

## MEMORANDUM

Date: July 14, 2015  
 To: Town Board  
 From: Tom Kelly, Finance Officer  
 Re: Second Quarter 2015 Financial Report

In June the Town received a positive report from the Town's auditors on the Town's 2014 audit and it also received the first quarterly financial report for 2015. It's now July and the second quarter is now complete. The Town's revenues are a little higher and expenditures are a little lower than they normally are at this point in time. The key to the Town's finances are that even though we are 50% through the year, revenues and expenditures don't flow evenly though the year. There are some one time expenditure spent at the beginning of the year which makes the Town look like it will over spend its budget, for example the Debt Service Funds, but over the course of the year will actually be in line with budgeted amounts. Likewise on the revenue side the major revenue source is property taxes and special assessments, which are received in July and December. Also utility billing revenues are only received once a quarter. Debt Service Fund revenue is 174% due to onetime transfers to fund debt retirements. Below is a chart comparing budget to actual revenue and expenditures for the years 2014 and 2015.

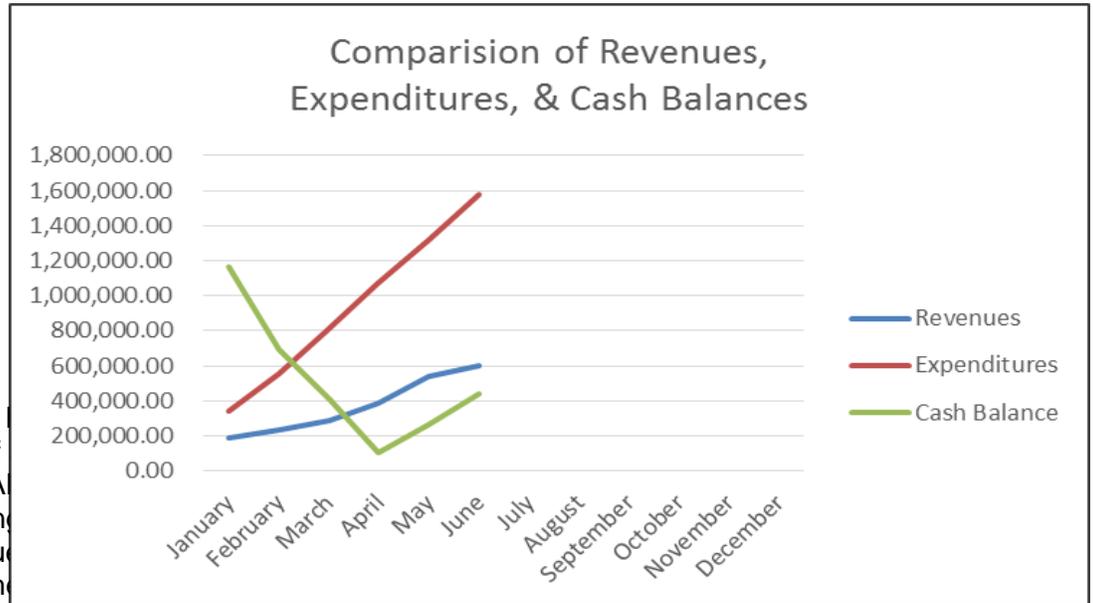
Revenues	2014	2014	%	2015	2015	%
	Budget	Actual	Received	Budget	Actual	Received
General Fund	3,490,800.00	403,458.62	11.56%	3,549,609.00	598,514.92	16.86%
Special Revenue Fds	42,680.00	31,314.69	73.37%	39,425.00	3,537.01	8.97%
Debt Service Funds	641,973.00	383,962.23	59.81%	508,936.00	888,418.90	174.56%
Capital Project Funds	1,124,007.00	168,267.47	14.97%	1,128,155.00	97,482.94	8.64%
Enterprise Funds	3,189,357.00	1,056,358.23	33.12%	2,881,956.00	1,051,753.41	36.49%
Internal Service Fds	479,887.00	496,253.73	103.41%	447,167.00	424,927.47	95.03%
<b>Total</b>	<b>8,968,704.00</b>	<b>2,539,614.97</b>	<b>28.32%</b>	<b>8,555,248.00</b>	<b>3,064,634.65</b>	<b>35.82%</b>
Expenditures	2014	2014	%	2015	2015	%
	Budget	Actual	Spent	Budget	Actual	Spent
General Fund	3,490,800.00	1,622,549.75	46.48%	3,549,609.00	1,574,902.81	44.37%
Special Revenue Fds	28,089.00	3,725.00	13.26%	26,000.00	2,500.00	9.62%
Debt Service Funds	955,257.00	901,750.66	94.40%	1,569,877.00	1,562,218.43	99.51%
Capital Project Funds	2,392,727.00	220,670.28	9.22%	2,201,480.00	200,300.39	9.10%
Enterprise Funds	3,817,273.00	1,684,501.42	44.13%	7,116,839.00	1,992,507.00	28.00%
Internal Service Fds	521,700.00	257,167.93	49.29%	449,700.00	151,616.48	33.72%
<b>Total</b>	<b>11,205,846.00</b>	<b>4,690,365.04</b>	<b>41.86%</b>	<b>14,913,505.00</b>	<b>5,484,045.11</b>	<b>36.77%</b>

It should be noted that the budget amounts are for the fiscal year and the actual is year to date. The rest of the report will detail the revenues and expenditures of each of six fund types.

### GENEARL FUND

Through the second quarter, revenues are slightly above budget projections and expenditures are slightly below budget, which is shown in future charts. However the chart on the following page shows how revenues are below expenditures levels for the first half of the year which is

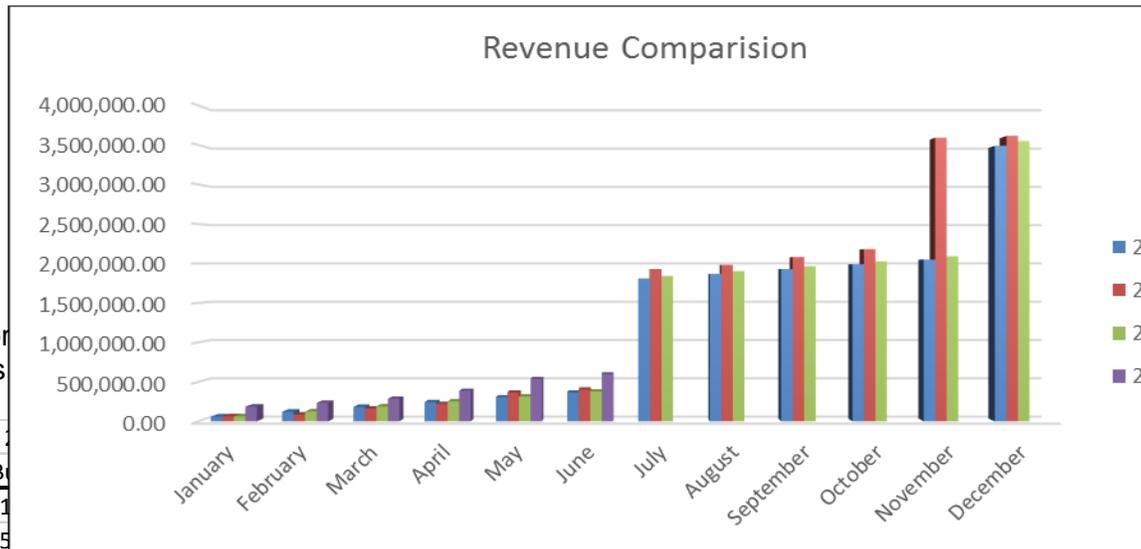
typical until the Town receives its first half property tax payment in July. Also one can see how the Town depends on reserves (cash balances) until that tax payment is received. The increase in cash from April through June is from the sale of investments and not from revenues.



For the year the Town is which is a bit ahead of their budgets so far. Actual revenues are up slightly. Engineering projects are up from previous year's revenue extension projects. The

lease revenues of which one lease is paid yearly in October of each year. Intergovernmental revenues include cable TV Franchise Fees, which were collected during the second quarter in the amount of \$104,634.60 when only \$60,000 was budgeted. The chart on the following page compares budget to actual revenues for the last two years. For this chart the monthly revenues are 1/2 of the total revenue budget with the exception of property taxes which are included in the July and December budget numbers only.

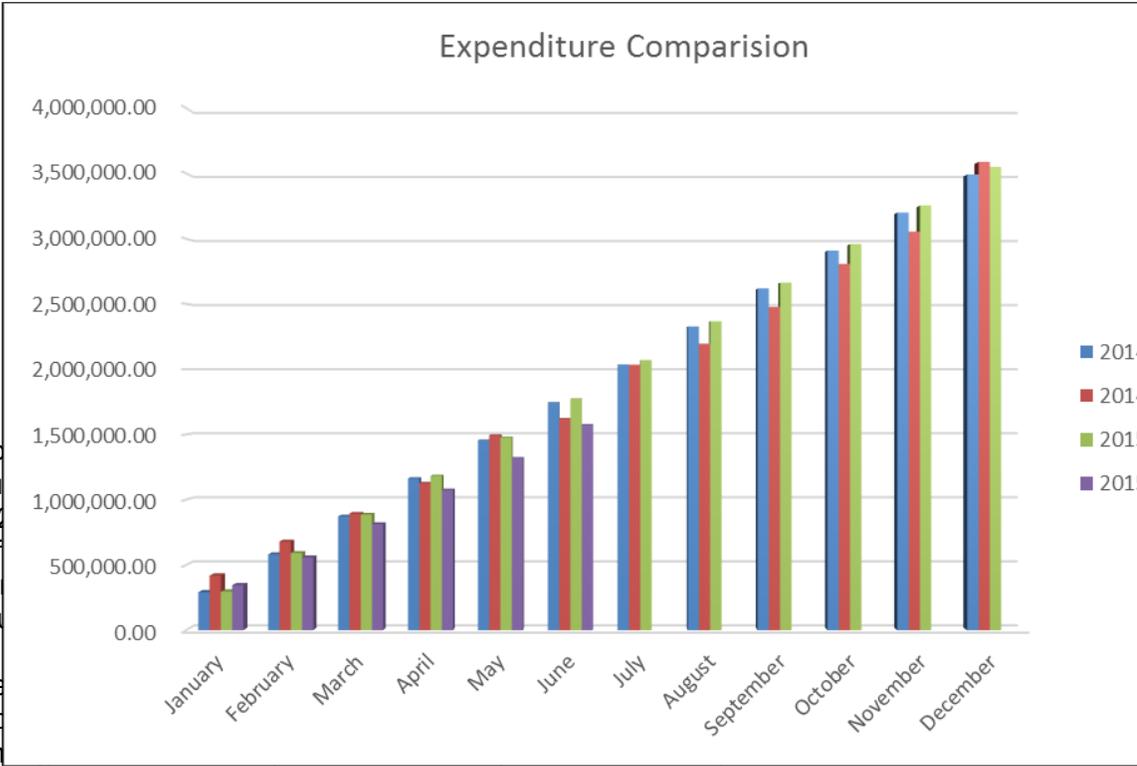
Actual expenditures for and actual amounts as



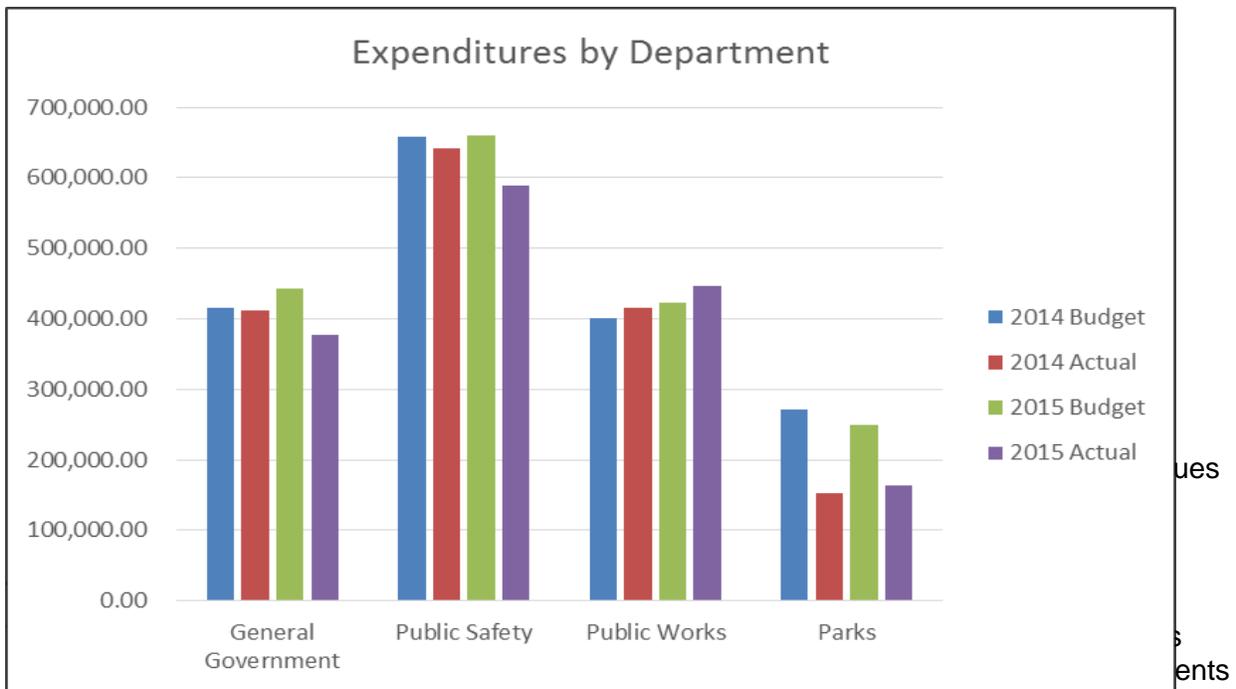
	Budget	Actual	%	Budget	Actual	%
General Government	410,000.00	410,000.00	100.00%	410,000.00	410,000.00	100.00%
Public Safety	650,000.00	650,000.00	100.00%	650,000.00	650,000.00	100.00%
Public Works	400,885.00	416,227.05	103.83%	422,457.00	446,187.48	105.62%
Parks	271,666.50	152,477.46	56.13%	249,286.50	163,209.57	65.47%
<b>Total</b>	<b>1,745,400.00</b>	<b>1,622,549.75</b>	<b>92.96%</b>	<b>1,774,805.00</b>	<b>1,574,902.81</b>	<b>88.74%</b>

If expenditures were spent within budget, which is the budgeted amount, after the 2014 equipment rental for the Capital Projects Fund were completed in January.

The bad news is that the departments above actual expenditure for last year at this time as shown in the chart on the next page. As the summer months progress staff will monitor these department to keep within budget levels.



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to the Township Day event planner for \$2,500.00 which is typical for the first half of the year.

**DEBT SERVICE FUNDS**

On February 1<sup>st</sup> the Town paid its 2015 debt obligations of \$840,000.00 in principal and \$81,721.25 of interest. In addition the Town paid principal of \$985,000.00 on the 2004 Public

Facility Bonds in March, which retired this debt issue. The Town now has \$4,095,000.00 in outstanding debt. The next scheduled debt payment is the interest only payment of \$53,357.50 due August 1<sup>st</sup>. Funding comes from Water Utility Fund revenues as well as property taxes, special assessments, and tax increments which the Town will receive with the first half 2015 property tax settlement in July. The \$888,418.90 in revenues received through the second quarter are from the budgeted transfers from other Town funds for their share of the debt payments, first quarter prepaid special assessments, and first quarter interest earnings.

### **CAPITAL PROJECT FUNDS**

Revenues received are from first quarter prepaid special assessments, first quarter interest earnings, the billboard lease in the Community Park Fund, and a transfer from the Town's General Fund for the Town's annual sealcoating project. The expenditures are transfers from the Town's EDA Fund to the Debt Service Funds for their share of 2015 bond payments and some engineering fees from the Leibel Street Improvement project.

### **ENTERPRISE FUNDS**

The Town's Enterprise Funds second quarter financial information is as follows:

Revenues	2014	2014	%	2015	2015	%
	Budget	Actual	Received	Budget	Actual	Received
Water Fund	1,677,677.00	428,899.90	25.57%	1,423,997.00	423,499.51	29.74%
Sanitary Sewer Fund	1,345,705.00	561,840.18	41.75%	1,301,162.00	514,894.40	39.57%
Storm Water Fund	165,975.00	65,618.15	39.53%	156,797.00	113,359.50	72.30%
<b>Total</b>	<b>3,189,357.00</b>	<b>1,056,358.23</b>	<b>33.12%</b>	<b>2,881,956.00</b>	<b>1,051,753.41</b>	<b>36.49%</b>
Expenditures	2014	2014	%	2015	2015	%
	Budget	Actual	Spent	Budget	Actual	Spent
Water Fund	1,632,864.00	520,003.08	31.85%	3,187,350.00	904,323.88	28.37%
Sanitary Sewer Fund	1,908,574.00	1,077,317.75	56.45%	3,484,825.00	993,068.25	28.50%
Storm Water Fund	275,836.00	87,180.59	31.61%	444,664.00	95,114.87	21.39%
<b>Total</b>	<b>3,817,274.00</b>	<b>1,684,501.42</b>	<b>44.13%</b>	<b>7,116,839.00</b>	<b>1,992,507.00</b>	<b>28.00%</b>

Revenues for the first half of the year are below last year revenues with the exception of the Storm Water Fund which is considerable higher than last year's revenue due to the rate increase. Expenses for the year are similar to prior year expenses. Water Fund expenses are above previous years due to capital expenditures such as tower cleaning and well number 5 activity. Keeping in mind that the expense budget for the Enterprise Funds includes depreciation which is not recorded until year-end. Again, nothing is unusual for the first half of the year for the Enterprise Funds.

### **INTERNAL SERVICE FUNDS**

The Town's Town Building, Capital Equipment, and Risk Management Funds have collected their one-time fees from the General Fund and Enterprise Funds, thus they have collected 100% of their revenues, except for interest earnings, for 2015.

The Town Building Fund has not spent any of their budgeted items yet as these activities are just beginning to take place and only some small equipment purchase equipment purchases have been paid.

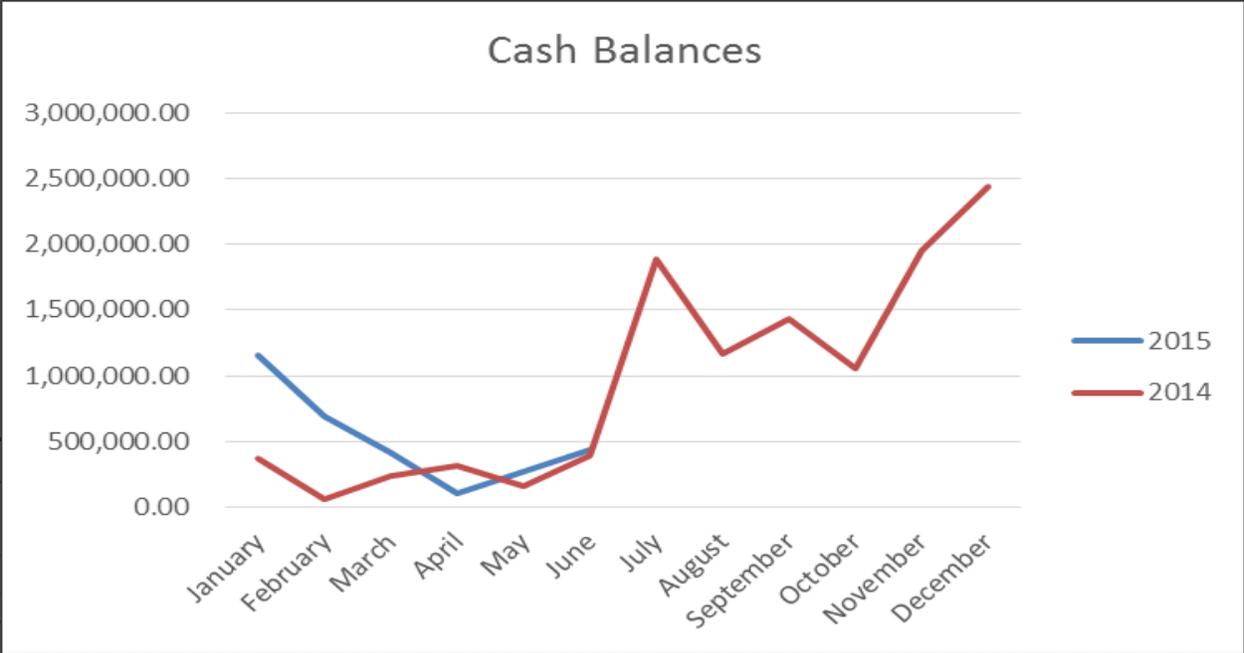
The Risk Management Fund has paid the worker's compensation premiums and the majority of the 2015 insurance premiums, so its expense activity is almost completed for the year. Premiums are anticipated to cost the Town \$125,600, which is an increase of \$12,300 from 2014. All of 2015 the worker's compensation premiums were paid in the amount of \$43,481.00 compared to \$32,442.00 for all of 2014. The increase is due to increases in claims which results in a higher experience modification factor. Overall the Risk Management fund has spent 84.7% of its 2015 budget.

**CASH AND INVESTMENTS**

Finally, the Town had \$11,902,449.99 invested as of June 30<sup>st</sup>. This compares to \$13,607,312.33 invested last year at this time. The investments had an average interest rate of 2.027% compared to 2.074% last year. Interest rates remain low and the Town has had some older investments with higher interest rates mature over the last few months. An example would be in February the Town had one bond mature which had an interest rate of 6.125% and another bond called with an interest rate of 4.70%, this results in the lower average interest rates for 2015. The chart below shows the Town's invested funds for the last two years.



The other factor and equally important as funds invested is the Town's cash in the bank. These are the funds the Town uses to pay its bills each month. Since the Town receives the majority of its money in July and December from tax settlements, it's not unusual for the Town to have a large amount of cash available in those months with the funds being drawn down in the proceeding months. Depending on expenditures and other revenues collect the Town may draw on its investments to help meet its cash needs, as was the case during the second quarter of 2015. The chart below demonstrates the cash flow for the Township.



sufficient cash and investments to meet its obligations until the Township receives its first tax settlement in July, however investment earnings remains low. So it would appear the Township is in good financial shape for 2015.