

AGENDA MEMORANDUM

To: Mayor Bruce Adams and the Board of Trustees

From: Mark A. Pries, Finance Director/Treasurer

Date: September 12, 2014

RE: July, 2014 Treasurer's Report Analysis

The three month budget comparison report shows the start of significant general operating revenues being recognized in the General Fund. In the first two months of the fiscal year, only \$9,875 in revenues were recognized in the General Administration area. In July, just over \$1 million was recognized, the majority coming from property taxes. This allowed the fiscal year-to-date performance of the General Fund to increase the deficit by only \$169,000 in July when it had gotten to an almost \$2 million deficit by June. However, 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, there are two items that made some of the General Fund departments look over budget. First, there were 7 payrolls through the end of July. Overall, there are 26 pay periods in the fiscal year. So with 7 occurring by the end of July, that is 26.9% of all payrolls for the fiscal year compared to the 25% level where the budget is expected to be after three months. Second, the August, 2014 expenditure for health insurance was made at the end of July so there are 4 months of health insurance recognized (33.3%) at the end of the third month of operations. This is a timing issue as there will be a total of 12 monthly outlays for health insurance. Overall, the General Fund is at 22.63% of expenditures for the first three months of FY 14-15. All other funds, except the Retirement Insurance and Rt. 50 TIF Funds, are under budget. The Retirement Insurance Fund is over budget because of the same reason some General Fund departments appear over budget - there are 4 months of insurance costs recognized by the third month. This is a timing issue and the fund will only incur 12 monthly expenditures for health insurance. The Rt. 50 TIF Fund is over budget because a good portion of its annual property taxes were recognized in July. This means that 85% of those property taxes were sent to Amalgamated Bank (the trustee for the TIF). Like the other items causing overages in July, this is also a timing issue and the outlays of the fund will only be those that are required according to the TIF covenants.

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On the revenue side, since all income, sales and use taxes received in July applied to FY 13-14, the General Administration area of the budget is low, only 9.67% recognized when 25% is expected. However, other departments - Village Clerk and Building Standards - are doing better than budget with all other areas of the General Fund and the other funds running as expected. Due to better than expected market performance, both pension funds' revenues are performing considerably better than expected. In the Sewer Fund, property taxes (\$212,720) and a rebate from KRMA (\$120,000) are why the fund is operating at a surplus through July. 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 July, the Sewer Fund ran a three month surplus of \$296,861 which is an improvement from June's deficit of \$44,553. However, this surplus is expected to be short-lived due to the limited revenue impacts explained earlier in this memo. The fund's cash on hand was \$571,450, an improvement from June's amount of \$230,036. However, \$332,720 of July's cash on hand is due to property taxes and the KRMA rebate. Removing these revenue items brings the cash on hand to \$238,730, which is about \$8,700 higher than June. 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

THREE MONTH BUDGET COMPARISON

<u>REVENUES</u>	<u>FY 14/15 THREE MONTH ACTUAL</u>	<u>FY 14/15 BUDGET</u>	<u>PERCENT COLLECTED</u>
General Corporate Fund			
General Administration	1,089,204	11,264,078	9.67%
Village President	1,100	57,000	1.93%
Village Clerk	19,285	21,900	88.06%
Public Benefit	8,739	43,040	20.30%
Police Department	92,158	634,767	14.52%
Fire Department	61,451	409,500	15.01%
Public Property	3,600	15,500	23.23%
Public Works	1,187	5,000	23.74%
Building Standards	<u>63,793</u>	<u>159,500</u>	40.00%
Totals	1,340,517	12,610,285	10.63%
Capital Projects Fund	15,721	1,408,170	1.12%
Retirement Separation Fund	52	150	34.94%
Retirement Insurance Fund	300,067	2,300,000	13.05%
Revolving Loan Fund	2,694	13,337	20.20%
Rt. 50 TIF	512,369	900,300	56.91%
Motor Fuel Tax Fund	72,102	403,349	17.88%
Police Pension Fund	702,028	1,424,123	49.30%
Fire Pension Fund	53,909	130,564	41.29%
Sewer Fund	<u>812,798</u>	<u>2,793,767</u>	29.09%
Total Fund Revenues	3,812,257	21,984,045	17.34%

VILLAGE OF BRADLEY
Fiscal Year '14/'15 Budget

THREE MONTH BUDGET COMPARISON

<u>EXPENDITURES</u>	<u>FY 14/15 THREE MONTH ACTUAL</u>	<u>FY 14/15 BUDGET</u>	<u>PERCENT EXPENDED</u>
General Corporate Fund			
General Administration	87,406	555,619	15.73%
Benefits	13,153	269,768	4.88%
Board of Trustees	10,028	42,156	23.79%
Village President	6,708	26,634	25.19%
Village Administrator	47,761	173,444	27.54%
Legal	68,152	304,199	22.40%
Village Clerk	2,514	23,893	10.52%
Village Treasurer	48,233	203,827	23.66%
Public Benefit	451,454	1,087,790	41.50%
Police Department	1,509,236	5,395,629	27.97%
Fire and Police Commission	1,222	19,205	6.36%
Fire Department	292,713	1,315,170	22.26%
Public Property	44,687	887,750	5.03%
Public Works	399,366	1,668,980	23.93%
Building Standards	171,133	690,675	24.78%
Economic Incentive/Development	0	154,700	0.00%
Information Technology	<u>54,831</u>	<u>149,463</u>	36.69%
Department Totals	3,208,597	12,968,902	24.74%
Transfer - Capital Improvement Fund	0	235,000	0.00%
Transfer - Retirement Insurance Fund	<u>300,000</u>	<u>2,300,000</u>	13.04%
Total General Fund	3,508,597	15,503,902	22.63%
Capital Projects Fund	29,148	1,432,713	2.03%
Retirement Separation Fund	810	15,000	5.40%
Retirement Insurance Fund	81,283	250,740	32.42%
Rt. 50 TIF	435,262	1,350,740	32.22%
Motor Fuel Tax Fund	18,396	411,500	4.47%
Police Pension Fund	215,715	887,569	24.30%
Fire Pension Fund	820	6,775	12.10%
Sewer Fund	<u>515,937</u>	<u>3,204,957</u>	16.10%
TOTALS:	4,805,969	23,063,896	20.84%

VILLAGE OF BRADLEY
Fiscal Year '14/'15 Budget

THREE MONTH FUND BALANCE ANALYSIS

FUND BALANCE	Beginning Fund Balance	Fiscal Year Activity	Ending Fund Balance
General Corporate Fund	7,192,058		
Revenues		1,340,517	
Expenditures		<u>3,508,597</u>	
Net Activity		(2,168,081)	5,023,977
Capital Projects Fund	169,424		
Revenues		15,721	
Expenditures		<u>29,148</u>	
Net Activity		(13,427)	155,997
Retirement Separation Fund	357,488		
Revenues		52	
Expenditures		<u>810</u>	
Net Activity		(758)	356,730
Retirement Insurance Fund	0		
Revenues		300,067	
Expenditures		<u>81,283</u>	
Net Activity		218,784	218,784
Revolving Loan Fund	1,827,465		
Revenues		2,694	
Expenditures		<u>0</u>	
Net Activity		2,694	1,830,159
Rt. 50 TIF	1,187,697		
Revenues		512,369	
Expenditures		<u>435,262</u>	
Net Activity		77,107	1,264,804
Motor Fuel Tax Fund	429,762		
Revenues		72,102	
Expenditures		<u>18,396</u>	
Net Activity		53,705	483,467
Police Pension Fund	13,337,522		
Revenues		702,028	
Expenditures		<u>215,715</u>	
Net Activity		486,313	13,823,835
Fire Pension Fund	521,841		
Revenues		53,909	
Expenditures		<u>820</u>	
Net Activity		53,089	574,930
Sewer Fund	1,626,262		
Revenues		812,798	
Expenses		<u>515,937</u>	
Net Activity		296,861	1,923,123

Note - All beginning fund balance numbers are pre-audit amounts and will change once the audit is complete.