

CITY of READING

GENERAL FUND FINANCIAL REVIEW SUMMARY

April 2014

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

Four months, 33.0% of the full year, have been completed. On a cash basis, the month's year to date surplus/deficit generates a surplus of \$4,909,821. 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 33.0% of this activity is recognized this month, the reported surplus would change to a \$2,663,502 surplus.

Revenues:

Please review both the attached summary and detail revenue line items for differences between actual and budget. Full year revenue projection remains as planned. April's real estate tax filing amounting to \$6,428,144 is the primary contributor of this month's surplus.

Expenditures:

As with revenues, please review the attached summary expenditure line items for differences between actual and budget. Total full year spending 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. Also, the extensive winter expenses are going to challenge the City to maintain budgeted spending.

2014 Full Year Projection:

Maintain plan.

Cash Flow:

This month's ending cash position is \$20,228,298 compared to last year's \$13,553,671. The General Fund has 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 recycling if moved to general fund, 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 Moody's rating committee for a potential upgrade. A change in Moody's rating process is forthcoming.

Headcount by Fund:

The general fund full time headcount ended 7 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 2 percentage points higher than plan.

	<u>Full Time</u>	<u>Part Time</u>	<u>vs. Plan FT</u>	<u>vs. Plan PT</u>
General	488	111	7 less than plan	34 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	5	1 less than plan	4 more than plan
HUD	6	0	1 less than plan	ok to plan
TOTAL	583	117	13 less than plan	34 less than plan

General:	<u>Actual FT</u>	<u>% of Total GF</u>	<u>Plan FT</u>	<u>% of Total of GF</u>
Police	197	40.4 %	194	39.2%
Fire	151	30.9 %	152	30.7%
Public Safety	348	71.3%	346	69.9%
Non Safety	140	28.7%	149	30.1%
Total	488	100.0%	495	100.0%

FIVE YEAR PROJECTION:

PFM provide various scenarios.

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 requires attention in light of the Act 73 restrictions.