

## CITY of READING

### GENERAL FUND FINANCIAL REVIEW SUMMARY

February 2015

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

Two months, 16.6% of the full year, is completed. On a cash basis, the month's year to date surplus/deficit generates a deficit of \$4,232,165. 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 16.6% of these activities are recognized this month, the reported deficit would increase to \$5,899,588. The February 2015 deficit is attributed to timing in the presentation of bills and recognition of revenues due to the City. The full year projection remains to attain a balanced budget.

#### **Revenues:**

Please review both the attached summary and detail revenue line items for differences between actual and budget. With only two 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 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.

#### **Cash Flow:**

This month's ending cash position is \$16,481,399 compared to last year's \$11,424,326. The General Fund has not provided any loans to other funds this year.

Something new has commenced in February. Two interest bearing accounts, consisting of CD's, have been created. These accounts are 100% covered by FDIC and are Act 72 compliant. The general fund account has \$10 million (40 issues) in the account while the sewer fund has \$15 million (60 issues) invested. Both portfolios average net yield is 40 basis points and have a weighted average maturity of .94 years (laddering utilized). The general fund interest income generated at maturity is \$41,333 while the sewer fund interest income is \$61,449. The interest will roll back to the accounts as will the value of the CD principal upon attaining maturity. Operational cash flow reviews will determine the need to access these accounts. This influences the duration of future roll over and; thus, the yield of the CD.

#### **2015 Contingency Usage:**

The budget is \$1,142,550 unspecified and \$1,200,000 specified, totaling \$2,342,550. The use of this budget is strictly prohibited, requiring council's approval. See Contingency schedule of usage.

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

**Baa1** (low medium grade) compared to a target of **Aaa** (prime).

**Headcount by Fund:**

The general fund full time headcount ended with 13 below plan, varying among divisions. 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	466	107	13 less than plan	22 less than plan
Shade	2	0	ok to plan	ok to plan
Sewer	71	1	4 less than plan	4 less than plan
Solid Waste	18	1	0 less than plan	ok to plan
HUD	5	0	4 less than plan	ok to plan
<b>TOTAL</b>	<b>562</b>	<b>109</b>	<b>21 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	193	41.4 %	194	40.4%
Fire	142	30.5 %	144	30.0%
Public Safety	335	71.9%	338	70.4%
Non Safety	131	28.1%	142	29.6%
Total	466	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