



**AGENDA MEMORANDUM**

To: Mayor Bruce Adams and the Board of Trustees

From: Mark A. Pries, Finance Director/Treasurer

Date: October 17, 2014

RE: September, 2014 Treasurer's Report Analysis

The five month budget comparison report shows the start of income taxes being recognized in the General Fund. 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 \$2,468,816 to \$1,486,031 - a deficit level that is about \$350,000 higher when compared to the prior four fiscal years progress in the General Fund at the five 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 (41.67%). Public Benefit - at 81.53% - accounts for the transfers to the Police and Fire Pension Funds which are funded directly from property taxes. By the end of September, just over 93% of levied property taxes were received so the fact that Public Benefit is almost 82% expended is expected. Information Technology - 48.59% - 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 in the first four months of the fiscal year. All other funds are under budget except for the Retirement Insurance Fund and the Rt. 50 TIF Fund. The Retirement Insurance Fund accounts for retiree health care costs. It is at a 48.1% level because there were six months of health insurance costs realized through September (the fifth month of the fiscal year) so this overage is due to timing and the Fund will only have twelve monthly expenditures for health insurance by the end of the fiscal year. The Rt. 50 TIF Fund is at a 63.78% level because most of the incremental property taxes received for the fiscal year were realized by the end of September. This means that the money sent to Amalgamated (the TIF administrator) will be almost fully spent. The month of October will show this fund at an almost

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100% spent level due to a property tax payment received at the end of September but the corresponding payment to Amalgamated went out in the beginning of October.

On the revenue side, September was the first month where Income Taxes were realized. As each month passes, the General Administration portion of revenues will increase its actual-to-budget percentage; this is how all prior fiscal years have operated and this is the nature of accrual accounting. Unfortunately, most other revenue centers in the General Fund are under budget with the exception of Village Clerk and Building Standards. Staff has addressed this issue in a recent staff meeting that these revenues are noticeably low. During the budget review process and preparation for the FY 15-16 Budget, any areas that are lagging will be tightly scrutinized to determine if these lags are explainable or if they are permanent. Other funds' revenues are running as expected. Due to better than expected market performance, both pension funds' revenues are performing considerably better than expected. The stock market has seen volatility recently but at the time this memo is written, the last 10 days have seen gains come back and a good portion of earlier losses have been recouped.

In the Sewer Fund, property taxes (\$397,917) and a rebate from KRMA (\$120,000) are why the fund is operating at a surplus through September. 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 September, the Sewer Fund ran a five month surplus of \$328,847, up from the surplus in August of \$160,939. However, this increase in the surplus of \$167,908 is due almost entirely to property tax receipts in September of \$165,876. The fund's cash on hand was \$733,302, an increase of \$167,908 from the August cash balance of \$565,394. However, this increase in cash is again tied directly to the property tax receipts realized in September. \$517,917 of cash on hand is due to property taxes and the KRMA rebate. Removing these items brings the cash on hand to \$215,385, an increase from the August adjusted cash balance of \$213,352. There is a bond payment due by the beginning of December in the amount of \$318,400 that will significantly impact both the cash balance and the surplus of the Fund. 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**

**FIVE MONTH BUDGET COMPARISON**

<u>REVENUES</u>	<u>FY 14/15 FIVE MONTH ACTUAL</u>	<u>FY 14/15 BUDGET</u>	<u>PERCENT COLLECTED</u>
<b>General Corporate Fund</b>			
General Administration	3,316,052	11,264,078	29.44%
Village President	2,400	57,000	4.21%
Village Clerk	20,654	21,900	94.31%
Public Benefit	12,055	43,040	28.01%
Police Department	146,502	634,767	23.08%
Fire Department	114,557	409,500	27.97%
Public Property	6,000	15,500	38.71%
Public Works	1,945	5,000	38.90%
Building Standards	<u>90,006</u>	<u>159,500</u>	56.43%
<b>Totals</b>	<b>3,710,171</b>	<b>12,610,285</b>	<b>29.42%</b>
<b>Capital Projects Fund</b>	30,323	1,408,170	2.15%
<b>Retirement Separation Fund</b>	148	150	98.77%
<b>Retirement Insurance Fund</b>	967,202	2,300,000	42.05%
<b>Revolving Loan Fund</b>	5,281	13,337	39.60%
<b>Rt. 50 TIF</b>	1,014,119	900,300	112.64%
<b>Motor Fuel Tax Fund</b>	212,046	403,349	52.57%
<b>Police Pension Fund</b>	1,209,321	1,424,123	84.92%
<b>Fire Pension Fund</b>	93,929	130,564	71.94%
<b>Sewer Fund</b>	<u>1,298,114</u>	<u>2,793,767</u>	46.46%
<b>Total Fund Revenues</b>	<b>8,540,655</b>	<b>21,984,045</b>	<b>38.85%</b>

**VILLAGE OF BRADLEY**  
**Fiscal Year '14/'15 Budget**

**FIVE MONTH BUDGET COMPARISON**

<u>EXPENDITURES</u>	<u>FY 14/15 FIVE MONTH ACTUAL</u>	<u>FY 14/15 BUDGET</u>	<u>PERCENT EXPENDED</u>
<b>General Corporate Fund</b>			
General Administration	146,534	555,619	26.37%
Benefits	39,287	269,768	14.56%
Board of Trustees	16,709	42,156	39.64%
Village President	9,964	26,634	37.41%
Village Administrator	72,356	173,444	41.72%
Legal	115,355	304,199	37.92%
Village Clerk	5,020	23,893	21.01%
Village Treasurer	83,684	203,827	41.06%
Public Benefit	886,847	1,087,790	81.53%
Police Department	2,237,864	5,395,629	41.48%
Fire and Police Commission	2,493	19,205	12.98%
Fire Department	521,642	1,315,170	39.66%
Public Property	66,763	887,750	7.52%
Public Works	617,433	1,668,980	36.99%
Building Standards	263,130	690,675	38.10%
Economic Incentive/Development	54,275	154,700	35.08%
Information Technology	<u>72,631</u>	<u>149,463</u>	48.59%
<b>Department Totals</b>	<b>5,211,987</b>	<b>12,968,902</b>	<b>40.19%</b>
Transfer - Capital Improvement Fund	0	235,000	0.00%
Transfer - Retirement Insurance Fund	<u>967,000</u>	<u>2,300,000</u>	42.04%
<b>Total General Fund</b>	<b>6,178,987</b>	<b>15,503,902</b>	<b>39.85%</b>
<b>Capital Projects Fund</b>	28,688	1,432,713	2.00%
<b>Retirement Separation Fund</b>	1,620	15,000	10.80%
<b>Retirement Insurance Fund</b>	120,599	250,740	48.10%
<b>Rt. 50 TIF</b>	861,507	1,350,740	63.78%
<b>Motor Fuel Tax Fund</b>	26,966	411,500	6.55%
<b>Police Pension Fund</b>	339,783	887,569	38.28%
<b>Fire Pension Fund</b>	2,471	6,775	36.47%
<b>Sewer Fund</b>	<u>969,267</u>	<u>3,204,957</u>	30.24%
<b>TOTALS:</b>	<b>8,529,889</b>	<b>23,063,896</b>	<b>36.98%</b>

**VILLAGE OF BRADLEY**  
**Fiscal Year '14/'15 Budget**

**FIVE MONTH FUND BALANCE ANALYSIS**

FUND BALANCE	Beginning Fund Balance	Fiscal Year Activity	Ending Fund Balance
<b>General Corporate Fund</b>	9,369,275		
Revenues		3,710,171	
Expenditures		<u>6,178,987</u>	
Net Activity		(2,468,816)	6,900,459
<b>Capital Projects Fund</b>	175,231		
Revenues		30,323	
Expenditures		<u>28,688</u>	
Net Activity		1,635	176,866
<b>Retirement Separation Fund</b>	356,956		
Revenues		148	
Expenditures		<u>1,620</u>	
Net Activity		(1,472)	355,484
<b>Retirement Insurance Fund</b>	0		
Revenues		967,202	
Expenditures		<u>120,599</u>	
Net Activity		846,603	846,603
<b>Revolving Loan Fund</b>	1,915,437		
Revenues		5,281	
Expenditures		<u>0</u>	
Net Activity		5,281	1,920,718
<b>Rt. 50 TIF</b>	1,414,322		
Revenues		1,014,119	
Expenditures		<u>861,507</u>	
Net Activity		152,612	1,566,934
<b>Motor Fuel Tax Fund</b>	521,989		
Revenues		212,046	
Expenditures		<u>26,966</u>	
Net Activity		185,080	707,070
<b>Police Pension Fund</b>	13,337,267		
Revenues		1,209,321	
Expenditures		<u>339,783</u>	
Net Activity		869,538	14,206,805
<b>Fire Pension Fund</b>	521,141		
Revenues		93,929	
Expenditures		<u>2,471</u>	
Net Activity		91,458	612,599
<b>Sewer Fund</b>	2,058,376		
Revenues		1,298,114	
Expenses		<u>969,267</u>	
Net Activity		328,847	2,387,223