

MEMORANDUM

Date: May 21, 2020
 To: Town Board
 From: Tom Kelly, Finance Officer
 Re: First Quarter 2020 Financial Report

It is hard to believe that almost 5 months have already passed in 2020. The Town's revenues and expenditures are where they should be, but not as good as last year at this point in time. The key to the Town's finances are that even though we are 25% through the year, revenues and expenditures do not 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 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. In addition, utility billing revenues are only received once a quarter. Below is a chart comparing budget to actual revenue and expenditures for the years 2019 and 2020.

Revenues	2019 Budget	2019 Actual	% Received	2020 Budget	2020 Actual	% Received
General Fund	207,075.00	194,516.17	93.94%	222,703.23	189,165.83	84.94%
Debt Service Funds	59,636.25	3,747.38	6.28%	76,848.75	1,199.50	1.56%
Capital Project Funds	279,949.75	25,001.47	8.93%	999,059.25	47,849.94	4.79%
Enterprise Funds	1,133,503.75	44,443.44	3.92%	1,277,426.50	56,139.53	4.39%
Internal Service Fds	156,872.00	0.00	0.00%	153,588.75	0.00	0.00%
Total	1,837,036.75	267,708.46	14.57%	2,729,626.48	294,354.80	10.78%

Expenditures	2018 Budget	2018 Actual	% Spent	2019 Budget	2019 Actual	% Spent
General Fund	1,057,839.00	807,992.71	76.38%	1,122,053.25	867,963.38	77.35%
Debt Service Funds	84,788.50	331,299.85	390.74%	78,474.25	270,948.75	345.27%
Capital Project Funds	1,267,255.75	0.00	0.00%	1,411,161.50	0.00	0.00%
Enterprise Funds	1,895,225.25	683,077.52	36.04%	1,420,153.75	585,944.00	41.26%
Internal Service Fds	192,956.50	121,958.00	63.20%	219,187.50	150,726.14	68.77%
Total	4,498,065.00	1,944,328.08	43.23%	4,251,030.25	1,875,582.27	44.12%

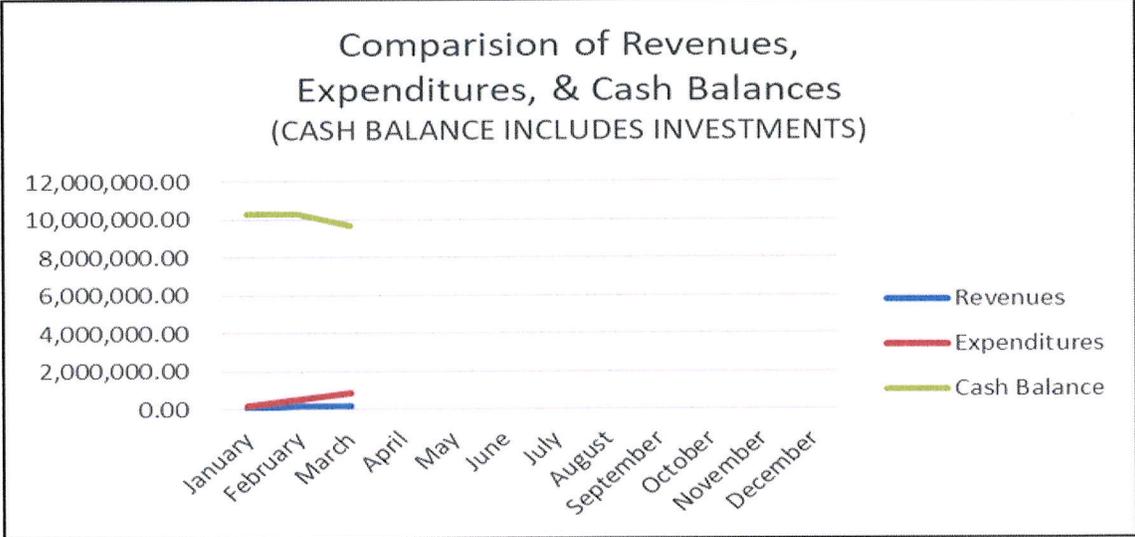
It should be noted that the budget amounts are 1/4th of the fiscal year budget and the actual is year to date actual revenues collected or funds spent. One item to note from the table above is the Town has paid its entire 2020 bond principal, which is why expenditures are 345.27% spent of ¼ of the budget. By year-end, this will be close to 100% spent.

The rest of the report will detail the revenues and expenditures of each of five fund types.

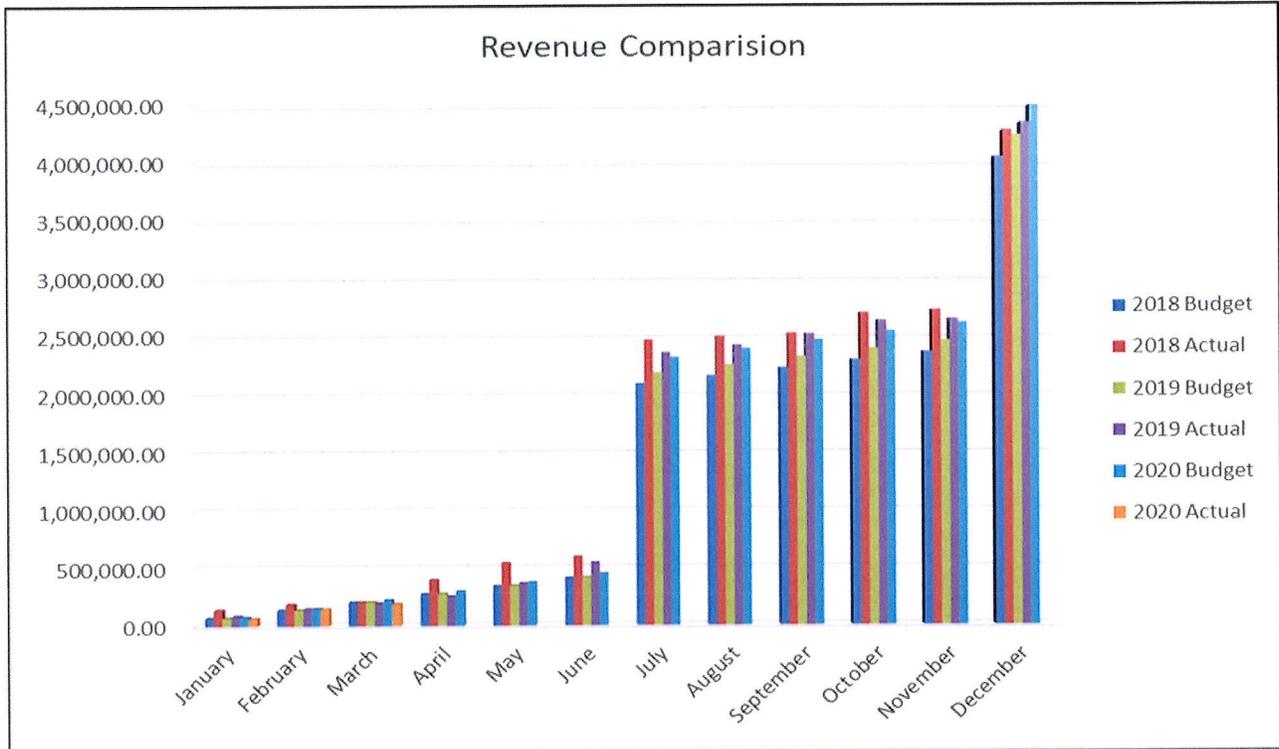
GENEARL FUND

For the first quarter, revenues are close to budget projections and expenditures are below budget, which will be shown in future charts. The one-time payments and transfers, which are

normally made during the first quarter, will be made in the second quarter, as finance did not have time to complete them. The chart below shows how revenues are below expenditures levels for the first quarter, which is typical until the Town receives its first half property tax payment in July. In addition, one can see how the Town depends on reserves (cash balances) until that tax payment is received.

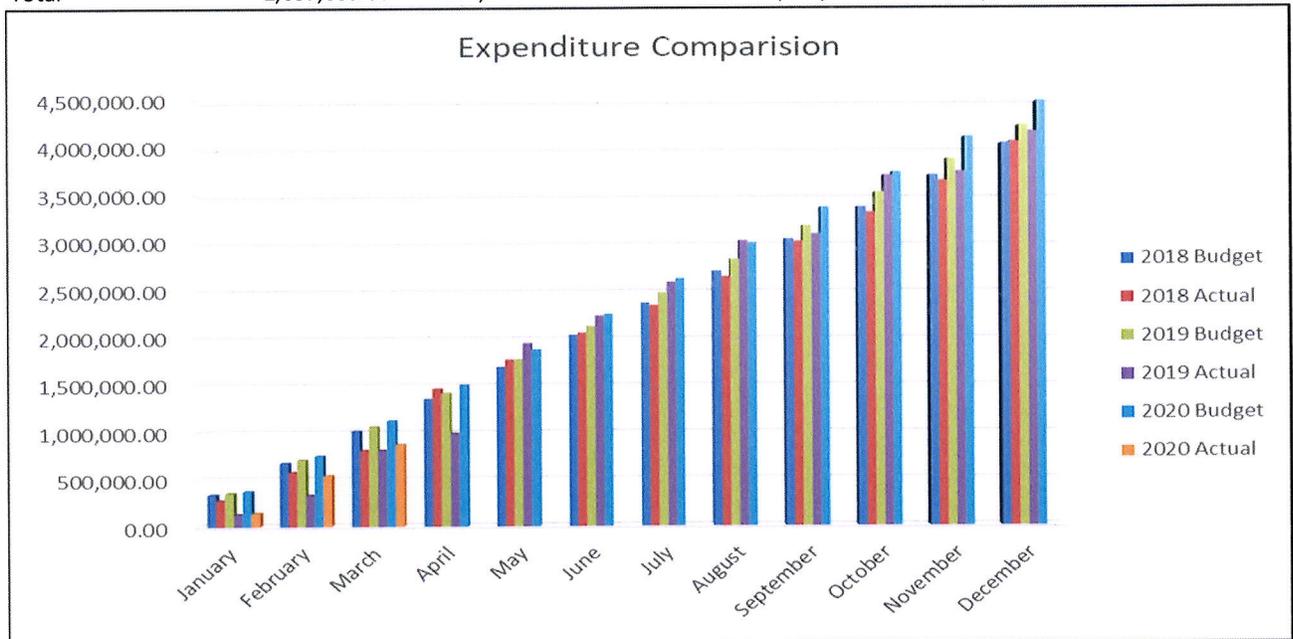


For the year, the Town has received 4.21% of the budgeted revenue through the end of the first quarter, which is below last year (4.60%) at this time. Business and tobacco licenses are renewed at the beginning of each year are all behind last year's revenue. As shown in the code enforcement reports building permit revenue is up from 2019. The rental dwelling and dog licenses are two-year licenses collected in even years resulting in an increase in these two revenue sources. In the past most of the intergovernmental revenues are received in the second or third quarter of the year, so very little has been recorded so far. Also as the weather warms up so does permit activity resulting in increases in those revenue sources. The chart on the following page compares budget to actual revenues for the last three years. For this chart, the monthly revenues are 1/12th of the total revenue budget with the exception of property taxes, which are included in the July and December budget numbers only.



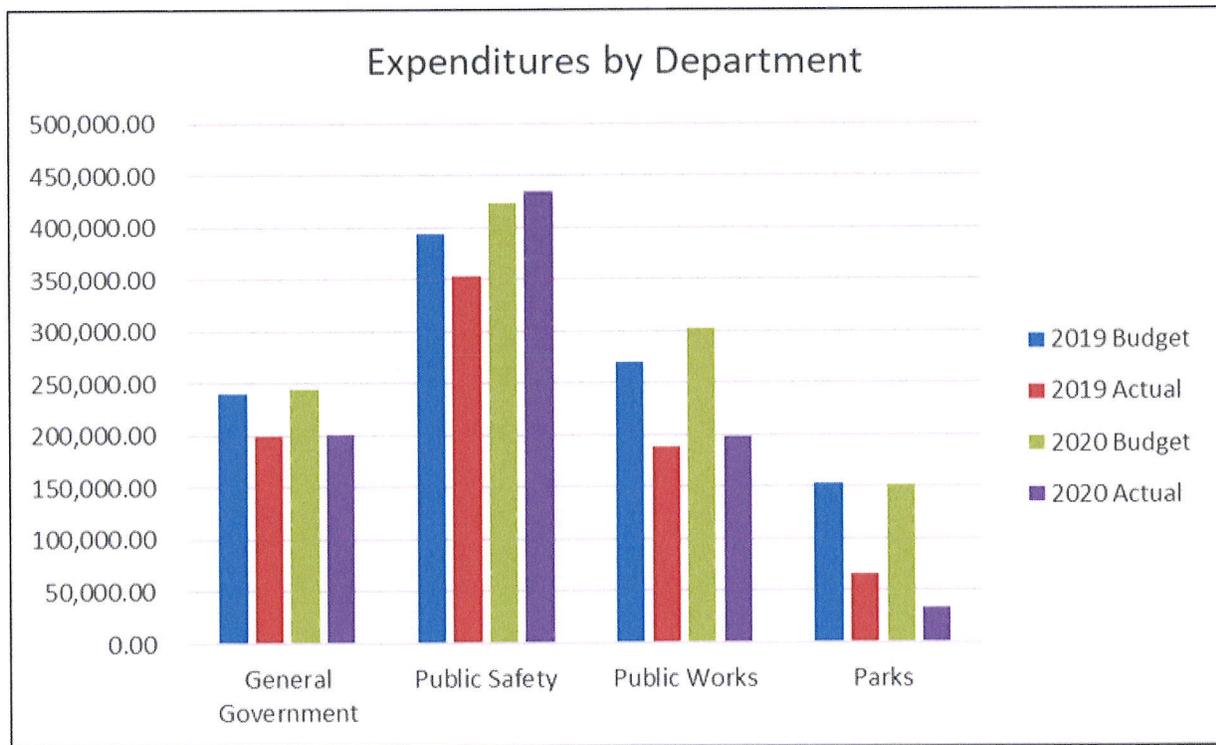
Actual expenditures for the quarter are below the 2020 budget and below the 2019 budget but just above 2019 actual amounts as shown in the charts below:

	2019 Budget	2019 Actual	% Spent	2020 Budget	2020 Actual	% Spent
General Government	240,313.50	199,223.20	82.90%	245,192.00	201,034.02	81.99%
Public Safety	393,696.75	353,363.86	89.76%	422,898.50	434,588.60	102.76%
Public Works	270,020.00	189,051.14	70.01%	302,223.75	198,087.85	65.54%
Parks	153,808.75	66,354.51	43.14%	151,739.00	34,252.91	22.57%
Total	1,057,839.00	807,992.71	76.38%	1,122,053.25	867,963.38	77.35%



If expenditures were spent evenly throughout the year, the Town should have spent 25% of its budget, which is the budget amounts in the previous charts. The only activity that is over 25% spent of their budget after the 1st quarter was fire protection, which has paid 4 months of service through March. The activities, which have one-time expenditures for equipment rental, and insurance fees that were revenues to the Town's Capital Equipment and Risk Management Funds and a one-time transfer to the Capital Projects Funds for the Town's annual sealcoat project, will be recorded in April or May as in previous years.

The bad new is that there are expenditures that occur during the summer months, such as, beach operations (maybe) and part-time public works summer help, all of which will increase expenditures in the coming months for both public works and parks. As the summer months, progress staff will monitor these departments to keep within budget levels. In addition, the Town has part-time temporary intern position, which was included in the budgeted and will increase expenditures as 2020 progresses.



Overall, the General Fund appears to be in good shape through the first quarter of the year. If revenues and expenditures follow, previous year collections and expenditure patters revenues should finish the year above budget amounts while expenditures finish close to budgeted amounts.

DEBT SERVICE FUNDS

On February 1st the Town paid its 2020 debt obligations of \$380,000.00 in principal and \$9,527.50 of interest, compared to \$680,000.00 of principal and \$18,747.50 of interest in 2019. The Town now has \$1,790,000.00 in outstanding debt. The next scheduled debt payment is the interest only payment of \$42,641.39 due August 1st. Funding comes from Water, Sewer, and Storm Water Funds as well as property taxes, special assessments, and tax increments, which the Town will receive with the first half 2020 property tax settlement in July.

CAPITAL PROJECT FUNDS

Revenues received in the first quarter are from the billboard lease in the Community Park Fund and park dedication fees in the Park Acquisition Fund. There are no expenditures at this time as most expenditures happen during the summer month. Again, this is typical for the first quarter of the year for the Capital Project Funds.

ENTERPRISE FUNDS

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

Revenues	2019 Budget	2019 Actual	% Received	2020 Budget	2020 Actual	% Received
Water Fund	1,689,345.00	0.00	0.00%	1,892,840.00	18,353.70	0.97%
Sanitary Sewer Fund	2,258,810.00	40,079.92	1.77%	2,577,916.00	34,216.03	1.33%
Storm Water Fund	585,860.00	4,363.52	0.74%	638,950.00	3,569.80	0.56%
Total	4,534,015.00	44,443.44	0.98%	5,109,706.00	56,139.53	1.10%

Expenses	2019 Budget	2019 Actual	% Spent	2020 Budget	2020 Actual	% Spent
Water Fund	4,066,790.00	173,301.33	4.26%	2,585,302.00	182,177.94	7.05%
Sanitary Sewer Fund	2,544,514.00	473,738.16	18.62%	2,110,166.00	375,896.77	17.81%
Storm Water Fund	969,597.00	36,038.03	3.72%	985,147.00	27,869.29	2.83%
Total	7,580,901.00	683,077.52	9.01%	5,680,615.00	585,944.00	10.31%

Revenues for the first quarter billing will be recorded in April. Revenues consist of WAC and SAC fees collected on new construction in the Three Oaks Development. Expenses for the year are below last year's expenses, in part due to lift station #10 rehabilitation expenses in 2019. Even if these had been recorded in the first quarter, all three Funds would still be below 25% spent. In addition, expenses includes depreciation, which is not recorded until year-end, so by the end of the year expenses should be close to budget amounts. Again, nothing is unusual for the first quarter of the year for the Enterprise Funds.

INTERNAL SERVICE FUNDS

The Town's Town Building, Capital Equipment, and Risk Management Funds have not collected their one-time fees from the General Fund and Enterprise Funds.

The Town Building Fund has spent \$85,905.43 of their budgeted for the administration building remodel; however, other budgeted activities tend to happen more after the first quarter. The Capital Equipment Fund has the purchase of various plow equipment.

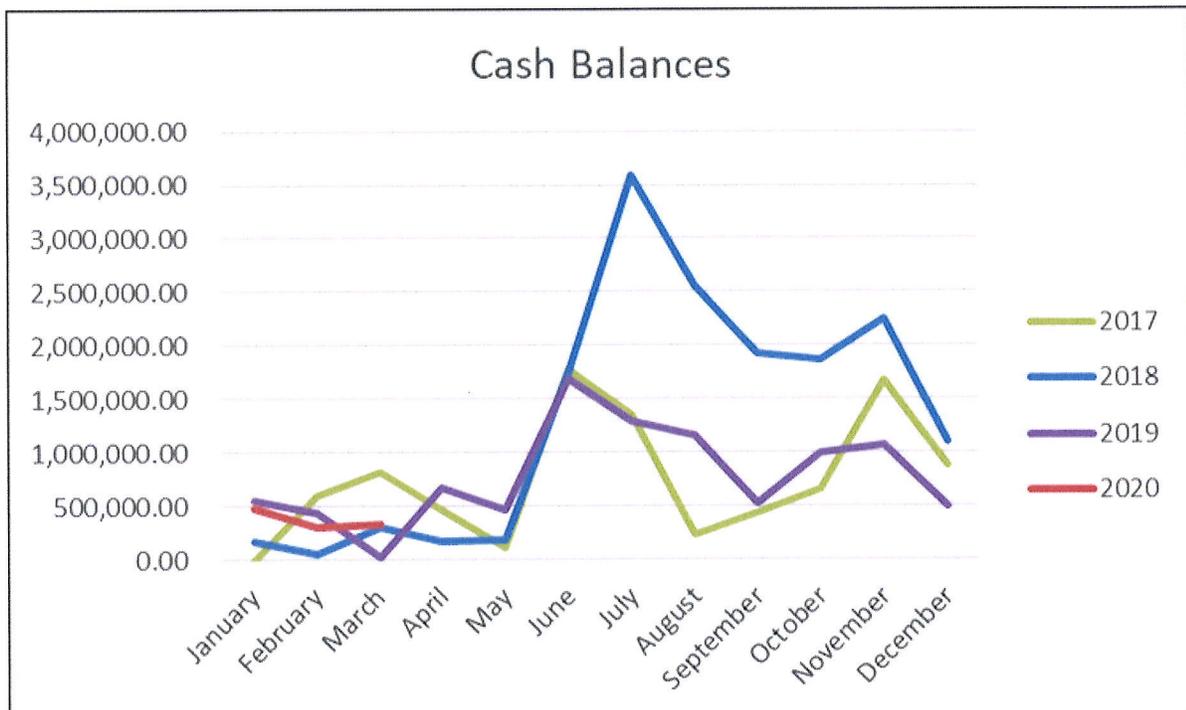
The Risk Management Fund paid the worker's compensation premiums of \$32,549.00 with the other insurance premiums due later this year.

CASH AND INVESTMENTS

Finally, the Town had \$9,664,756.48 invested as of March 31st. This compares to \$9,499,364.73 invested last year at this time. The investments had an average interest rate of 2.90% compared to 3.02% last year. The amount invested has increased from previous years due to the bond issue in 2019 and smaller bond payments. The chart on the following page 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. The chart below demonstrates the cash flow for the Township over the last four years.



CONCLUSION

The Township had a typical first quarter of the year financially. Through the first quarter, it appears revenues could finish the year above budgeted amounts for most revenue sources and expenditures may end the year at budgeted amounts. Staff will be monitoring expenditures over the summer month to keep expenditures within budget amounts. The Township has sufficient cash and investments to meet its obligations until the Township receives its first tax settlement in July. The Town will need to watch the July tax settlement for possible decreases in payments due to the Covid19 pandemic, which could reduce revenues. However, for the time being, it would appear the Township is in good financial shape for 2020.