

To: Village of Dolton-Finance Committee
From: Cristiano Miroballi, John Kasperek Co., Inc.
Date: January 22, 2022
Subject: December Financial Report Notes

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

- Revenues
 - With the second installment of real estate taxes received in previous months, the Village won't be seeing another large distribution until February/March.
 - This will place a cash flow burden on Village operations because it will be relying on the monies received from state revenues, utility collections, and other revenues received in the payment center.
 - The Village has received less than half of its estimated general property tax revenue. In the prior year the Village had received \$3.2 million in property tax revenue between January 2021 and April 2021, meaning that the Village should receive by the end of the fiscal year all of its estimated property tax revenue.
 - Sales, use, and income tax revenues are \$779 thousand above prior year, which is a 19% increase.
 - The Village had a 34% and 23% increase in home rule sales tax and state income tax revenues which equates \$208,423.10 and \$390,875.44, respectively.
 - The largest percent tax increase was cannabis revenue with a 135% increase or \$12,990.35.
 - Overall taxes revenue is \$1.1 million above prior year, \$5.9 million in FY21 compared to \$7.0 million in FY22.
 - The Village licenses revenue is \$60 thousand below prior year. The largest decreases are the other licenses, liquor, and inspection fees accounts.
 - The other licenses decreased is offset by a greater increase in business licenses, meaning that in the prior year business licenses were being incorrectly charged to other licenses.
 - Permit revenue is \$70 thousand above prior year, which is a 31% increase.
 - Red light revenue is \$374 thousand above prior year.
 - Overall General Fund revenues are above prior year by \$1.3 million.
 - The Village hasn't recorded any utility billing for the month of December, which is partially why utility charges are \$30 thousand below prior year for the General Fund, \$161 thousand for the Water Fund, and \$16 thousand for the Sewer Fund.
 - The December's billing hasn't been posted to the general ledger because the posting program hasn't been run. The Village has mailed the bills to customers and started collecting.
 - Based upon review of budgeted utility revenues and actual amounts, we estimate the Village will be below budgeted revenues for utility revenues at year end.
 - Governmental revenues do not have a consistent 12-month distribution, meaning the Village will not collect 1/12 of budgeted revenues every month.

- Expenditures
 - As discussed in November's financial statement notes, when the Village converted accounting software a duplicate AP bill run was posted. We have identified and reverse the expenditure/expense side of that duplicate posting which is why many of the various expenditure/expense account lines are showing negative amounts for December activity.
 - Police Department salaries are \$398 thousand above prior year, which is largely due to overtime increase of \$318 thousand.
 - The Police Department has exceeded its budgeted amount for overtime but has expended less than 67% of its budgeted amount for salaries and salaries management.
 - Fire Department overall salaries have increased by \$89 thousand.
 - Overtime has increased by \$168 thousand compared to the prior year. The Fire Department has exceeded its overtime budget. Salaries has seen a \$98 thousand decrease compared to the prior year.
 - The Fire Department did purchase almost \$50 thousand in fire safety gear that was funded through prior year Cares Act monies.
 - Public Works salaries is \$107 thousand above prior year.
 - Public Works has recognized the payout of two senior members retirements benefits and settlement of the arbitration award which totals about \$91 thousand.
 - In the prior year union raises due May 1st were deferred and employees weren't made whole until December 2020.
 - Overall General Fund expenditures have increased by \$1.1 million compared to the prior year, but the General Fund is below the 67% threshold for 8 months of services.
 - The Water Fund operating expense have increased by \$171 thousand.
 - The Sewer Fund operating expense have increased by \$100 thousand, due largely to salaries and benefits and a \$41,000 vehicle purchase.
 - The Village has expended \$62,115 of the American Rescue Plan monies and has transferred those monies out of the ARPA bank account and into the General Account in January.
- Other Considerations
 - The General Fund operated at a \$189 thousand deficit for the month of December which is a \$409 thousand improvement compared to November.
 - The General Fund ended the period with a \$925 thousand surplus before any other financing sources and uses compared to the prior year surplus of \$792 thousand.
 - The Water Fund operated from a billing standpoint for the month of December at a \$10 thousand surplus.
 - We have not updated the utility aged trial balance report because we are working to create the historical time segment information because with the conversion all amounts were posted as of date of conversion meaning that all balances would be reflected as less than 60 days outstanding, which would be misleading information.
 - 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 economic uncertainty relating to the COVID-19 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.