

MEMORANDUM

Date: November 28, 2018
 To: Town Board
 From: Tom Kelly, Finance Officer
 Re: Third Quarter 2018 Financial Report

The third quarter is in the books. The Town's revenues are slightly higher than expected and expenditures are much lower than they normally have been at this point in the year. The key to the Town's finances are that even though we are 75% through the year, revenues and expenditures do not flow evenly through the year. Even with some one time expenditures spent at the beginning of the year and the Town having paid all of its 2018 debt payments, expenditures are only 57% spent compared to budget compared to 64% 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 75% due to onetime transfers to fund debt retirements, of which puts revenue collect at 75% of budget compared to 92% in 2017. Below is a chart comparing budget to actual revenue and expenditures for the years 2018 and 2017.

Revenues	2017	2017	%	2018	2018	%
	Budget	Actual	Received	Budget	Actual	Received
General Fund	2,159,198.97	628,198.59	29.09%	2,225,940.00	2,522,994.80	113.35%
Debt Service Funds	593,526.75	732,765.56	123.46%	171,486.00	170,769.47	99.58%
Capital Project Funds	794,334.00	653,136.25	82.22%	881,442.75	698,123.17	79.20%
Enterprise Funds	2,761,599.00	2,780,665.20	100.69%	3,126,609.00	3,035,195.95	97.08%
Internal Service Fds	431,073.75	582,874.33	135.21%	612,185.25	597,030.52	97.52%
Total	6,739,732.47	5,377,639.93	79.79%	7,017,663.00	7,024,113.91	100.09%

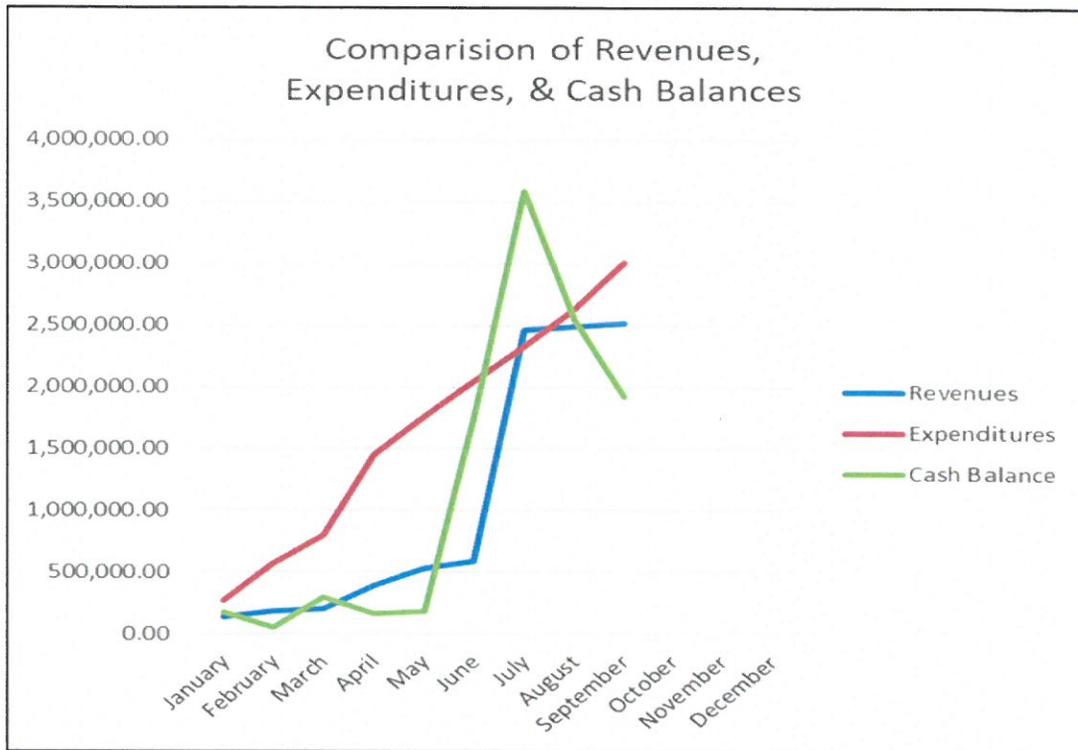
Expenditures	2017	2017	%	2018	2018	%
	Budget	Actual	Spent	Budget	Actual	Spent
General Fund	2,909,198.97	1,880,580.97	64.64%	3,032,613.00	3,008,679.05	99.21%
Debt Service Funds	701,547.75	759,423.53	108.25%	255,263.25	339,549.50	133.02%
Capital Project Funds	1,071,545.25	788,328.41	73.57%	952,449.75	681,168.58	71.52%
Enterprise Funds	5,732,562.00	4,736,199.63	82.62%	3,694,835.25	2,342,538.28	63.40%
Internal Service Fds	372,431.25	271,008.59	72.77%	703,188.75	159,499.13	22.68%
Total	10,787,285.22	8,435,541.13	78.20%	8,638,350.00	6,531,434.54	75.61%

It should be noted that the budget amounts are for three fourths of the 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.

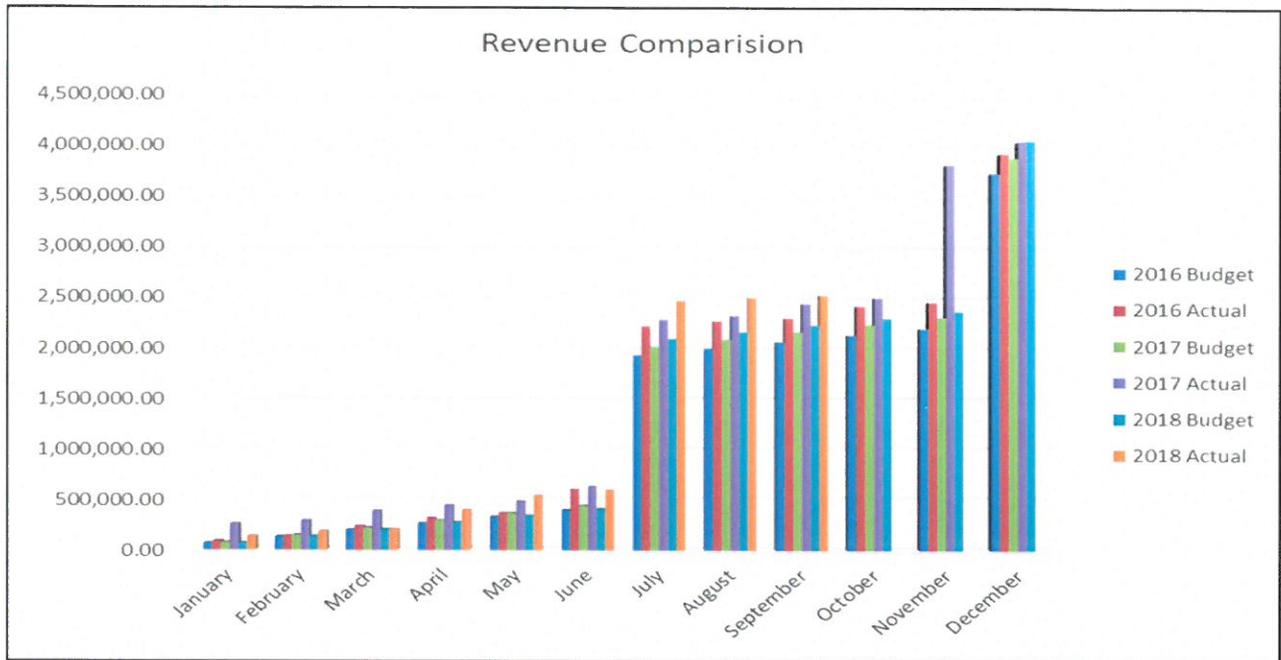
GENEARL FUND

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.

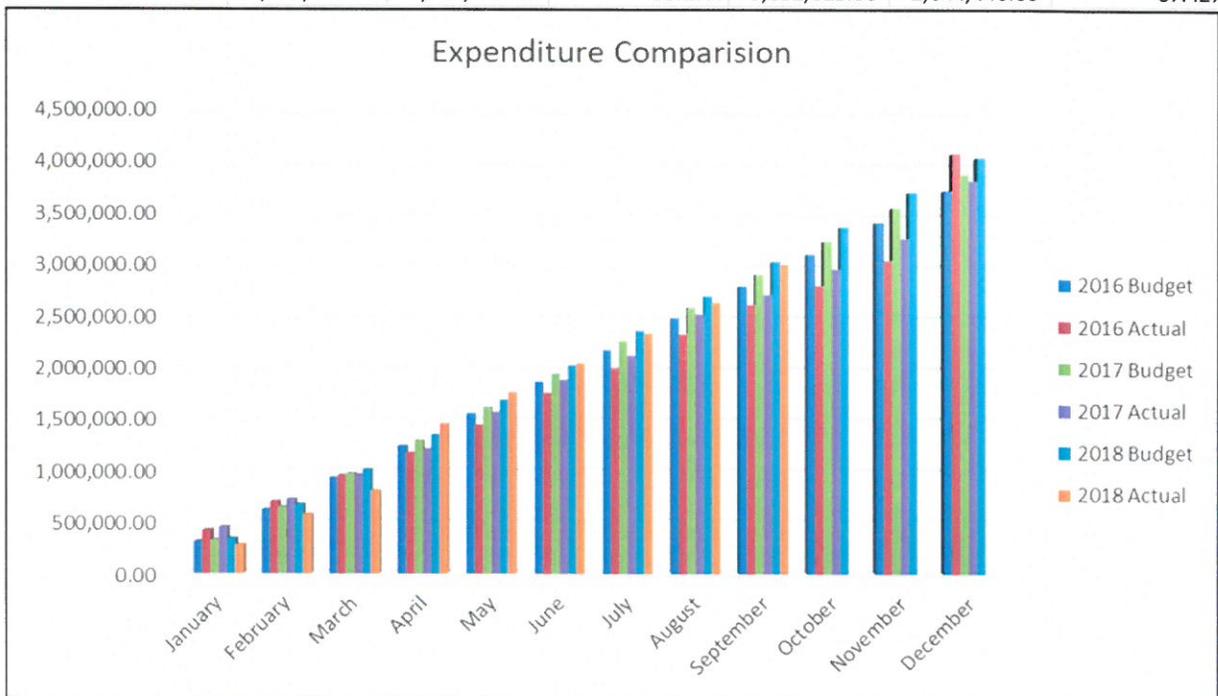


For the year, the Town has received 62.40% of the budgeted revenue through the end of September, which is almost the same as last year at this time (62.83%). Licenses and permits have exceeded their budget and collected 117.59% of their budgets so far. All most of the line items under the licenses & permits category have exceeded their budget amounts for the year. Fine revenue has already collected all but \$97.44 of its budget due to stronger than anticipated administrative fines. The Town has collected 78% 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 \$181,764.64 when \$197,216.00 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.



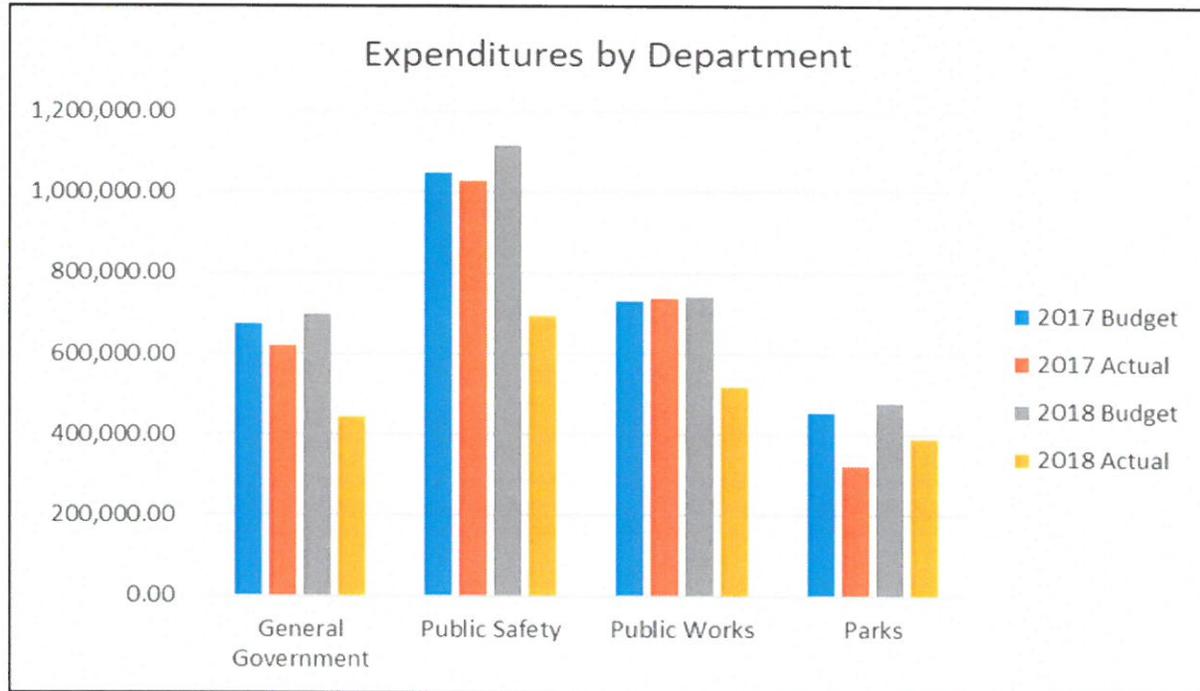
Actual expenditures for the quarter are below the 2018 budget and below the 2017 budget and actual amounts as shown in the charts below:

	2017 Budget	2017 Actual	% Spent	2018 Budget	2018 Actual	% Spent
General Government	675,300.00	620,180.32	91.84%	696,181.50	442,881.88	63.62%
Public Safety	1,047,583.50	1,027,869.41	98.12%	1,116,947.25	693,268.78	62.07%
Public Works	731,313.00	738,526.54	100.99%	742,878.00	518,106.47	69.74%
Parks	455,002.50	324,041.89	71.22%	476,606.25	390,188.87	81.87%
Total	2,909,199.00	2,710,618.16	93.17%	3,032,613.00	2,044,446.00	67.42%



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 activities is over 75% spent of their budgets after the 3rd quarter are Public Works and Park Maintenance, which is mainly due to one-time expenditures for their equipment rental fee paid to the Town's Capital Equipment Fund, equipment repairs 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 70% spent closer to 100% or more.



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.

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 \$339,549.50. The Town now has \$1,640,000.00 in outstanding debt. Funding or revenues, which currently totals \$170,769.47, 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 Town's EDA Fund to the Debt Service Funds for their share of 2017 bond payments, some park and infrastructure improvements, totaling \$681,168.58, which is below budget.

ENTERPRISE FUNDS

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

Enterprise Funds	2017	2017	%	2018	2018	%
Revenues	Budget	Actual	Received	Budget	Actual	Received
Water Fund	1,568,845.00	1,255,245.14	80.01%	1,648,241.00	1,269,408.62	77.02%
Sanitary Sewer Fund	1,716,760.00	1,127,299.40	65.66%	1,969,845.00	1,374,224.62	69.76%
Storm Water Fund	396,527.00	398,120.66	100.40%	550,726.00	391,562.71	71.10%
Total	3,682,132.00	2,780,665.20	75.52%	4,168,812.00	3,035,195.95	72.81%
Expenses	2017	2017	%	2018	2018	%
	Budget	Actual	Spent	Budget	Actual	Spent
Water Fund	3,029,456.00	1,893,969.91	62.52%	1,766,378.00	857,999.13	48.57%
Sanitary Sewer Fund	3,538,897.00	2,668,589.63	75.41%	2,394,814.00	1,332,162.09	55.63%
Storm Water Fund	1,075,063.00	173,640.09	16.15%	765,255.00	152,377.06	19.91%
Total	7,643,416.00	4,736,199.63	61.96%	4,926,447.00	2,342,538.28	47.55%

Revenues for the first three quarters of the year are above last year revenues for the Water and Sanitary Sewer Funds, which is due the new rates. The Storm Water Fund revenues are \$6,557.95 below 2017 revenues even with the rate increase. Expenses for the year are lower 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 should be below revenues for 2018.

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 2018.

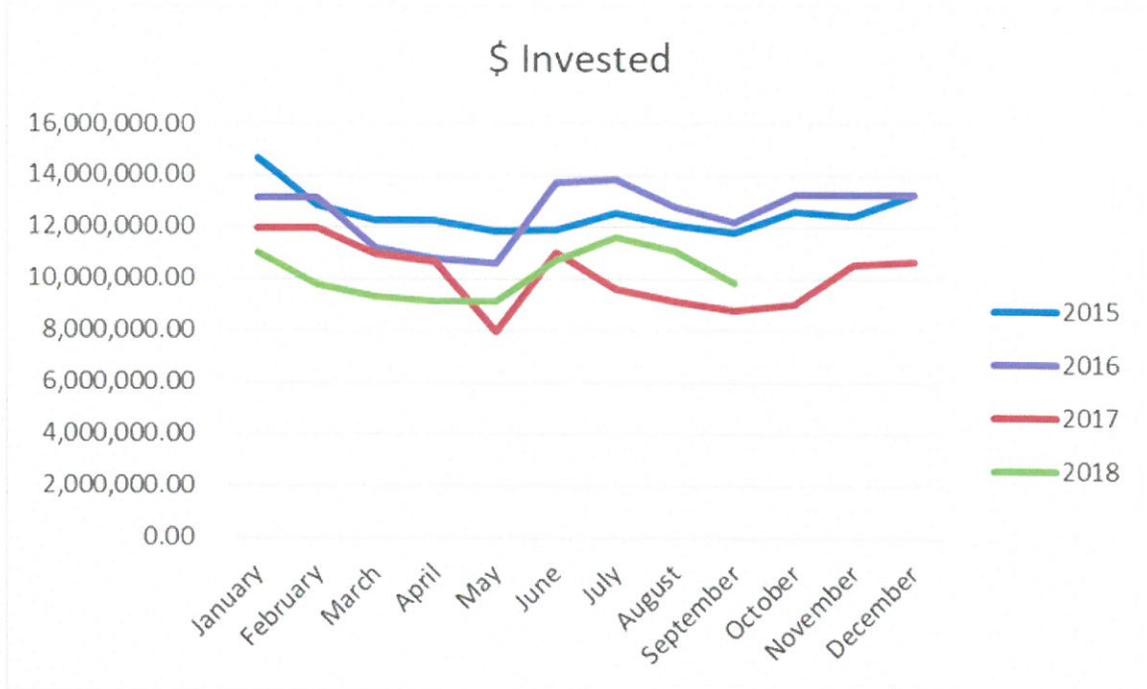
The Town Building Fund has spent only 4.05% of their budgeted items as some of the larger items budgeted have been delayed until sometime in the future and the funds will not be spent in 2018. The Capital Equipment Fund has spent 24.72% of their budget for small tools, pickup truck, mowers, and miscellaneous equipment.

The Risk Management Fund has paid the worker’s compensation premiums for the 2018, so its expense activity for liability and auto insurance will be paid in the 4th quarter of 2018. Premiums are anticipated to cost the Town \$120,135, which is a decrease of \$26,240 from 2017. All of 2018 the worker’s compensation premiums were paid in the amount of \$40,225.98 compared to \$31,579.00 for all of 2017. The increase is due to increases in personnel. Overall, the Risk Management fund has spent 37.3% of its 2018 budget.

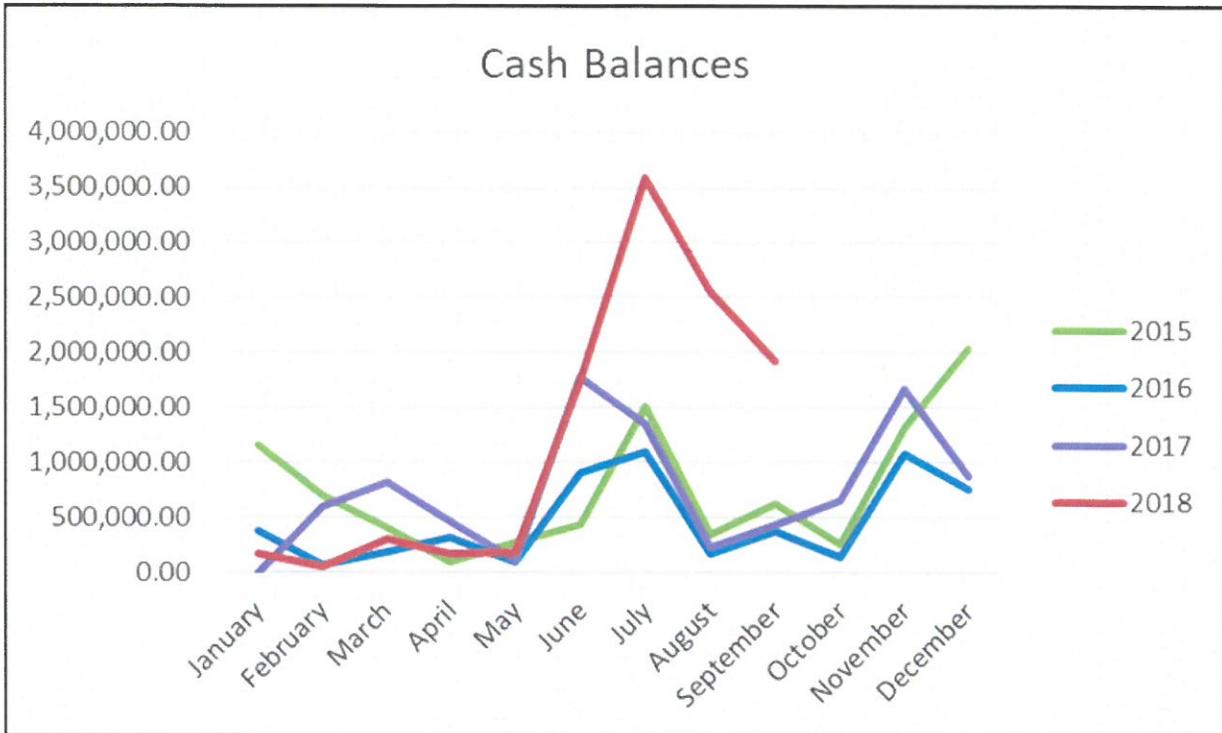
CASH AND INVESTMENTS

Finally, the Town had \$9,842,259.89 invested as of September 30st. This compares to \$8,785,060.86 invested last year at this time. Having more 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 in 2017 and no projects in 2018. The investments had an average interest rate of 2.848% compared to 2.942% last year. Because of the premiums paid, the Town's yield to maturity is only 2.393% compared to 2.457% in 2017. 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 2018. 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. Last year the Water and Sanitary Sewer Fund had infrastructure expenses that resulted in expenses exceeding revenues for the year. For 2018, it would appear revenues will exceed expenses for these funds. The General Fund, which has revenues slightly above budget amounts and expenditures near budget amounts, should end the year with a small increase 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 2018.