

CITY of READING

GENERAL FUND FINANCIAL REVIEW SUMMARY

March 2015

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

Three months, 25.0% of the full year, is completed. On a cash basis, the month's year to date surplus/deficit generates a surplus of \$2,797,164. 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 25.0% of these activities are recognized this month, the reported surplus would decrease to \$296,030. 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 three month of fiscal year reported, full year projection remains as planned. Please be cognizant that this year's budget includes an increase of \$3,068,558 from the Reading Parking Authority. This increase has not yet been realized. The revenue shortfall through March for this line item is \$767,139 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 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 and investment positions are \$23,031,945 (\$11,945,978 cash and \$11,085,967 investment) compared to last year's total of \$17,059,483 (\$15,976,412 cash and \$1,083,071 investment). 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.

2015 Debt Refinancing:

In April, the City will refinance 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. This refinancing satisfies 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).

Headcount by Fund:

The general fund full time headcount ended with 11 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	468	103	11 less than plan	26 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	ok to plan	ok to plan
HUD	5	0	4 less than plan	ok to plan
TOTAL	564	105	19 less than plan	30 less than plan

General:	<u>Actual FT</u>	<u>% of Total GF</u>	<u>Plan FT</u>	<u>% of Total of GF</u>
Police	189	40.4 %	194	40.4%
Fire	141	30.1 %	144	30.0%
Public Safety	330	70.5%	338	70.4%
Non Safety	138	29.5%	142	29.6%
Total	468	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