

Purpose of Cash Flow Projections

- ▶ Determine the liquidity of an organization at any given point and time throughout the fiscal year
- ▶ Assist in determining borrowing needs
- ▶ Assist in budget planning

How Cash Flow is Prepared

- ▶ Actual numbers are used for the months of the fiscal year that have already occurred using the financial information available
- ▶ Assumptions are made about receipts and disbursements based on prior years history, current year information and the financial information known to happen during the remaining period

Assumptions Used in Preparing the Village of Brockport's Cash Flow

- ▶ Fire Contracts will be paid based on 2008 contract and will come in timely
- ▶ Sales tax will continue to come in at the current rate
- ▶ Third party billing will remain relatively stable for the remaining months

Assumptions Used in Preparing the Village of Brockport's Cash Flow

- ▶ Payrolls will remain relatively stable; with the exception of the departure of one police officer
- ▶ No additional payments will be made to the reserve accounts
- ▶ Re-levy Tax payments will come in timely
- ▶ Franchise Tax payments will come in timely

What does the Cash Flow say?

- ▶ There will be enough operating cash without borrowing through the end of March
- ▶ By the end of May, the operating cash will be at a deficit of approximately \$223,000
- ▶ Reserve accounts have a balance of slightly over \$400,000

What does the Cash Flow say?

- ▶ Cash Receipts are projected to be between \$325,000 and \$335,000 short of budgeted revenues
- ▶ Disbursements are projected to be very close to budgeted expenditures
- ▶ Village will end the year in a operating deficit

What are the Revenue Shortfalls?

Sales Tax	\$100,000
Gross Receipts Tax	\$30,000
Fire Protection	\$50,000
Ambulance Charge	\$30,000
Transfer from other funds	\$46,500
Fines and Forfeitures	\$30,000
CMS Reclass	\$18,000
Fund Balance	\$20,000

What Else Have I been doing?

- ▶ I have reviewed the Village's 2009 Audit Report by Raymond F. Wager, CPA, PC
- ▶ I have reviewed the last five years of AUD's (annual financials filed with the state)
- ▶ Day to day functions of the treasurer
- ▶ Met with staff from Bernard P. Donegan's office

What have I learned?

- ▶ At FYE 5/31/2009 the Village had a unreserved fund balance of \$167,130 (of which \$20,000 was appropriated to the 2010 fiscal year)
- ▶ If the Village completes the year as projected, it will not only have an operating deficit but a fund balance deficit as well.

Calculation in it's simplest form *

Fund Balance as of 5/31/09
\$167,130

Minus Operating Deficit 5/31/10
\$260,000

Equals Fund Balance Deficit
\$92,870

* There are accounting accruals which will reduce this loss of fund balance but will impact the following year.

Village Financial Difficulties Did Not Begin in 2010

In 2009
Expenditures exceeded budget by \$626,606

Revenues exceeded budget by \$246,878

BUT THIS IS DUE TO ONE-TIME INFLUX OF SPECIFIC REVENUES

**Village Financial Difficulties Did Not Begin
in 2010**

- ▶ In 2005-2008 - expenditures exceeded budgeted amounts significantly
- ▶ Fund Balance has decreased \$931,850 from 2005 - 2009

FISCAL DISTRESS

- ▶ Operating Deficit
- ▶ Reduction of Unreserved Unappropriated Fund Balance
- ▶ Expenditures exceeding Budget
- ▶ Revenues less than Budget

**ALL SIGNS OF AN ENTITY IN FISCAL
DISTRESS**

Village has two problems

- ▶ Current year operating cash deficit

AND

- ▶ Long term dealing with the financial position of the village

What we need to do....

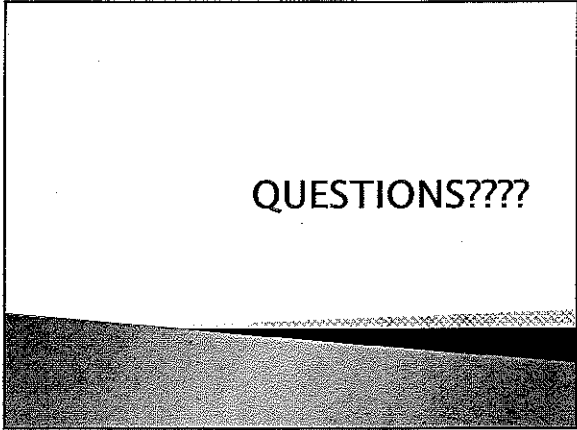
- STOP blaming individuals or departments for the problem – this is something we CAN correct and improve we just need to work together!

What we need to do....

- STOP the bleeding...reduce any possible expenses from now to the end of the fiscal year (this will aid both the problems)

What we need to do....

- ▶ DECIDE ...should proceed with a budget note or borrow reserve cash to meet our cash deficit problem (this could aid the operating cash problem but have will additional impact on the long-term fiscal problem)
- ▶ PREPARE ...a reasonable budget with conservative revenue AND expenditures
- ▶ ESTABLISH ...controls to carefully monitor on a month to month basis your cash flow and operating budget for the 2010-2011 fiscal year





Village of Brockport
Cash Flow FYE 5/31/10

Total Budget 5,294,973

year to date
as of 2/22

	August	September	October	November	December	January	February	March	April	May	June	July
Beginning Cash Balance	-	0	0	0	433,057	1,311,595	594,042	704,713	603,718	290,218	179,528	0

Receipts

	August	September	October	November	December	January	February	March	April	May	June	July
Real Property Taxes & Tax Items	-	-	-	-	-	-	-	69,705	-	-	-	-
Non-Property Taxes	-	-	-	-	-	(227,548)	336,575	13,000	71,300	311,300	-	-
Charges for Services	-	-	-	-	-	89,527	25,839	166,000	30,000	30,000	-	-
Other Districts & Governments (NYS)	-	-	-	-	-	-	-	-	-	-	-	-
Districts in Other States	-	-	-	-	-	-	-	-	-	-	-	-
Use of Money & Property	-	-	-	-	-	400	200	300	200	100	-	-
Forfeitures	-	-	-	-	-	27,460	13,676	-	-	-	-	-
Sale of Property & Compensation for Loss	-	-	-	-	-	5,645	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Revenue	-	-	-	-	-	-	-	-	-	-	-	-
State Aid	-	-	-	-	-	-	-	-	-	21,410	-	-
Federal Aid	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of Obligations	-	-	-	-	-	17,957	-	-	-	-	-	-
Total Receipts	0	0	0	0	3,953,311	(86,559)	376,290	249,005	101,500	362,810	0	0

% of Budget 0.0% 0.0% 0.0% 0.0% 0.0% 74.8% -1.6% 7.1% 4.7% 1.9% 6.9% 0.0% 0.0%

Disbursements

	August	September	October	November	December	January	February	March	April	May	June	July
Payroll	-	-	-	-	-	494,728	218,988	274,500	334,500	265,000	-	-
Accounts Payable	-	-	-	-	-	136,266	46,631	75,500	80,500	140,300	-	-
Debt Service - Principal	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-	-	-	-	-	68,200	-	-
Transfers to Other Funds	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	0	0	0	0	3,088,773	630,994	265,620	350,000	415,000	473,500	0	0

% of Budget 0.0% 0.0% 0.0% 0.0% 0.0% 56.3% 11.9% 5.0% 6.6% 7.8% 8.9% 0.0% 0.0%

Ending Cash Balance	0	0	0	0	1,311,595	594,042	704,713	603,718	290,218	179,528	0	0
---------------------	---	---	---	---	-----------	---------	---------	---------	---------	---------	---	---

Unrestricted Cash 191,700 302,371 201,376 (112,124) (222,814)
Restricted Cash 402,342 402,342 402,342 402,342 402,342

