

CITY of READING

GENERAL FUND FINANCIAL REVIEW SUMMARY

October 2015

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

Ten months, 83% of the full year, is completed. On a cash basis, the month's year to date surplus/deficit generates a surplus of \$10,566,794. This result **does include** the City's full year pension MMO (minimum municipal obligation) of \$13,204,536 (General Fund only) and actual State Pension contribution of \$3,234,689. If 83% of these activities are recognized this month, the reported surplus would increase to a surplus of \$12,228,435. The full year projection remains attaining near the planned budget.

Revenues:

Please review both the attached summary and detail revenue line items for differences between actual and budget. With ten 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 with ten months realized (\$2,557,132) in this month's results. The balance of the increase (\$511,426) is anticipated in the remaining two months.

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 \$31,495,809 (\$20,394,795 cash and \$11,101,014 investment) compared to last year's total of \$24,067,085 (\$22,982,863 cash and \$1,084,222 investment). The General Fund has not provided any loans to other funds this year. This month's ending cash balance reflects the General Fund's full year pension payment of \$13,204,536 from the General Fund bank account. Last year's payment of \$9,957,027 from the General Fund bank account also occurred in October.

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 with Series 2015 bond. 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 \$1,626,421 debt service payments (principal and interest) made in October. Year to date debt service payments are \$4,222,992.

2015 \$147,513,461 Projected

Current \$153,708,061.00	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 31 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	450	109	31 less than plan	20 less than plan
Shade	1	0	1 less than plan	ok to plan
Sewer	69	1	7 less than plan	4 less than plan
Solid Waste	18	3	0 less than plan	2 more than plan
HUD	3	0	3 less than plan	ok to plan
TOTAL	541	113	42 less than plan	22 less than plan
General:	<u>Actual FT</u>	<u>% of Total GF</u>	<u>Plan FT</u>	<u>% of Total of GF</u>
Police	185	41.1 %	194	40.4%
Fire	129	28.7 %	144	30.0%
Public Safety	314	69.8%	338	70.4%
Non Safety	136	30.2%	142	29.6%
Total	450	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

Two months of budgeted expenses are required in fund balance to sustain abnormal expenditures. With current spending at \$90 million, a fund balance of \$15 million should be maintained. Based on the Amended Recovery Plan's five year projection, the required fund balance will fall below the \$15 million threshold at the conclusion of 2018.

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.

October 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.

Commencing with the 2016 budget development, OPENGOV will show the progression toward achieving a balanced budget. The initial step is the submission by directors and chiefs followed by administration's adjustments, leading to the Mayor's proposed budget. Subsequent adjustments occur through budget reviews among the administration, council and public producing the adopted budget. Both the directors' and Mayor's submissions are currently visible on the City's web site in the OPENGOV Budget Milestone section.