

City of Millington

First Quarter FY14 Budget Review

The annual budget in this document has been allocated by month based on historical information for both revenues and expenditures rather than using the one-twelfth allocation available in our computer system and used in the regular monthly reports. Expenditures in this report include open encumbrances while the regular monthly report does not include encumbrances. Encumbrances are reservations of funds for purchase orders or contracts that have been issued but not yet paid.

Overall, the city is on the right track to a good year financially. The General Fund revenue collections are a little behind budget but expenditures are well under budget. Information on specific funds is shown below. Accounts with significant variances are shown separately. Otherwise accounts have been grouped to provide for ease of understanding.

General Fund

This fund accounts for all activities of the government that are not accounted for in a special fund. All general revenues of the City are collected by this fund. The major functions of fire, police, courts, libraries, arts and recreation, parks as well as city administration are included in this fund.

While revenues to date are only 11% of the total expected for the year, they represent 94% of what was expected in the first quarter. This was a reappraisal year and collections may be slower than normal as a result. It is too early to see a real concern for this tax. City Court Fines does raise a concern if the collection trend continues.

Expenditures are well under budget to date. The one major exception is salaries in General Government. This over budget condition is caused by the severance package paid to the former city manager. Overall General Fund is \$93,501 better off than the budget for the first quarter.

		Year to Date		
	Budget	Budget	Actual	Over (Under)
Revenues				
Realty Tax Current Collections	2,142,505	84,208	45,156	(39,052)
City Court Fines	600,000	151,000	111,206	(39,794)
Business Tax - Local	312,000	40,000	25,763	(14,237)
Liquor Inspection Fees	65,000	11,400	20,574	9,174
USDOJ COPS Grant	78,177	19,544	-	(19,544)
All other Revenues	7,568,596	909,228	939,163	29,936
Total Revenues	10,766,278	1,215,380	1,141,862	(73,518)
Expenditures and Encumbrances				
Salaries - General Gov't	405,624	78,005	121,834	43,830
Salaries - MILOPED	215,408	41,425	34,695	(6,730)
Health Insurance - Police	200,503	50,126	38,611	(11,515)
Health Insurance - Fire	263,489	65,872	51,910	(13,963)
All other Expenditures	9,681,254	2,085,438	1,906,796	(178,642)
Total Expenditures	10,766,278	2,320,865	2,153,846	(167,019)
Revenues over (under) Expenditures	-	(1,105,485)	(1,011,984)	93,501

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Sales Tax Fund

This fund accounts for the .5 cent sales tax collected by the City. It is intended to be used for city operated schools and libraries.

This fund has a cash balance of \$700,409 as of September 30. Revenue budget appears reasonable based on collections since this tax was adopted.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
City Sales Tax	1,300,000	108,333	109,886	1,553
Interest Income	-	-	65	65
Total Revenues	1,300,000	108,333	109,951	1,618
Expenditures and Encumbrances				
Legal & Professional	100,000	25,000	17,973	(7,027)
Contingency - Unapp Rev	1,200,000	-	-	-
Total Expenditures	1,300,000	25,000	17,973	(7,027)
Revenues over (under) Expenditures	-	83,333	91,978	8,645

Water Fund

This fund accounts for the city's production, storage and transportation of water for homes and businesses.

The budget for this fund is very tight. A water rate study will be completed very soon. A rate adjustment and increase will be required. This fund had an operating fund balance deficit of \$2.6 million as of June 30, 2013 and basically broke even last year. This deficit needs to be eliminated.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Water Sales	1,280,000	266,667	295,378	28,711
All other Revenues	55,650	13,913	18,600	4,687
Total Revenues	1,335,650	280,579	313,978	33,399
Expenditures and Encumbrances				
Personnel & Fringe Expenditures	546,958	114,378	115,457	1,079
O&M Expenditures	701,856	175,464	159,372	(16,092)
Total Expenditures	1,248,814	289,842	274,829	(15,013)
Revenues over (under) Expenditures	86,836	(9,263)	39,149	48,412

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Sewer Fund

This fund accounts for the activities of the city's collection, transportation, treatment and disposition of wastewater.

The renovation of the sewer plant will begin soon and take approximately one year to complete. This project is funded by a loan from the State and is drawn as funds are needed. Once complete the cost of renovations will be depreciated. It is expected that current rates are adequate to cover the loan repayment and all operating costs of the sewer fund for current year and several years into the future.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Sewer (Water Service Based) Fees	1,100,000	229,167	259,417	30,251
County Sewer Fees	130,000	32,500	28,841	(3,659)
Navy Sewer Fees	545,000	136,250	117,925	(18,325)
All other Revenues	35,500	8,875	12,534	3,659
Total Revenues	1,810,500	406,792	418,718	11,926
Expenditures and Encumbrances				
Personnel & Fringe Expenditures	610,460	129,097	126,423	(2,674)
O&M Expenditures	883,374	220,844	211,707	(9,136)
Contingency	316,666.00	-	-	-
Total Expenditures	1,810,500	349,941	338,131	(11,810)
Revenues over (under) Expenditures	-	56,851	80,587	23,736

Sanitation Fund

This fund accounts for the collection of sanitation fees and providing of collection of garbage, trash and yard waste for both residential and commercial customers.

This fund is budgeted to generate a small surplus this year but it had a deficit fund balance of \$206,716 as of June 30, 2013. New equipment for commercial sanitation is needed but has been deferred due to budget constraints. Current billing rates can not support this operation in its current level of service.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Sanitation Fees	964,800	201,000	210,313	9,313
All other Revenues	20,600	5,150	5,993	843
Total Revenues	985,400	206,150	216,306	10,156
Expenditures and Encumbrances				
Personnel & Fringe Expenditures	585,512	121,079	116,059	(5,020)
O&M Expenditures	297,996	74,499	51,457	(23,042)
Total Expenditures	883,508	195,578	167,516	(28,062)
Revenues over (under) Expenditures	101,892	10,572	48,790	38,218

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Stormwater Fund

This fund accounts for the revenues and expenditures related to the collection, transportation, treatment and disposition of storm water.

This fund had a fund balance of \$338,000 as of June 30, 2013. It is expected that the June 30, 2014 fund balance will be reduced to \$175,000 after all projects are completed this year.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Stormwater Fees	253,200	63,300	72,830	9,530
All other Revenues	5,280	1,320	1,554	234
Planned Use of P/Y Funds	72,954	-	-	-
Total Revenues	331,434	64,620	74,384	9,764
Expenditures and Encumbrances				
Total Expenditures	331,434	82,859	68,186	(14,673)
Revenues over (under) Expenditures	-	(18,239)	6,198	24,437

State Drug Fund

This fund is required to account for proceeds and use of drug fines and forfeitures provided under State law.

Revenues and expenditures are low in this budget to date. Concern is trend toward lower revenues than in past years will lead to less funds available for equipment needs of police department.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Revenues	56,650	14,163	1,048	(13,115)
Planned Use of P/Y Funds	17,057	-	-	-
Total Revenues	73,707	14,163	1,048	(13,115)
Expenditures and Encumbrances				
Total Expenditures	73,707	18,427	4,690	(13,737)
Revenues over (under) Expenditures	-	(4,264)	(3,642)	622

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DEA Drug Fund

This fund is required to account for proceeds and use of drug fines and forfeitures provided under Federal law.

Revenues and expenditures are low in this budget to date. Concern is trend toward lower revenues than in past years will lead to less funds available for equipment needs of police department.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Revenues	105,050	26,263	6,223	(20,039)
Planned Use of P/Y Funds	8,867	-	-	-
Total Revenues	<u>113,917</u>	<u>26,263</u>	<u>6,223</u>	<u>(20,039)</u>
Expenditures and Encumbrances				
Total Expenditures	<u>113,917</u>	<u>28,479</u>	<u>5,080</u>	<u>(23,399)</u>
Revenues over (under) Expenditures	<u>-</u>	<u>(2,217)</u>	<u>1,143</u>	<u>3,360</u>

State Street Aid Fund

State law provides for the sharing of certain taxes related to fuel and restricts their use to maintenance or construction of roads within the city. This fund accounts for those activities.

This fund generally collects and spends its entire budget over the course of the year.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Total Revenues	<u>273,236</u>	<u>22,938</u>	<u>23,035</u>	<u>97</u>
Expenditures and Encumbrances				
Expenditures	369,207	92,302	76,579	(15,723)
Transfer from General Fund	(95,971)	(69,364)	(30,000)	39,364
Total Expenditures	<u>273,236</u>	<u>22,938</u>	<u>46,579</u>	<u>23,641</u>
Revenues over (under) Expenditures	<u>-</u>	<u>-</u>	<u>(23,544)</u>	<u>(23,544)</u>

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Capital Improvement Program Fund

Construction of city property and purchase of major assets are accounted for in this fund. This allows one time costs or costs that occur infrequently to be reported separately from the annual operating budget.

Expenditures to date relate to the purchase of a fire truck and construction of the Veterans Parkway project. Over 80% of these will ultimately generate revenue in the form of grant revenue received during the year.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Revenues	366,500	8,500	45	(8,455)
Planned Use of P/Y Funds	256,000			
Total Revenues	622,500	8,500	45	(8,455)
Expenditures and Encumbrances				
Project Expenditures	665,000	-	496,297	496,297
Transfer to (from) other funds	(42,500)	(10,625)	-	10,625
Total Expenditures	622,500	(10,625)	496,297	506,922
Revenues over (under) Expenditures	-	19,125	(496,252)	(515,377)

CON Capital Improvement Program Fund

This is a special Capital Improvement Fund. It accounts for the proceeds of a Capital Outlay Note that was issued for capital projects in October 2010. Once the funds have all been disbursed, this fund will cease to exist.

This fund should be spent out during this fiscal year.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Revenues	-	-	3	3
Planned Use of P/Y Funds	24,569	-	-	-
Total Revenues	24,569	-	3	3
Total Expenditures	24,569	-	-	-
Revenues over (under) Expenditures	-	-	-	-

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Debt Service Fund

This fund accounts for the resources accumulated and the payments made for principal and interest on general obligation debt of the City.

This fund generally breaks even each year since funds are transferred in based on actual need. One of our debt issues is variable rate while the others are all fixed rate.

	Budget	Year to Date		
		Budget	Actual	Over (Under)
Revenues				
Total Revenues	10	3	1	(1)
Expenditures and Encumbrances				
Principal Payments	513,420	126,250	126,320	70
Interest and Admin Payments	243,013	21,572	19,437	(2,135)
Transfer from other funds	(756,423)	(147,822)	(140,000)	7,822
Total Expenditures	10	-	5,757	5,757
Revenues over (under) Expenditures	(10)	-	(5,757)	(5,757)