



AGENDA MEMORANDUM

To: Mayor Bruce Adams and the Board of Trustees

From: Mark A. Pries, Finance Director/Treasurer

Date: October 17, 2014

RE: August, 2014 Treasurer's Report Analysis

The four month budget comparison report shows the start of sales and local use taxes being recognized in the General Fund. It will be another month before income taxes start being recognized due to the continued delay in receiving them from the State. The FY 14-15 budget for the General Fund contains \$3 million of expenditures that are funded directly from the reserves of the General Fund: \$2 million of transfers to fund retiree health insurance and \$1 million for facility improvements. Given this fact, the General Fund will show an overall deficit for all of FY 14-15. However, in order to get an accurate picture of operations in the General Fund, the actual expenditures for funding retiree health insurance and facility improvements need to be removed. In so doing, the deficit of the General Fund goes from \$2,782,151 to \$1,812,047 - a level that is slightly higher when compared to prior fiscal year's progress in the General Fund at the four month point. It is to be expected at the beginning of each fiscal year for the General Fund to show a large fiscal year deficit. Then, as the year progresses and as State collected revenues (sales and income taxes) are recognized, the deficit will shrink. This is the nature of accrual-based accounting, the required method of accounting for the General Fund.

On the expenditure side, most departments in the General Fund are running at or below budget (33.34%). Public Benefit - at 48.38% - accounts for the transfers to the Police and Fire Pension Funds which are funded directly from property taxes. By the end of August, just less than 50% of levied property taxes were received so the fact that Public Benefit is almost 50% expended is expected. Information Technology - 42.13% - appears high due to the timing of expenditures. Maintenance contracts are the largest part of the I.T. budget, apart from personnel costs, and the majority of these costs were already incurred by August. All other funds are under budget. However, this is due to the timing of budgeted expenditures so it is expected these funds will be near or fully expended by the end of the fiscal year.

On the revenue side, since all income taxes received in August applied to FY 13-14, the General Administration area of the budget is low, only 15.82% recognized when 33.34% is expected. However, other departments - Village Clerk and Building Standards - are doing better than budget. All other areas of the General Fund are at or below budget but timing is the reason most

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are lagging in revenues with the exception of the police department. There was \$141,667 in telecommunication taxes included in the FY 14-15 Police revenue budget so this area will not be performing close to budget. This \$141,667 will be removed from the budget when amendments are passed later in the fiscal year. Other funds' revenues are running as expected. Due to better than expected market performance, both pension funds' revenues are performing considerably better than expected. However, the week of October 13th saw both the DOW and S&P markets lose between 4% and 6% of their value. It is not known if these losses will be recovered or if the markets will continue downward, so the market value gains recognized in the pension funds will most likely be negatively impacted.

In the Sewer Fund, property taxes (\$232,042) and a rebate from KRMA (\$120,000) are why the fund is operating at a surplus through August. However, the KRMA rebate is a one-time item and the property taxes fund the debt service payments so these revenues have limited impact on the day-to-day operations of the fund. As of the end of August, the Sewer Fund ran a four month surplus of \$160,939, down from the surplus in July of \$296,861. As explained in the July Treasurer's Report, this surplus is expected to be short-lived due to the limited revenue impacts of property taxes and the KRMA rebate. The fund's cash on hand was \$565,394, a decrease from July's amount of \$571,450. However, \$352,042 of cash on hand is due to property taxes and the KRMA rebate. Removing these items brings the cash on hand to \$213,352, a decrease from July's adjusted cash balance of \$238,730. Staff will continue to monitor the fund's activity and report it to the Board.

If any members of the Board have any questions about this or any other fiscal matter for the Village, please contact me at your convenience. Thank you.

VILLAGE OF BRADLEY
Fiscal Year '14/'15 Budget

FOUR MONTH BUDGET COMPARISON

<u>REVENUES</u>	<u>FY 14/15 FOUR MONTH ACTUAL</u>	<u>FY 14/15 BUDGET</u>	<u>PERCENT COLLECTED</u>
General Corporate Fund			
General Administration	1,781,473	11,264,078	15.82%
Village President	1,100	57,000	1.93%
Village Clerk	19,685	21,900	89.88%
Public Benefit	10,604	43,040	24.64%
Police Department	118,136	634,767	18.61%
Fire Department	89,881	409,500	21.95%
Public Property	4,800	15,500	30.97%
Public Works	1,497	5,000	29.94%
Building Standards	<u>81,973</u>	<u>159,500</u>	51.39%
Totals	2,109,150	12,610,285	16.73%
Capital Projects Fund	22,592	1,408,170	1.60%
Retirement Separation Fund	104	150	69.51%
Retirement Insurance Fund	967,098	2,300,000	42.05%
Revolving Loan Fund	4,154	13,337	31.14%
Rt. 50 TIF	528,514	900,300	58.70%
Motor Fuel Tax Fund	169,864	403,349	42.11%
Police Pension Fund	1,062,132	1,424,123	74.58%
Fire Pension Fund	61,774	130,564	47.31%
Sewer Fund	<u>984,493</u>	<u>2,793,767</u>	35.24%
Total Fund Revenues	5,909,874	21,984,045	26.88%

VILLAGE OF BRADLEY
Fiscal Year '14/'15 Budget

FOUR MONTH BUDGET COMPARISON

<u>EXPENDITURES</u>	<u>FY 14/15 FOUR MONTH ACTUAL</u>	<u>FY 14/15 BUDGET</u>	<u>PERCENT EXPENDED</u>
General Corporate Fund			
General Administration	119,773	555,619	21.56%
Benefits	28,917	269,768	10.72%
Board of Trustees	12,659	42,156	30.03%
Village President	8,212	26,634	30.83%
Village Administrator	58,301	173,444	33.61%
Legal	86,269	304,199	28.36%
Village Clerk	3,465	23,893	14.50%
Village Treasurer	57,260	203,827	28.09%
Public Benefit	526,240	1,087,790	48.38%
Police Department	1,819,886	5,395,629	33.73%
Fire and Police Commission	1,556	19,205	8.10%
Fire Department	362,045	1,315,170	27.53%
Public Property	55,171	887,750	6.21%
Public Works	510,340	1,668,980	30.58%
Building Standards	211,236	690,675	30.58%
Economic Incentive/Development	0	154,700	0.00%
Information Technology	<u>62,970</u>	<u>149,463</u>	42.13%
Department Totals	3,924,301	12,968,902	30.26%
Transfer - Capital Improvement Fund	0	235,000	0.00%
Transfer - Retirement Insurance Fund	<u>967,000</u>	<u>2,300,000</u>	42.04%
Total General Fund	4,891,301	15,503,902	31.55%
Capital Projects Fund	18,839	1,432,713	1.31%
Retirement Separation Fund	1,215	15,000	8.10%
Retirement Insurance Fund	75,785	250,740	30.22%
Rt. 50 TIF	435,262	1,350,740	32.22%
Motor Fuel Tax Fund	20,088	411,500	4.88%
Police Pension Fund	275,596	887,569	31.05%
Fire Pension Fund	1,557	6,775	22.98%
Sewer Fund	<u>823,554</u>	<u>3,204,957</u>	25.70%
TOTALS:	6,543,195	23,063,896	28.37%

VILLAGE OF BRADLEY
Fiscal Year '14/'15 Budget

FOUR MONTH FUND BALANCE ANALYSIS

FUND BALANCE	Beginning Fund Balance	Fiscal Year Activity	Ending Fund Balance
General Corporate Fund	9,369,275		
Revenues		2,109,150	
Expenditures		<u>4,891,301</u>	
Net Activity		(2,782,151)	6,587,124
Capital Projects Fund	175,231		
Revenues		22,592	
Expenditures		<u>18,839</u>	
Net Activity		3,753	178,984
Retirement Separation Fund	356,956		
Revenues		104	
Expenditures		<u>1,215</u>	
Net Activity		(1,111)	355,845
Retirement Insurance Fund	0		
Revenues		967,098	
Expenditures		<u>75,785</u>	
Net Activity		891,313	891,313
Revolving Loan Fund	1,915,437		
Revenues		4,154	
Expenditures		<u>0</u>	
Net Activity		4,154	1,919,591
Rt. 50 TIF	1,414,322		
Revenues		528,514	
Expenditures		<u>435,262</u>	
Net Activity		93,253	1,507,575
Motor Fuel Tax Fund	521,989		
Revenues		169,864	
Expenditures		<u>20,088</u>	
Net Activity		149,776	671,765
Police Pension Fund	13,337,267		
Revenues		1,062,132	
Expenditures		<u>275,596</u>	
Net Activity		786,536	14,123,803
Fire Pension Fund	521,141		
Revenues		61,774	
Expenditures		<u>1,557</u>	
Net Activity		60,217	581,358
Sewer Fund	2,058,376		
Revenues		984,493	
Expenses		<u>823,554</u>	
Net Activity		160,939	2,219,315