

CITY of READING

GENERAL FUND FINANCIAL REVIEW SUMMARY

July 2015

The attached files are the General Fund results year to date through July 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:

Seven months, 58.3% of the full year, is completed. On a cash basis, the month's year to date surplus/deficit generates a surplus of \$16,277,448. 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 58.3% of these activities are recognized this month, the reported surplus would decrease to a surplus of \$10,441,469. The full year projection remains to attain near to the planned budget.

Revenues:

Please review both the attached summary and detail revenue line items for differences between actual and budget. With seven months of fiscal year reported, full year projection remains near plan. This year's budget includes an increase of \$3,068,558 from the Reading Parking Authority; however, the increase has not yet been realized. The revenue shortfall through July for this line item is \$1,789,992 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 near 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. (Slight surplus \$57,828 resulting from refinancing)

Cash Flow:

This month's ending cash and investment positions are \$37,225,293 (\$26,135,445 cash and \$11,089,848 investment) compared to last year's total of \$31,688,337 (\$30,604,656 cash and \$1,083,681 investment). The General Fund has not provided any loans to other funds this year.

Two interest bearing accounts, one for the general fund (\$10 million) and one for the sewer fund (\$15 million), were established in February 2015. The sewer fund interest bearing account will increase \$15 million to \$30 million to garner additional earnings which help reduce future financing needs to finance the WWT project. This increase came from the non interest bearing sewer account.

2015 Contingency Usage:

The budget is \$1,142,550 unspecified and \$1,200,000 specified, totaling \$2,342,550. The use of this budget requires council's approval. See Contingency schedule of usage which includes \$75,000 for property demolition related to fire on East Laurel Street.

2015 Debt Refinancing:

In April, the City refinanced 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. The \$4.8 million 2006 RDA note used to finance the City's 2006 pension cost has been refinanced in July. This refinancing satisfied 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).

Ten Year Debt Balance History:

There were no debt service payments made in June.

2015 \$138,858,575.73 Projected

Current	\$151,518,869.00	2010	\$169,000,544.88	2005	\$67,548,791.60
2014	\$145,252,920.43	2009	\$153,912,320.58		
2013	\$150,385,423.83	2008	\$139,256,420.98		
2012	\$156,136,322.53	2007	\$119,487,999.63		
2011	\$164,915,407.88	2006	\$121,374,949.50		

Headcount by Fund:

The general fund full time headcount ended 24 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	456	104	24 less than plan	25 less than plan
Shade	1	0	1 less than plan	ok to plan
Sewer	70	1	5 less than plan	4 less than plan
Solid Waste	16	2	2 less than plan	1 more than plan
HUD	5	0	3 less than plan	ok to plan
TOTAL	548	107	35 less than plan	28 less than plan

General:	<u>Actual FT</u>	<u>% of Total GF</u>	<u>Plan FT</u>	<u>% of Total of GF</u>
Police	190	41.7 %	194	40.4%
Fire	131	28.7 %	144	30.0%
Public Safety	321	70.4%	338	70.4%
Non Safety	135	29.6%	142	29.6%
Total	456	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

FINANCIAL DATA ACCESS FEATURE:

The City has implemented a solution, OPENGOV, to minimize the hurdles it faces when accessing and analyzing financial data. The OPENGOV platform assists directors and chiefs make data-driven decisions, foster productivity and increase collaboration. It aids finance administration by increasing budgeting and reporting efficiency, and supports elected officials by inviting transparency and govern with enhanced data insight. Started in June, it became available to all on the City’s web site.

July’s year to date results and transactions are available on OPENGOV. This narrative, along with the supporting financial statements, is also available on the city’s web site.