

To: Village of Dolton-Finance Committee
From: Cristiano Miroballi, John Kasperek Co., Inc.
Date: March 24, 2021
Subject: February Financial Report Notes

After reviewing February's financial statements, there are some items that we want to make the Committee aware of:

- Revenues
 - The County has started distributing real estate taxes for the 1st installment. The Village received over \$300 thousand in real estate taxes to fund general operations and is still over \$450 thousand below prior year monies.
 - The real estate taxes collections for the City of Chicago levy were \$94 thousand below prior year with receiving \$78 thousand in February. If collections don't improve the Village will need to fund the 2021 payment with Water operating surplus that are allocated to fund infrastructure improvements.
 - Sales, use, and income tax revenues are \$335 thousand above prior year. The Village has exceeded the budget for state income tax revenue, which is \$81 thousand more than prior year.
 - We are anticipating a reduction for the FY22 year in state income tax revenue due to the Governor's intention to decrease municipalities share of state income tax.
 - Video gaming revenue is \$68 thousand below prior year. Considering the video gaming closures at the beginning of the fiscal year the Village has received over 60% of its budgeted amount for video gaming. We are anticipating a decrease in distributions due to a zero distribution for February relating to December collections.
 - The next few months the financials compared to the prior year will start reflecting the losses of revenue the Village experienced due to the COVID-19 pandemic.
 - Overall General Fund revenues are above prior year by \$802 thousand, the majority relating to grant revenue received from the County for COVID of \$759 thousand.
 - The Village water revenue is \$585 thousand below prior year. The Village has only billed 75% of budget, which is almost \$400 thousand below where revenue should be considering 10 months of billing.
- Expenditures
 - The Police Department salaries management has used 93% of its budgeted amount as of February, a \$345 thousand increased compared to the prior year. The 5% union raises for the employees included within this line item weren't budgeted.
 - Overtime for the Police Department is \$184 thousand below prior year.
 - The overall costs for the Police Department when deducting pension and capital outlay has decreased by \$245 thousand compared to prior year, largely due to overall salaries costs for payroll decreasing by \$326 thousand.
 - Overtime for the Fire Department is \$107 thousand above prior year because of minimum staffing requirements for senior position per the union contract. Until staffing positions are filled, the Village will continue to have overtime for the Fire Department.

- Expenditures (Continued)
 - The Village has exceeded its budgeted amount for Board Ups by \$15. We anticipate the account will be over budget by \$10 thousand, assuming no unexpected increase.
 - The Village hasn't recognized Homewood Disposal expenditures or bond proceeds for the month of February because the payments the Village has been making through billing has created a credit balance for the month of February. We do anticipate that by the end of the fiscal year all of the proceeds will be used.
 - Due to the Village cost cutting and fiscal restraint the Village's General Fund has expended \$1.5 million less compared to the prior year.
 - The majority of the Village's General Fund departments have expended 83% or less of their budgeted amounts, which is consistent with 10 months of expenditures.
 - The Water Fund operating expense have decreased by \$80 thousand.
 - The Melanie Fitness Center has expended 91% of its budget. A large portion of the expended budget is for utilities and professional services related to equipment repairs and maintenance services.
- Other Considerations
 - One of the "Other Financing Uses" in the General Fund is the write-off of the amount that the Village transferred from the General Fund to fund the December 2020 bond payment. In FY20, the General Fund had to fund \$440 thousand of the payment compared to a \$554 thousand funding need for FY21, a 26% increase.
 - If we anticipate similar collections for the December 2021 bond payment the General Fund will need to fund \$539 thousand of the bond payment.
 - The General Fund has decreased the amount owed to the Water Fund and some Special Revenue Funds. The Village has repaid \$840 thousand of its interfund borrowing from prior years.
 - The Melanie Fitness Center fund has increased the amount that it owes to the General Fund by over \$120 thousand.
 - The Water Fund last year ended the month with operating income of \$917 thousand compared to the current year income of \$412 thousand, a \$505 thousand decrease. The majority of the loss of operating income is due to lost revenue of \$585 thousand, compared to the decrease of expenses of \$80 thousand.
 - Overall receivables for utility billing have increased by \$84 in conjunction with a \$606 thousand decrease in utility billing revenue, which means the Village is both billing and collecting less on its utility services.
 - At the end of this fiscal year all the Village's union contracts will have expired, meaning the Village will start the process of contract negotiation. The Village will need to be cognizant of the various requests of the union and plan how to fund those contract agreements.
 - Due to an aging fleet and infrastructure, the Village will need to start planning for replacement of various vehicles and upgrading of its infrastructure.
 - In October, the Village implemented union raises for three of its contracts. The only union in which the employees are still owed monies is for the contract that was a multiple year calculation.
 - Due to the unpredictability of cash flow and the possible resurgence of the virus, the Village needs to maximize collection of its outstanding revenues and minimize as many expenditures/expenses as possible to ensure the Village will have reserves to operate effectively.