

# *Town of Bedford*

## *Financial Report*

*September 2011*

*Prepared by the Finance Department*

*Release Date: October 10, 2011*

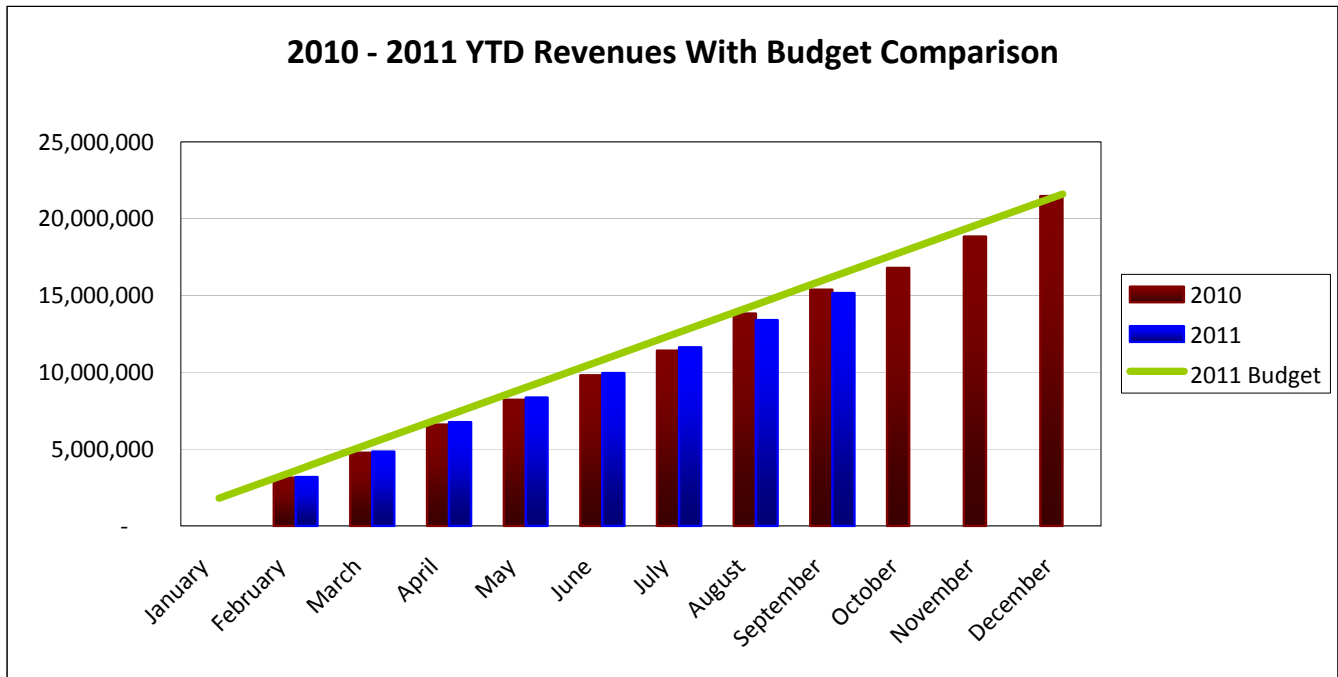
*Revision Date:*

# Town of Bedford

## Revenues – At a Glance

September 2011

### General Fund Revenues



<b>2011 YTD Change in GF Revenue as Compared to Prior Year</b>				
<b>As of SEPTEMBER</b>	<b>2010</b>	<b>2011</b>	<b>Variance</b>	
Property Taxes	\$ 9,930,646	\$ 10,103,116	\$ 172,470	1.74%
Motor Vehicle Permits	3,049,749	3,083,616	33,867	1.11%
Building Permits	84,004	220,580	136,576	162.58%
Income from Departments	1,799,739	1,164,259	(635,480)	-35.31%
Interest Income	65,889	49,176	(16,713)	-25.37%
State of NH	451,104	525,781	74,677	16.55%
<b>Total GF Revenues</b>	<b>\$ 15,381,131</b>	<b>\$ 15,146,528</b>	<b>\$ (234,603)</b>	<b>-1.53%</b>

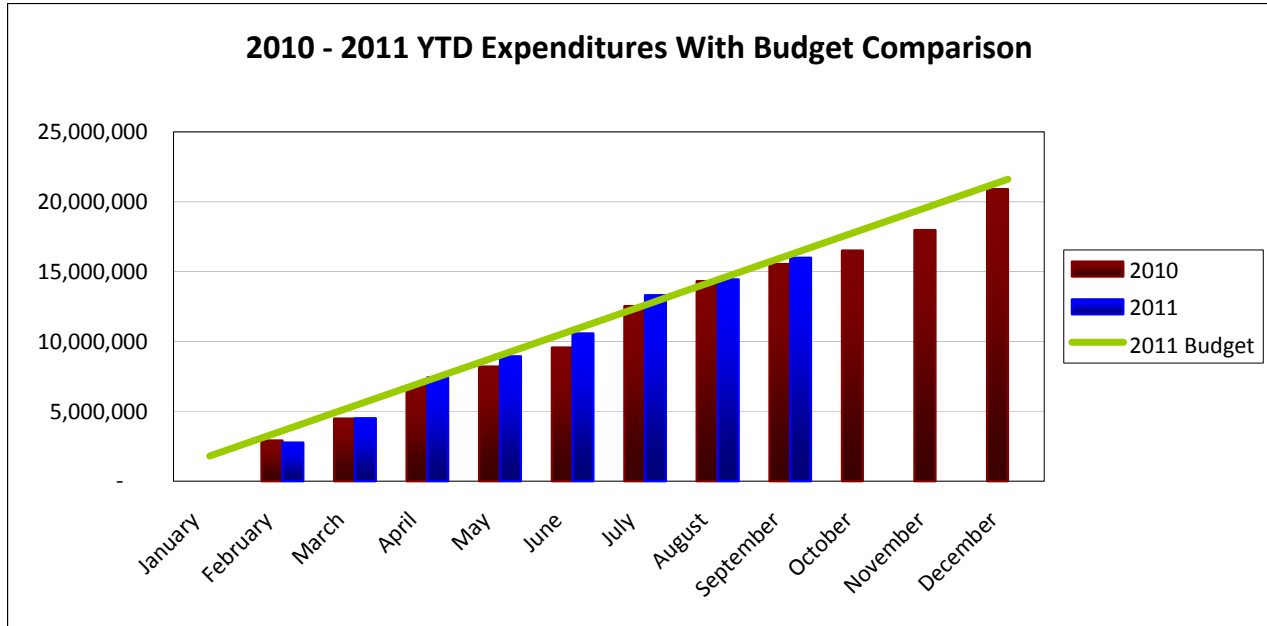
<b>% of Budget</b>	<b>69.26%</b>	<b>70.10%</b>
<b>Budget</b>	<b>\$ 22,208,419</b>	<b>\$ 21,606,020</b>

# *Town of Bedford*

## Expenditures – At a Glance

### September 2011

#### *General Fund Expenditures*



<b>2011 YTD Change in GF Expenditures as Compared to Prior Year</b>				
<b>As of SEPTEMBER</b>	<b>2010</b>	<b>2011</b>	<b>Variance</b>	
Administration	187,224	189,244	2,020	1.08%
Elections & Registration	11,148	8,597	(2,551)	-22.88%
Town Clerk & Tax Collection	183,087	180,371	(2,716)	-1.48%
Finance & Info Systems	525,148	561,449	36,301	6.91%
Planning & Assessing	375,144	396,188	21,044	5.61%
Police	2,680,287	2,764,394	84,107	3.14%
Fire	2,437,775	2,429,003	(8,772)	-0.36%
Public Works	3,059,938	3,225,656	165,718	5.42%
Culture & Recreation	360,789	317,653	(43,136)	-11.96%
Library	672,603	699,936	27,333	4.06%
Building Maintenance	307,901	258,307	(49,594)	-16.11%
Debt Service	2,806,621	2,729,217	(77,404)	-2.76%
Fund Balance Reserve	430,000	300,000	(130,000)	-30.23%
Other General Government	1,510,646	1,678,749	168,103	11.13%
<b>Total GF Expenditures</b>	<b>\$ 15,548,311</b>	<b>\$ 15,738,765</b>	<b>\$ 190,454</b>	<b>1.22%</b>

<b>% of Budget</b>	<b>70.01%</b>	<b>72.84%</b>	
<b>Budget</b>	<b>\$ 22,208,419</b>	<b>\$ 21,606,020</b>	

# *Town of Bedford*

## Financial Report Summary

### September 2011

#### **Summary of the September 2011 Financial Report:**

#### **General Fund:**

##### *Revenues*

- ✓ Total revenues collected in September 2011 were \$1,756,667 as compared to \$1,573,155 in September 2010. This was an increase of \$183,512 (11.66%) and major attributors to this increase are the swiftwater/flood rescue training grant in the amount of \$98,102 as well as building permit fees collected as detailed below.
- ✓ Motor vehicle permit revenues in September 2011 were \$314,003 as compared to \$343,708 in 2010. This was a decrease of \$29,705 (8.64%). Year-to-date MV revenues are \$33,867 higher than in 2010, an increase of 1.11%.
- ✓ Property tax collections for purposes of the monthly financial report are equally apportioned over the twelve month period, therefore this revenue source is reported at 75% collected as of September 2011. The current collection rate against billed property taxes is 96.0%.
- ✓ Building permits as of September 2011 year-to-date amounted to \$220,580 which is 162.6% higher than in 2010 as represents 119.23% of the anticipated budget for 2011. In September, the building department issued permit fees for over 250,000 square ft of commercial space. (Kohls, Lexis, an 85 unit 4 story assisted living bldg)
- ✓ Interest income remains in a declining state at \$49,176 year-to-date which is \$16,713 lower than in 2010.
- ✓ Year-to-date **total** revenues were lower than in 2010 by \$234,603 (1.52%). The major contributing factors to this YTD decline are related to the sale of the Martin property in 2010 (revenue of \$115k), capital reserve withdrawals in 2010 which significantly exceeded withdrawals in 2011 and school funding for the SRO which was reduced by more than \$50k in 2011 with the elimination of one SRO position beginning with the 2011-2012 school year.

##### *Expenditures*

- ✓ Expenditures in September 2011 were \$1,310,436 as compared to \$1,238,307 in September 2010. This represents an increase from the prior year of \$72,129 (5.8%). The majority of this increase is relative to road projects in public works department, approximately \$73k.
- ✓ Year-to-date **total** expenditures were higher than in 2011 by \$190,454 (1.2%). There is an increase of \$165,718 in the public works expenditures which is mainly attributable to various road projects, including Perry Road, Cider Mill Road and Eagle Drive. Other factors driving this increase include wages and related benefits as well as increase in insurance costs.

# Town of Bedford

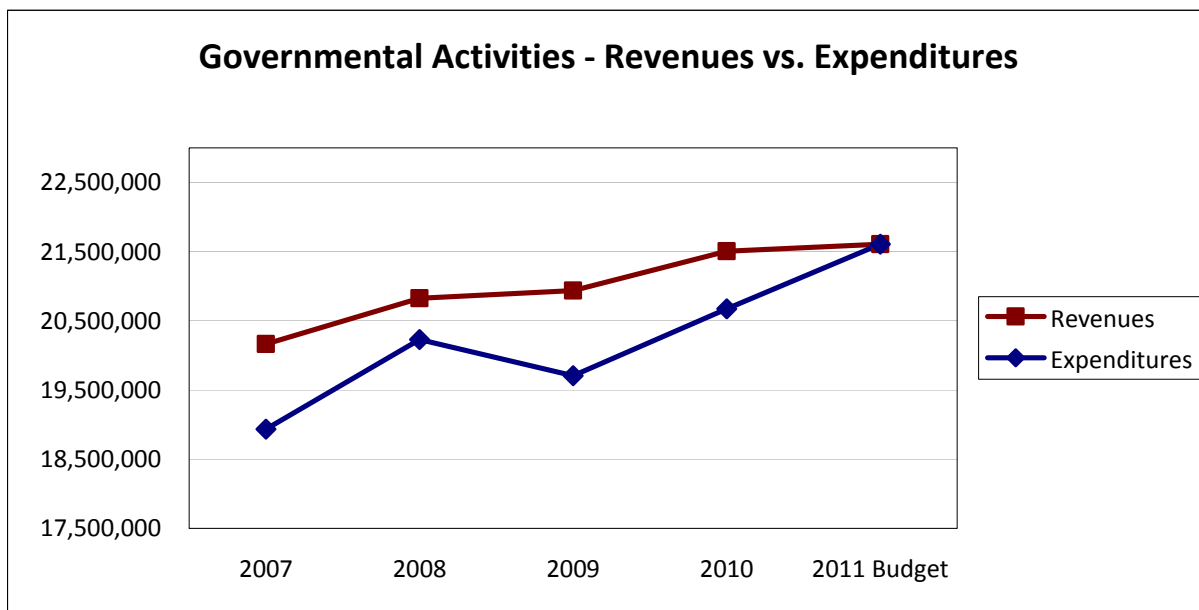
## Financial Report

September 2011

### General Fund Overview and Analysis

The General Fund is the Town's primary operating fund and is used to account for all resources except those that are required to be accounted for in another fund. The General Fund accounts for activities such as police, fire, public works, library and administration. The fund also accounts for general government services such as finance and personnel, tax collection, information systems, assessing, planning and zoning. Additional expenditures of the General Fund include general operations, building maintenance, debt service and transfers to other funds.

The graph below depicts the history of revenues and expenditures for the General Fund from 2007 to 2010 and the budget for 2011.

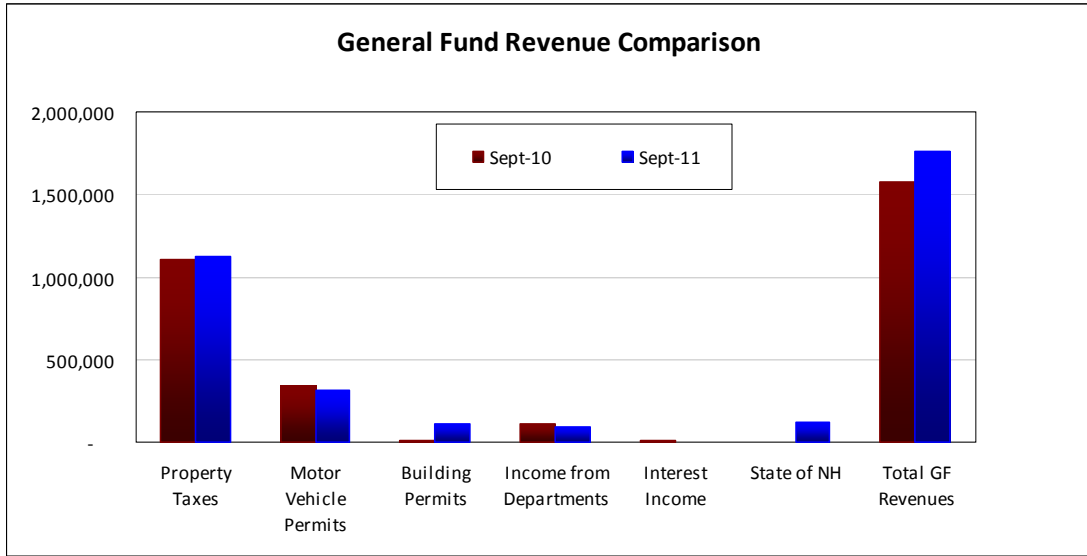


The table below summarizes the General Fund year-to-date revenues and expenditures through September 2011 for the year ended December 31, 2011.

General Fund	2010	2011	2010 vs 2011 \$ Increase/ (Decrease)	2010 vs 2011 % Increase/ (Decrease)
Year-to-Date Revenues	\$ 15,381,131	\$ 15,146,528	\$ (234,603)	-1.53%
Year-to-Date Expenditures	15,548,311	15,738,765	190,454	1.22%
Net Revenue over (under) Expenditures	\$ (167,180)	\$ (592,237)	\$ (425,057)	254.25%

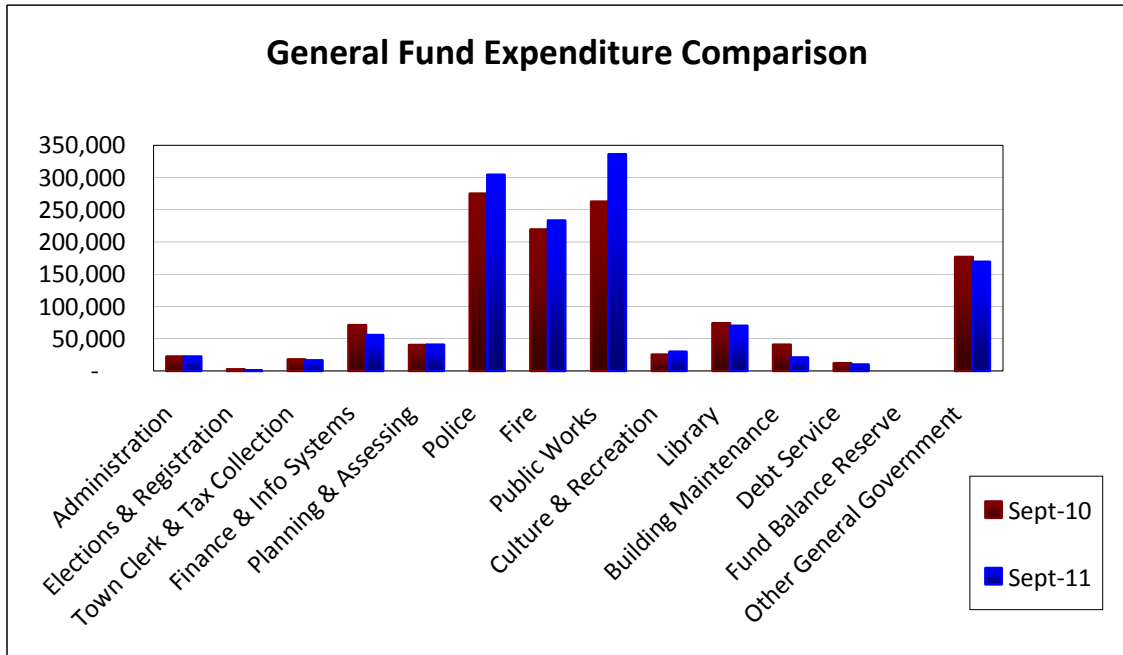
**Revenues**

- ✓ With an unstable economy and the uncertainty of unsustainable revenue streams from the State of NH, the Town has been conservative in budgeting revenues for 2011. September 2011 revenues were \$1,756,667 as compared to \$1,573,155 in the same period in 2010. The major attributors to this 2011 increase are the swiftwater/flood rescue training grant monies received in the amount of \$98,102 and increased building permit revenue which included fees for the issuance of 250,000 sq ft of commercial building permit.

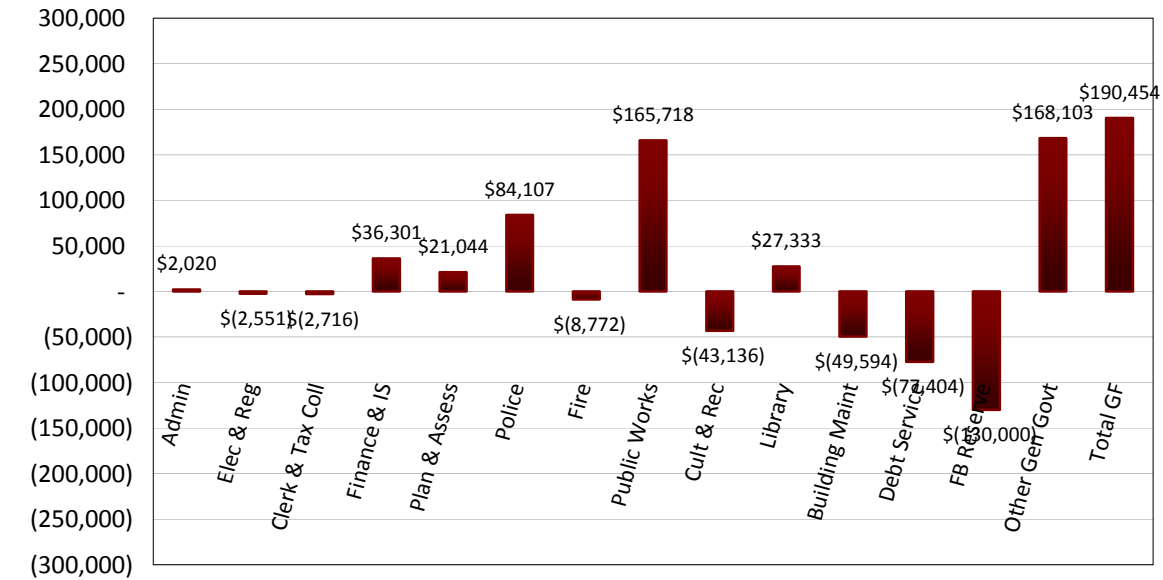


**Expenditures**

- ✓ The total budgeted expenditures for the general fund for 2011 are \$21,606,020. September 2011 expenditures were \$1,310,436 as compared to \$1,238,307 in the same period in 2010. The increase in 2011 expenditures is due to an increase of \$165,718 in the public works expenditures which is mainly attributable to various road projects, including Perry Road, Cider Mill Road and Eagle Drive.



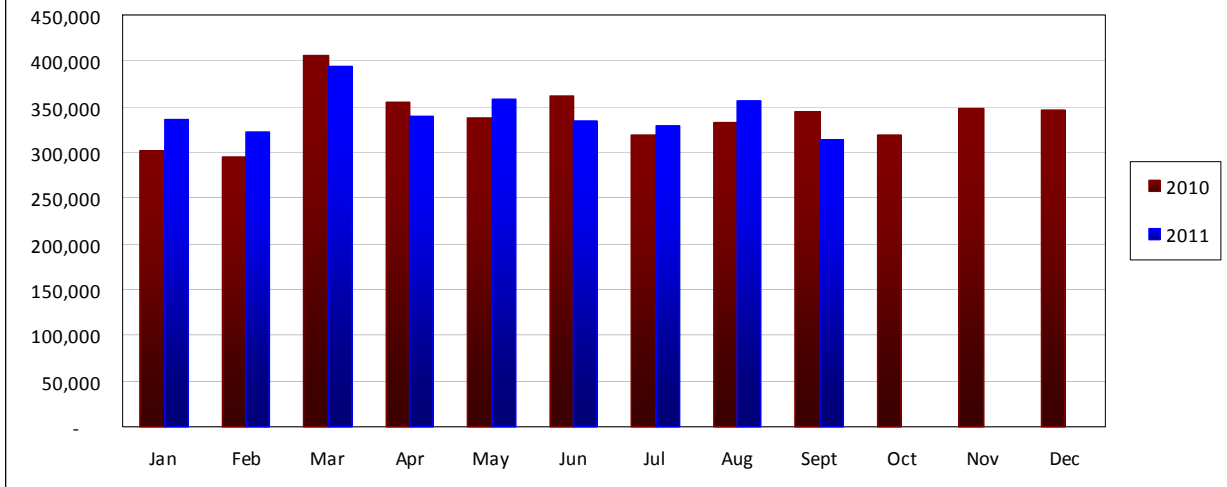
### YTD Change in General Fund Expenditures - 2011 vs. 2010



### Motor Vehicle Revenues

The major source of revenue for the general fund with the exception of property taxes is motor vehicle permit fees. The following chart compares monthly MV revenues for 2011 and 2010. There has been a declining trend in this revenue source over the past 5 years, however in 2011 year-to-date MV revenues of \$3,083,616 have outpaced 2010 revenues of \$3,049,749 through September. An unexpected trend of decline in the number of permits being issued, 17,418 in 2011 versus 18,098 in 2010, leads to the conclusion that although fewer vehicles are being registered, the ones that are being registered are of a significantly higher value thus carry a higher permit fee.

### Motor Vehicle Revenue Comparison - 2011 vs. 2010



## ***Economic Outlook***

**GDP:** The gross domestic product (GDP) is one of the primary indicators used to gauge the health of a country's economy. It represents the total dollar value of all goods and services produced over a specific time period - you can think of it as the size of the economy. Usually, GDP is expressed as a comparison to the previous quarter or year. For example, if the year-to-year GDP is up 3%, this is thought to mean that the economy has grown by 3% over the last year.

Economic production and growth, what GDP represents, has a large impact on nearly everyone within that economy. For example, when the economy is healthy, you will typically see low unemployment and wage increases as businesses demand labor to meet the growing economy. A significant change in GDP, whether up or down, usually has a significant effect on the stock market. Furthermore, of significant concern is negative GDP growth since this is one of the factors economists use to determine whether an economy is in a recession.

**CPI:** A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. The U.S. Bureau of Labor Statistics measures two kinds of CPI statistics: CPI for urban wage earners and clerical workers (CPI-W), and the CPI for all urban consumers (CPI-U).

CPI is one of the most frequently used statistics for identifying periods of inflation or deflation. This is because large rises in CPI during a short period of time typically denote periods of inflation and large drops in CPI during a short period of time usually mark periods of deflation.

**UE:** The unemployment rate measures the percentage of employable people in a country's workforce who are over the age of 16 and who have either lost their jobs or have unsuccessfully sought jobs in the last month and are still actively seeking work.

The Unemployment Rate figure is the single most popularly used figure to give a snapshot of labor market conditions. In the US, it is also released with the widely followed and market moving US Employment Situation report (released on the first Friday of each month), which includes change in non-farm payrolls as well as other key indicators of the US labor market.

More generally, unemployment is indicative of the economy's production, private consumption, workers' earnings, and consumer sentiment. A lower unemployment rate translates into more employed individuals with paychecks, which leads to higher consumer spending, economic growth and potential inflationary pressures. Conversely, high levels of unemployment are connected with lower incomes, lower spending, and economic stagnation.

## ***US/National Economy***

**GDP:** Second quarter GDP (2011 Q2) increased at an annual rate of 1.3 percent in a third estimate released by the Bureau of Economic Analysis on September 29, 2011. This increase in real GDP is primarily reflective of positive contributions from nonresidential fixed investments, exports, expenses for personal consumption (PCE) and federal government spending. However, negative contributions from state and local government spending as well as private investments have slowed this growth during the reported quarter.

**CPI:** In an economic news release dated September 15, 2011, the US Bureau of Labor Statistics reported an increase in the August 2011 CPI of 0.4%, with a 12 month change of 3.8%. The increase was broad based,

with continuing increases in the indexes for gasoline, food, shelter and clothing. According to the report, the gasoline index rose for the 12<sup>th</sup> time in the last 14 months which also led to an increase in the energy index. The food index also reported an increase of 0.5%, its largest since March 2011. The next CPI release for September 2011 data is schedule for October 19, 2011.

**UE:** The September 2011 Employment Situation Report release on October 7, 2011 by the US Bureau of Labor Statistics reported national unemployment at 9.1%. Employment in most major industries remained unchanged with few jobs being added in the healthcare and construction industries and government employment continuing to trend downward.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	4.6	4.5	4.4	4.5	4.4	4.6	4.7	4.6	4.7	4.7	4.7	5.0
2008	5.0	4.8	5.1	4.9	5.4	5.6	5.8	6.1	6.2	6.6	6.8	7.3
2009	7.8	8.2	8.6	8.9	9.4	9.5	9.5	9.7	9.8	10.1	9.9	9.9
2010	9.7	9.7	9.7	9.8	9.6	9.5	9.5	9.6	9.6	9.7	9.8	9.4
2011	9.0	8.9	8.8	9.0	9.1	9.2	9.1	9.1	9.1			

### ***New Hampshire Economy***

The NH Department of Employment Security released its ‘Economic Conditions’ report for August 2011 containing estimated statistics for June 2011. The report focus is primarily per capita personal income and unemployment. According to the report, despite the economic setbacks of the past couple of years, per capita income (adjusted to reflect purchasing power) increased by 2.9% by the end of 2010 over a decade.

The BEA reports second quarter 2011 State personal income growth at 1.3% for New Hampshire which places the State 13<sup>th</sup> out of the 50 states for growth.

August 2011 unemployment for the State is reported at 5.2%, well below the US as noted above. The NHDES reports employment increases most notably in the leisure and hospitality sector as well as the trade, transportation and utilities sectors. Employment for professional and business services rose as well as modest increases in construction and manufacturing jobs. Conversely, the government sector lost a significant number of jobs (5,700 from May to June) as did the education and health services sector (1,400 from May to June).

The August 18, 2011 release from the US Bureau of Labor Statistics reports the CPI-U for the Boston-Brockton-Nashua index at 3.4% as compared to one year ago (The CPI-W was reported at 3.9% over the same 12 month period). The 12 month gain is attributed to a rise in the cost of energy (23.6%) as well as prices of gasoline (38.2%) and food (4.2%). The next release for September 2011 is schedule for October 19, 2011 (this region is only priced every other month). The CPI-U for the Northeast index is reported at 3.8% as compared to one year ago.

### ***Bedford Economy***

The NH Department of Employment Security reports August 2011 unemployment for Bedford of 4.3%, well below both the State and US rates for the same period. The percentage of uncollected taxes at the end of September 2011 was 4.0% (\$1.33m), this amount reflects only the preliminary 2011 billing. Real estate transfers for September amounted to 33, bringing total transfers year to date to 379.