



AGENDA MEMORANDUM

To: Mayor Bruce Adams and the Board of Trustees

From: Mark A. Pries, Finance Director/Treasurer

Date: April 21, 2016

RE: January, 2016 Treasurer's Report Analysis

General Fund Summary

The nine month budget comparison report shows the deficit in the General Fund had decreased by \$72,880. In November it was \$1.665 million, in December it was \$1.752 million and in January it was \$1.679 million. The main reason why the deficit decreased in January was due to the Village receiving two income tax allotments from the State which brings the lag in income tax allotments from the State of Illinois to 3 months; the lag should only be at 2 months. Without the second income tax installment, January would have been at a break-even level and the annual deficit would not have changed from December. Receipts of Sales, Local Use and Income Taxes as well as other miscellaneous revenues realized in May, June and July applied to the prior fiscal year totaled \$2,181,211. Applying these receipts against the nine month deficit in the General Fund of \$1,678,545 yields a surplus of \$502,666 so it is important to remember the lag in receiving revenues in the General Fund has the largest impact at the start of each fiscal year. As the fiscal year progresses, the deficit in the General Fund will transition into a surplus as long as all unforeseen financial challenges remain manageable.

Expenditures

At the nine month time period, expenditures are expected to be at a 75% level on a straight-line basis. However, level spending throughout the year seldom happens. The largest impact to expenditures in the General Fund is personnel costs. Through the end of January, 20 of 26 payrolls had already occurred - or 76.9%. Given these circumstances, there are five areas in the General Fund that are materially higher spent than 76.9% and those are General Administration, the Board of Trustees, Village Treasurer, Public Benefit and Economic Incentive/Development. General Administration is higher than budget due to the liability insurance premium recognized in December. The Board of Trustees is due to the IML Conference not being budgeted in FY 15-16; however, a budget amendment will address this issue. The Village Treasurer is over budget due to FY 2015 audit fees being paid in full in January. The Public Benefit area is over budget due to a timing issue. Police and Fire Pension contributions are recognized in Public Benefit and since the Village has

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received almost 100% of its budgeted property tax revenues through December, this incurred the Village's pension funds contribution expenditure. Property taxes are the funding source of the Village's contribution to the pension funds. Lastly, Economic Incentive is higher than budget due to the first payment this fiscal year to Turk Furniture for their sales tax rebate. This rebate matured in October, 2015 but the State of Illinois was late getting sales tax information out this year so the timing of this expenditure is late. Overall, the General Fund's expenditures are right on budget, at 74.54%, even though personnel costs are slightly higher at 76.9%.

Five of the remaining eight funds are at or under budget. The Retirement Separation, MFT and Fire Pension Funds are all over budget. The Retirement Separation Fund is at 151.74% spent due to the retirements of Chief Coy and Administrator Dickens. However, Administrator Dickens' retirement was not known until late-May so it was not factored into the FY 15-16 Budget whereas Chief Coy's retirement was known and was included in the budget. The MFT Fund is a timing issue since the program typically runs during late summer to early fall. The Fire Pension Fund is over budget due to a former employee requesting and receiving their contributions to the Fire Pension Fund as a refund. This former employee was not vested in their pension so they are entitled to receive a refund of the contributions they made to the Fire Pension Fund. The contributions made by the Village on behalf of this former employee remain in the Fire Pension Fund.

Revenues

On the revenue side, since all Income, Sales and Local Use taxes through July applied to FY 14-15, the General Administration area of the General Fund budget is low. The State released all past-due shared revenues - Local Use, Motor Fuel and Video Gaming taxes - in December and the Village is now current with these revenues. Other General Fund departments - Village Clerk, Public Works and Building Standards - are doing better than budget. The other areas of the General Fund are lagging slightly behind budget but any shortfalls in these areas have been accounted for and future budgets will reflect any changes. Liquor License revenues - recognized under the Village President area - are low because of timing. These revenues come in every April so this area will look low for the first 11 months every fiscal year.

Most other funds are running as expected with their revenues. The Capital Projects Fund did not have all projects proceed as planned so not only are revenues lower than budget, expenditures are, as well. The Retirement Separation Fund only has bank interest in its budget this year and due to a slight decline in interest rates, its revenue budget is lower than expected. The Retirement Insurance Fund's revenues are transfers from the General Fund. These transfers are booked at the 6 and 12 month marks so the revenue budget is low at the 9-month period but will be at 100% by April. The MFT Fund is lower than budget for two reasons. First, there is a one-month lag in receiving our monthly allotment from the State. Second, since the State has not yet passed its budget, any moneys from the Capital Bill will not be received. For FY 16-17, there will be no amount placed in it for Capital Bill revenues due to the State's ongoing budget situation. The Police Pension Fund's financial snapshot at the end of January declined again as the roller-coaster market volatility of 2015 continued. The Police Pension Fund is over 60% funded and is right at the average funding level for Police Pension funds in the State. The fund is exceeding State mandates to have a 90% funding level by the year 2040, using actuarial determined data that is calculated every year to bring the fund to a 100% funding level. It is important to remember that the pension funds' activity should be

viewed as a marathon and not a sprint. Over the long-term, they have performed well and the financial market volatility of 2015 is a small impact when the funds are viewed in their entirety.

Sewer Fund Summary

As of the end of January, the Sewer Fund ran a deficit of \$317,536, up from the December deficit of \$296,572. The fund's cash on hand was \$388,402 at the end of January, down from \$409,366 at the end of December. Revenues for sewer service were lower than expected through January by \$198,697 with expenses being under budget by 16% or \$541,659. 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 15/16 Budget

NINE MONTH BUDGET COMPARISON

<u>REVENUES</u>	<u>FY 15/16 NINE MONTH ACTUAL</u>	<u>FY 15/16 BUDGET</u>	<u>PERCENT COLLECTED</u>
General Corporate Fund			
General Administration	6,583,921	11,000,913	59.85%
Village President	6,000	60,825	9.86%
Village Clerk	31,102	21,650	143.66%
Public Benefit	6,907	19,000	36.35%
Police Department	237,242	386,850	61.33%
Fire Department	294,729	475,250	62.02%
Public Property	9,601	15,550	61.74%
Public Works	8,907	6,250	142.51%
Building Standards	<u>150,240</u>	<u>196,500</u>	76.46%
Totals	7,328,649	12,182,788	60.16%
Capital Projects Fund	117,314	367,170	31.95%
Retirement Separation Fund	104	250	41.63%
Retirement Insurance Fund	213,477	425,700	50.15%
Revolving Loan Fund	8,095	10,591	76.43%
Rt. 50 TIF	1,088,501	1,001,100	108.73%
Motor Fuel Tax Fund	289,685	459,449	63.05%
Police Pension Fund	337,839	1,568,875	21.53%
Fire Pension Fund	95,995	124,717	76.97%
Sewer Fund	<u>1,684,122</u>	<u>2,784,149</u>	60.49%
Total Fund Revenues	11,163,780	18,924,789	58.99%

VILLAGE OF BRADLEY
Fiscal Year 15/16 Budget

NINE MONTH BUDGET COMPARISON

<u>EXPENDITURES</u>	<u>FY 15/16 NINE MONTH ACTUAL</u>	<u>FY 15/16 BUDGET</u>	<u>PERCENT EXPENDED</u>
General Corporate Fund			
General Administration	485,616	604,300	80.36%
Benefits	127,975	277,861	46.06%
Board of Trustees	28,599	32,108	89.07%
Village President	15,680	26,542	59.08%
Village Administrator	84,236	174,314	48.32%
Legal	208,857	291,509	71.65%
Village Clerk	9,931	21,753	45.65%
Village Treasurer	147,006	183,475	80.12%
Public Benefit	982,245	1,066,855	92.07%
Police Department	3,901,793	4,957,995	78.70%
Fire and Police Commission	6,587	16,767	39.28%
Fire Department	830,763	1,377,324	60.32%
Public Works	1,327,666	1,747,795	75.96%
Building Standards	504,448	706,650	71.39%
Economic Incentive/Development	13,141	14,000	93.86%
Information Technology	<u>120,152</u>	<u>158,703</u>	75.71%
Department Totals	8,794,694	11,657,951	75.44%
Transfer - Retirement Insurance Fund	<u>212,500</u>	<u>425,000</u>	50.00%
Total General Fund	9,007,194	12,082,951	74.54%
Capital Projects Fund	146,900	450,170	32.63%
Retirement Separation Fund	138,087	91,000	151.74%
Retirement Insurance Fund	199,630	298,414	66.90%
Rt. 50 TIF	921,649	1,439,880	64.01%
Motor Fuel Tax Fund	389,845	414,000	94.17%
Police Pension Fund	725,335	1,010,933	71.75%
Fire Pension Fund	41,541	7,775	534.30%
Sewer Fund	<u>2,001,658</u>	<u>3,391,089</u>	59.03%
Total Fund Expenditures	13,571,839	19,186,212	70.74%

VILLAGE OF BRADLEY
Fiscal Year 15/16 Budget

FUND BALANCE ANALYSIS AT 1/31/2016

FUND BALANCE	Beginning Fund Balance	Fiscal Year Activity	Ending Fund Balance
General Corporate Fund	7,248,993		
Revenues		7,328,649	
Expenditures		<u>9,007,194</u>	
Net Activity		<u>(1,678,545)</u>	5,570,448
Capital Projects Fund	143,602		
Revenues		117,314	
Expenditures		<u>146,900</u>	
Net Activity		<u>(29,587)</u>	114,016
Retirement Separation Fund	346,916		
Revenues		104	
Expenditures		<u>138,087</u>	
Net Activity		<u>(137,983)</u>	208,933
Retirement Insurance Fund	2,075,354		
Revenues		213,477	
Expenditures		<u>199,630</u>	
Net Activity		13,847	2,089,201
Revolving Loan Fund	1,926,497		
Revenues		8,095	
Expenditures		<u>0</u>	
Net Activity		8,095	1,934,592
Rt. 50 TIF	1,558,651		
Revenues		1,088,501	
Expenditures		<u>921,649</u>	
Net Activity		166,852	1,725,503
Motor Fuel Tax Fund	564,084		
Revenues		289,685	
Expenditures		<u>389,845</u>	
Net Activity		<u>(100,160)</u>	463,924
Police Pension Fund	14,440,511		
Revenues		337,839	
Expenditures		<u>725,335</u>	
Net Activity		<u>(387,496)</u>	14,053,016
Fire Pension Fund	638,258		
Revenues		95,995	
Expenditures		<u>41,541</u>	
Net Activity		54,454	692,712
Sewer Fund	2,080,869		
Revenues		1,684,122	
Expenses		<u>2,001,658</u>	
Net Activity		<u>(317,536)</u>	1,763,333