

To: Village of Dolton-Finance Committee
From: Cristiano Miroballi, John Kasperek Co., Inc.
Date: October 24, 2021
Subject: September Financial Report Notes

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

- Revenues
 - The Village has started receiving its 2nd installment of real estate taxes.
 - The larger distributions will be reflected in October's financial statements.
 - The Village is \$2.1 million below prior year in property tax collections, of which \$768 thousand and \$159 thousand are for general operations and the City of Chicago liability, respectively.
 - Overall taxes revenue is less than \$300 thousand below prior year, \$3.6 million in FY21 compared to \$3.3 million in FY22.
 - Sales, use, and income tax revenues are \$628 thousand above prior year.
 - Video gaming revenue is rebounding to pre-COVID levels.
 - The Village licenses and permits revenues are \$22 thousand below prior year when excluding vehicle licenses and cable franchise fees.
 - The recent census reported a decrease in Village population, which will affect the allocation of population-based state revenues.
 - Vehicle license revenue has increase by \$14 thousand compared to the prior year.
 - Red light revenue has more than doubled compared to the prior year.
 - Overall fines and forfeiture revenues are \$432 thousand higher compared to the prior year, decreasing any potential revenue shortfall.
 - Overall General Fund revenues are above prior year by \$589 thousand, which is a \$19 thousand increase compared to last month's financial report.
 - 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 water utility revenue is \$89 thousand above prior year, which is a \$371 thousand decrease compared to last month.
 - The Village has collected less than 33% of its budgeted amount of real estate taxes for debt service.
 - The Village has received over \$750 thousand in real estate taxes for Homewood Disposal, the Village can make an early payment to Homewood Disposal on the principal outstanding debt decreasing the interest paid on the bond.
- Expenditures
 - Police Department salaries are \$48 thousand below prior year, which is part of the reason why overtime is \$70 thousand above prior year.
 - Overall Police Department salaries are \$173 thousand above prior year.
 - Fire Department overall salaries have decreased by \$19 thousand.
 - Overtime has increased by \$114 thousand compared to the prior year, which is over 70% of its budgeted amount. We anticipate a reduction in overtime after the promotions of engineers and lieutenants The large portion of overtime is due to minimum staffing requirements for senior positions per union contract.

- Expenditures (continued)
 - Public Works salaries is \$72 thousand above prior year. In June and September 2021, the Village had retirement benefits payout in excess of \$80 thousand, meaning that even though there was a reduction of employees a large portion of budgeted salary has been expend.
 - 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 42% of budgeted amount.
 - Overall General Fund expenditures have increased by \$695 thousand.
 - The Village has purchased less than 2,000 more gallons from the City of Chicago compared to last year and paid \$41 thousand more.
 - The Water Fund operating expense have increased by \$100 thousand.
 - The Sewer Fund operating expense have increased by \$55 thousand, due largely to salaries and benefits and a \$41,000 vehicle purchase.
- Other Considerations
 - The General Fund operated at a \$64 thousand deficit for the month of September which is a \$390 thousand improvement compared to August.
 - The General Fund ended the period with a \$46 thousand surplus before any other financing sources and uses compared to the prior year surplus of \$152 thousand.
 - The Water Fund operated from a billing standpoint for the month of September at a \$34 thousand deficit.
 - The Water Fund for September has operated at a cash surplus of \$30 thousand, meaning that expenses paid were less than collections.
 - The Village has reported a new special revenue fund to reflect the receipt of the American Rescue monies of \$1,519,040.60. The Village won't reflect any revenue from those monies until the Village has incurred qualified expense.
 - With the distribution of real estate taxes, the Village's cash management position has improved.
 - Based upon current cash, the Village is projected to fully fund the December debt obligations by expending the majority of Water Fund, Debt Service Funds, and General Fund reserve cash accounts.
 - We do anticipate having a larger overfunding amount compared to the financial statements because of distributions in October.
 - The Village on average has a cash outflow of over \$2 million consisting of \$300 thousand for City of Chicago, \$370 thousand per payroll, and \$1 million in vendor payments.
 - The utility aged trial balance report is based upon Locis report balance at time of conversion which doesn't reflect the majority of activity for the month of October.
 - 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.