



AGENDA MEMORANDUM

To: Mayor Bruce Adams and the Board of Trustees

From: Mark A. Pries, Finance Director/Treasurer

Date: January 15, 2015

RE: November, 2014 Treasurer's Report Analysis

The seven-month budget comparison report shows an improvement in the deficit in the General Fund for the current fiscal year. Last month, the deficit was \$55,000 higher than November's. At this time last fiscal year, there was a deficit in the General Fund of just over \$2.1 million; the deficit in the General Fund at November, 2014 is \$2.77 million. Comparing last year to this year, General Fund revenues are almost the same (\$5.36 million this year versus \$5.41 million last year) but last year there was \$333,000 in revenues from the grant that paid for the new fire truck. General Fund operating expenditures are actually less this year through November (\$6.97 million this year versus \$7.51 million last year). However, last year there was \$452,000 spent for the new fire truck that brings last year's expenditures down to \$7.06 million. Altogether, after removing grant revenues and expenditures related to the new fire truck, current year revenues are running about \$280,000 higher than last year and current year expenditures are about \$110,000 less than last year.

This is positive news but there are some underlying issues in the current year's expenditures that need further explanation. Primarily, costs are running lower due to position vacancies in the current year where the positions were filled a year ago. Building Standards has a position that has been vacant for about 5 months; Public Works has a position that has been vacant all fiscal year; Police has seen its sworn force with 2 vacancies this year but it is now at one vacancy and dispatch has several vacancies this year that were filled for most of last fiscal year. What this means is the \$110,000 that current year expenditures appear to be lower than last year would disappear had these vacancies been filled. This, in turn, would have pushed the current deficit in the General Fund even deeper. For FY 14-15, the General Fund was budgeted with a deficit of almost \$2.9 million so we are operating as expected. However, this deficit is due to \$3 million in one-time expenditures (\$2 million for retiree health insurance and \$1 million for facility improvements). As we approach the FY 15-16 budget preparation cycle, further detail and explanation on the issues having long-term impacts on the General Fund will be presented to the Board.

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On the expenditure side, most departments in the General Fund are running at or below budget (58.3%). Board of Trustees - at 64.91% - is higher than expected due to the timing of costs for the IML Annual Conference being paid in October. Public Benefit - at 88% - is high because this is where the Police and Fire Pension employer costs are tracked. These costs are funded through property taxes and since all tax revenues for the fiscal year have been received, the corresponding costs have been incurred. Economic Incentive - at 70.46% - is also a timing issue. The rebate for Taylor Dodge ended in the 3rd quarter, 2014 so costs associated with it will all be recognized already. Lastly, Information Technology - 60.41% - is running high due to the unforeseen costs of needed technology upgrades in the fiscal year. All other funds are under budget except for the Rt. 50 TIF Fund and the Fire Pension Fund. The Rt. 50 TIF Fund's expenditures are driven by property tax receipts. Knowing that all property taxes have been received, it stands to reason that this fund will appear overspent but this is another timing issue. The Fire Pension Fund is another timing issue. Major annual costs - audit, memberships, training, etc. - occur during the first half of the fiscal year.

On the revenue side, November saw General Fund revenues climb by \$739,585. Unfortunately, we did not receive an Income Tax payment from the State in November so we are now back to a 4-month lag in receipts (the lag should be at 2 months). Unfortunately, half of the departmental revenue centers in the General Fund are under budget. Some are due to timing (Village President), others were impacted by changes after the adoption of the FY 14-15 budget, some are out of the Village's control (fines waived/not enforced at the County courts) and others (ambulance receipts) are running lower than in previous years. 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. The Capital Projects Fund is running low due to activities not yet started. The pension funds continue to perform better than budget but the recent market volatility will impact these funds in early 2015.

The Sewer Fund has gone from operating at a surplus to a deficit. The annual bond payment was made in November that totaled \$318,400. All debt payments for the fiscal year have been made. The Sewer Fund, like the General Fund, has a position vacancy for the entire fiscal year, so far, that has helped its financial condition substantially. On a positive note, operating revenues are just slightly above budget. The fund's cash on hand was \$451,691, a decrease of \$316,481 from the October cash balance of \$768,172. 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

SEVEN MONTH BUDGET COMPARISON

<u>REVENUES</u>	<u>FY 14/15 SEVEN MONTH ACTUAL</u>	<u>FY 14/15 BUDGET</u>	<u>PERCENT COLLECTED</u>
General Corporate Fund			
General Administration	4,723,467	11,264,078	41.93%
Village President	2,400	57,000	4.21%
Village Clerk	21,229	21,900	96.94%
Public Benefit	15,673	43,040	36.42%
Police Department	274,732	634,767	43.28%
Fire Department	180,569	409,500	44.10%
Public Property	9,550	15,500	61.61%
Public Works	3,585	5,000	71.71%
Building Standards	<u>124,598</u>	<u>159,500</u>	78.12%
Totals	5,355,804	12,610,285	42.47%
Capital Projects Fund	45,660	1,408,170	3.24%
Retirement Separation Fund	223	150	148.83%
Retirement Insurance Fund	1,150,401	2,300,000	50.02%
Revolving Loan Fund	7,074	13,337	53.04%
Rt. 50 TIF	1,024,241	900,300	113.77%
Motor Fuel Tax Fund	278,537	403,349	69.06%
Police Pension Fund	1,613,102	1,424,123	113.27%
Fire Pension Fund	110,385	130,564	84.54%
Sewer Fund	<u>1,626,546</u>	<u>2,793,767</u>	58.22%
Total Fund Revenues	11,211,973	21,984,045	51.00%

VILLAGE OF BRADLEY
Fiscal Year '14/'15 Budget

SEVEN MONTH BUDGET COMPARISON

<u>EXPENDITURES</u>	<u>FY 14/15 SEVEN MONTH ACTUAL</u>	<u>FY 14/15 BUDGET</u>	<u>PERCENT EXPENDED</u>
General Corporate Fund			
General Administration	202,495	555,619	36.44%
Benefits	61,964	269,768	22.97%
Board of Trustees	27,364	42,156	64.91%
Village President	13,991	26,634	52.53%
Village Administrator	100,345	173,444	57.85%
Legal	164,741	304,199	54.16%
Village Clerk	9,585	23,893	40.12%
Village Treasurer	113,255	203,827	55.56%
Public Benefit	957,256	1,087,790	88.00%
Police Department	3,003,968	5,395,629	55.67%
Fire and Police Commission	7,113	19,205	37.04%
Fire Department	743,735	1,315,170	56.55%
Public Property	105,766	887,750	11.91%
Public Works	903,917	1,668,980	54.16%
Building Standards	356,653	690,675	51.64%
Economic Incentive/Development	109,004	154,700	70.46%
Information Technology	<u>90,290</u>	<u>149,463</u>	60.41%
Department Totals	6,971,440	12,968,902	53.76%
Transfer - Capital Improvement Fund	0	235,000	0.00%
Transfer - Retirement Insurance Fund	<u>1,150,000</u>	<u>2,300,000</u>	50.00%
Total General Fund	8,121,440	15,503,902	52.38%
Capital Projects Fund	107,958	1,432,713	7.54%
Retirement Separation Fund	2,431	15,000	16.20%
Retirement Insurance Fund	133,862	250,740	53.39%
Rt. 50 TIF	861,507	1,350,740	63.78%
Motor Fuel Tax Fund	192,996	411,500	46.90%
Police Pension Fund	432,085	887,569	48.68%
Fire Pension Fund	4,869	6,775	71.86%
Sewer Fund	<u>1,641,811</u>	<u>3,204,957</u>	51.23%
TOTALS:	11,498,958	23,063,896	49.86%

VILLAGE OF BRADLEY
Fiscal Year '14/'15 Budget

SEVEN MONTH FUND BALANCE ANALYSIS

FUND BALANCE	Beginning Fund Balance	Fiscal Year Activity	Ending Fund Balance
General Corporate Fund	9,369,275		
Revenues		5,355,804	
Expenditures		<u>8,121,440</u>	
Net Activity		(2,765,637)	6,603,638
Capital Projects Fund	175,231		
Revenues		45,660	
Expenditures		<u>107,958</u>	
Net Activity		(62,298)	112,934
Retirement Separation Fund	356,956		
Revenues		223	
Expenditures		<u>2,431</u>	
Net Activity		(2,207)	354,749
Retirement Insurance Fund	0		
Revenues		1,150,401	
Expenditures		<u>133,862</u>	
Net Activity		1,016,539	1,016,539
Revolving Loan Fund	1,915,437		
Revenues		7,074	
Expenditures		<u>0</u>	
Net Activity		7,074	1,922,511
Rt. 50 TIF	1,414,322		
Revenues		1,024,241	
Expenditures		<u>861,507</u>	
Net Activity		162,734	1,577,056
Motor Fuel Tax Fund	521,989		
Revenues		278,537	
Expenditures		<u>192,996</u>	
Net Activity		85,541	607,531
Police Pension Fund	13,337,267		
Revenues		1,613,102	
Expenditures		<u>432,085</u>	
Net Activity		1,181,017	14,518,284
Fire Pension Fund	521,141		
Revenues		110,385	
Expenditures		<u>4,869</u>	
Net Activity		105,516	626,657
Sewer Fund	2,058,376		
Revenues		1,626,546	
Expenses		<u>1,641,811</u>	
Net Activity		(15,264)	2,043,112