty" utilized so the City will first attempt to utilize the "light duty" employees to do the work since the money is already budgeted in Temporary Wages.

Bill No. 11-2015 – amending the salary range for the Police Chief to no less than \$80,000 and no more than \$125,000. **(Law)**

Ms. Snyder explained that this a 2% automatic raise for Chief William Heim as per his employment contract.

Ms. Kelleher noted her concern with the legality of this employment contract since it was made under a different administration and executed in 2006.

Mr. Cituk stated that the raise is required by the Chief's Act. Ms. Kelleher explained that the Chief's Act applies only to officers who were promoted to the Chief position through the ranks of the department, not to Chiefs coming to the department from outside of the municipality.

Ms. Goodman-Hinnershitz requested that the Law department look at this contract and provide an opinion.

Mr. Younger stated that the Chief's salary is connected to rates in the FOP Collective Bargaining Agreement.

Ms. Goodman-Hinnershitz recommended this be put on a Committee of the Whole agenda for further discussion.

III. Non-Emergency (Wheelchair) Transport Update

Mr. Kersley stated that a baseline financial analysis was performed in January 2015. However, the analysis was based on September 2014 which is historically one of the busiest months for usage and payment. This operating unit required a public subsidy in January of \$15,883 due to increases in pensions and healthcare expenses.

Ms. Snyder stated that though the loss is substantial, it was anticipated as January is not a favorable month to review due to the new deductible period. She also noted that usage is generally lower in January and February due to inclement weather and employee health issues.

Deputy Chief Conrad explained that Chief Stoudt has initiated a policy to eliminate multiple employees from utilizing vacation/personal time in an overlapping fashion. He stated that the weather has also played a role as inclement weather increases the amount of time for transports. He stated that, on a positive note, the payment from St. Joseph's for the Care Van service was increased to \$90,000 from \$72,000 annually. He stated that the rate paid by St. Joseph's is now comparable to that paid to other similar organizations.

Chief Stoudt stated that a proactive program is being discussed to increase funding. He added that Deputy Chief Conrad is seeking new contracts with other organizations who utilize this service. However, he stated that the Department is preparing an exit plan, if the program cannot break even.

Ms. Snyder asked if the month of February would be more encouraging and Deputy Chief Conrad responded that February will not be much different than January as the weather, again, has played a role.

Ms. Goodman-Hinnershitz questioned the type of personnel being utilized. Deputy Chief Conrad responded that “at will” employees were hired specifically for this program and all are EMT trained; however, these employees do not have paramedic certificates. He noted that the employees working for this program are better paid than those working for other similar organizations.

Ms. Goodman-Hinnershitz commented on the need for qualified personnel as they are expected to identify specific services needed.

Mr. Cituk questioned if there is data indicating how many transports and what kind of transports are being performed. Mr. Kersley replied affirmatively; however, he stated that he did not have that information with him but he offered *to* provide the information at a later date.

Ms. Snyder questioned which organization would provide this service after the merger of Red Rose and BARTA. Ms. Reed replied that Red Rose would probably provide the service. She stated that she would contact Commissioner Barnhardt to obtain additional information.

Mr. Kersley stated that he will have a more comprehensive report for Council next month that will include an analysis of the new rate structure recently approved. He stated that the BARTA program makes approximately 3,800 runs annually.

Ms. Goodman-Hinnershitz stated that the program is valued by those who use it.

IV. Update re: Costs for snow removal, street repair and other needs created by the harsh winter weather

Mr. Johnson distributed an email on this topic this afternoon.

Mr. Johnson stated that the City is on target to use as much or perhaps more salt than last winter. The City’s salt supplier through the cooperative is out of salt; however, the City still has a half bin (4250 tons) available to be used sparingly. If the weather in March is severe the City will need to purchase additional salt, which will be expensive.

He stated that the overtime hours are 110 as compared to last year's 125; however, overtime is projected to be higher than last year.

Mr. Johnson stated that as street paving was deferred for years, the streets have become greatly deteriorated in many locations. He stated that this year he hopes to pave the travel lanes of Kenhorst Boulevard and Hill Road. He explained his goal is to have an engineering company prepare a street paving schedule that is based on various factors such as condition, use, etc.

Ms. Goodman-Hinnershitz stated that Mary's Shelter will soon start construction at the former Navy Marine Center and she suggested that Mr. Johnson consider that when planning the paving project.

Ms. Snyder stated that the Redevelopment Authority owns the remaining land around the Navy Marine Center and they too plan construction at some point in time. Mr. Johnson stated that he will look into this and get that information to Ms. Snyder.

Mr. Acosta stated that he is pleased to hear that the Bingaman Street Bridge will be completed before the Buttonwood Street Bridge is closed for repairs. He noted his concern for pedestrian traffic and safety. Mr. Johnson reiterated the concern for pedestrian safety.

Mr. Johnson left to attend the Standards of Living Committee meeting.

V. Financial Reports

Mr. Zale stated that all budget numbers seem to be on track for the beginning of 2015.

Mr. Bembenick stated that the City does not anticipate another bond rating upgrade at this point. No questions were brought forward.

VI. Update from City Auditor

Mr. Cituk stated that he will have the Compliance Transfer report for all transfers above \$25,000 next month. For Capital Projects, he stated that he will have a Wastewater Treatment Plant project update next month and Herbein is starting the 2014 external Audit on April 2nd. He stated that he agrees with the suggestions for audits provided by Herbein. Regarding internal and operational audits, he will audit the use of credit cards payments in 2015 and will assist with strengthening accounting and financial procedures.

Mr. Cituk stated that he will be working with Human Resources to identify retirees who have become rejoined to the workforce and have access to health care that is comparable to that provided by the City's plan.

VII. Other

Ms. Goodman-Hinnershitz stated that Mr. Mann of PFM did a presentation on the impacts on-the Act 47 Statute amendment and she recommended that asking Mr. Mann to come in and make a presentation to Council at a Strategic Planning Committee meeting.

Ms. Snyder stated that there is a very active group working on this through PFM.

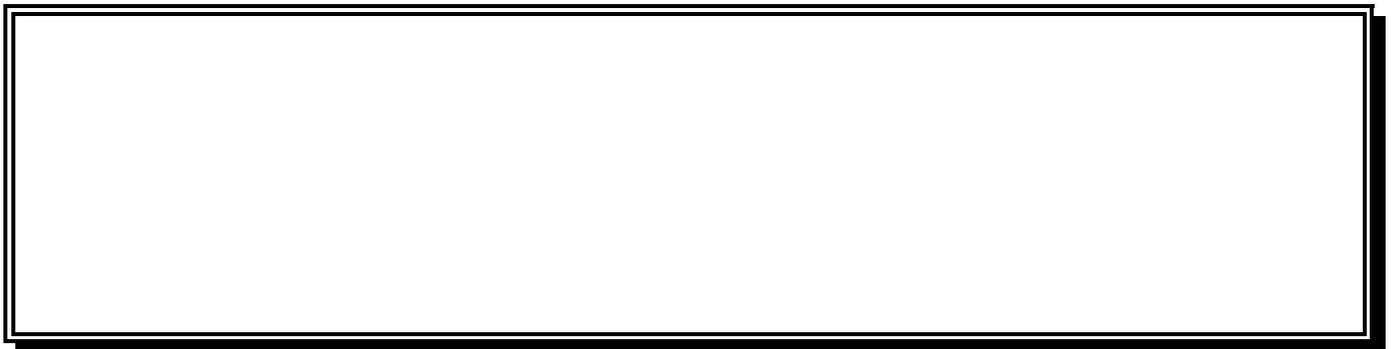
Mr. Waltman stated that PFM should communicate with Mr. Cituk to work together.

Ms. Kelleher stated that she will add that to the Strategic Planning agenda.

Mr. Spencer stated that before the meeting adjourns, he would like to explain his sponsorship of the Reading High basketball playoff games broadcast on WEEU. He stated that the fee was paid out of his personal account and that NO City funds or political were utilized for this, or the Employee Christmas parties or the Reading Phillies games.

Ms. Goodman-Hinnershitz adjourned the meeting at 6:25pm.

*Respectfully submitted by
Linda A. Kelleher CMC, City Clerk
Bea Rivera, Legislative Aide*



H. Awarding Contracts

1. To the extent that it is not inconsistent with federal or state law: (i) a City Employee, (ii) a City Official, (iii) any Immediate Family of a City Employee or City Official; or (iv) any for-profit business entity in which the City Employee, City Official, or any Immediate Family has a Material Interest, shall not enter into any Contract valued at Five Hundred Dollars (\$500.00) or more with the City or any City agency or instrumentality, unless the Contract has been awarded through an open and public process, in accordance with Pennsylvania law, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded. In such a case, the City Official or City Employee shall not have any supervisory or overall responsibility for the implementation or administration of the Contract. Any Contract or subcontract made in violation of this subsection may be subject to further penalties, pursuant to the terms and provisions of the Pennsylvania Public Official and Employee Ethics Act (65 Pa. C.S.A. §1101.1, et. seq.).

2. Prior to entering into or awarding any No-Bid Contract, the City Employee, Official, agent or instrumentality entering into such No-Bid Contract on behalf of the City, must immediately provide the Board of Ethics with the following information:

- i. The name and address of all contracting parties;
- ii. A draft copy of the contract to be entered into;
- iii. A report, in compliance with 25 P.S. §3260a (Section 1641 of the Pennsylvania Election Code), as amended, which shall provide the following:
 - a. An itemized list of all political contributions known to each contracting party by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:
 1. Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family of the aforementioned parties when the contributions exceed an aggregate of One Thousand Dollars (\$1,000.00) by any individual during the preceding year; or
 2. Any employee or members of his or her immediate family whose political contribution exceeded One Thousand Dollars (\$1,000.00) during the preceding year.
- iv. Any other information that the Board of Ethics may require.

3. In the event that the intended recipient of a City No-Bid Contract or any officer, director, associate, partner, limited partner, individual owner, member, employee, or Immediate Family of any of the aforementioned parties has made a donation to a political committee of a City Employee, City Official, agent or instrumentality, in excess of the contribution limitations set forth in Section 1-199.22 during any of the preceding two (2) calendar years from the date the draft copy of the proposed contract is submitted to the Board of Ethics, then and in that event the City is prohibited from awarding that No-Bid Contract to that intended party.

4. For purposes of this Section, the office that is considered to have ultimate responsibility for the award of the Contract shall be as provided for by the established purchasing policies of the City of Reading.

CITY of READING
GENERAL FUND FINANCIAL REVIEW SUMMARY
March 2015

The attached files are the General Fund results year to date through March of 2015. 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:

Three months, 25.0% of the full year, is completed. On a cash basis, the month's year to date surplus/deficit generates a surplus of \$2,797,164. This result does not include the City's full year pension MMO (minimum municipal obligation) of \$13,204,536 (General Fund only) nor the State Pension contribution of \$3,200,000. If 25.0% of these activities are recognized this month, the reported surplus would decrease to \$296,030. The full year projection remains to attain a balanced budget.

Revenues:

Please review both the attached summary and detail revenue line items for differences between actual and budget. With only three month of fiscal year reported, full year projection remains as planned. Please be cognizant that this year's budget includes an increase of \$3,068,558 from the Reading Parking Authority. This increase has not yet been realized. The revenue shortfall through March for this line item is \$767,139 which should be redeemed during the remainder of the year.

Expenditures:

As with revenues, please review the attached summary expenditure line items for differences between actual and budget. Also, full year projection remains as planned. Since Police and Fire 2015 spending budgets consume 71% of General Fund operating budget before debt and fees, these two lines items are significant to monitor.

2015 Full Year Projection:

Maintain plan.

Cash Flow:

This month's ending cash and investment positions are \$23,031,945 (\$11,945,978 cash and \$11,085,967 investment) compared to last year's total of \$17,059,483 (\$15,976,412 cash and \$1,083,071 investment). The General Fund has not provided any loans to other funds this year.

Something new has commenced in February. Two interest bearing accounts, consisting of CD's, have been created. These accounts are 100% covered by FDIC and are Act 72 compliant. The general fund account has \$10 million (40 issues) in the account while the sewer fund has \$15 million (60 issues) invested. Both portfolios average net yield is 40 basis points and have a weighted average maturity of .94 years (laddering utilized). The general fund interest income generated at maturity is \$41,333 while the sewer fund interest income is \$61,449. The interest will roll back to the accounts as will the value of the CD principal upon attaining maturity. Operational cash flow reviews will determine the need to access these accounts. This influences the duration of future roll over and; thus, the yield of the CD.

2015 Contingency Usage:

The budget is \$1,142,550 unspecified and \$1,200,000 specified, totaling \$2,342,550. The use of this budget is strictly prohibited, requiring council's approval. See Contingency schedule of usage.

2015 Debt Refinancing:

In April, the City will refinance the following bonds: 2003 (used to finance public works facility), 2006 (used to finance pension), and 2008 (used to finance actuarial liquidity of employee pension) with Series 2015 A&B bonds issued \$54,025,000, providing an estimated savings of \$2.1 million over the life of the bonds. This refinancing satisfies initiatives DS01, DS02 and DS03 of the Amended Act 47 Recovery Plan.

City's Bond Rating by Moody's:

Baa1 (low medium grade) compared to a target of **Aaa** (prime).

Headcount by Fund:

The general fund full time headcount ended with 11 below plan, varying among divisions. The mix of headcount between public safety and non uniform is near plan.

	<u>Full Time</u>	<u>Part Time</u>	<u>vs. Plan FT</u>	<u>vs. Plan PT</u>
General	468	103	11 less than plan	26 less than plan
Shade	2	0	ok to plan	ok to plan
Sewer	71	1	4 less than plan	4 less than plan
Solid Waste	18	1	ok to plan	ok to plan
HUD	5	0	4 less than plan	ok to plan
TOTAL	564	105	19 less than plan	30 less than plan
plan				
General:	<u>Actual FT</u>	<u>% of Total GF</u>	<u>Plan FT</u>	<u>% of</u>
<u>Total of GF</u>		Police	189	40.4 %
	194		Fire	141
	30.1 %	144	30.0%	
Public Safety	330	70.5%	338	70.4%
Non Safety	138	29.5%	142	29.6%
Total	468	100.0%	480	100.0%

FIVE YEAR PROJECTION:

Page 10 and page 82 of the Amended Act 47 Recovery Plan illustrate the following fund balance usage and projected ending balance between 2015 and 2019. This plan is located on the City's web site.

Year	Use of Fund Balance	Fund Balance
2015	0	20,260,181
2016	1,031,156	19,229,025

2017	3,145,368	16,083,657
2018	2,806,216	13,277,441
2019	4,527,521	8,749,920



TO: City Council, David Cituk
FROM: Christian F. Zale, City Controller
DATE: January 23, 2015
SUBJECT: Schedule of Transfers -January 2015

The following transfers occurred in January 2015 as specified in the 2015 council approved budget: **(Changes to budget captioned in bold.)**

To General Fund (01):

Indirect Cost: CD (32) **\$15,833.00 for December; \$0.00 for January...HUD 2015 funding is not yet available (Budget \$15,833.00)**; Sewer (54) **\$91,945.58 (Budget \$86,913.00)**; Recycling (56) **\$32,080.92 (Budget \$36,833.33)**; Trash (56) **\$14,538.33 (Budget \$11,902.00)**; Water (50) \$0.00 (Budget \$0.00). **These transfers are per the 2013 Maximus cost study; they will be adjusted upon the completion of the 2014 Maximus cost study.**

Transfers: Sewer (54) \$250,000.00; Water (50) \$766,666.67

Water RAWA Act 47: Eliminated in 2015

Meter Surcharges: Water (50) \$147,916.67

To Water Fund (50):

Meter Reading Cost: Sewer (55) \$15,000.00; Billing Cost: Sewer (55) \$25,000.00
RAWA Lease Agreement: **From RAWA \$940,249.00**

To Self Insurance (52):

Sewer (54) \$41,100.42; Water (50) \$3,516.92; General (01) \$201,291.50;
Recycle \$8,070.83

Corrections:

Adjustment per 2013 Maximus cost study, the General Fund (01) returned the following to: Sewer (54) \$56,947.03; Recycling (56) \$57,373.00; Trash (56) \$7,879.04.

Additional Transfers:

None

Other Transfers:

The City received \$496,823.88 from RAWA related to Recycle and Trash 2015 billings.

These transfers are reflected in January 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
December 2014

The attached files are the General Fund results year to date through December 2014. 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. Revenue by responsibility is also provided to assist directors and chiefs managing their revenue line items. For comparison purposes, prior year income statement results are also included.

OVERVIEW:

The full year has been completed. On a cash basis, the year to date surplus/deficit generates a deficit of \$91,624.02. During the next few months, adjustments to this result occur to confirm to Government Accepted Standards Board (GASB) requirements. Some of the known adjustments include: added fourth quarter revenues related to SAFER grant, \$428,000 and Library reimbursement, \$415,776; added expenses for medical, \$320,000 and CD administration employee compensation, \$130,000. Including these known adjustments, a projected surplus of \$302,152 is forecasted. More changes will occur during the 2014 audit process. The anticipated surplus mitigates the use of the budgeted \$1,230,478 fund balance which helps preserve the improved credit rating the City earned in October 2014.

Revenues:

Please review the revenue summary, detail revenue line items and revenue by responsibility for differences between actual and budget.

Forecasted revenues, \$73,950,914, are below plan by 1%, \$1,024,126. As stated, these will change as audit adjustments occur. Noted items are 8% higher Earned Income Tax \$1,652,550, impact of Act 32 offset by lower revenue generated from Codes and Fire. 2013 revenues were \$74,903,414.

Expenditures:

As with revenues, please review the attached summary expenditure line items for differences between actual and budget. Total anticipated 2014 full year spending, \$79,277,067, is lower than plan by nearly \$2.6 million. Non use of contingencies for recycling, \$1,118,362 and nonspecific, \$365,038 along with \$600,000 deferral of dam remediation, are the primary drivers of less spending. Review the summary spending for other specific areas of spending deviations from plan. 2013 expenditures were \$75,109,506.

Since Police and Fire 2014 spending budgets consume 68% of General Fund operating budget before debt and fees, these two lines items are significant to monitor.

2014 Full Year Projection:

As previously stated, a \$302,152 surplus is projected for the full year. This includes using \$650,000 of contingency. Without the need of contingency, the surplus would obviously be \$952,152. The 2013 surplus was \$5,169,092

Cash Flow:

This month's ending cash position is \$17,525,689 compared to last year's \$14,277,350. Previously this year, the General Fund has provided the following loans: trash \$850,000; recycle \$550,000 and agency \$250,000, totaling \$1,650,000.

Reimbursements have occurred for all of these loans by December 31, 2014.

2014 Contingency Usage:

The contingency budget is \$1,015,038 unspecified and \$1,118,362 specified recycling if moved to general fund, totaling \$2,133,400. The use of this budget is strictly prohibited, requiring council's approval. \$650,000 of added spending has been approved by council.

City's Bond Rating by Moody's:

Moody's Investors Service has reviewed and assigned a rating of **Baa1**, effective October 23, 2014. This is an upgrade from the previous rating of Baa2. The primary driver of this improvement is the City's fortitude implementing many of the initiatives recommended by the Act 47 financial advisors; resulting in non use of fund balance. Continuous improvements, such as this year's surplus projection, could lead to further upgrades.

Headcount by Fund:

The general fund full time headcount ended 19 below plan, varying among divisions. The reduced part time employees are primarily associated with less number of crossing guards. The mix of headcount between public safety and non uniform exceeds plan, 71.3% actual versus a plan of 69.9%.

	<u>Full Time</u>	<u>Part Time</u>	<u>vs. Plan FT</u>	<u>vs. Plan PT</u>
General	476	112	19 less than plan	33 less than plan
Shade	2	0	ok to plan	ok to plan
Sewer	71	1	2 less than plan	4 less than plan
Solid Waste	15	1	4 less than plan	ok to plan
HUD	5	0	2 less than plan	ok to plan
TOTAL	569	114	27 less than plan	37 less than plan
plan				
General:	<u>Actual FT</u>	<u>% of Total GF</u>	<u>Plan FT</u>	<u>% of Total of</u>
<u>GF Police</u>	195	41.0 %	194	39.2%
Fire	144	30.3 %	152	30.7% Public
Safety	339	71.3%	346	69.9%
Non Safety	137	28.7%	149	30.1%
Total	476	100.0%	495	100.0%

FIVE YEAR PROJECTION:

Page 10 and page 82 of the Amended Act 47 Recovery Plan illustrate the fund balance usage and projected ending balance between 2015 and 2019. This plan is located on the City's web site.



Office of the Managing Director
Carole B. Snyder

MEMORANDUM

To: Carole Snyder and City Council
From: David Kersley
Date: February 24, 2015
Re: January 2015 Update: Non-Emergency Transport Services Unit

The accompanying spreadsheet provides a summary of the financial performance of the non-emergency transport operations within the Emergency Medical Services division of the Department of Fire and Rescue Services.

The January 2015 financial performance, when compared to the September 2014 baseline, is adverse: the operating unit required a public subsidy in January of \$15,883. There are seasonable variables impacting this financial comparison; historically, September, October and November have the highest rate of para-transit service. In addition, higher pension and healthcare costs in 2015 will have a negative financial impact on the unit.

EMS has requested an increase in the monthly payment from St. Joseph's Medical Center for the Care Van service (from \$6,000 to \$9,000). In addition, higher private-pay para-transit rates will become effective on March 1. We will provide Council a projection of the financial impacts of these changes in our April report.

We continue our contingency planning for an exit strategy. We also have a good understanding of alternative transportation options available for current customers, many of which have comparable pricing, as well as para-transit services available from BARTA at substantially subsidized rates (e.g. for those age 65+, a one-way transport currently costs between \$2.20 and \$3.00). We can also provide additional details about our current contracts with medical facilities upon request.

**City of Reading
 Department of Fire and Rescue
 Non-Emergency Transport Unit**

March 2015 Financial Analysis

	Baseline	Baseline Annualized	January Actual	February Actual	March Actual	Jan-March Annualized
Expenses						
Gross Salaries	15,864.67	190,376.04	20,732.00	13,517.14	14,796.08	196,180.88
Medicare	209.41	2,512.96	273.66	178.43	195.31	2,589.59
Health Insurance Allocation	5,962.32	71,547.84	6,552.00	6,552.00	6,552.00	78,624.00
Health Insurance Contributions	(425.96)	(5,111.52)	(549.90)	(549.90)	(549.90)	(6,598.80)
Pension Allocation	3,648.87	43,786.49	4,378.65	4,378.65	4,378.65	52,543.79
Fuel Expense	1,816.15	21,793.80	876.00	1,164.50	1,082.15	12,490.60
Vehicle Maintenance at \$.50/Mile	2,825.00	33,900.00	2,541.30	2,681.87	2,834.10	32,229.07
Cellular Telephone	<u>200.00</u>	<u>2,400.00</u>	<u>200.00</u>	<u>200.00</u>	<u>200.00</u>	<u>2,400.00</u>
Total Allocable Expenses	30,100.47	361,205.61	35,003.71	28,122.68	29,488.39	370,459.12
Revenue *						
Private-Pay Wheelchair Transports	8,764.20	105,170.40	6,826.00	9,522.10	11,751.24	112,397.36
Non-Emergency BLS Transports	4,953.02	59,436.24	1,363.04	-	709.46	8,290.00

St. Joseph's Contract Receipts	<u>6,000.00</u>	<u>72,000.00</u>	<u>6,000.00</u>	<u>6,000.00</u>	<u>12,000.00</u>	<u>72,000.00</u>
Total Allocable Revenue	19,717.22	236,606.64	14,189.04	15,522.10	24,460.70	192,687.36
Net Contribution (Subsidy)	(10,383.25)	(124,598.98)	(20,814.67)	(12,600.58)	(5,027.69)	(177,771.76)

Notes

Miles Driven	5,650		5,083	5,364		5,668
Gallons of Fuel	656		591	628		603
Average Miles Per Gallon	8.6		8.6		8.5	9.4

* Actual Cash Receipts

** Reflects Current Annual Contract

Business Analyst April 15, 2015

**City of Reading
Department of Fire and Rescue
Non-Emergency Transport Unit**

January 2015 Financial Analysis

Expenses	Baseline	Baseline Annualized	January Actual	January Annualized
Gross Salaries	15,864.67	190,376.04	15,864.67	190,376.04
Medicare	209.41	2,512.96	209.41	2,512.96
Health Insurance Allocation	5,962.32	71,547.84	6,552.00	78,624.00
Health Insurance Contributions	(425.96)	(5,111.52)	(549.90)	(6,598.80)
Pension Allocation	3,648.87	43,786.49	4,378.65	52,543.79
Fuel Expense	1,816.15	21,793.80	876.00	10,512.00
Vehicle Maintenance at \$.50/Mile	2,825.00	33,900.00	2,541.30	30,495.60
Cellular Telephone	<u>200.00</u>	<u>2,400.00</u>	<u>200.00</u>	<u>2,400.00</u>
Total Allocable Expenses	30,100.47	361,205.61	30,072.13	360,865.59
Revenue *				
Private-Pay Wheelchair Transports	8,764.20	105,170.40	6,826.00	81,912.00
Non-Emergency BLS Transports	4,953.02	59,436.24	1,363.04	16,356.48
St. Joseph's Contract Receipts	<u>6,000.00</u>	<u>72,000.00</u>	<u>6,000.00</u>	<u>72,000.00</u>

Total Allocable Revenue	19,717.22	236,606.64	14,189.04	170,268.48
Net Contribution (Subsidy)	(10,383.25)	(124,598.98)	(15,883.09)	(190,597.11)

Notes

Miles Driven	5,650	5,083
Gallons of Fuel	656	591
Average Miles Per Gallon	8.6	8.6

* Actual Cash Receipts
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