

**AGENDA MEMORANDUM**

To: Mayor Bruce Adams and the Board of Trustees

From: Mark A. Pries, Finance Director/Treasurer

Date: June 3, 2016

RE: March, 2016 Treasurer's Report Analysis

General Fund Summary

The eleven month budget comparison report shows the deficit in the General Fund had decreased by \$449,898. In January it was \$1.679 million, in February it was \$1.834 million and in March it was \$1.381 million. The reasons why the deficit decreased in March were due to the Village receiving the December sales tax allotment from the State which is the largest month for this revenue stream due to Christmas and the March health insurance premium was paid in February. The lag in income tax allotments from the State of Illinois remains at 4 months; the lag should only be at 2 months. The receipts for Sales, Local Use and Income Taxes as well as other miscellaneous revenues realized in May, June and July of 2015 applied to the prior fiscal year totaled \$2,181,211. Applying these receipts against the eleven month deficit in the General Fund of \$1,380,752 yields a surplus of \$800,459 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 eleven month time period, expenditures are expected to be at a 91.67% 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 March, 24 of 26 payrolls had already occurred - or 92.3%. Also, the FY 15-16 budget amendments adopted by the Board are reflected in this month's treasurer's report. Given these circumstances, all areas in the General Fund are not materially higher spent than 92.3%. In fact, only the Village Treasurer and Public Benefit are just over the 92.3% level and both departments are at their respective levels due to the timing of expenditures. Overall, the General Fund's expenditures are under budget, at 83.93%, even though personnel costs are running higher, at over 92%.

Six of the remaining eight funds are at or under budget. Again, the FY 15-16 budget amendments adopted by the Board are reflected so only the MFT and Fire Pension Funds are over 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

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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, 2015 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. Police department revenues improved significantly due to the school resource officer cost getting reimbursed in March by the school district and the Village of Bourbonnais.

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 11-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 the MFT Fund for Capital Bill revenues due to the State's ongoing budget situation. The Police Pension Fund's financial snapshot at the end of March improved significantly as the roller-coaster market volatility continued. However, financial markets have stabilized over the last few months so the significant swings have calmed for now. 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 2015/2016 is a small impact when the funds are viewed in their entirety.

Sewer Fund Summary

As of the end of March, the Sewer Fund ran a deficit of \$333,980, up slightly from February's deficit of \$332,208. The fund's cash on hand was \$371,957 at the end of March, down from \$373,730 at the end of February. Revenues for sewer service were lower than expected through March by \$237,392 with expenses being under budget by 24% or \$819,197. 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

ELEVEN MONTH BUDGET COMPARISON

<u>REVENUES</u>	FY 15/16 ELEVEN MONTH <u>ACTUAL</u>	FY 15/16 <u>BUDGET</u>	PERCENT COLLECTED
General Corporate Fund			
General Administration	8,142,013	11,353,213	71.72%
Village President	25,650	60,825	42.17%
Village Clerk	32,828	21,650	151.63%
Public Benefit	7,885	19,000	41.50%
Police Department	344,706	386,850	89.11%
Fire Department	357,839	475,250	75.29%
Public Property	13,201	15,550	84.89%
Public Works	9,369	6,250	149.90%
Building Standards	<u>179,414</u>	<u>196,500</u>	91.30%
Totals	9,112,905	12,535,088	72.70%
Capital Projects Fund	141,222	367,170	38.46%
Retirement Separation Fund	119	250	47.44%
Retirement Insurance Fund	213,676	425,700	50.19%
Revolving Loan Fund	19,601	10,591	185.07%
Rt. 50 TIF	1,088,735	1,001,100	108.75%
Motor Fuel Tax Fund	359,473	459,449	78.24%
Police Pension Fund	959,758	1,568,875	61.17%
Fire Pension Fund	118,847	124,717	95.29%
Sewer Fund	<u>1,955,434</u>	<u>2,784,149</u>	70.23%
Total Fund Revenues	13,969,768	19,277,089	72.47%

VILLAGE OF BRADLEY
Fiscal Year 15/16 Budget

ELEVEN MONTH BUDGET COMPARISON

<u>EXPENDITURES</u>	<u>FY 15/16 ELEVEN MONTH ACTUAL</u>	<u>FY 15/16 BUDGET</u>	<u>PERCENT EXPENDED</u>
General Corporate Fund			
General Administration	514,714	666,800	77.19%
Benefits	176,244	277,861	63.43%
Board of Trustees	33,863	37,048	91.40%
Village President	20,037	26,542	75.49%
Village Administrator	103,374	119,314	86.64%
Legal	251,653	291,509	86.33%
Village Clerk	12,127	21,753	55.75%
Village Treasurer	174,138	183,475	94.91%
Public Benefit	998,989	1,066,855	93.64%
Police Department	4,653,449	5,305,555	87.71%
Fire and Police Commission	13,746	16,767	81.98%
Fire Department	1,001,644	1,192,324	84.01%
Public Works	1,570,260	1,967,605	79.81%
Building Standards	597,902	706,650	84.61%
Economic Incentive/Development	19,093	25,000	76.37%
Information Technology	139,924	172,473	81.13%
Department Totals	10,281,157	12,077,531	85.13%
Transfer - Retirement Insurance Fund	212,500	425,000	50.00%
Total General Fund	10,493,657	12,502,531	83.93%
Capital Projects Fund	186,256	450,170	41.37%
Retirement Separation Fund	147,343	199,830	73.73%
Retirement Insurance Fund	262,206	298,414	87.87%
Rt. 50 TIF	924,424	1,439,880	64.20%
Motor Fuel Tax Fund	389,845	414,000	94.17%
Police Pension Fund	888,894	1,010,933	87.93%
Fire Pension Fund	43,450	43,219	100.54%
Sewer Fund	2,289,414	3,391,089	67.51%
Total Fund Expenditures	15,625,489	19,750,066	79.12%

VILLAGE OF BRADLEY
Fiscal Year 15/16 Budget

FUND BALANCE ANALYSIS AT 3/31/2016

FUND BALANCE	Beginning Fund Balance	Fiscal Year Activity	Ending Fund Balance
General Corporate Fund	7,248,993		
Revenues		9,112,905	
Expenditures		<u>10,493,657</u>	
Net Activity		(1,380,752)	5,868,241
Capital Projects Fund	143,602		
Revenues		141,222	
Expenditures		<u>186,256</u>	
Net Activity		(45,034)	98,568
Retirement Separation Fund	346,916		
Revenues		119	
Expenditures		<u>147,343</u>	
Net Activity		(147,225)	199,691
Retirement Insurance Fund	2,075,354		
Revenues		213,676	
Expenditures		<u>262,206</u>	
Net Activity		(48,530)	2,026,824
Revolving Loan Fund	1,926,497		
Revenues		19,601	
Expenditures		<u>0</u>	
Net Activity		19,601	1,946,098
Rt. 50 TIF	1,558,651		
Revenues		1,088,735	
Expenditures		<u>924,424</u>	
Net Activity		164,311	1,722,962
Motor Fuel Tax Fund	564,084		
Revenues		359,473	
Expenditures		<u>389,845</u>	
Net Activity		(30,372)	533,712
Police Pension Fund	14,440,511		
Revenues		959,758	
Expenditures		<u>888,894</u>	
Net Activity		70,864	14,511,376
Fire Pension Fund	638,258		
Revenues		118,847	
Expenditures		<u>43,450</u>	
Net Activity		75,397	713,655
Sewer Fund	2,080,869		
Revenues		1,955,434	
Expenses		<u>2,289,414</u>	
Net Activity		(333,980)	1,746,889