

To: Village of Dolton-Finance Committee
From: Cristiano Miroballi, John Kasperek Co., Inc.
Date: February 19, 2021
Subject: January Financial Report Notes

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

- Revenues
 - The Village real estate taxes to fund general operations is \$500 thousand below prior year monies.
 - The Village operates November through January from the surpluses created from August through October. With the Village losing over \$500 thousand of its general operating revenue that will place a significant burden on Village operations.
 - The real estate taxes collections for the City of Chicago levy were \$96 thousand below prior year, meaning that 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. There was a \$3 thousand improvement compared to last month.
 - Sales, use, and income tax revenues are \$362 thousand above prior year. The Village has received 90% of its budgeted state income tax revenue, which is \$40 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 \$47 thousand below prior year. Considering the video gaming closures from earlier within the fiscal year the Village has received over 60% of its budgeted amount for video gaming.
 - The next few months the financials compared to the prior year will start reflecting the losses of revenue the Village experience due to the COVID-19 pandemic.
 - The Village water revenue is \$605 thousand below prior year, the majority relating to decreased consumption due to business closures.
- Expenditures
 - The Police Department salaries management has used 84% of its budgeted amount as of January, a \$302 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 \$165 thousand below prior year.
 - The overall costs for the Police Department when deducting pension and capital outlay has decreased by \$206 thousand compared to prior year, largely due to overall salaries costs for payroll decreasing by \$287 thousand.
 - Overtime for the Fire Department is \$95 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.
 - Overall maintenance costs for vehicles, equipment and buildings for the Fire Department are \$32 thousand below prior year.
 - The Public Works Department overall maintenance costs for vehicles, streets, equipment, etc. are \$64 thousand below prior year.

- Expenditures (Continued)
 - The Village has spent 91% of its budgeted amount for lawn care. The Village did reduce the expenditures by \$118 thousand with Public Works performing some of the grass cutting during the spring/summer season.
 - 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 75% or less of their budgeted amounts, which is consistent with 9 months of expenditures.
 - The Water Fund has expended over \$103 thousand more compared to the prior year to perform repairs on the utility system infrastructure, buildings, vehicles, and equipment.
 - The Water Fund operating expense have decreased by \$38 thousand.
 - The Melanie Fitness Center has expended 81% 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
 - The Village has exhausted \$1.3 million of its \$1.4 million Homewood Disposal bond proceeds, meaning the Village has one month of proceeds remaining. The Village has been proactive in sending vendor payments to Homewood Disposal in the last 3 months to avoid exhausting its entire bond proceeds prior to April 30th.
 - The General Fund has decreased the amount owed to the Water Fund and some Special Revenue Funds. The Village has repaid \$761 thousand of its interfund borrowing from prior years.
 - The Water Fund last year ended the month with operating income of \$923 thousand compared to the current year income of \$355 thousand. The Village lost \$605 thousand in revenues with a \$38 thousand decrease in expenses.
 - The Water Fund for the month of January operated at a small surplus of \$37 thousand. Unlike the General Fund in which revenues are recorded when the Village receives the cash the Water Fund revenues are recorded when billed. The Water Fund operating surplus means that the Village billed customers more than the expense to provide the service. When combining with the December deficit the Village has a \$125 thousand deficit.
 - 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.