

**CITY of READING**

**GENERAL FUND FINANCIAL REVIEW SUMMARY**

**January 2014**

The attached files are the General Fund results for the first month of 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. For comparison purposes, prior year income statement results are also included.

**OVERVIEW:**

One month, 8.3% of the full year, is completed. On a cash basis, the month's year to date surplus/deficit generates a deficit of \$700,374. This result does not include the City's full year pension MMO (minimum municipal obligation) of \$9,957,027 (General Fund only) nor the State Pension contribution of \$3,150,000. If 8.3% of these activities are recognized this month, the reported deficit would increase to \$1,265,357.

**Revenues:**

Please review both the attached summary and detail revenue line items for differences between actual and budget. With only one month of fiscal year reported, full year projection remains as planned.

**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 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:**

Maintain plan.

**Cash Flow:**

This month's ending cash position is \$12,338,020 compared to last year's \$6,940,092. In January, the General Fund provided the following loans: Trash \$850,000; Recycle \$550,000 and Agency \$250,000, totaling \$1,650,000. These must be reimbursed by December 31, 2014.

**2014 Contingency Usage:**

The budget is \$1,015,038 unspecified and \$1,118,362 specified, totaling \$2,133,400. The use of this budget is strictly prohibited, requiring council's approval. See Contingency schedule of usage.

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

**Baa2** (low medium grade) compared to a target of **Aaa** (prime). The City will be referred to its rating committee for a potential upgrade.

### Headcount by Fund:

The general fund full time headcount ended with 13 below plan, varying among divisions. 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 about 1 percentage point higher than plan.

	<u>Full Time</u>	<u>Part Time</u>	<u>vs. Plan FT</u>	<u>vs. Plan PT</u>
General	482	118	13 less than plan	27 less than plan
Shade	1	0	1 less than plan	ok to plan
Sewer	70	1	3 less than plan	4 less than plan
Solid Waste	18	6	1 less than plan	5 more than plan
HUD	5	0	2 less than plan	ok to plan
<b>TOTAL</b>	<b>576</b>	<b>125</b>	<b>20 less than plan</b>	<b>26 less than plan</b>

General:	<u>Actual FT</u>	<u>% of Total GF</u>	<u>Plan FT</u>	<u>% of Total of GF</u>
Police	195	40.5 %	194	39.2%
Fire	145	30.1 %	152	30.7%
Public Safety	340	70.6%	346	69.9%
Non Safety	142	29.4%	149	30.1%
Total	482	100.0%	495	100.0%

### FIVE YEAR PROJECTION:

Process started.

The 2014 General Fund budget includes a financing fee component of \$6,670,000 of the lease payment from the Water Fund. Stability of this revenue source must be reviewed in light of the Act 73 restrictions.