



City of Washington

A 10 Year Financial Snapshot



City's Financial History

How we got here

Financial History

- At the end of 1999 the City had a balanced budget - 12% Debt – Money in the bank – Pensions were well funded.
- At the end of 1999 – The General Fund Reserve Balance was \$815,000 dollars.
(2007 – Ending Balance \$128,000)
- At the end of 1999 -The Contingency Reserve Fund Balance was \$220,000 dollars.
(2007 – Ending Balance \$182,000)
- No taxes were raised from 2000 to 2007 to cover the City's increasing expenses and maintenance to buildings and equipment.

Financial History – (cont)

- Agreement with Washington Hospital (\$43,000 for 10 years) was terminated early on July 23rd of 2002. A one time payment of \$425,000 dollars was used as one time revenue source to balance the general fund budget. (01.00/362-600)
- The Arden landfill was sold for \$899,990 dollars in Oct. 2004 - one time revenue source to balance general fund budget. (01.00/391-910) This resulted in a loss of potential revenue from mineral rights and methane gas recovery royalties, natural gas and coal rights.
- In 2005 \$400,000 dollars was used to balance the general fund budget anticipating the sale of the East Chestnut Street Garage to Jack Piatt which never happened.

Had the sale of the East Chestnut Street Garage happened the City would have lost \$160,000 dollars in parking revenues

Financial History – (cont)

- In 2007 \$880,000 dollars was budgeted to balance the general fund budget with an unrealistic anticipation of the sale of fire trucks to the county and then leasing them back from the county. This never happened / no contract exists.
- In December of 2007 the City had to borrow \$1.28 Million (\$400,000 + \$880,000) to meet the 2007 expenditures – City needed to raise 6.7 land mills in 2008 just to cover \$1.2 Million dollars costing the City \$275,000 each year.
- 2000-2007 refinanced bonds, applied advanced refunds to achieve one time revenues used to balance the general fund budget. This action greatly increased bond payments adding to the debt of the city. – Most bonds are not callable and can not be renegotiated at this time.

Financial History – (cont)

- In 2005 City committed \$150,000 dollars each year based on pro forma budget for the Crossroads Parking Garage.
- Land America moved leaving the City responsible for an additional \$100,000 dollar expense for the contingent liability or the Crossroads Parking Garage.

Total current Crossroads Garage Bond Payment is \$250,000 dollars each year.

When Parking Authority revenues are not as projected the City is totally responsible for the bond.

Financial History – (cont)

- Drop in investments, due to the economy, along with a (20) year and out (no age requirement) agreement with the Fire Department in 2006 increased the unfunded liability by \$8 Million Dollars of the City's combined pension funds.

In 2007 the MMO payment was \$571,157 Dollars. The City's MMO Payments increased in 2010 to \$1.6 Million dollars. The total increase was \$1,046,135 Dollars.

- Decreased tax base ex: Land America moved, loss of EIT, LST, BP



Current City Expenses

Budget Comparison

Budget to Actual Expended Analysis for 2005 - 2009					
	2009	2008	2007	2006	2005
Budgeted	\$10,824,074.79	\$8,837,885.00	\$9,847,500.00	\$9,486,377.00	\$8,988,000.00
Actual	\$10,958,109.54	\$10,659,000.49	\$10,335,765.39	\$9,207,261.80	\$9,157,891.36
	-\$134,034.75	-\$1,821,115.49	-\$488,265.39	\$279,115.20	-\$169,891.36

2005 – 2007 11% increase in expenditures

2008 – 2009 6% increase in expenditures

2010 - \$11,715,523 Budget

Major City Expenses

- Health Care
- Minimum Municipal Obligations (MMO) Pension
- Debt service
- Employee Wages

Present Health Insurance Cost

HEALTH INSURANCE:		
Premiums:	Monthly	Annual
Active Employees:	\$ 61,208.81	\$ 734,505.72
Retirees: (75% ind. Share)	\$ 3,240.24	\$ 38,883.00
Total:	\$ 64,449.05	\$ 773,388.72
Deductibles:		
2009 Claims paid (retired & act)		\$ 110,348.70
3rd Party Deductible Administration:		
Active Employees:	\$ 335.00	\$ 4,020.00
Retirees:	\$ 75.00	\$ 900.00
	\$ 410.00	\$ 4,920.00
Total Cost of Health Care:	\$ 64,859.05	\$ 888,657.42

19% annual savings with new plan =
\$168,844

Minimum Municipal Obligations (MMO) History

MMO	2007	2008	2009	2010
	\$571,157	\$577,109	\$753,923	\$1,617,292
Increase		\$5,952	\$176,814	\$863,369
	2007	2008	2009	2010
Firemen	\$209,548.00	\$203,118.00	\$381,069.00	\$944,391.00
Police	\$326,747.00	\$336,804.00	\$372,274.00	\$585,717.00
Officers / Employees	\$34,862.00	\$37,187.00	\$580.00	\$87,184.00
	\$571,157.00	\$577,109.00	\$753,923.00	\$1,617,292.00

MMO costs for future years will be \$1,617,292

Debt Service

- Total Debt Service at the beginning of 2000 was 12%
- At the end of 2007 the Total Debt Service was 24% and has not increased.

An increase of 12% in 7 years

City CDBG Funds

(Federal Funds) Community Development Block Grant

- 2000 funds received - \$718,700
- 2001 – 2007 Funds Received each year \$754,600
- 2008 - 2010 funds received - \$679,140

Wages

- Increased wages in 2009 of 3% for Fire and Police.
- Teamsters wages increase by .60 cents per hour in 2009.
- PSSU wages increased by .70 cents per hour in 2009.
- Management employees wages were frozen in 2009

City continues effort to adequately compensate employees

Why the City had to raise taxes?

- Because of the increase in Debt Service. This caused the city bond rating to drop to junk bond status.
- Past practice of using one time revenue to balance budgets
- Using unsecured funds to balance budgets
- Increases in expenses, utilities, etc.
- Increased Pension MMO payments

Mayor and Council took the following action

- In 2008 the City raised land tax 30 mills.
- In 2009 the City raised land tax 18 mills.
- In 2010 the City raised land tax 7 mills.

TOTALING 55 MILLS

- 5 mills of the 2008 tax increase, funds the Capital Improvement Fund – to purchase and maintain equipment and buildings. No Capital Improvements or Purchases had been made over the previous (8) years!!!



City's Future

Proactive steps that are being taken to help the City's financial future

Proactive Steps

- Healthcare Savings with new plan– 19% (\$168,844)
- Pension funding – EIT/Act 205 *
 - EIT/Act 205 Distressed Pensions Deduction percent increased in 2009 to .15% actual amount collected \$89,048.92
 - EIT/Act 205 Distressed Pensions Deduction percent increased in 2010 to .635% projected budgeted amount for 2010 is \$1,111,250.

Proactive Steps (cont)

- County Piggybacking Purchasing*
- Intergovernmental Sharing*
- Using 2007 Line Item Expenses (where possible)
- Meeting with Unions*
- Secure additional grants and funding*
- Creation of new City Comprehensive / Implementation Plan*
- Offer health care opt out incentive program to employees (\$2,000 for Husband and Wife and \$3,000 for family)

Proactive Steps (cont)

Personnel Reduction

- Treasures staff of (7) employees down to (3)
- Minimum Number of Police (30)
- Reduction of (1) Clerk position at Police Department
- Reduction of (1) Clerk position at Parking Office
- Minimum Number of Firemen (21)
- Street Dept 2000 (12) Full Time (1) Part Time
Street Dept 2010 – (9) Full Time
- Deputy Treasurer - Now Part Time
- Eliminated City Administrator
- No Health Officer – never replaced
- No Director of Park – never replaced
- Removed response car at Fire Department

Proactive Steps (cont)

- Installed new phone system saving the City \$134 dollars a month for 60 months. After 60 months saving per month will then jump \$1,030 dollars.
- Study conducted by Johnson Controls calculated that the current utility cost is \$1 per sq ft while the average for this region is in the range of \$1.20 - \$1.70 per square foot.
- Study conducted by Cost Control evaluated the street lighting cost and could not find any additional savings for the city.
- Closed Parking Office at 50 East Chestnut Street and consolidated office at Police Station
- Increase Parking Fine revenues

Proactive Steps (cont)

- EIP (Early Intervention Program) Report given to council in 2006, recommendations not implemented until 2008. 75% of the EIP recommendations have been instituted.
- 2009 City hired a Director of Transportation - with Transit Funds – no direct cost to the city.
- 2008 City contracted a Professional Grant Writer*

Grant History

Grant History 2009 & Through April 2010		
Source	Project	Amount
LSA Funding 2010, LGA, W & J, RAWC, LUPTAP, E. Wash, City	City Comprehensive Plan	\$129,000.00
LSA Funding 2010	Catfish Creek Flood Control	\$876,000.00
Army Corp 313 Fund	Catfish Creek Flood Control	\$1,000,000.00
DCED	Growing Greener	\$500,000.00
DCED	Phase I - EIP Software/Hardware	\$50,000.00
DCED	Phase II - EIP Software/Hardware	\$50,000.00
DCED	Park Pavillion	\$5,000.00
DEP	Reimbursement Stormwater Assessme	\$10,818.75
DEP	Reimbursement Stormwater Assessme	\$11,358.15
Mt Top Tech	Police cars	\$27,960.00
Federal Stimulas	Police cars	\$53,727.00
DCNR	Park Pavillion reimb	\$10,000.00
LSA	Table Revenues	\$172,000.00
	TOTAL	\$2,895,863.90
	Above received or have acceptance letter	

Transportation Funding

- Obtain funds to provide improved public transit services, equipment and amenities to area citizens
- Obtaining funds for transit-related projects (singly or jointly) that has the ability to assist in area revitalization efforts and promote economic development

Presentation Recap

With this presentation you can see the 10 year history of the city's finances.

Some of the major current expenses

Proactive steps that are being taken by City Council to help the City of Washington's financial outlook

In Conclusion

With the input and cooperation
from our loyal and dedicated employees,
and with united responsible leadership,
we can help secure for the City of Washington
a brighter financial future.