

To: Village of Dolton-Finance Committee
From: Cristiano Miroballi, John Kasperek Co., Inc.
Date: May 21, 2021
Subject: April Financial Report Notes

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

- Revenues
 - The County is distributing real estate taxes from the 1st installment. The Village received over \$200 thousand in real estate taxes to fund general operations. The Village is \$938 thousand below prior year in general operating real estate collections.
 - The real estate taxes collections for the City of Chicago levy were \$186 thousand below prior year with receiving \$93 thousand in April. 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.
 - The Village has lost \$1.1 million in real estate collections.
 - Sales, use, and income tax revenues are \$626 thousand above prior year. Part of the reason for the increase is because the prior year reflects the accruals for March and April that were received in May 2020 and June 2020.
 - 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 \$6,500 below prior year.
 - The Village has recognized \$1.4 million in red light service fee revenues a 357% increase compared to the prior year. With every red-light ticket, the Village has an offset that is deducted directly from the amount the Village receives. The fees the Village paid for the service increased by \$223 thousand.
 - Red light revenue net of expenditures increased by \$568 thousand. Part of the prior year lost revenue was due to the reimbursement required for the agreement with SafeSpeed.
 - Overall General Fund revenues are above prior year by \$660 thousand, due to grant revenue received from the County for COVID of \$759 thousand. If the Village hadn't received those grant monies it would be \$99 thousand below prior year in revenue.
 - The Village water utility revenue is \$150 thousand below prior year, which is a \$217 thousand improvement compared to last month in which it was \$367 thousand less.
 - Also, part of the reason the difference in water revenue is due the accruals included with April 2020.
- Expenditures
 - The back pay that was owed to the Lieutenants and Sergeants was processed in April. The contract settlement was for 3.5 years of back pay which equated to \$200 thousand for Lieutenants and Sergeants. In FY20, the Village recognized \$160 thousand payable of those expenditures.
 - The Police Department overall payroll is \$503 thousand below prior year, when excluding the back pay recognized in FY20.

- Expenditures (Continued)
 - The Police Department salary line is \$496 thousand below prior year because of losing 6 officers with an average length of service of 14 years replaced with 4 new officers at lower rates.
 - Overtime for the Fire Department is \$143 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.
 - Liability insurance for the General Fund, Water Fund, and Sewer Fund experienced a \$101 thousand, \$73 thousand, and \$28 thousand, respectively change compared to the prior month. This was due to the allocation of General Liability coverage for Public Works and the Water Department to the Water and Sewer Fund, which is adjusted semi-annually.
 - The Public Works tree maintenance line is reflecting a \$10,325 amount expended. This doesn't reflect the amounts that are still owed to the vendor.
 - Due to the Village cost cutting and fiscal restraint the Village's General Fund has expended \$2.1 million less compared to the prior year, with excluding \$2.6 million in pension contributions.
 - All the Village's General Fund departments have stayed within their budgeted amounts.
 - The Water Fund operating expense have decreased by \$299 thousand.
 - In June 2020, City of Chicago implemented a 2.45% water rate increase. With the accrual of \$280 thousand for April services, the Village has purchased \$13 thousand less of water from the City of Chicago due in part to less consumption.
 - The Melanie Fitness Center has exceeded its budget by \$7 thousand. A large portion of the expended budget is for utilities and professional services related to equipment repairs and maintenance services.
- Other Considerations
 - The Village before inclusion of accruals has ended the fiscal year with a \$3.9 million surplus before Other Financing Sources and Uses. The overall change in fund balance is a \$2.2 million increase.
 - 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 \$441 thousand of the payment compared to a \$554 thousand funding need for FY21, a 26% increase.
 - We are anticipating that the Village will need to fund \$539 thousand of the December 2021 bond payment and have started allocating a portion of each real estate taxes distribution to fund the bond payment.
 - The General Fund has decreased the amount owed to the Water Fund and some Special Revenue Funds. The Village has repaid \$943 thousand of its interfund borrowing from prior years. If the General Fund continues its progress, it may repay the entire amount owed to the Water Fund within 2 years.
 - Overall receivables for utility billing have increased by \$207 in conjunction with a \$186 thousand decrease in utility billing revenue, which means the Village is both billing and collecting less on its utility services.
 - All of the Village's union contracts 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 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.