



AGENDA MEMORANDUM

To: Mayor Bruce Adams and the Board of Trustees

From: Mark A. Pries, Finance Director/Treasurer

Date: May 5, 2016

RE: February, 2016 Treasurer's Report Analysis

General Fund Summary

The ten month budget comparison report shows the deficit in the General Fund had increased by \$155,365. In December it was \$1.752 million, in January it was \$1.679 million and in February it was \$1.834 million. The main reason why the deficit increased in February was due to the Village not receiving an income tax allotment from the State which brings the lag in income tax allotments from the State of Illinois back down to 4 months; the lag should only be at 2 months. Had the Village received an income tax installment, February would have been at a break-even level and the annual deficit would not have changed from January. 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 ten month deficit in the General Fund of \$1,834,305 yields a surplus of \$346,906 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 ten month time period, expenditures are expected to be at an 83.3% 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 February, 20 of 26 payrolls had already occurred - or 84.6%. Also, through the end of February, 11 of 12 months of health insurance costs were incurred, or 91.7%. Given these circumstances, there are three areas in the General Fund that are materially higher spent than 90% and those are the Board of Trustees, 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 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 received almost 100% of its budgeted property tax revenues through December, this incurred the Village's pension funds contribution

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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 under budget, at 81.6%, even though personnel costs are running higher, at almost 90%.

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 161.92% 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. This issue will be addressed with a budget amendment.

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. Other General Fund departments - Village Clerk, Public Works and Building Standards - are at or 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 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 10-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 February 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. It is important to remember that the pension funds' activity should be viewed as a marathon and not a sprint. Over the long-term, the portfolio has 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 February, the Sewer Fund ran a deficit of \$332,208, up from the January deficit of \$317,536. The fund's cash on hand was \$373,730 at the end of February, down from \$388,402 at the end of January. Revenues for sewer service were lower than expected through February by \$209,618 with expenses being under budget by 20% or \$666,636. However, the reason why expenses are so low is due to the KRMA project not starting; it has a budget of \$465,000. 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

TEN MONTH BUDGET COMPARISON

| <u>REVENUES</u> | <u>FY 15/16 TEN MONTH ACTUAL</u> | <u>FY 15/16 BUDGET</u> | <u>PERCENT COLLECTED</u> |
|-----------------------------------|--|----------------------------|------------------------------|
| General Corporate Fund | | | |
| General Administration | 7,219,606 | 11,000,913 | 65.63% |
| Village President | 6,450 | 60,825 | 10.60% |
| Village Clerk | 31,410 | 21,650 | 145.08% |
| Public Benefit | 7,721 | 19,000 | 40.64% |
| Police Department | 253,011 | 386,850 | 65.40% |
| Fire Department | 326,006 | 475,250 | 68.60% |
| Public Property | 12,001 | 15,550 | 77.18% |
| Public Works | 9,143 | 6,250 | 146.29% |
| Building Standards | <u>160,251</u> | <u>196,500</u> | 81.55% |
| Totals | 8,025,598 | 12,182,788 | 65.88% |
| | | | |
| Capital Projects Fund | 129,226 | 367,170 | 35.20% |
| | | | |
| Retirement Separation Fund | 114 | 250 | 45.67% |
| | | | |
| Retirement Insurance Fund | 213,595 | 425,700 | 50.18% |
| | | | |
| Revolving Loan Fund | 8,660 | 10,591 | 81.76% |
| | | | |
| Rt. 50 TIF | 1,088,618 | 1,001,100 | 108.74% |
| | | | |
| Motor Fuel Tax Fund | 324,430 | 459,449 | 70.61% |
| | | | |
| Police Pension Fund | 372,064 | 1,568,875 | 23.72% |
| | | | |
| Fire Pension Fund | 106,743 | 124,717 | 85.59% |
| | | | |
| Sewer Fund | <u>1,825,933</u> | <u>2,784,149</u> | 65.58% |
| | | | |
| Total Fund Revenues | 12,094,982 | 18,924,789 | 63.91% |

VILLAGE OF BRADLEY
Fiscal Year 15/16 Budget

TEN MONTH BUDGET COMPARISON

| <u>EXPENDITURES</u> | <u>FY 15/16 TEN MONTH ACTUAL</u> | <u>FY 15/16 BUDGET</u> | <u>PERCENT EXPENDED</u> |
|--------------------------------------|--|----------------------------|-----------------------------|
| General Corporate Fund | | | |
| General Administration | 494,564 | 604,300 | 81.84% |
| Benefits | 151,968 | 277,861 | 54.69% |
| Board of Trustees | 31,231 | 32,108 | 97.27% |
| Village President | 18,333 | 26,542 | 69.07% |
| Village Administrator | 95,165 | 174,314 | 54.59% |
| Legal | 227,219 | 291,509 | 77.95% |
| Village Clerk | 11,175 | 21,753 | 51.37% |
| Village Treasurer | 164,000 | 183,475 | 89.39% |
| Public Benefit | 985,300 | 1,066,855 | 92.36% |
| Police Department | 4,353,635 | 4,957,995 | 87.81% |
| Fire and Police Commission | 7,349 | 16,767 | 43.83% |
| Fire Department | 932,844 | 1,377,324 | 67.73% |
| Public Works | 1,466,076 | 1,747,795 | 83.88% |
| Building Standards | 558,999 | 706,650 | 79.11% |
| Economic Incentive/Development | 19,093 | 14,000 | 136.38% |
| Information Technology | <u>130,453</u> | <u>158,703</u> | 82.20% |
| Department Totals | 9,647,404 | 11,657,951 | 82.75% |
| | | | |
| Transfer - Retirement Insurance Fund | <u>212,500</u> | <u>425,000</u> | 50.00% |
| | | | |
| Total General Fund | 9,859,904 | 12,082,951 | 81.60% |
| | | | |
| Capital Projects Fund | 184,818 | 450,170 | 41.06% |
| | | | |
| Retirement Separation Fund | 147,343 | 91,000 | 161.92% |
| | | | |
| Retirement Insurance Fund | 258,904 | 298,414 | 86.76% |
| | | | |
| Rt. 50 TIF | 923,024 | 1,439,880 | 64.10% |
| | | | |
| Motor Fuel Tax Fund | 389,845 | 414,000 | 94.17% |
| | | | |
| Police Pension Fund | 806,714 | 1,010,933 | 79.80% |
| | | | |
| Fire Pension Fund | 43,450 | 7,775 | 558.85% |
| | | | |
| Sewer Fund | <u>2,158,141</u> | <u>3,391,089</u> | 63.64% |
| | | | |
| Total Fund Expenditures | 14,772,144 | 19,186,212 | 76.99% |

VILLAGE OF BRADLEY
Fiscal Year 15/16 Budget

FUND BALANCE ANALYSIS AT 2/29/2016

| FUND BALANCE | Beginning Fund Balance | Fiscal Year Activity | Ending Fund Balance |
|-----------------------------------|-----------------------------------|---------------------------------|--------------------------------|
| General Corporate Fund | 7,248,993 | | |
| Revenues | | 8,025,598 | |
| Expenditures | | <u>9,859,904</u> | |
| Net Activity | | (1,834,305) | 5,414,688 |
| Capital Projects Fund | 143,602 | | |
| Revenues | | 129,226 | |
| Expenditures | | <u>184,818</u> | |
| Net Activity | | (55,592) | 88,010 |
| Retirement Separation Fund | 346,916 | | |
| Revenues | | 114 | |
| Expenditures | | <u>147,343</u> | |
| Net Activity | | (147,229) | 199,687 |
| Retirement Insurance Fund | 2,075,354 | | |
| Revenues | | 213,595 | |
| Expenditures | | <u>258,904</u> | |
| Net Activity | | (45,309) | 2,030,045 |
| Revolving Loan Fund | 1,926,497 | | |
| Revenues | | 8,660 | |
| Expenditures | | <u>0</u> | |
| Net Activity | | 8,660 | 1,935,157 |
| Rt. 50 TIF | 1,558,651 | | |
| Revenues | | 1,088,618 | |
| Expenditures | | <u>923,024</u> | |
| Net Activity | | 165,594 | 1,724,245 |
| Motor Fuel Tax Fund | 564,084 | | |
| Revenues | | 324,430 | |
| Expenditures | | <u>389,845</u> | |
| Net Activity | | (65,415) | 498,670 |
| Police Pension Fund | 14,440,511 | | |
| Revenues | | 372,064 | |
| Expenditures | | <u>806,714</u> | |
| Net Activity | | (434,651) | 14,005,861 |
| Fire Pension Fund | 638,258 | | |
| Revenues | | 106,743 | |
| Expenditures | | <u>43,450</u> | |
| Net Activity | | 63,292 | 701,551 |
| Sewer Fund | 2,080,869 | | |
| Revenues | | 1,825,933 | |
| Expenses | | <u>2,158,141</u> | |
| Net Activity | | (332,208) | 1,748,661 |