

CITY of READING

GENERAL FUND FINANCIAL REVIEW SUMMARY

June 2015

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

Six months, 50.0% of the full year, is completed. On a cash basis, the month's year to date surplus/deficit generates a surplus of \$16,508,623. 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 50.0% of these activities are recognized this month, the reported surplus would decrease to a surplus of \$11,506,355. The full year projection remains to attain the planned budget.

Revenues:

Please review both the attached summary and detail revenue line items for differences between actual and budget. With six months of fiscal year reported, full year projection remains as planned. 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 June for this line item is \$1,534,279 which should be redeemed during the remainder of the year.

Although the full year revenue forecast remains on plan, the Earned Income Tax is currently trending 3.0% higher than plan. If this is maintained for the balance of the year, the full year impact would be approximately \$600,000 more revenue.

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 \$36,614,686 (\$25,525,803 cash and \$11,088,883 investment) compared to last year's total of \$31,547,293 (\$30,463,598 cash and \$1,083,695 investment). The General Fund has not provided any loans to other funds this year.

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. This refinancing satisfied initiatives DS01, DS02 and DS03 of the Amended Act 47 Recovery Plan. The \$4.8 million 2006 RDA note used to finance the City's 2006 pension cost will be refinanced in July.

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 \$144,956,479.73 | 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 23 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 | 457 | 108 | 23 less than plan | 21 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 | 17 | 3 | 1 less than plan | 2 more than plan |
| HUD | 5 | 0 | 3 less than plan | ok to plan |
| TOTAL | 550 | 112 | 33 less than plan | 23 less than plan |
| General: | <u>Actual FT</u> | <u>% of Total GF</u> | <u>Plan FT</u> | <u>% of Total of GF</u> |
| Police | 186 | 40.7 % | 194 | 40.4% |
| Fire | 136 | 29.8 % | 144 | 30.0% |
| Public Safety | 322 | 70.5% | 338 | 70.4% |
| Non Safety | 135 | 29.5% | 142 | 29.6% |
| Total | 457 | 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 |

NEW 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.

June's year to date results and transactions are available on OPENGOV.