



Village of Oak Park, IL
Finance Department

**Unaudited Quarterly
Financial and Performance
Report
March 31, 2020**

Completed in April 2020

QUARTERLY REPORT RATING LEGEND

No significant concerns. Revenues should meet or exceed budget while expenditures fall at or below budget.



Minor (immaterial) variations to budget can be expected.



Major (material) variations are expected. Revenue will either come in well below budget or expenditures will far exceed budget.



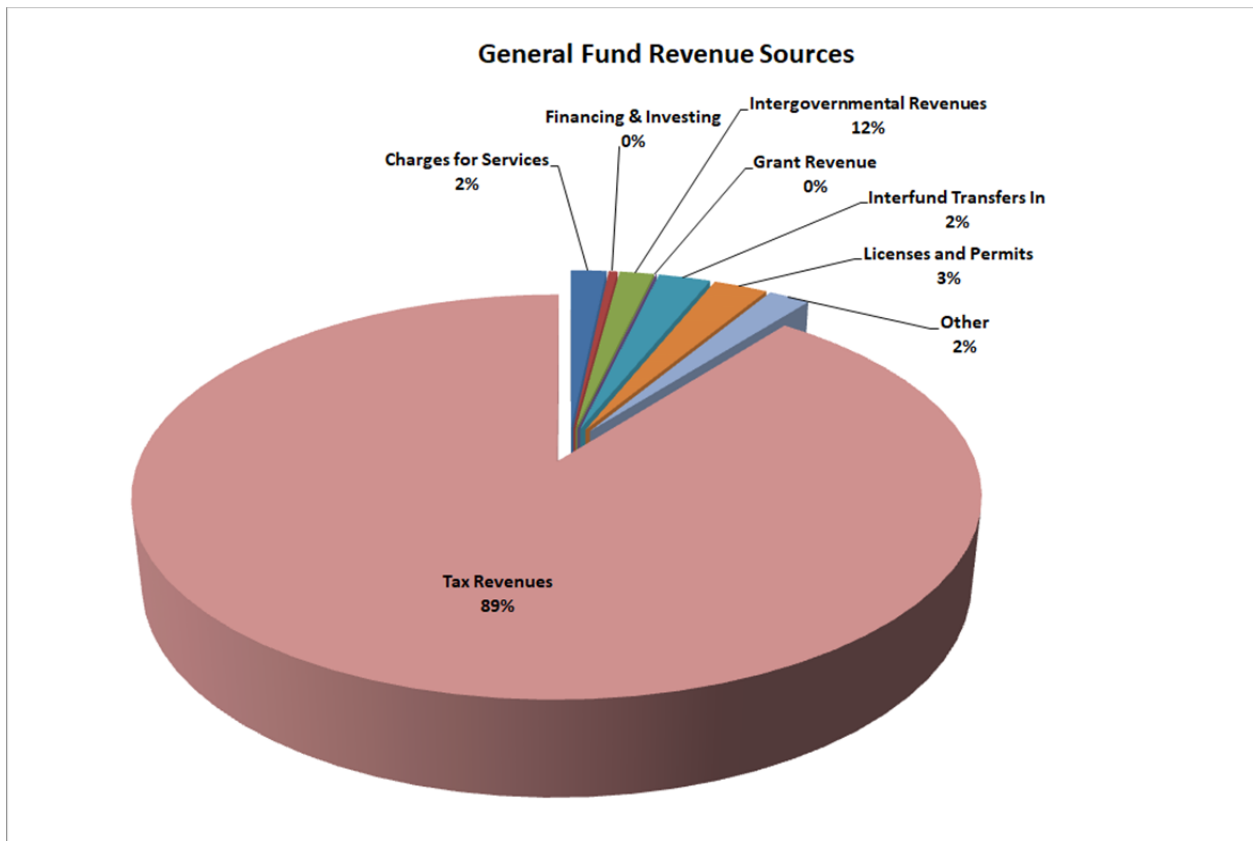
Undetermined (typically used in 1st and 2nd quarters)



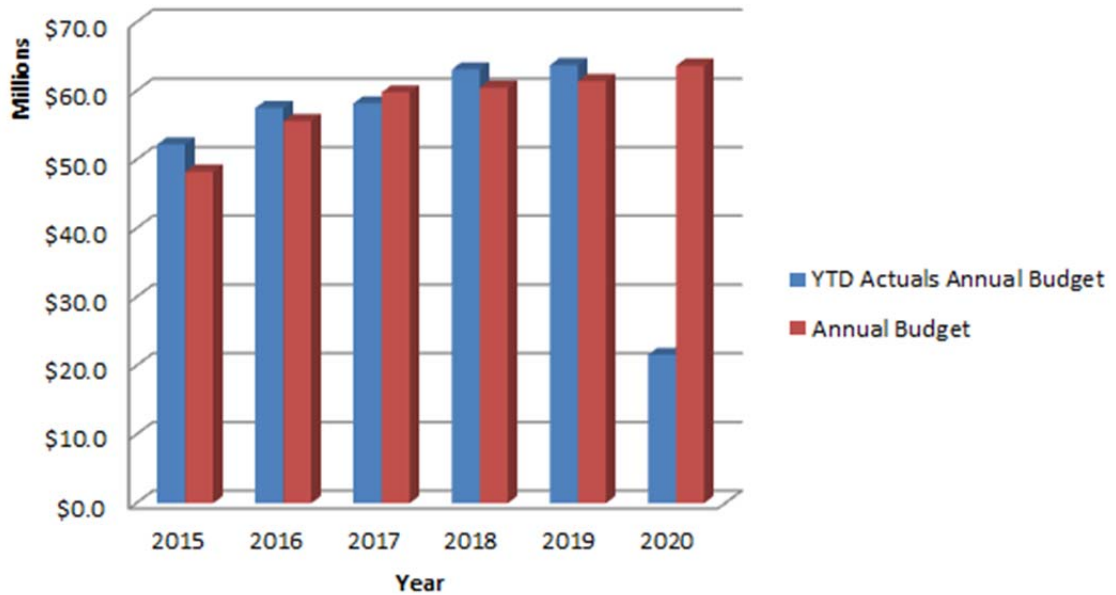
General Fund Revenue Analysis

Brief Description: General Fund Revenues are the taxes, fees, and charges that the Village assesses to provide the majority of services to its citizens. General Fund Revenues are managed within the Village's General Fund, and are comprised the following revenue streams:

- Tax revenues (e.g.- property taxes)
- Licenses and permits (e.g.- business licenses)
- Intergovernmental revenues (e.g.- state shared income taxes)
- Charges for services (e.g.- police reports)
- Fines (e.g.- parking tickets)
- Other financing sources (transfer of resources from other funds)



General Fund Budget-to-Actual Revenue Analysis: 2015 - 2020



General Fund Revenues by Category

<u>Description</u>	<u>3/31/20</u>		<u>Remaining</u>
	<u>YTD Actuals</u>	<u>Annual Budget</u>	<u>Goal</u>
Charges for Services	356,694	2,238,400	1,881,706
Financing & Investing	89,784	602,500	512,716
Fines	342,180	2,590,000	2,247,820
Grant Revenue	10,209	21,250	11,041
Interfund Transfers In	520,000	2,080,000	1,560,000
Licenses and Permits	542,293	2,114,073	1,571,780
Other	414,633	1,012,000	597,367
Tax Revenues	19,309,622	53,024,743	33,715,121
	<u>21,585,415</u>	<u>63,682,966</u>	<u>42,097,551</u>

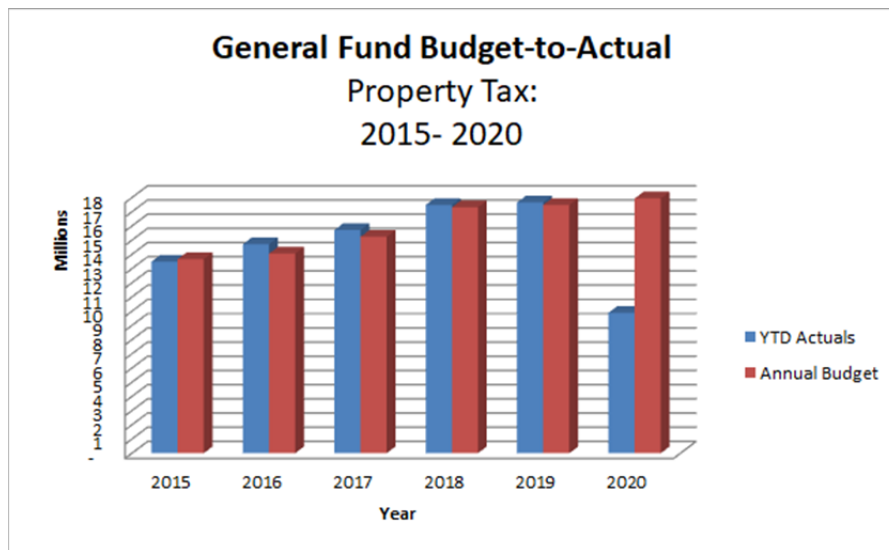
Property Tax Revenues

Brief Description: Property tax revenues are proceeds that the Village levies or assesses on real estate. Each year, the Village Board adopts an exact amount for the County to assess on real estate and this levy is used for general operations, debt service payments, and contributions into the police and fire pension funds. In order to account for unpaid property taxes, the County further increases the Village levy by an additional 3% (slightly more for the debt service levy) to account for any potential loss in collections and/or large appeals. In typical years, the Village collects between 98-100% of the amount levied.

Property Tax Revenue Drivers: The following are the drivers that impact property taxes:

- Equalized Assessed Valuation (EAV)
- Local tax rates
- Timing of the assessment and collections process

Comments: As illustrated below, property tax revenue usually comes in at the amount budgeted. Some years there may be a variance of approximately 1% due to appeals but if the appeal is ultimately rejected, the Village would receive that revenue subsequent to the appeals decision. Please note, the bar chart below reflects only the general operating levy. Detail on the other Village levies is in the table below. The first installment every year is an estimate calculated as 55% of the previous year's levy.



	FY20 Budget	YTD Actual
<u>GF Levy Allocation</u>		
General Operating Levy	17,938,940	9,892,812
Police Pension Levy	6,338,241	3,523,000
Fire Pension Levy	5,438,948	2,925,515

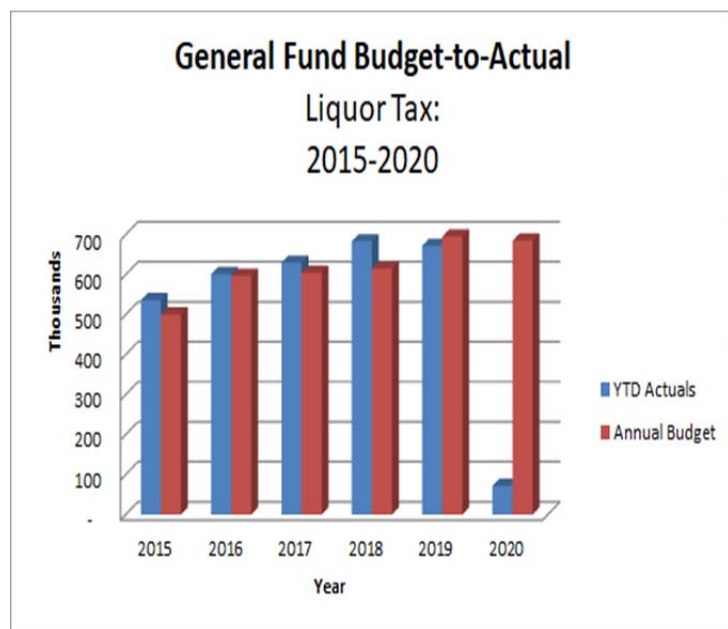
Liquor Tax Revenues

Brief Description: Liquor Tax Revenues are the revenues that the Village collects from vendors who sell liquor within the Village. The current liquor tax rate is 3% of the liquor purchase price and is a pass thru to the customer.

Liquor Tax Revenue Drivers: The following are the drivers that impact liquor taxes:

- Number of liquor-selling establishments within the Village
- Customer volume
- Price of liquor at retail

Comments: Liquor tax is remitted to the Village for the liability period of the prior month and is therefore reported in arrears by one month throughout the course of the fiscal year. It is expected that this revenue will come in significantly under budget due to COVID-19.



<u>Month</u>	<u>Annual Budget</u>	<u>YTD Revenue</u>
January		30,625
February		41,191
March		-
April		-
May		-
June		-
July		-
August		-
September		-
October		-
November		-
December		-
Total	<u>685,000</u>	<u>71,816</u>

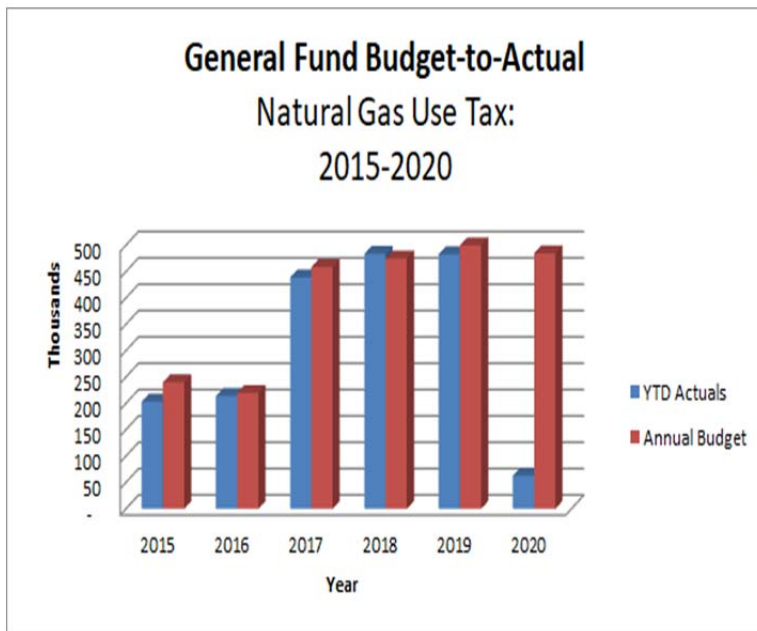
Natural Gas Use Tax Revenues

Brief Description: The natural gas use tax is a tax that the Village charges to users based upon the purchase of natural gas from out-of-State suppliers. This should not be confused with the natural gas tax which is a percent rather than a fixed dollar amount charged on the purchase of natural gas from in-State suppliers.

Natural Gas Use Tax Revenue Drivers: The following are the drivers that impact natural gas use taxes:

- Number of therms consumed
- Weather conditions

Comments: Natural gas use tax is remitted to the Village for the liability period of the prior month and is therefore reported in arrears by one month throughout the course of the fiscal year. It is too early in the year to determine how this annualized projected revenue may compare to budget.



<u>Month</u>	<u>Annual Budget</u>	<u>YTD Revenue</u>
January		63,143
February		-
March		-
April		-
May		-
June		-
July		-
August		-
September		-
October		-
November		-
December		-
Total	<u>485,000</u>	<u>63,143</u>

Sales and Use Tax Revenues

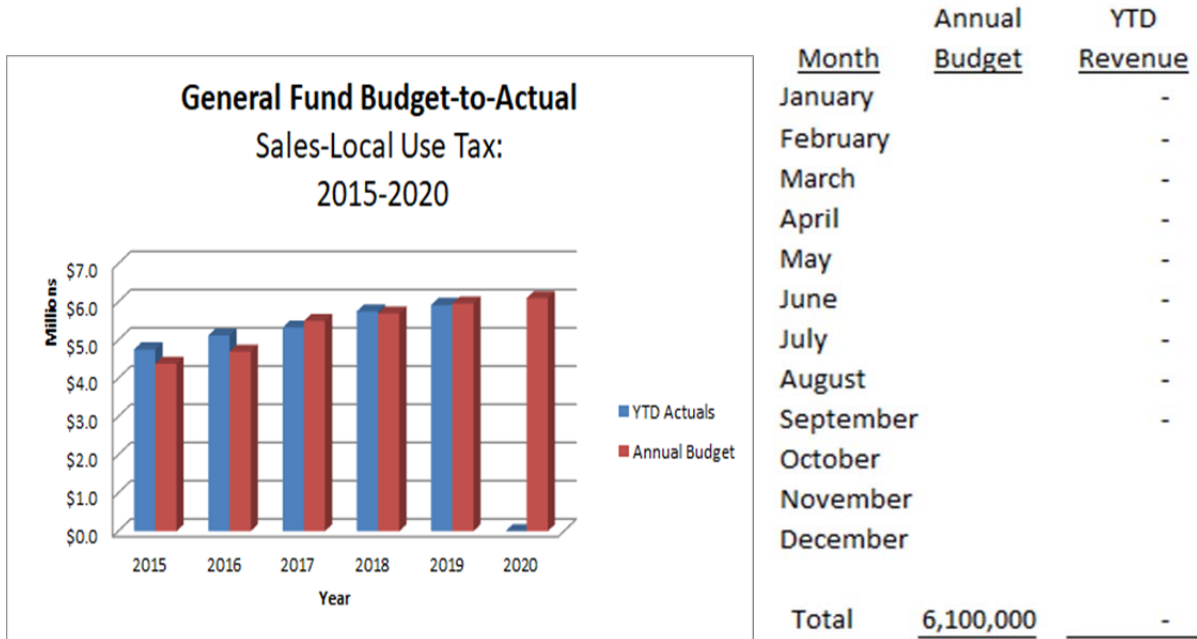
Brief Description: In Illinois, there is a base 6.25 % sales tax on general merchandise. It is administered and collected by the Illinois Department of Revenue. One percent (1%) of this Sales Tax is distributed to the municipality where the sale occurred. This tax, formally referred to as the Retailer’s Occupation Tax (ROT) is captured in the Village’s General Fund and is used for basic Village operations.

The Village also imposes a 1% Home Rule Occupation Tax (HROT). While approved locally, this tax is still administered and collected at the state level. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

Sales and Use Tax Revenue Drivers: The following are the drivers that impact Sales and Use Tax revenue performance:

- Retail sales
- Retail establishments

Comments: Sales tax revenue is remitted to the Village three months in arrears and therefore, no collections have been made in the first quarter of the year. Even without any data to date, it is expected that this revenue will come in far below budget due to COVID-19.



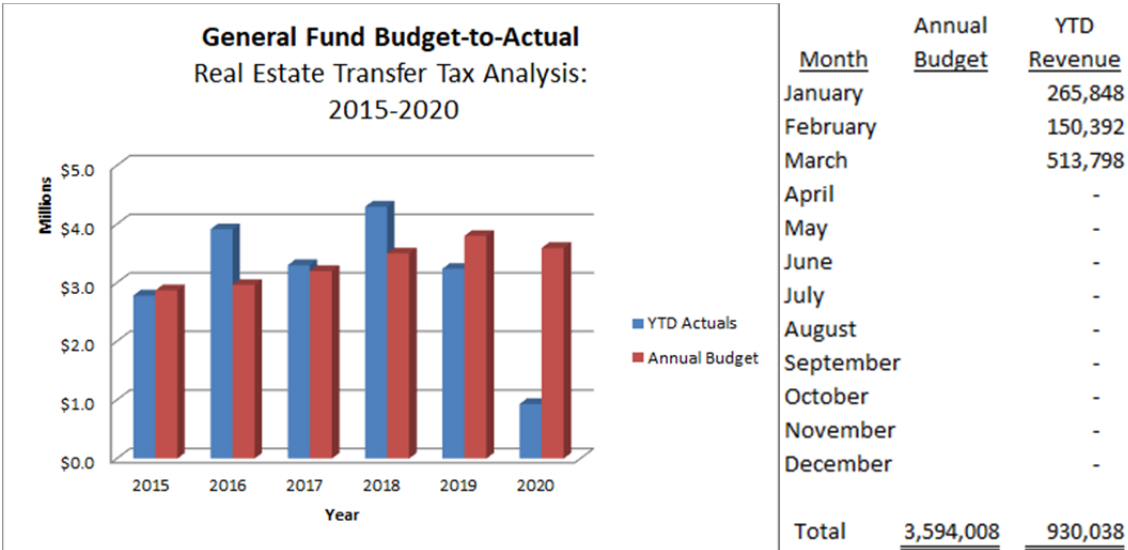
Real Estate Transfer Tax Revenues

Brief Description: The Real Estate Transfer Tax (RETT) is a tax on the seller of property within the Village. The tax is assessed at \$8 for every \$1,000 (or .8%) of the sale or “transfer” price. In addition, there is a flat fee for exempt real estate transfers when no consideration changes hands.

Real Estate Transfer Tax Revenue Drivers: The following are the drivers that impact Real Estate Transfer Tax revenues:

- Number of transactions
- Price of transactions

Comments: Real Estate Transfer Tax is a fixed percentage on the value of every non-exempt property sale within the Village. For the first quarter, this revenue appears to be on target with budget.



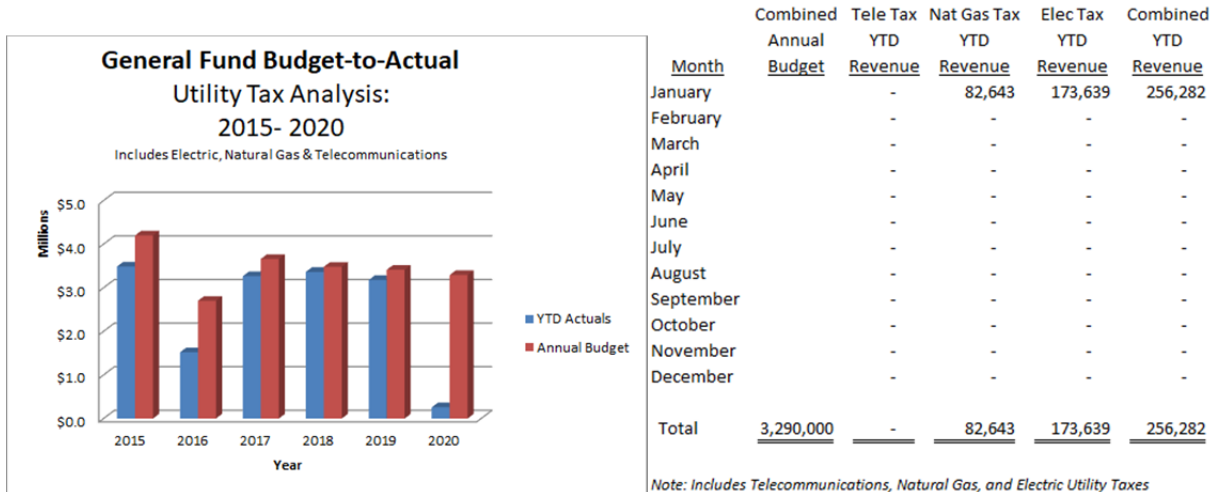
Utility Tax Revenues

Brief Description: The Utility Tax is composed of three taxes: the Electricity Tax, the Natural Gas Tax and the Telecommunication Tax. These taxes are assessed based upon user consumption within the Village. The Electricity Tax is calculated on a sliding scale, based upon usage, of the number of kilowatt hours (kWh) consumed and runs between \$0.0030 and \$0.0061 per kWh. The Natural Gas Tax is assessed at 5.15% on the gross amount of natural gas billed by NICOR, less a 0.15% Nicor administrative fee. The municipal portion of the telecommunication tax is 6% of the bill.

Utility Tax Revenue Drivers: The following are the drivers that impact Utility Taxes:

- Energy consumption
- Weather conditions
- Landline use

Comments: Telecommunications tax revenue has been trending downward every year, as more and more consumers cancel landlines and solely utilize cell phones. The Natural Gas and Electric utility taxes are largely dependent on the weather in any given year and are therefore challenging to forecast. To date, insufficient information is available to determine how these combined will compare against budget, however it is likely there will be a shortfall as many residents are experiencing financial hardships due to the COVID-19 crisis.



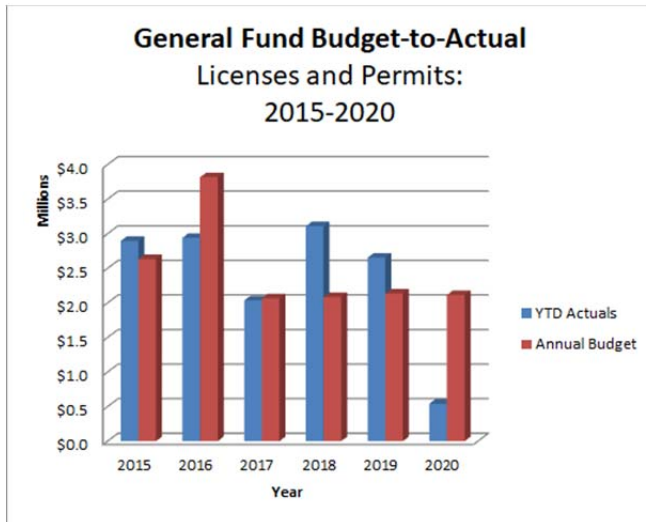
Licenses and Permits

Brief Description: The Village charges fees to individuals, businesses and other entities to conduct certain activities within the Village. Such fees include business/liquor licenses, vehicle stickers, elevator inspection fees, zoning applications, etc.

Licenses and Permits Drivers: The following are the drivers that impact licenses and permits:

- Economic conditions in real estate and retail markets

Comments: It is expected that this revenue may see a significant shortfall to budget unless a swift “V shaped” recovery occurs once the COVID-19 pandemic subsides.



<u>Month</u>	<u>Annual Budget</u>	<u>YTD Revenue</u>
January		189,493
February		228,078
March		124,722
April		-
May		-
June		-
July		-
August		-
September		-
October		-
November		-
December		-
Total	<u>2,114,073</u>	<u>542,293</u>

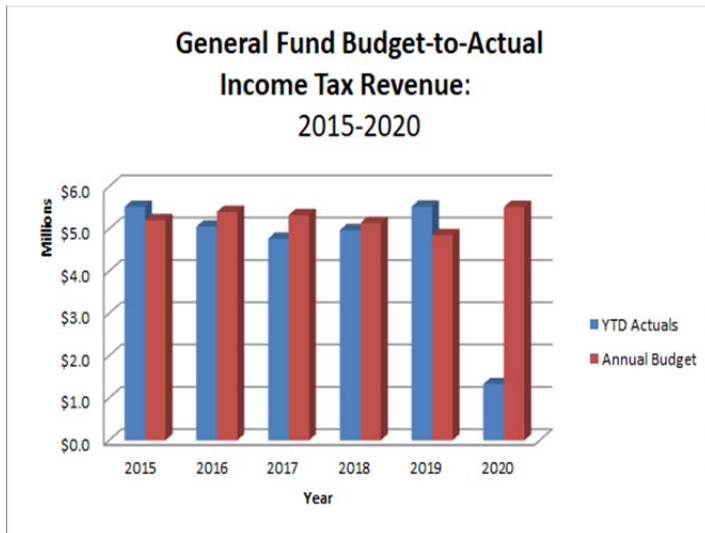
Income Tax Revenue

Brief Description: This particular tax is a share of individual and corporate income taxes paid to the Illinois Department of Revenue with a portion of it redistributed to municipalities on a per capita basis pursuant to the most recent census figures.

Intergovernmental Revenue Drivers: The following are the drivers that impact income tax revenues:

- Individual income and taxable corporate profits

Comments: In March, a total of ten million jobs were lost, as businesses temporarily (or in some cases permanently) shut down to comply with stay-at-home orders. If these jobs are not recovered, income tax revenue will experience a larger decline.



<u>Month</u>	<u>Annual Budget</u>	<u>YTD Revenue</u>
January		474,755
February		489,127
March		363,715
April		-
May		-
June		-
July		-
August		-
September		-
October		-
November		-
December		-
Total	<u>5,515,000</u>	<u>1,327,597</u>

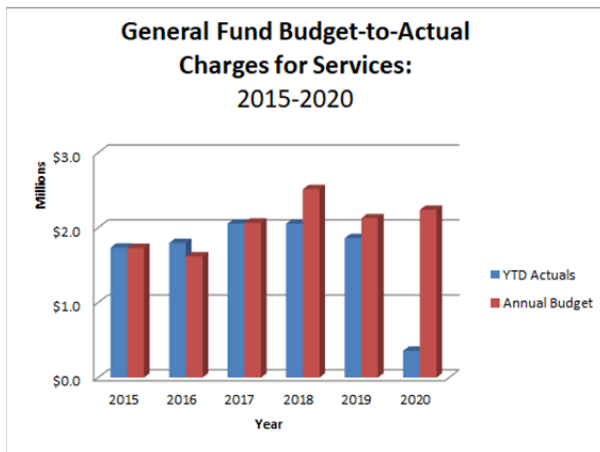
Charges for Services

Brief Description: The Village provides a number of services for which it charges fees directly to customers. Such services include: drafting of police reports, property sales inspections, ambulance services, intergovernmental services, and environmental health services.

Drivers for Charges for Services: The following are some the drivers that impact Charges for Services:

- **Public Safety:**
 - Vehicular accidents
 - Traffic and other insurance-related claims
- **Health**
 - Number of health-related inspections
- **Info Tech support:**
 - Reimbursement for services provided to other taxing bodies
- **Public works**
 - Services volume and maintenance service related to the public way
- **Buildings**
 - Condo inspection fees
- **Cable TV**
 - Number of cable subscribers
 - Cost of cable service
- **Other**
 - Miscellaneous demands for services

Comments: It is estimated that this revenue may come in between 10- 20% under budget for the year due to COVID-19.



<u>Month</u>	<u>Annual Budget</u>	<u>YTD Revenue</u>
January		236,442
February		116,093
March		4,159
April		-
May		-
June		-
July		-
August		-
September		-
October		-
November		-
December		-
Total	<u>2,238,400</u>	<u>356,694</u>

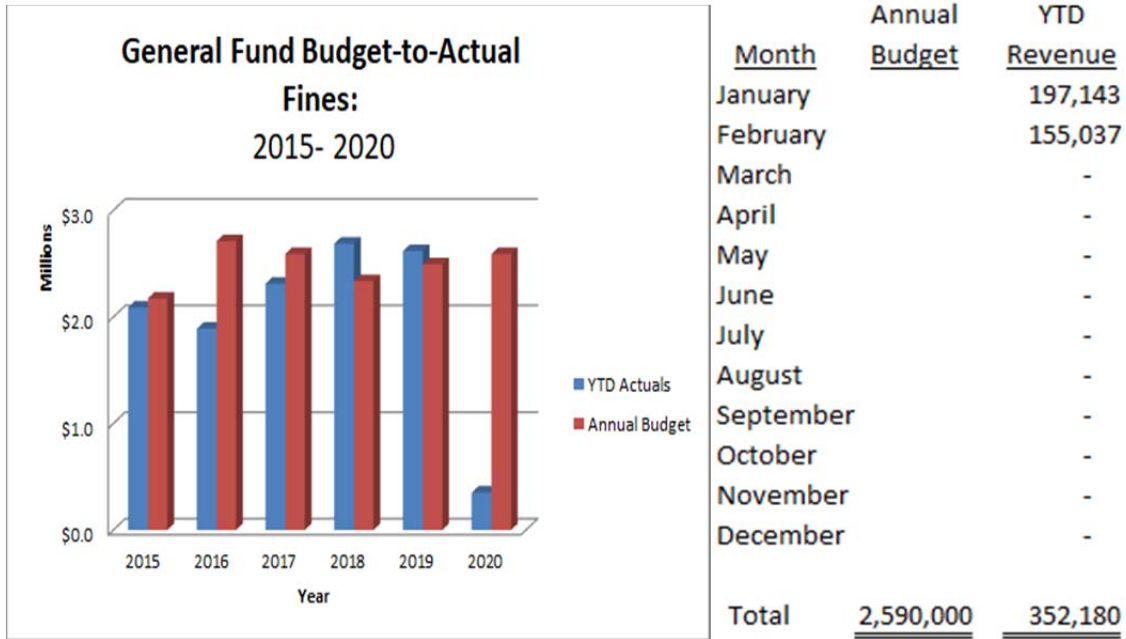
Fines

Brief Description: The Village assesses fines and penalties to individuals and businesses when there is non-compliance with Village rules and regulations. A parking citation is an example of such a fine for which the Village charges a fee directly to an offender.

Drivers of Fines: The following are the drivers that impact fine proceeds:

- Number of tickets issued
- Village Parking Policy
- Number of parking enforcement officers
- Degree of enforcement by Parking Enforcement Officers
- Adjudication findings
- Resident bankruptcies
- Reductions in vehicles
- Collection rates

Comments: Fine revenue is expected to decline, as adjudication hearings have been deferred for at least a month and the payment of fines is usually not a priority when consumers are experiencing financial hardships.



General Fund Expenditure Analysis

General Fund Expenditures

Brief Description: General Fund Expenditures are related to the performance of direct Village services, such as police, fire, public works and administrative services. These expenditures are allocated among four broad categories:

- Personnel & Benefits
- Materials & Supplies
- Contractual Services
- Capital Outlay

Personnel and benefits comprise the majority of the expense within the General Fund and include salaries (regular pay, contractual payouts, overtime, allowances, etc.) and benefits (health/life insurance, FICA, Medicare, pensions (IMRF, police/fire), etc.).

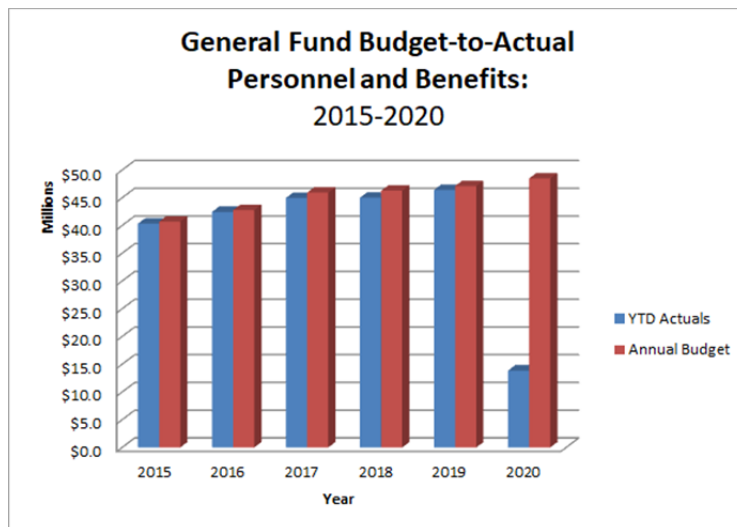
Personnel and Benefits Expenditures

Brief Description: Personnel and Benefit expenditures cover compensation to Village staff. Given the labor-intensive nature of government services, personnel and benefit expenditures typically make up the largest portion of the general fund budget.

Personnel and Benefits Drivers: The following are the drivers that impact personnel and benefits expenditures:

- Changes to labor agreements
- Vacancies
- Health and pension costs

Comments: Personnel and benefits is expected to come in below budget, however the amount at this time cannot be projected due to limited data.



	Full Year FY20 <u>Budget</u>	YTD FY20 Actual <u>3/31/2020</u>
Regular/Comp/Payouts	28,069,209	5,672,921
Overtime	1,464,083	265,280
Social Security/Medicare	1,045,326	195,374
Health/Life Insurance	5,266,615	1,011,815
Pension Contributions	12,630,015	6,712,538
Total	48,475,248	13,857,928

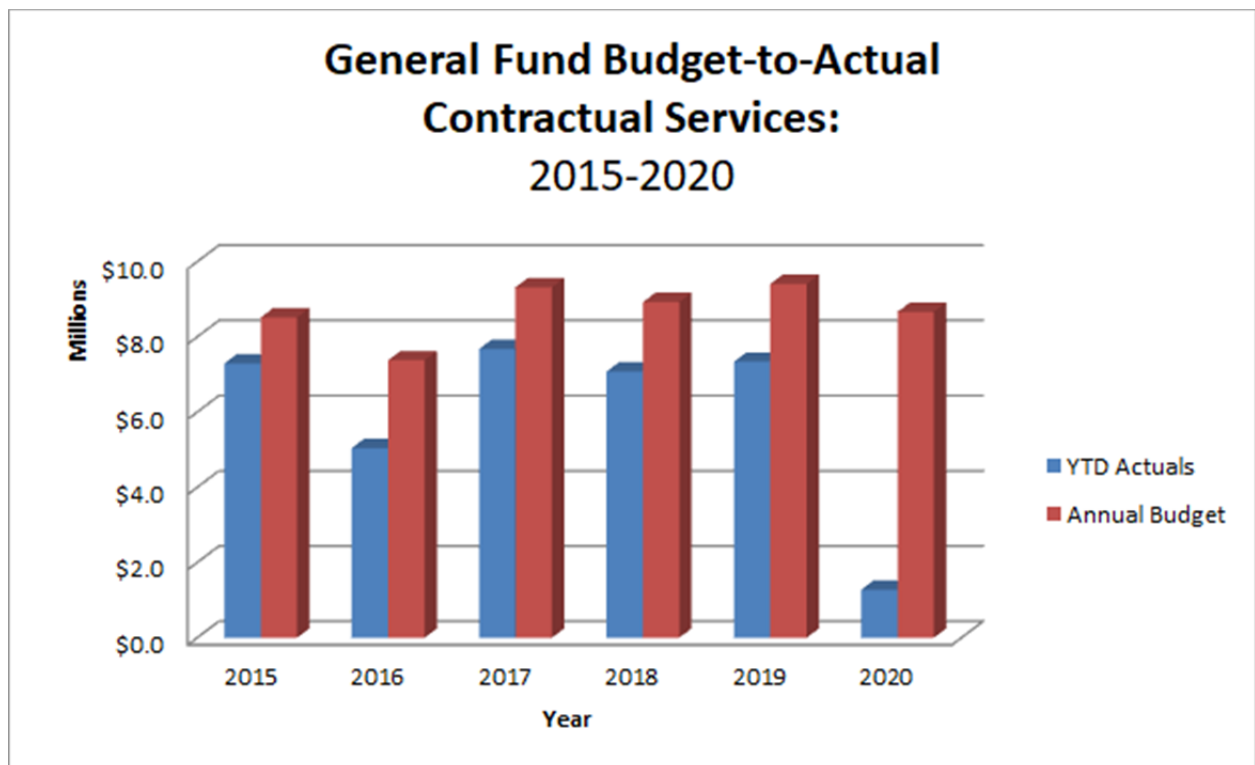
Contractual Services Expenditures

Brief Description: Contractual service expenditures are for independent contractors who have specific expertise or for those contracted as a supplemental to Village staff.

Professional and Technical Services Drivers: The following are the drivers that impact professional and technical services expenditures:

- Availability and ability of Village staff to perform specialized activities
- Skillset of Village staff

Comments: With the expected shortfall in revenues, staff will only be spending on contractual services which are non-discretionary in nature. Even with very limited data thus far, it is expected that this expense will come in below budget for the year.



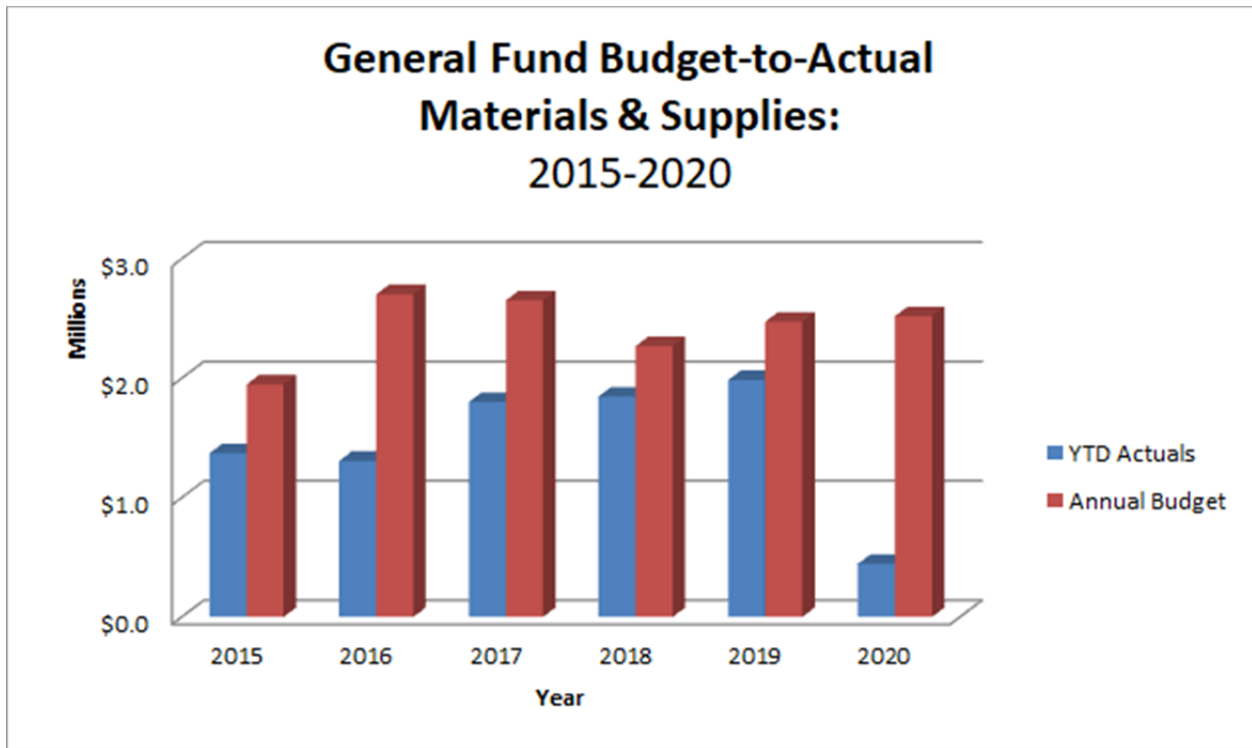
Materials & Supplies

Brief Description: Material and supply expenditures are related to such items as commodities, cleaning supplies, clothing, subscriptions, office supplies, equipment rentals, fuel, routine utility expense, equipment maintenance, etc.

Materials & Supplies Drivers: The following are the drivers that impact material and supply expenditures:

- Usage of village-owned properties
- Maintenance of village-owned facilities and infrastructure

Comments: Expenditures in this category will likely come in at or slightly below budget for the year.



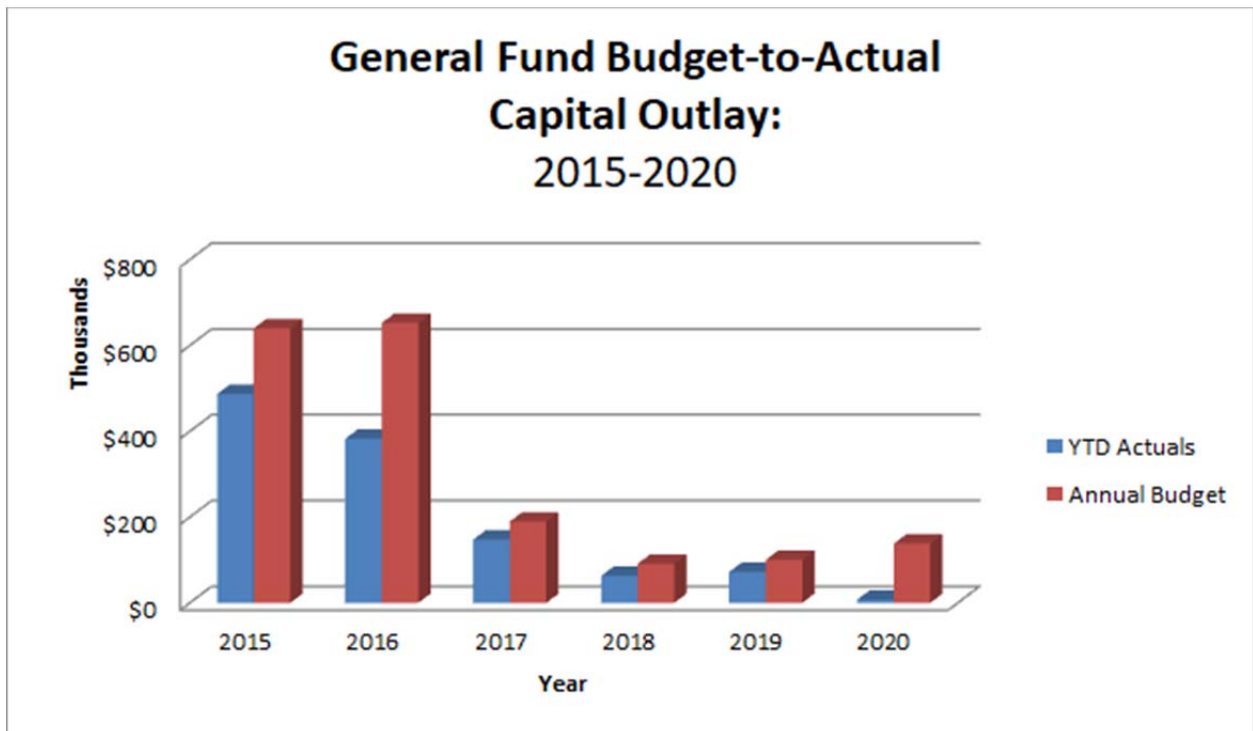
Capital Outlay

Brief Description: Capital Outlay expenditures are for the purchase of smaller ticket office/computer equipment and software which do not meet the capital dollar or useful life thresholds for inclusion in the Capital Improvement Fund budget. These smaller purchases are therefore funded by general operating revenues rather than bond issuances.

Capital Outlay Drivers: The following are the drivers that impact capital outlay expenditures:

- Routine replacement of computer and office equipment

Comments: This category is a relatively small amount because the majority of capital is expensed out of the designated capital improvement funds. Expenditures for the full year may exceed budget, as IT made several purchases for Chromebooks to allow key employees to work remotely from home to comply with stay-in-place orders.



Enterprise Funds

Brief Description: This section provides summaries for the following Enterprise Funds:

- **Water and Sewer Fund**
- **Parking Fund**
- **Environmental Services Fund**

Water and Sewer Fund

Water and Sewer Fund Revenues

Brief Description:

Water Description: The Village purchases water from the City of Chicago and re-sells it to customers throughout the Village using its own infrastructure. The Water Fund accounts for the revenues and expenses of operating the water system, including capital costs.

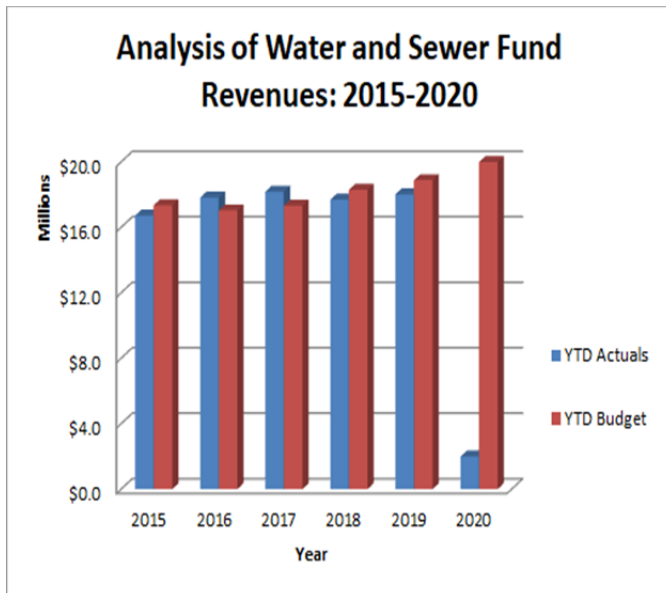
Sewer Description: The Village maintains the system that carries sewage to the Metropolitan Water Reclamation District's system. The sewer charge is based on the amount of water consumed per account.

Water and Sewer Fund Revenue Drivers: The following are drivers that impact Water Fund revenues:

- Water Revenue Drivers
 - Cost of water purchased from the City of Chicago
 - Amount of gallons used by customers

- Sewer Revenues Drivers
 - Sewer charges imposed by local ordinance
 - Amount of gallons used by customers

Comments: Due to many residents and businesses using less water or not having the ability to pay for water, this revenue is expected to come in well below budget. Please note that the Village will likely not be disconnecting water service or assessing penalties for the remainder of the year.



<u>Month</u>	<u>Annual Budget</u>	<u>YTD Revenue</u>
Total	<u>19,986,000</u>	<u>1,988,138</u>

Water and Sewer Fund Expenditures

Brief Description:

Water: The Water Fund maintains the infrastructure required to deliver water to Village residences and businesses throughout the community. Expenditures within the Water Fund reflect the costs related to the labor and equipment that are required to operate the pumping stations and to repair broken water mains.

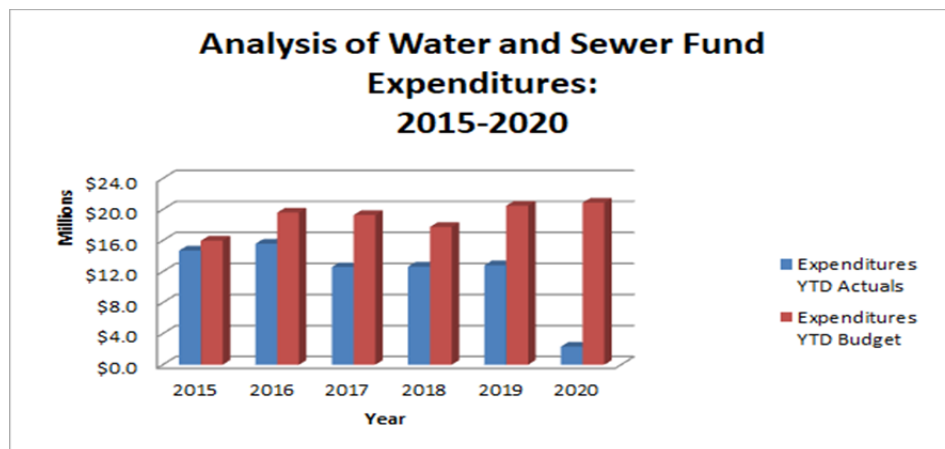
Sewer: The Sewer Fund maintains the infrastructure required to transport sewage from residences and businesses to treatment plants. Sewer Fund expenditures reflect the labor and equipment necessary to repair broken sewer lines.

Water and Sewer Fund Expenditure Drivers: The following are the drivers that impact Water and Sewer Fund expenditures:

- Water Fund Expenditure Drivers
 - Cost of water
 - Personnel costs
 - Outside contractor costs
 - Bill-to-pump ratio

- Sewer Fund Expenditure Drivers
 - Capital requirements
 - Personnel costs
 - Outside contractor costs

Comments: Water and Sewer Fund expenditures are expected to end the year below budget which would offset some of the revenue shortfall. This is primarily due to the deferral or delay of water infrastructure projects in order to offset some of the anticipated declining revenue due to COVID-19.



Parking Fund

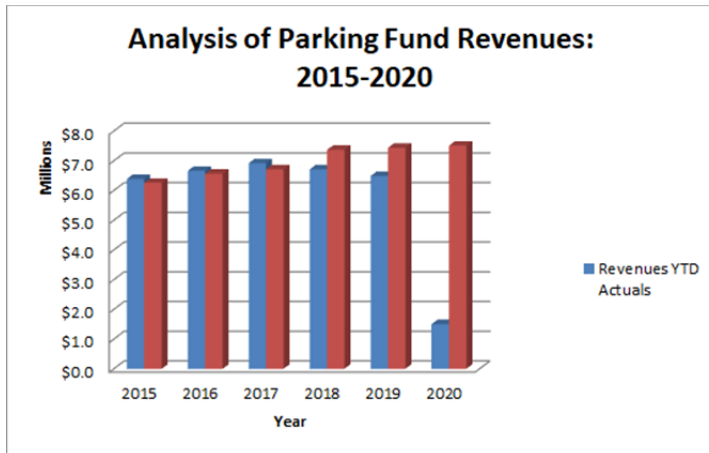
Parking Fund Revenues

Brief Description: The Village owns and operates the majority of public parking throughout the Village. This includes on-street meters, parking garages located in Downtown Oak Park, as well as a large number of off-street lots.

Parking Fund Revenue Drivers: The following are drivers that “fuel” Parking Fund revenues:

- Parking rates
- Volume of parkers

Comments: This revenue will likely come in well below budget due to the temporary closure of many businesses that require customers to pay for parking as well as the temporary reduction in parking permit fees due to COVID-19.



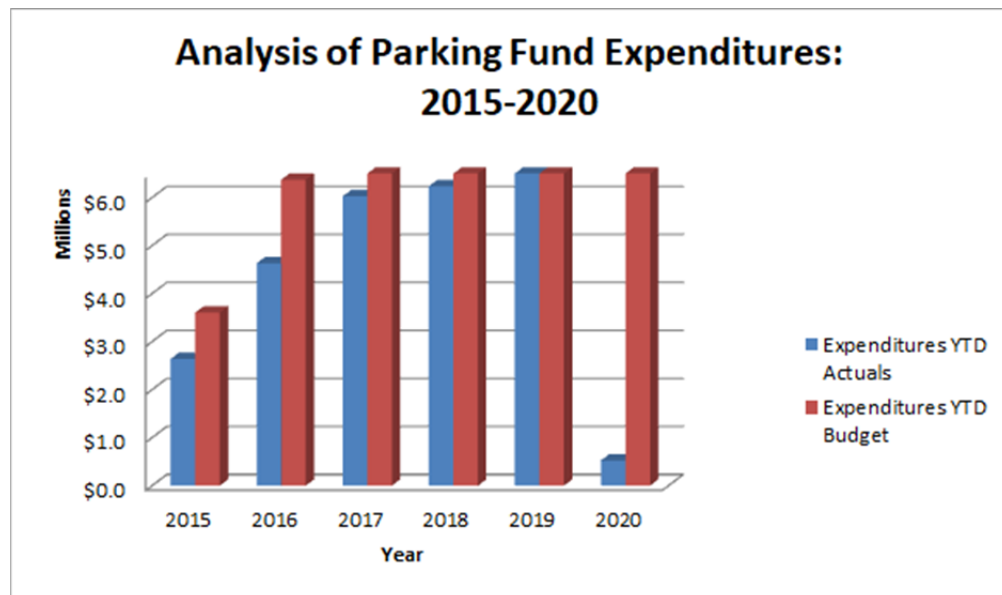
<u>Month</u>	<u>Annual Budget</u>	<u>YTD Revenue</u>
		-
Total	<u><u>7,510,990</u></u>	<u><u>1,501,980</u></u>

Parking Fund Expenditures

Parking Fund Expenditure Drivers: The following are the drivers that impact Parking Fund expenditures:

- Personnel costs
- Capital costs

Comments: It is anticipated that some capital projects will be deferred in order to offset the downturn in parking revenues. Therefore, overall parking expenditures should come in significantly less than budget.



Environmental Services Fund

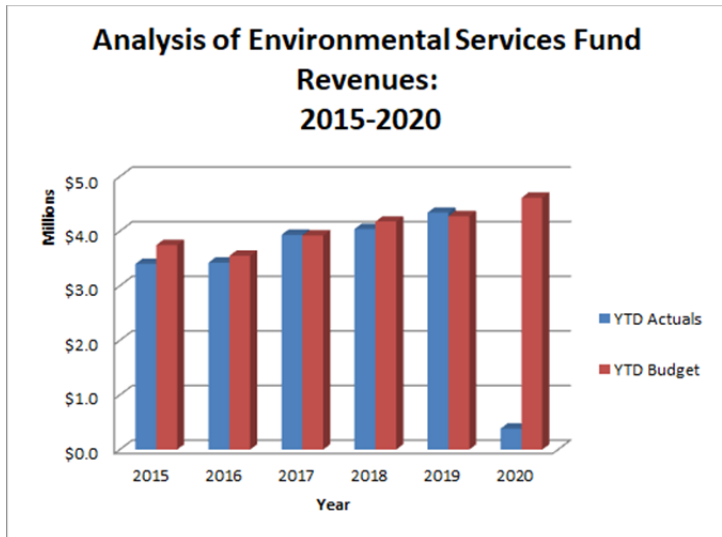
Environmental Services Fund Revenues

Brief Description: The Environmental Services Fund accounts for the Village’s trash removal and recycling programs. As an enterprise fund, the costs are charged to users of the system via charges on utility bills.

Parking Fund Revenue Drivers: The following are the drivers that impact Environmental Service Fund revenues:

- Garbage collection rates
- Sale of yard waste stickers

Comments: This revenue source is expected to come in below budget for the same reason as water/sewer revenue. Many residents/businesses are expected to experience financial hardships due to COVID-19 and may not have the ability to pay for refuse charges on a timely basis.



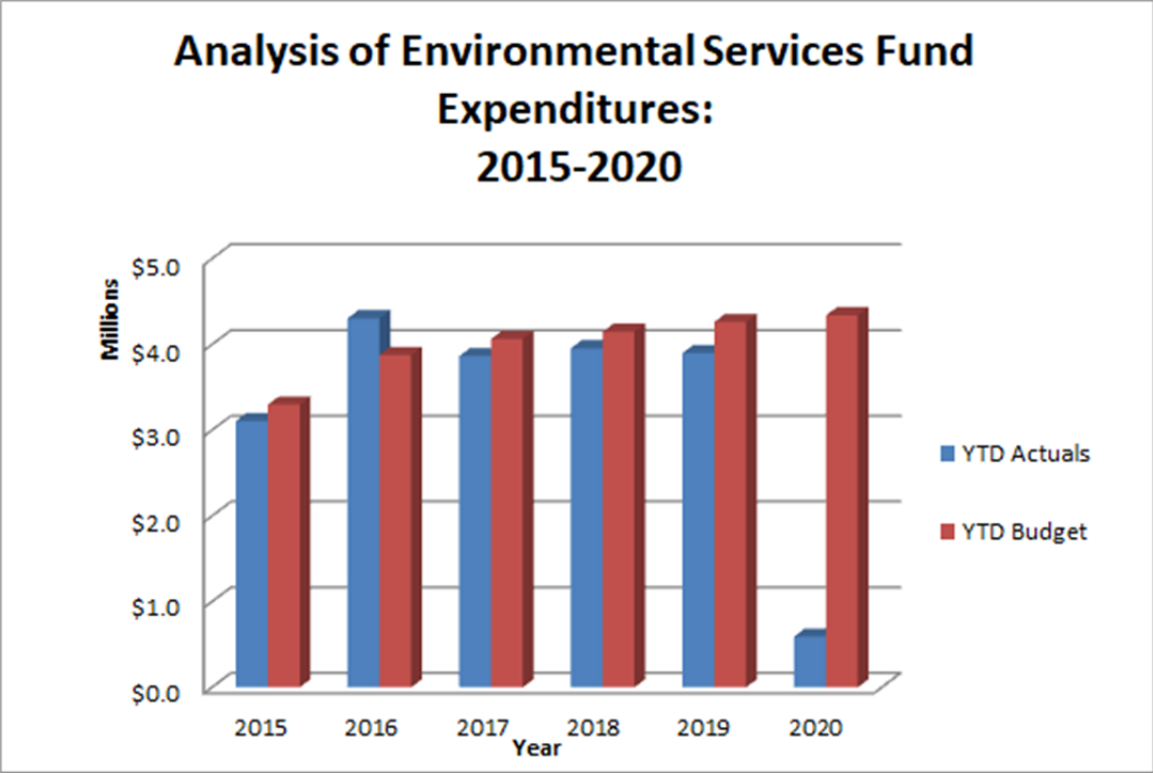
<u>Month</u>	<u>Annual Budget</u>	<u>YTD Revenue</u>
Total	<u>4,610,000</u>	<u>384,004</u>

Environmental Services Fund Expenditures

Environmental Services Fund Expenditure Drivers: The following are the drivers that impact Environmental Services Fund expenditures:

- Personnel costs
- Contractual costs of waste disposal

Comments: Expenditures are expected to come in at or slightly below budget for the year.



Main Capital Improvement Fund Revenue Analysis

Brief Description: The Main Capital Improvement Fund generates revenue through a dedicated 1% home rule sales tax, a six cent per gallon gasoline tax, an allocated 1% telecommunications tax as well as grants and bond proceeds. This section will analyze the performance of the following key revenue sources:

- 1% home rule sales tax
- Six cent per gallon gasoline tax

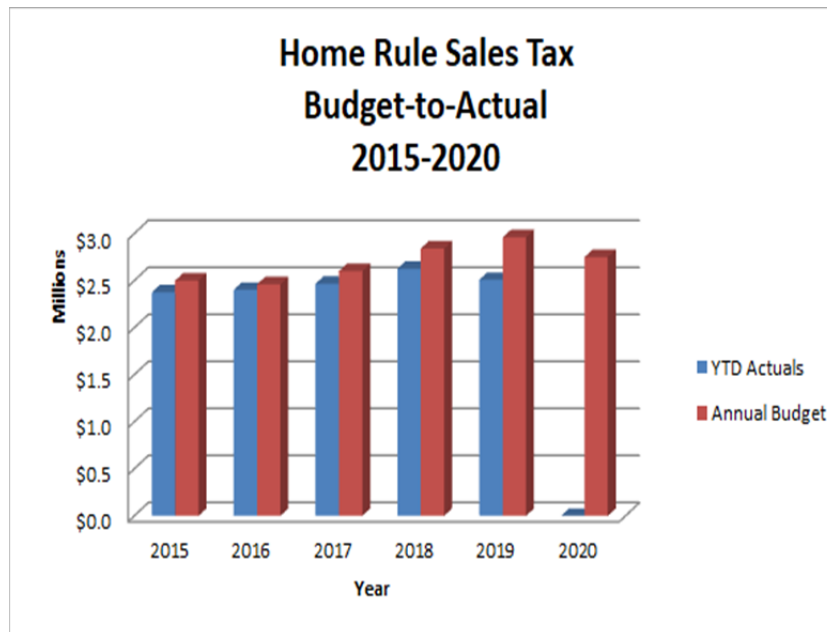
Home Rule Sales Tax Revenue

Brief Description: The Village imposes a 1% Home Rule Occupation Tax (HROT). While approved locally, this tax is also administered and collected at the state level. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

Home Rule Sales Tax Revenue Drivers: The following are drivers that impact Home Rule Sales Tax revenue performance:

- Retail sales
- Retail establishments

Comments: This revenue is expected to come in well under budget due to COVID-19.



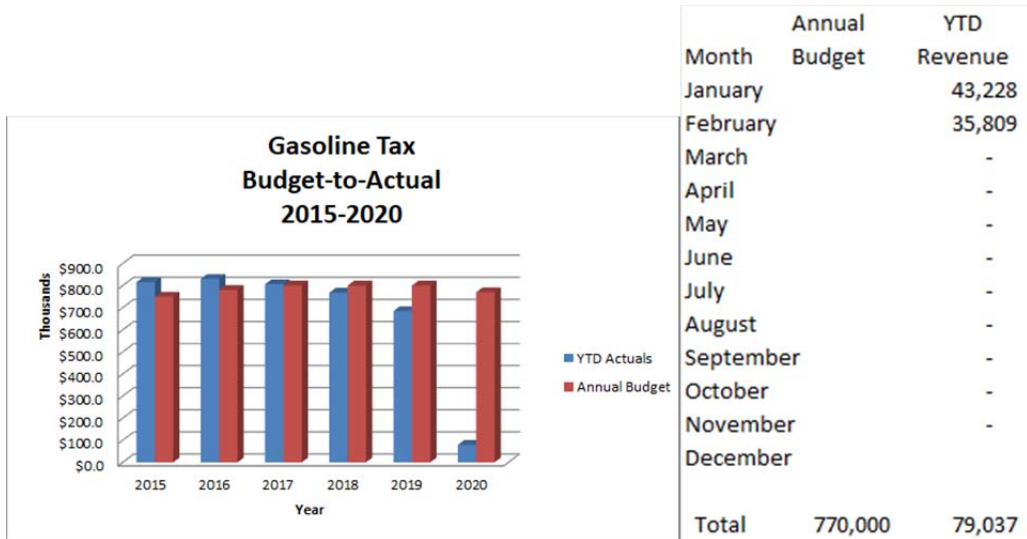
Gasoline Tax Revenue

Brief Description: The Village imposes a tax upon the retail purchase of motor fuel at the rate of six cents (\$0.06) per gallon. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

Gasoline Tax Revenue Drivers: The following are the drivers that impact Gasoline Tax revenue performance:

- Gasoline sales

Comments: This revenue is expected to come in under budget, as significantly less gasoline will be used due to stay-at-home orders.



Main Capital Improvement Fund Expenditures

Main Capital Improvement Fund Expenditure Drivers: The following are drivers that impact Capital Improvement Fund expenditures:

- Contract costs
- Large equipment bids

Comments: Many capital projects will be deferred until revenues eventually return to normal after the COVID-19 pandemic subsides. This expenditure category is expected to strategically come in well below budget in order to offset the anticipated decline in revenue.

