

To: Village of Dolton-Finance Committee
From: Cristiano Miroballi, John Kasperek Co., Inc.
Date: December 26, 2021
Subject: November Financial Report Notes

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

- Revenues
 - The Village has received the majority of its second installment of real estate taxes, any subsequent distributions will be small and sporadic.
 - The Village has received \$435 thousand more than last year of real estate taxes to fund general operations.
 - The Village has received \$108 thousand more than last year for the City of Chicago levy.
 - The Village is received \$175 thousand less in property taxes for debt service compared to the prior year, which is why the Village had to fund an additional \$115 thousand compared to budgeted amount.
 - Sales, use, and income tax revenues are \$746 thousand above prior year.
 - Overall taxes revenue is \$1.2 million above prior year, \$5.4 million in FY21 compared to \$6.6 million in FY22.
 - Permit revenue is \$59 thousand higher compared to prior year.
 - Red light revenue is almost \$400 thousand above prior year.
 - Overall General Fund revenues are above prior year by \$2.0 million, which is a \$100 thousand increase compared to last month's financial report.
 - The Village hasn't recorded any utility billing for the month of November, which is partially why utility charges are \$158 thousand below prior year for the General Fund, \$412 thousand for the Water Fund, and \$71 thousand for the Sewer Fund.
 - Governmental revenues do not have a consistent 12-month distribution, meaning the Village will not collect 1/12 of budgeted revenues every month.
 - The Village had received in October and November sufficient monies in real estate taxes for Homewood Disposal which allowed it to make a principal and interest payment of \$500,000 and \$1,111.11, respectively before the December 1st payment.
- Expenditures
 - When the Village converted from Locis to Caselle, the software company imported through journal entry the history of AP transactions for September 2021(October 4, 2021 Warrant List). Due to an error in processing that data was reposted, meaning the expenditures/expenses are being duplicated reported. We are working with the software company to reverse that posting so that the expenditures/expense is properly reflected.
 - The total of expenditures/expenses being overreported is approximately \$953,496.
 - Police Department salaries are \$325 thousand above prior year, which is largely due to overtime increase of \$275 thousand.
 - The Police Department has exceeded is budgeted amount for overtime but has expended less than 58% of its budgeted amount for salaries and salaries management.

- Expenditures (continued)
 - Fire Department overall salaries have increased by \$37 thousand.
 - Overtime has increased by \$151 thousand compared to the prior year, which is over 90% of its budgeted amount. We anticipate a small reduction in overtime after the promotions of engineers and lieutenants
 - Public Works salaries is \$81 thousand above prior year. Due to the retirements of two senior members the Village was able to payout retirement benefits in excess of \$80 thousand and hire additional staff with only a \$81 thousand increase in salary.
 - In the prior year union raises due May 1st where deferred and employees weren't made whole until December 2020.
 - Public Works overtime has doubled compared to the prior year, but the Village is below the 58% of budgeted amount.
 - Overall General Fund expenditures have increased by \$1.5 million compared to prior year, but the General Fund is below the 58% threshold for 6 months of services compared to budgeted expenditures.
 - The Water Fund operating expense have increased by \$226 thousand.
 - The Water Fund has reflected the annual payment to City of Chicago of \$1,153,022.17 which is \$723,420.38 in principal and \$429,601.79 in interest.
 - The Sewer Fund operating expense have increased by \$83 thousand, due largely to salaries and benefits and a \$41,000 vehicle purchase.
 - The Village has reported \$6,500 in American Rescue Plan revenue and expenditures, we will be transferring those monies out of the ARPA bank account and into the General Account to cover the \$6,500 payment.
- Other Considerations
 - The General Fund operated at a \$598 deficit for the month of November which is a \$2.3 million decrease compared to October.
 - The General Fund ended the period with a \$1.1 million surplus before any other financing sources and uses compared to the prior year surplus of \$613 thousand.
 - The Water Fund operated from a billing standpoint for the month of November at a \$420 thousand deficit.
 - The current cash balance within the escrowed accounts for each bond wasn't sufficient to cover the December 1st bond payment requiring the General Fund to fund the difference.
 - 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.