

To: Village of Dolton-Finance Committee
From: Cristiano Miroballi, John Kasperek Co., Inc.
Date: April 23, 2021
Subject: March Financial Report Notes

After reviewing March'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 \$2 million in real estate taxes to fund general operations and is over \$1.0 million below prior year monies.
 - The real estate taxes collections for the City of Chicago levy were \$248 thousand below prior year with receiving \$429 thousand in March. 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 \$523 thousand above 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 \$85 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.
 - The month of March starts to reflect the losses of revenue the Village experienced due to the COVID-19 pandemic.
 - The Village has recognized \$1.3 million in red light service fee revenues a 146% increase compared to the prior year. 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 \$231 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 \$528 thousand below prior year in revenue.
 - The Village water revenue is \$416 thousand below prior year, which is a \$169 thousand improvement compared to last month in which it was \$585 thousand less.
 - Water revenue is \$1.0 million below budgeted for various reasons relating to less consumption due to the pandemic, deferred rate increases, and greater flexibility in assessing penalties.
- Expenditures
 - The Police Department overall payroll is \$252 thousand below prior year. Due to the unbudgeted salary increases for lieutenants and sergeants of 5% the salaries management line is \$375 thousand above prior year.
 - The Police Department regular salary line is \$432 thousand below prior year. Part of the reason for the decrease in March is because the Police Department lost 6 officers with an average length of service of 14 years and replaced those with 4 new officers at lower salaries.
 - The overall costs for the Police Department when deducting pension has decreased by \$555 thousand compared to prior year, largely due to overall salaries costs for payroll and capital outlay decreasing by \$252 and \$229 thousand, respectively.

- Expenditures (Continued)
 - Overtime for the Fire Department is \$109 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.
 - The Village has exceeded is budgeted amount for Board Ups by \$3 thousand. We anticipate the account will be over budget by \$10 thousand, assuming no unexpected increase.
 - The Village has utilized the remaining portion of its Homewood Disposal bond proceeds to satisfy March charges. The Village will need to fund April charges with Village monies.
 - Due to the Village cost cutting and fiscal restraint the Village's General Fund has expended \$1.6 million less compared to the prior year, with excluding \$2.5 million in pension contributions.
 - All the Village's General Fund departments have expended 92% or less of their budgeted amounts, which is consistent with 11 months of expenditures.
 - The Water Fund operating expense have decreased by \$132 thousand.
 - In June 2020, City of Chicago implemented a 2.45% water rate increase. The Village has purchased \$24 thousand less of water from the City of Chicago due in part to less consumption.
 - The Melanie Fitness Center has exceeded its budget by less than a thousand dollars. 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.
 - 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 \$1.1 million 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.
 - The Water Fund last year ended the month with an operating loss of \$64 thousand compared to a year-to-date operating income of \$349 thousand.
 - Overall receivables for utility billing have increased by \$300 in conjunction with a \$429 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 of 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.
 - In October, the Village implemented union raises for the lieutenants and sergeant's contract. The Village has paid over \$200 thousand in back pay owed to employees for the settlement of the contracts. Over \$150 thousand of the expenditure was recognized in the FY20 audit. The cash flow for the payment was recognized in the month of April.
 - 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.