

MEMORANDUM

Date: April 15, 2015
 To: Town Board
 From: Tom Kelly, Finance Officer
 Re: First Quarter 2015 Financial Report

One of the things I did as finance officer when I was at the Township previously and at the City of Monticello was to provide the Town Board/City Council with quarterly financial updates. The Town Board is ultimately responsible for the Town's finances and having good internal controls in place. To aid in this responsibility it is my goal to resume these quarterly financial reports to the Town Board. The goal of the report is keep the Board informed on how the Town's finances are doing compared to budget and prior years and to inform the Board of any unusual activity. This is my first report and would welcome any feedback to improve future reports. Once presented and accepted by the Board, the reports will be posted to the Town's website and Facebook sites.

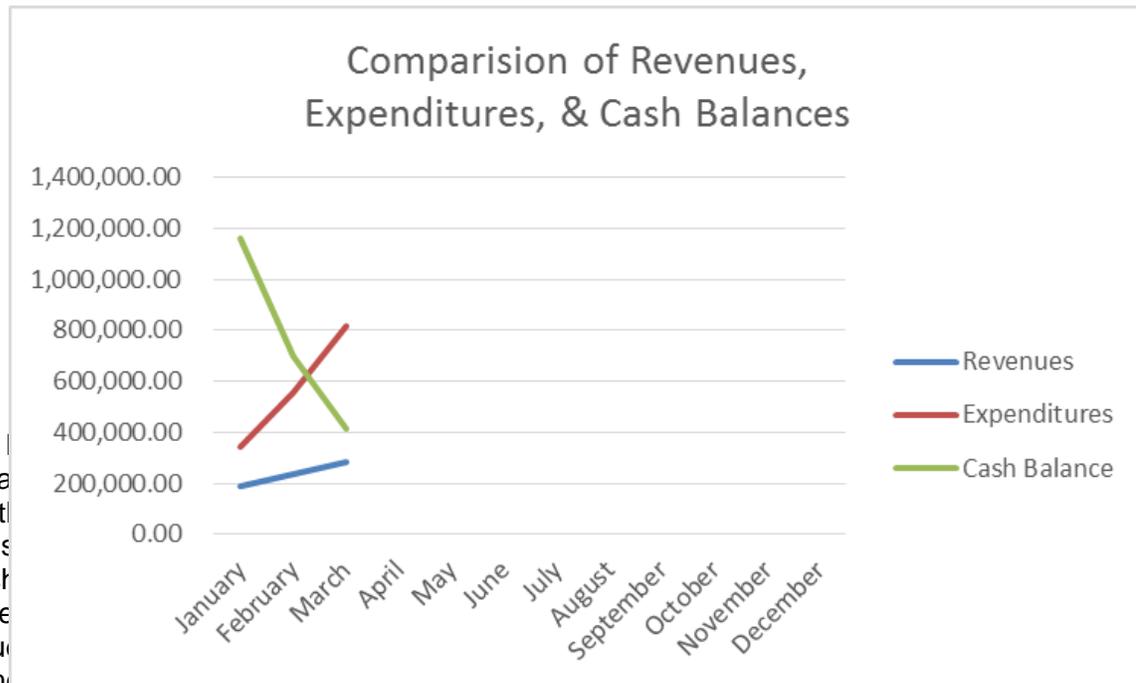
The first quarter of the year fly right by. The Town's revenues and expenditures are where they should be at this point in time. The key to the Town's finances are that even though we are 25% through the year, revenues and expenditures don't flow evenly though the year. There are some one time expenditure spent at the beginning of the year which makes the Town look like it will over spend its budget 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. 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	161,185.71	4.62%	3,549,609.00	286,027.65	8.06%
Special Revenue Fds	42,680.00	26,000.00	60.92%	39,425.00	0.00	0.00%
Debt Service Funds	641,973.00	355,940.00	55.44%	508,936.00	233,873.00	45.95%
Capital Project Funds	1,124,007.00	60,925.56	5.42%	1,128,155.00	71,151.98	6.31%
Enterprise Funds	3,189,357.00	443,497.05	13.91%	2,881,956.00	428,499.85	14.87%
Internal Service Fds	479,887.00	475,366.18	99.06%	447,167.00	414,729.84	92.75%
Total	8,968,704.00	1,522,914.50	16.98%	8,555,248.00	1,434,282.32	16.76%
Expenditures	2014	2014	%	2015	2015	%
	Budget	Actual	Spent	Budget	Actual	Spent
General Fund	3,490,800.00	893,932.07	25.61%	3,549,609.00	814,480.00	22.95%
Special Revenue Fds	28,089.00	1,875.00	6.68%	26,000.00	625.00	2.40%
Debt Service Funds	955,257.00	900,875.66	94.31%	1,569,877.00	1,545,353.19	98.44%
Capital Project Funds	2,392,727.00	0.00	0.00%	2,201,480.00	111,595.86	5.07%
Enterprise Funds	3,817,273.00	1,004,525.28	26.32%	7,116,839.00	849,826.34	11.94%
Internal Service Fds	521,700.00	113,103.44	21.68%	449,700.00	96,870.13	21.54%
Total	11,205,846.00	2,914,311.45	26.01%	14,913,505.00	3,418,750.52	22.92%

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

GENEARL FUND

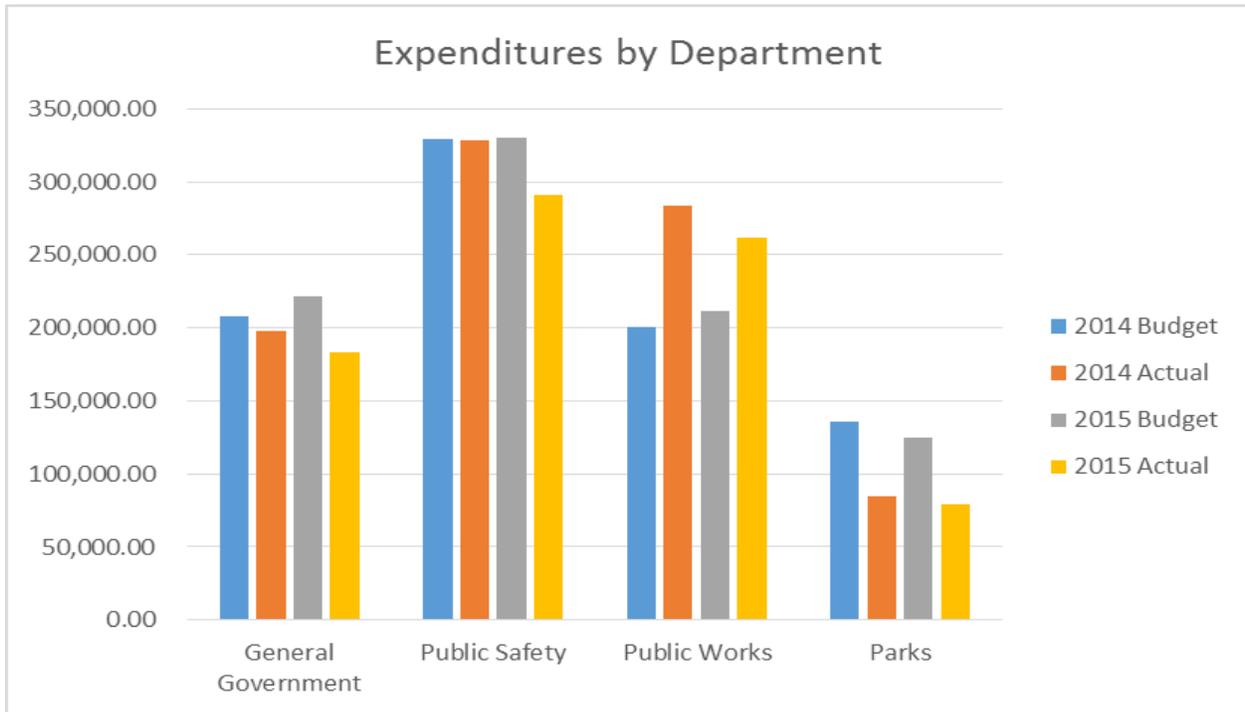
For the first quarter, revenues are slightly above budget projections and expenditures are slightly below budget, which is show in future charts. However the chart below shows how revenues are below expenditures levels for the first quarter which is typical until the Town receives its first half property tax payment in July. Also one can see how the Town depends on reserves (cash balances) until that tax payment is received.



For the year the Town has collected less than 15% of the total revenue budget with the exception of property taxes which are included in the July and December budget numbers only.

lease revenues of which one lease is paid yearly in October of each year. Most of the intergovernmental revenues will be received in the second or third quarter of the year which is way the Town has collected less than 15 of these revenues 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 two 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.

time. As the summer months progress staff will monitor these department to keep within budget levels.



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 patterns revenues should finish the year above or near budget amounts while expenditures finish below budgeted amounts.

SPECIAL REVENUE FUNDS

The Town has two Special Revenue Funds, the Park Acquisition Fund and Township Day's Festival. So far the only activity in the two funds is payment to the Township Day event planner for \$625.00 which is typical for the first quarter of the year.

DEBT SERVICE FUNDS

On February 1st 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 1st. 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 \$233,873.00 in revenues received in the first quarter are from the budgeted transfers from other Town funds for their share of the debt payments.

CAPITAL PROJECT FUNDS

Revenues received in the first quarter are from the billboard lease in the Community Park Fund, 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. Again this is typical for the first quarter of the year for the Capital Project Funds.

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	180,610.44	10.77%	1,423,997.00	177,240.69	12.45%
Sanitary Sewer Fund	1,345,705.00	236,421.18	17.57%	1,301,162.00	204,022.00	15.68%
Storm Water Fund	165,975.00	26,465.43	15.95%	156,797.00	47,237.16	30.13%
Total	3,189,357.00	443,497.05	13.91%	2,881,956.00	428,499.85	14.87%
Expenditures	2014	2014	%	2015	2015	%
	Budget	Actual	Spent	Budget	Actual	Spent
Water Fund	1,632,864.00	372,485.94	22.81%	3,187,350.00	335,428.48	10.52%
Sanitary Sewer Fund	1,908,574.00	562,013.52	29.45%	3,484,825.00	442,047.78	12.68%
Storm Water Fund	275,836.00	70,025.82	25.39%	444,664.00	72,350.08	16.27%
Total	3,817,274.00	1,004,525.28	26.32%	7,116,839.00	849,826.34	11.94%

Revenues for the first quarter are above last year revenues with the exception of the Sanitary Sewer Fund which is slightly below last years revenue. Likewise, expenses for the year are below last year's expenses. Keeping in mind that the expense budget for the Enterprise Funds includes depreciation which is not recorded until year-end, expenses are also at anticipated levels for the Water and Sewer Funds. The 2015 expense budgets for the Water and Sanitary Sewer Funds is significantly higher than 2014 budgets due to capital expenditures, which included replacing mains in the south side of the Township. 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 collected their one-time fees from the General Fund and Enterprise Funds, thus they have collected 100% of their revenues, other than interest earnings, for 2015.

The Town Building and Capital Equipment Funds have not spent any of their budgeted items yet as these activities tend to happen more after the first quarter.

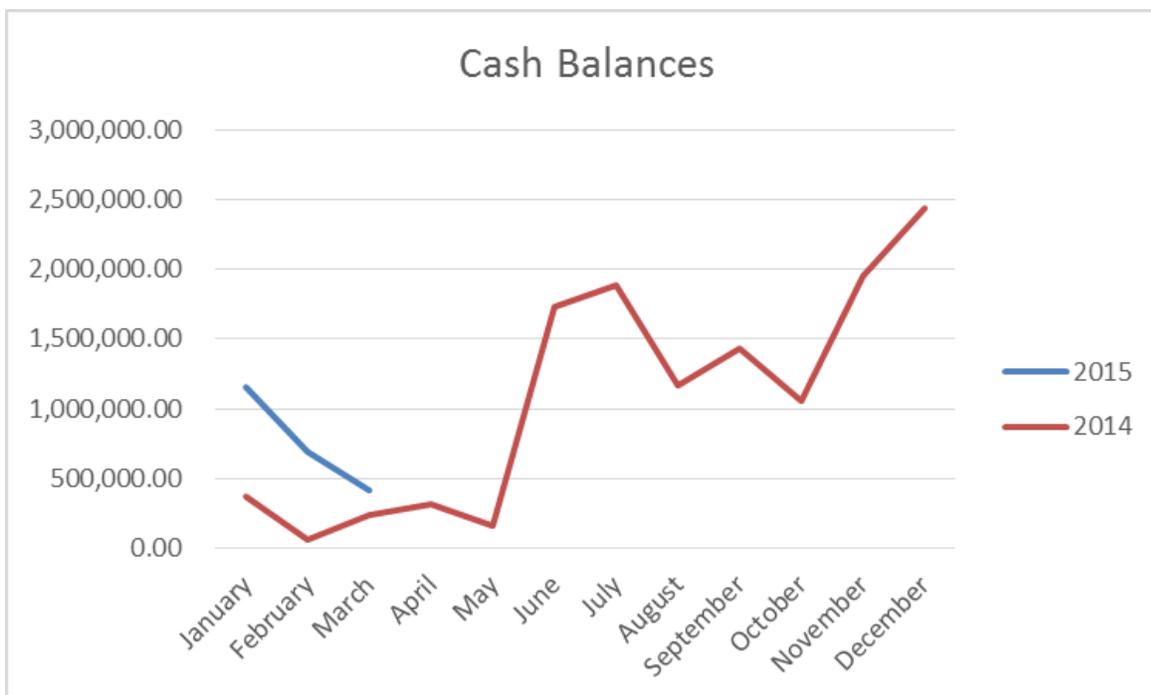
The Risk Management Fund has paid the worker's compensation premiums and the majority of the 2015 insurance premiums, so its expense activity is almost completed for the year. Premiums are anticipated to cost the Town \$125,600, which is an increase of \$12,300 from 2014. The Town's worker's compensation premiums cover a period of October 1st of each year through September 30th. So far for the 9 months of 2015 the worker's compensation premiums were \$37,842.00 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. Minor increased in auto and decrease in general liability premiums make up the difference. Overall the Risk Management fund has spent 77% of its 2015 budget.

CASH AND INVESTMENTS

Finally, the Town had \$12,247,414 invested as of March 30st. This compares to \$13,125,470 invested last year at this time. The investments had an average interest rate of 1.98% compared to 2.16% 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 ec are the funds the Town of its money in July and large amount of cash a proceeding months. D draw on its investments demonstrates the cash flow for the Township.



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, while expenditures may end near or slightly below budgeted amounts. The Township has 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.

Finally, it is my goal to resume providing quarterly financial reports to the Town Board. The goal of the report will be to keep the Board informed on how the Town's finances are doing compared to budget and prior years and to inform the Board of any unusual activity. I would welcome any feedback to improve future reports and once presented and accepted by the Board, the reports will be posted to the Town's website and Facebook sites.