

MEMORANDUM

Date: November 6, 2017
 To: Town Board
 From: Tom Kelly, Finance Officer
 Re: Third Quarter 2017 Financial Report

The third quarter is in the books. The Town's revenues are higher than expected 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 75% through the year, revenues and expenditures do not flow evenly though the year. Even with some one time expenditures spent at the beginning of the year and the Town having paid all of its 2017 debt payments, expenditures are only 64% spent compared to budget compared to 55% last year at this time. Likewise, on the revenue side the major revenue source is property taxes and special assessments, which are received in July and December. In addition, utility billing revenues are only received once a quarter. Debt Service Fund revenue is 93% due to onetime transfers to fund debt retirements, of which puts revenue collect at 72% of budget compared to 57% in 2016. Below is a chart comparing budget to actual revenue and expenditures for the years 2017 and 2016.

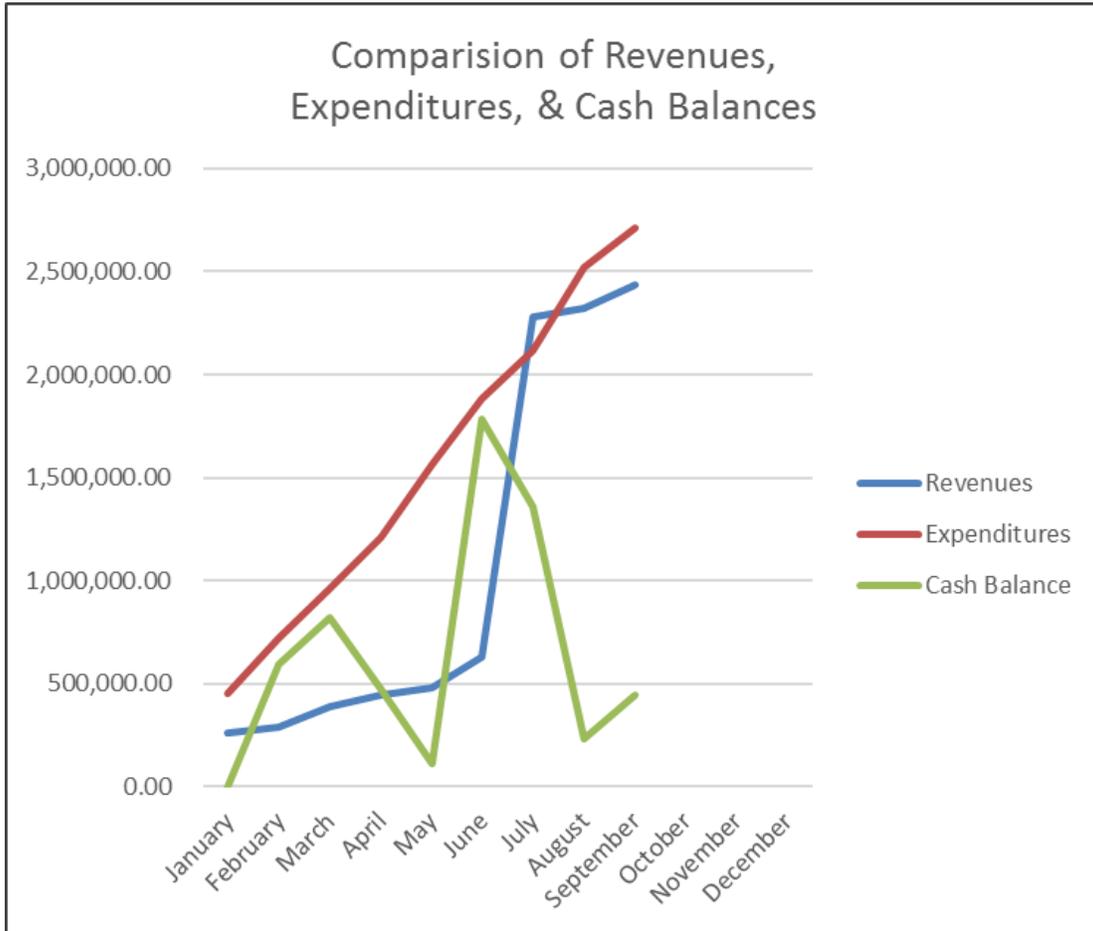
Revenues	2016	2016	%	2017	2017	%
	Budget	Actual	Received	Budget	Actual	Received
General Fund	3,724,485.00	2,294,130.31	61.60%	3,878,932.00	2,437,272.49	62.83%
Special Revenue Fds	39,026.00	2,754.56	7.06%	0.00	0.00	0.00%
Debt Service Funds	335,099.00	246,711.53	73.62%	791,369.00	732,765.56	92.59%
Capital Project Funds	1,013,215.00	598,971.18	59.12%	1,059,112.00	653,136.25	61.67%
Enterprise Funds	4,514,170.00	2,065,426.23	45.75%	3,682,132.00	2,780,665.20	75.52%
Internal Service Fds	504,301.00	564,054.06	111.85%	574,765.00	582,874.33	101.41%
Total	10,130,296.00	5,772,047.87	56.98%	9,986,310.00	7,186,713.83	71.97%
Expenditures	2016	2016	%	2017	2017	%
	Budget	Actual	Spent	Budget	Actual	Spent
General Fund	3,724,485.00	2,614,257.32	70.19%	3,878,932.00	2,710,618.16	69.88%
Special Revenue Fds	26,000.00	16,027.34	61.64%	0.00	0.00	0.00%
Debt Service Funds	419,846.00	419,745.98	99.98%	935,397.00	759,423.53	81.19%
Capital Project Funds	2,188,380.00	1,218,805.25	55.69%	1,428,727.00	788,328.41	55.18%
Enterprise Funds	6,159,620.00	2,442,593.99	39.65%	7,643,416.00	4,736,199.63	61.96%
Internal Service Fds	646,810.00	495,937.77	76.67%	496,575.00	271,008.59	54.58%
Total	13,165,141.00	7,207,367.65	54.75%	14,383,047.00	9,265,578.32	64.42%

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.

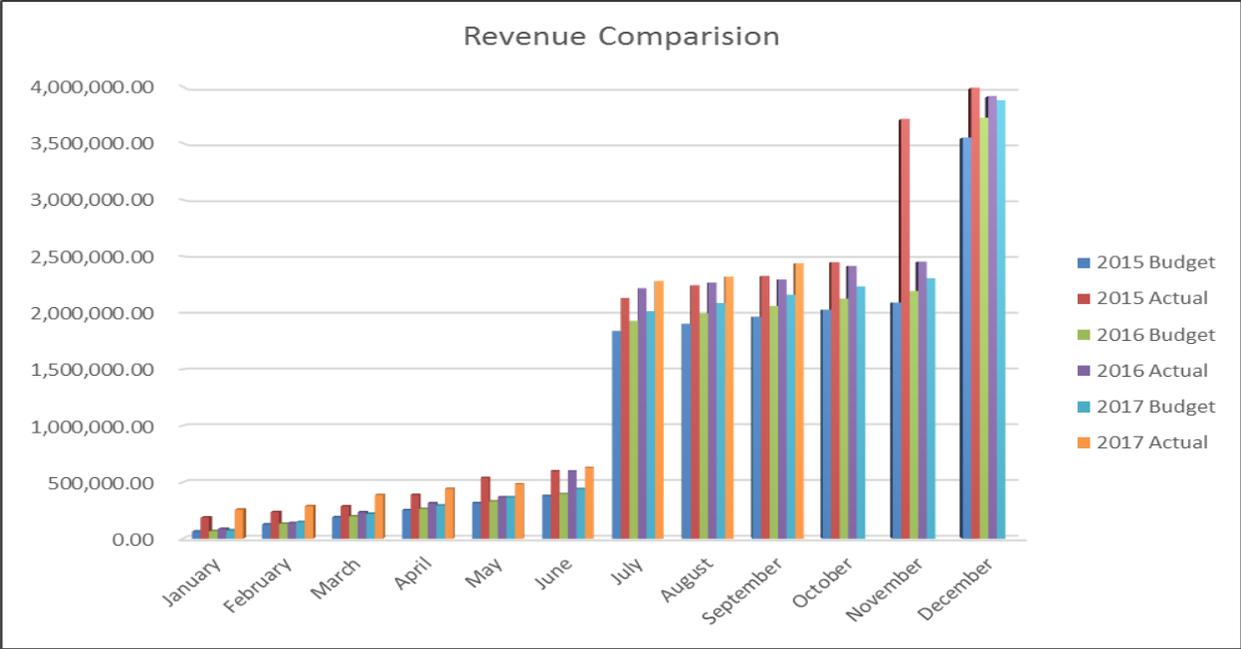
GENEARL FUND

Through the third quarter, revenues are above budget projections and expenditures are below budget, which is demonstrated in future charts. However, the chart on the following page shows how revenues are below expenditures levels for the first three quarters of the year, which is

typical. In addition, one can see how the Town depends on reserves (cash balances) until the tax payments are received in December.

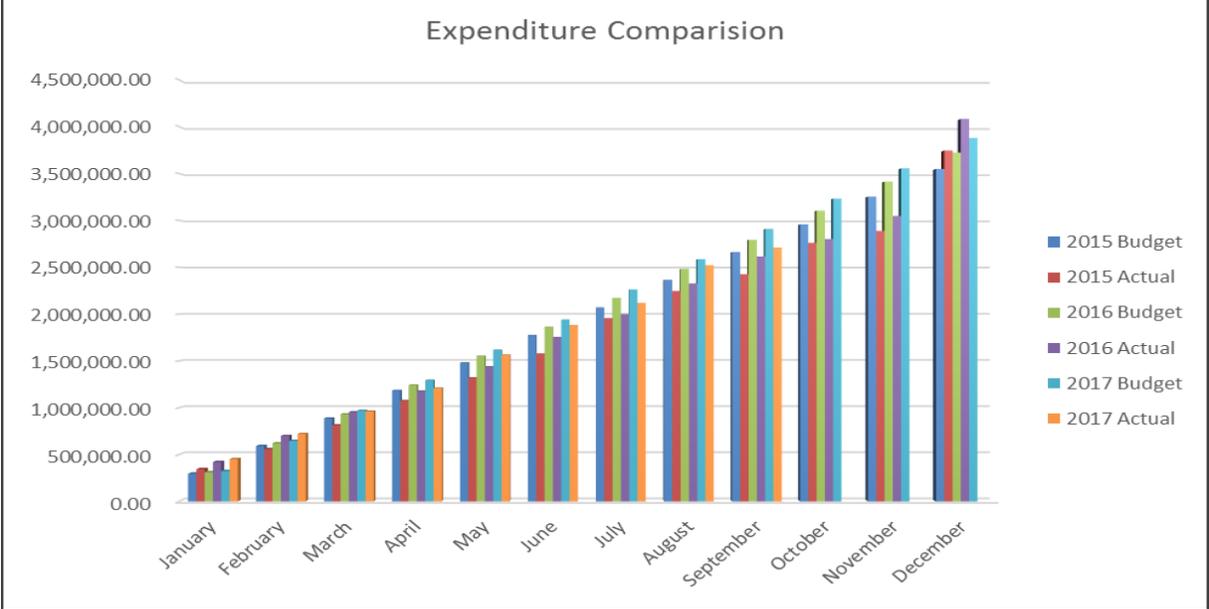


For the year, the Town has received 62.83% of the budgeted revenue through the end of September, which is ahead of last year at this time. Licenses and permits have exceeded their budget and collected 109.26% of their budgets so far. All most of the line items under the licenses & permits category have exceeded their budget amounts for the year. Fine revenue has already exceeded its budget due to stronger than anticipated administrative fines. The Town has collected 96% of the miscellaneous revenues due to antenna lease revenues of which one lease is paid yearly in September of each year. Intergovernmental revenues include cable TV Franchise Fees, which were collected during the second quarter in the amount of \$96,457.36 when only \$80,246 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 $\frac{3}{4}$ 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 the quarter are below the 2017 budget and below the 2016 budget, but higher than 2016 actual amounts as shown in the charts below:

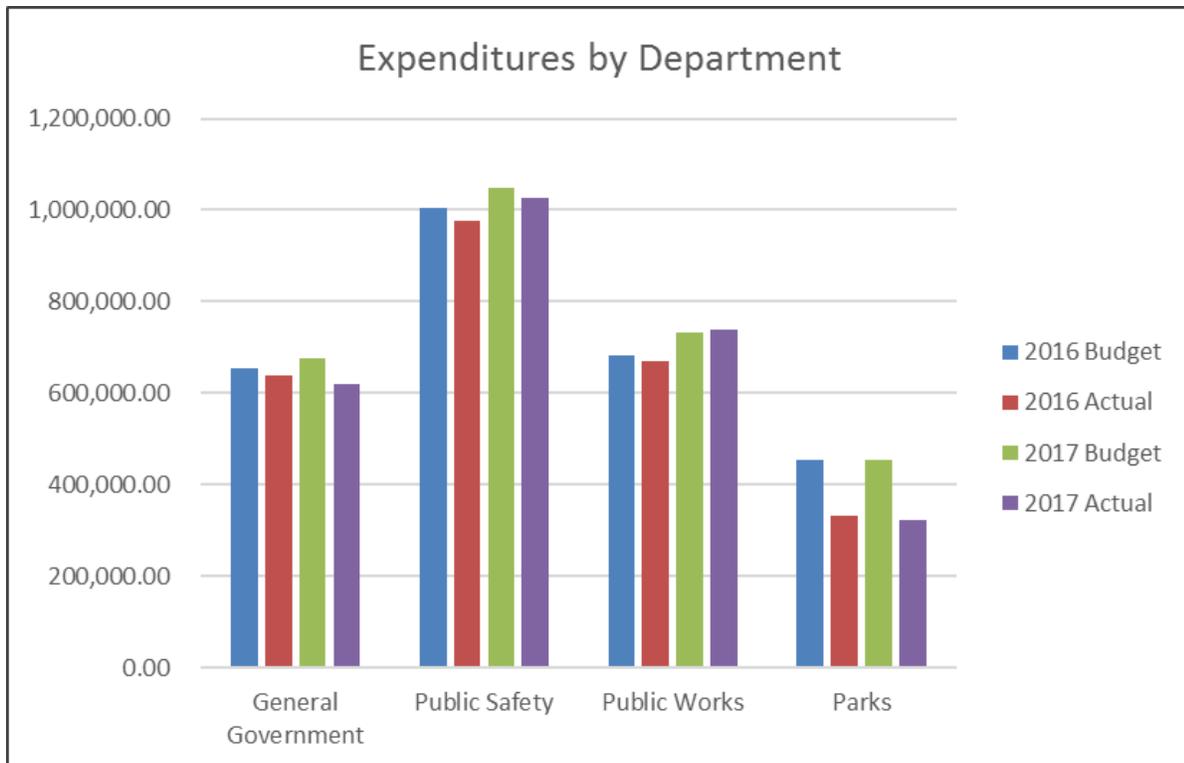
	2016 Budget	2016 Actual	% Spent	2017 Budget	2017 Actual	% Spent
General Government	654,846.00	637,572.44	97.36%	675,300.00	620,180.32	91.84%
Public Safety	1,004,658.00	976,504.40	97.20%	1,047,583.50	1,027,869.41	98.12%
Public Works	681,117.00	669,627.95	98.31%	731,313.00	738,526.54	100.99%
Parks	452,742.00	330,552.53	73.01%	455,002.47	324,041.89	71.22%
Total	2,793,363.00	2,614,257.32	93.59%	2,909,198.97	2,710,618.16	93.17%



If expenditures were spent evenly throughout the year, the Town should have spent 75% of its budget, which is the budget amounts in the previous charts. Only one activity is over 75% spent

of their budgets after the 3rd quarter, which this is mainly due to one-time expenditures for their equipment rental fee paid to the Town's Capital Equipment Fund, the one-time transfer for sealcoating and summer expenditures related to temporary summer help, which have been completed for the year.

The bad news is that there are expenditures for snow plowing or sanding activities, which will begin before the end of the year. This could increase the road and bridge activity which is currently 76% spent closer to 100% or more. In addition, the Town still has not recorded the expenditure for the replacement of playground equipment for 2017.



Overall, the General Fund is in good shape through the first three quarters of the year. If revenues and expenditures follow previous year collections and expenditure patterns, revenues should finish the year above budget while expenditures will finish below budget. However, revenue and expenditures appear they will finish the year fairly close to each other with very little excess revenues.

SPECIAL REVENUE FUNDS

The Town has moved the two Special Revenue Funds, the Park Acquisition Fund and Township Day's Festival to the Capital Project Funds and General Fund respectively. Therefore, there are no revenues or expenditures for the Special Revenue Fund in 2017.

DEBT SERVICE FUNDS

The Town Debt Service expenditure activity is completed for the year with both the February and August 1st bond payments being made totaling \$759,423.53. The Town now has \$2,290,000.00 in outstanding debt. Funding or revenues, which currently totals \$732,765.56, comes from Water Utility Fund revenues as well as property taxes, special assessments, and

tax increments of which, the Town received the first half property tax settlement in July and will receive the 2nd half in December.

CAPITAL PROJECT FUNDS

Revenues received are from first half (tax settlement) special assessments, 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 Towns EDA Fund to the Debt Service Funds for their share of 2017 bond payments.

ENTERPRISE FUNDS

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

Revenues	2016 Budget	2016 Actual	% Received	2017 Budget	2017 Actual	% Received
Water Fund	1,724,984.00	1,034,794.54	59.99%	1,568,845.00	1,255,245.14	80.01%
Sanitary Sewer Fund	2,371,086.00	799,772.03	33.73%	1,716,760.00	1,127,299.40	65.66%
Storm Water Fund	418,100.00	230,859.66	55.22%	396,527.00	398,120.66	100.40%
Total	4,514,170.00	2,065,426.23	45.75%	3,682,132.00	2,780,665.20	75.52%
Expenses	2016 Budget	2016 Actual	% Spent	2017 Budget	2017 Actual	% Spent
Water Fund	1,682,926.00	1,049,577.86	62.37%	3,029,456.00	1,893,969.91	62.52%
Sanitary Sewer Fund	3,481,739.00	1,260,167.75	36.19%	3,538,897.00	2,668,589.63	75.41%
Storm Water Fund	994,955.00	132,848.38	13.35%	1,075,063.00	173,640.09	16.15%
Total	6,159,620.00	2,442,593.99	39.65%	7,643,416.00	4,736,199.63	61.96%

Revenues for the first three quarters of the year are above last year revenues for all three funds, which is due the new rates. Expenses for the year are higher than prior year expenses due to the water tower painting in the Water Fund, the sewer lining project in the Sanitary Sewer Fund and drainage improvement projects in the Storm Water Fund. Also, keeping in mind that the expense budget for the Enterprise Funds includes depreciation, which will not be recorded until the end of the year. Because of the infrastructure projects in these funds, expenses will exceed revenues in 2017.

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 2017.

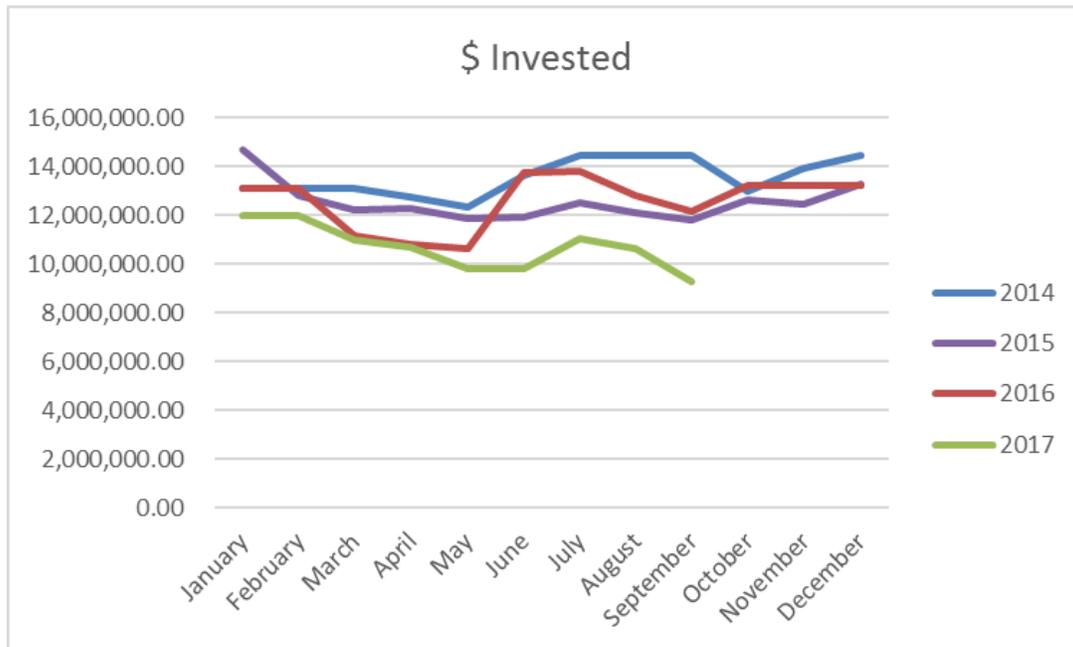
The Town Building Fund has spent only 3.47% of their budgeted items as some of the larger items budgeted have been delayed until sometime in the future and the funds will not be spent in 2017. On the other hand, the Capital Equipment Fund has spent 84.92% of their budget for small tools, furniture, pickup truck, mowers, and miscellaneous equipment.

The Risk Management Fund has paid the worker's compensation premiums and the majority of the 2017 insurance premiums, so its expense activity is almost completed for the year. Premiums are anticipated to cost the Town \$146,375, which is an increase of \$14,232 from 2016. All of 2017 the worker's compensation premiums were paid in the amount of \$31,579.00 compared to \$34,396.60 for all of 2016. The decrease is due to decreases in claims which

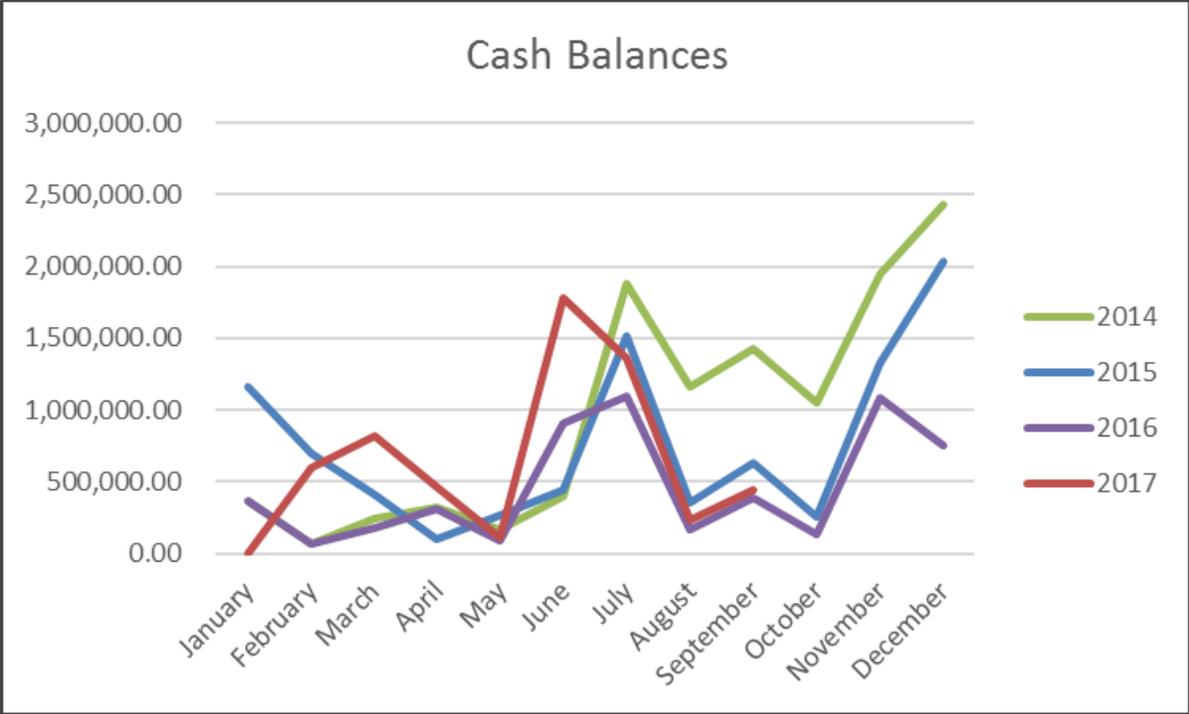
results in a lower experience modification factor. Overall, the Risk Management fund has spent 73.79% of its 2017 budget.

CASH AND INVESTMENTS

Finally, the Town had \$9,275,245.74 invested as of September 30st. This compares to \$12,180,584.25 invested last year at this time. Having less funds invested compared to last year is a result of funding the sanitary sewer lining and water tower painting projects internally instead of issuing debt. The investments had an average interest rate of 2.942% compared to 2.909% last year. Because of the premiums paid, the Town's yield to maturity is only 2.457% compared to 2.525% in 2016. The chart below shows the Town's invested funds for the last four 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 is 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 has been the case during the first three quarters of 2017. The chart following page demonstrates the cash flow for the Township the last four years.



CONCLUSION

The Township had a good first three quarters of the year financially. Through the third quarter, it appears revenues should finish the year above budgeted amounts for most revenue sources, while expenditures may end near or slightly below budgeted amounts. The exceptions to this could be the Water and Sanitary Sewer Fund where infrastructure expenses will exceed revenues for the year. The General Fund, which has revenues slightly above budget amounts and expenditures near budget amounts, should end the year with no, to small increases in reserves. The Township has sufficient cash and investments to meet its obligations until the Township receives its second tax settlement in December, however investment earnings remains low. Therefore, it would appear the Township is in good financial shape for 2017.