To: Village of Dolton-Finance Committee
From: Cristiano Miroballi, John Kasperek Co., Inc.
Date: August 22, 2021
Subject: July Financial Report Notes

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

- Revenues
    - The Village didn't receive any real estate taxes in July for its operating levies. Due to Cook County's delay in issuing the second installment of property tax bills Village cash flow has been reliant on payment center collections and state distributed revenues.
    - Also, the delay of property tax bills will have a Debt Service funding effect placing additional fiscal needs on the General Fund.
    - The Village is $1.3 million below prior year in property taxes collections.
    - Sales, use, and income tax revenues are $674 thousand above prior year.
    - The Village has not seen a reduction in its share of state income tax, but it is still a possibility. The Village has received $430 thousand more than the prior year.
    - The Village has collected 72% of its $354,000 budgeted vehicle licenses line, a $18 thousand increase compared to the prior year.
    - Overall General Fund revenues are above prior year by $1.9 million. The Village has received a little less than 25% of its budgeted revenue for 3 months of operation.
    - The Village water utility revenue is $293 thousand above prior year.
    - The Village will need to monitor water and sewer revenues because both revenues are below the 25% mark for 3 months of activity.
    - The Village will recognize an increase in nonresidential water and sewer revenues and residential refuse revenue with August's billing.
- Expenditures
    - The Village recognized $234,347 in worker's compensation in July because in the prior month it was incorrectly charged to FY21 instead of the current year.
    - Police Department salaries are $58 thousand below prior year with a $39 thousand increase in overtime.
    - The hiring of additional officers should reduce the overtime and overall police payroll because the new hires will be at lower rates compared to retired officers.
    - Police turnover can be relatively high, the Village has lost 2 officers in the last 3 months.
    - The salaries management line is $96 thousand more than the prior year, due in part for the union raises that were reflected in October 2020 and the additional salary for Deputy Chief.
    - Overall Police Department salaries for all items is $81,000 higher compared to the prior year.
    - Fire Department salaries have decreased by $201 thousand; over $50 thousand of the difference is the payout of benefits for a retiring firefighter in the prior year.

- Expenditures (continued)
  - Overtime has increased by $110 thousand compared to the prior year, which is almost half of its budgeted amount. We don't anticipate any reduction in overtime due to minimum staffing requirements for senior positions per union contract.
  - Public Works salaries is $40 thousand above prior year. In June 2021, the Village had retirement benefits payout in excess of $50 thousand.
  - In the prior year union raises due May 1st where deferred and employees weren't made whole until December 2020.
  - The Village has only reported the costs for two months of Homewood Disposal services compared to the prior year 3 months. Also, the Village will be recognizing a 3% increase in billing for Homewood Disposal.
  - Overall General Fund expenditures have increased by $368 thousand.
  - Besides the Village Clerk and Property Preservation Engineer Department, all departments have expended 25% or less than budgeted amount which is consistent with 3 months of activity.
  - The Water Fund salaries have increased by over $54 thousand compared to the prior year, part of which relates to the additional staffing added to improve operations.
  - The Village has paid City of Chicago $81 thousand less than the prior year due to a reduction in consumption.
  - The City of Chicago has implemented a 1.10% rate increase on all water purchased. The Village absorbed the majority of the rate increase because per ordinance only non-residential accounts are passed any increase from the City of Chicago.
  - The Water Fund operating expense have increased by $47 thousand.
  - The Sewer Fund operating expense have increased by $46 thousand, due largely to salaries and benefits.
  - The Village made its final contract payment of $350,000 for the TIF #2 Sibley Woodlawn.
- Other Considerations
  - The General Fund current month activity was a little less than $500 million deficit.
  - The General Fund ended the period with a $567 thousand surplus before any other financing sources and uses compared to the prior year deficit of $980 thousand.
  - The Water Fund current month activity created an $81 thousand deficit.
  - Water revenues are recorded when billed, not received meaning the Village has billed $2.2 million, but it has not received all those monies.
  - The General Fund has partially repaid the interfund balance between the Water Fund and General Fund and TIF #3 Indulux Fund and the General Fund by $916 thousand and $88 thousand, respectively. The General Fund may repay the entire amount owed to the Water Fund and TIF #3 Indulux Fund within the next 2 years.
  - TIF #2 Sibley Woodlawn owes the General Fund over $650 thousand based upon prior year interfund borrowing, meaning any property taxes received by the TIF are monies that can be used to repay the General Fund.
  - Overall receivables for utility billing have increased by $783 thousand with a $525 thousand increase in utility billing revenue.
  - 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.