

# Town of Milton

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## TOWN MANAGER'S MONTHLY FINANCIAL REPORT

For the period ending 10/31/11:

The Town of Milton began the 2011-12 Fiscal Year on October 1. The following is an un-audited account of finances. Not all expenses and revenue incurred during the latter part of the prior fiscal year have been posted. Adjustments to the final accounting of the last fiscal year may result in minor changes to the figures reported for the first period of the current fiscal year.

### Summary

The town has made significant improvements in both the collection of revenue and the control of expenditures during the first month of the new fiscal year. Although expenditures appear slightly higher during the current year, it is only a consequence of paying our annual fee for accounting support services in a more timely manner.

There was a \$6,458 expense paid in October to Edmunds Accounting. The same expense was recorded in December of last year. Excepting this matter of timing, the current year expenditures would have been \$97,673.18 – a three percent reduction over the same period in the prior year.

| Type                       | General Fund +   | General Fund -   | Same Period Prior Year   | Annual Budget FY 2011-12 |
|----------------------------|--|--|--|--------------------------|
| All Revenue                | \$56,642.53  |  | \$43,144.15  | \$1,374,675.00           |
| All Expenditures           |  | \$104,131.18   | \$99,424.44  | \$1,371,293.66           |
| Difference from prior year | \$13,498.38 +<br>(more revenue than same period in the prior year) | \$4,706.74<br>(more expenditures than same period in the prior year) | \$8,791.64 +<br>(net effect of both changes to the General Fund) |                          |

### Revenue Highlights

The benefit of having an active Code Enforcement Officer is apparent from the receipt of Building Permit and license fees. The chart below will illustrate this:

| Type             | 2011        | 2010 | 2009                             | % Gain over 2 Yr Average  |
|------------------|-------------|------|----------------------------------|---------------------------|
| Building Permit  | \$16,485.22 | \$0  | \$6,587.01                       | 500%                      |
| Business License | \$1,040.00  | \$0  | \$300                            | 693%                      |
| Rental License   | \$200.00    | \$0  | Reported within business license | No divisor for comparison |

### Revenue Highlights, cont'd

A one-time spike in demand for lien certificates resulted in an increase of \$3,990 for this category when compared to the same period last year. And, fines increased by \$3,451 when compared to the same period last year. The fine increase could be the result of the field training of our new police officers, better timing with regard to getting payment from the state – or a combination of both.

The sale of the former Town Manager's car resulted in an extra \$5,800 and the collection of overdue property taxes brought \$2,778 during last month – neither of which had revenue during the same period in either 2010 or 2009.

### Expenditure Highlights

Salaries and benefits are typically the largest component of an expense budget. The Town of Milton is no exception. The 2011-12 Fiscal Year Budget has allocated 67.8% of its expenditures to this category. Water Department revenues are noted in a separate "proprietary" fund. Expenditures necessary to operate the department, which include some salary and benefits, are noted within that fund and *not* in the General Fund – which this report addresses. The table below indicates the actual amounts for salaries and overtime, only (no benefits are included).

| <b>Department</b> | <b>Oct. 2011</b> | <b>Oct. 2010</b> | <b>Oct. 2009</b> | <b>% Increase or Reduction over 2 Yr Ave.</b> |
|-------------------|------------------|------------------|------------------|---|
| Police            | \$40,299.54      | \$38,209.06      | \$36,251.42      | 8.2% increase                                 |
| Administration    | \$8,961.77       | \$13,138.55      | \$20,772.72      | 47% reduction                                 |
| Code              | \$6,263.06       | \$3,570.27       | \$6,263.06       | 27% increase                                  |
| Parks & Streets   | \$3,480.48       | \$2,465.29       | \$3,688.45       | 13% increase                                  |
| All Departments   | \$59,004.85      | \$57,383.17      | \$66,975.65      | 5.2% decrease                                 |

There are categories of expense that have no record of activity for the month – even though expenses were accrued. The best example of this is legal and accounting fees. In this case, the same period during the prior year showed a combined expense of more than \$3,700. A lack of expense recorded in October 2011 is simply an indication that our general fund was not yet encumbered when the report was created. Both our solicitor and our engineer *did* perform services for the town last month.

On the other hand, there are categories of expense that are reported in a very timely manner and may be measured against the fractional equivalent of the current year-to-date. A month is 8.3% of the year – so a first period report that shows a 10% or more share of the FY budget bears watching. The Admin expense for telephones is at 10% of the year, but cost reduction measures were implemented during the second period. The Police Department gasoline expense was 10.2% of the FY budget, too. This is something that may respond to control in the form of an accounting for miles driven by each officer.

### Looking Forward

The Monthly Financial Report of the period ending Sept. 30, 2011 emphasized conclusions from a review of the 2010-11 Budget, year-end figures and improvements made in the 2011-12 FY budget. References were made to revenue-producing and expense-cutting measures, in general.

More specifically, approximately \$22,000 in expense-cutting measures have been identified. Some have been put into place and others are in the process. These measures include shopping for better health insurance rates, re-negotiating the uniform rental contract and changing the provider that services our Realty Transfer Tax payments from the State of Delaware. Together with revenue-producing activities, your staff are turning-around the multi-year deficit trend of the prior management.