



Village of Oak Park, IL
Finance Department

Quarterly Unaudited Financial and Performance Report

March 31, 2018

Completed April 26, 2018

Village of Oak Park
Unaudited Quarterly Financial Report
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2018 Financial Report Summary

The Quarterly Financial Report Summary provides a high level summary and highlights for key revenues and expenditures compared to the Village's approved operating budget.

	<u>RATING</u>
<u>GENERAL FUND REVENUES</u>	
Property Tax	
Liquor Tax	
Natural Gas Use Tax	
Sales Tax	
Real Estate Transfer Tax	
Utility Tax (Electric, Natural Gas, Telecommunications)	
Licenses & Permits	
Income Tax Revenues	
Charges for Services	
Fines	

	<u>RATING</u>
<u>GENERAL FUND EXPENDITURES</u>	
Personnel & Benefits	
Contractual Services	
Materials & Supplies	
Capital Outlay	

Water and Sewer Fund Revenue



Water and Sewer Fund Expenditures



PARKING FUND

Parking Fund Revenue



Parking Fund Expenditures



ENVIRONMENTAL SERVICES FUND

Environmental Services Fund Revenue



Environmental Services Fund Expenditures



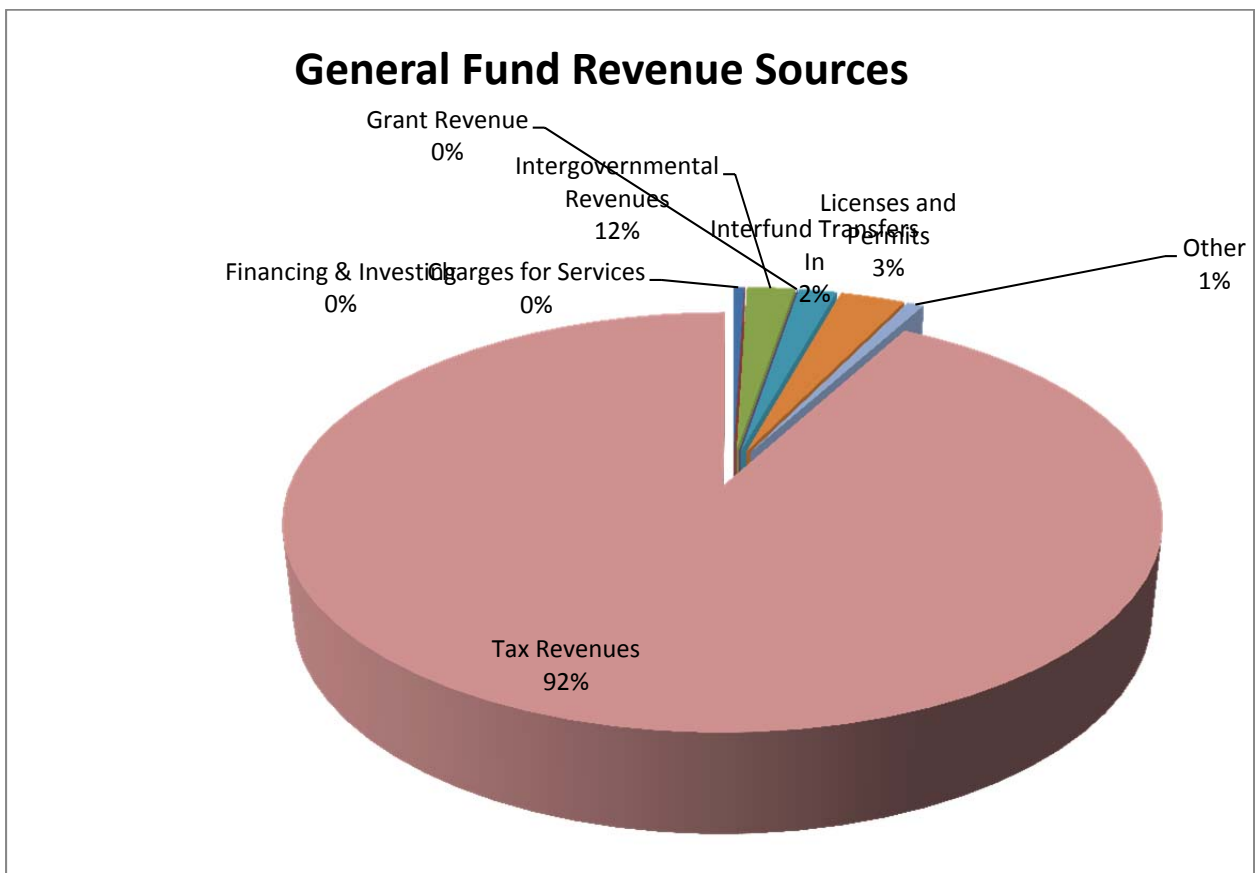
RATING LEGEND

No significant concerns. Revenue expected to meet or exceed budget while expenditures are expected to fall at or below budget.	
There may be some minor negative variations although nothing significant.	
Major negative variances have been noted which may negatively impact fund balance.	
Insufficient data to comment (primarily used in the 1st or 2nd calendar quarter).	

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:

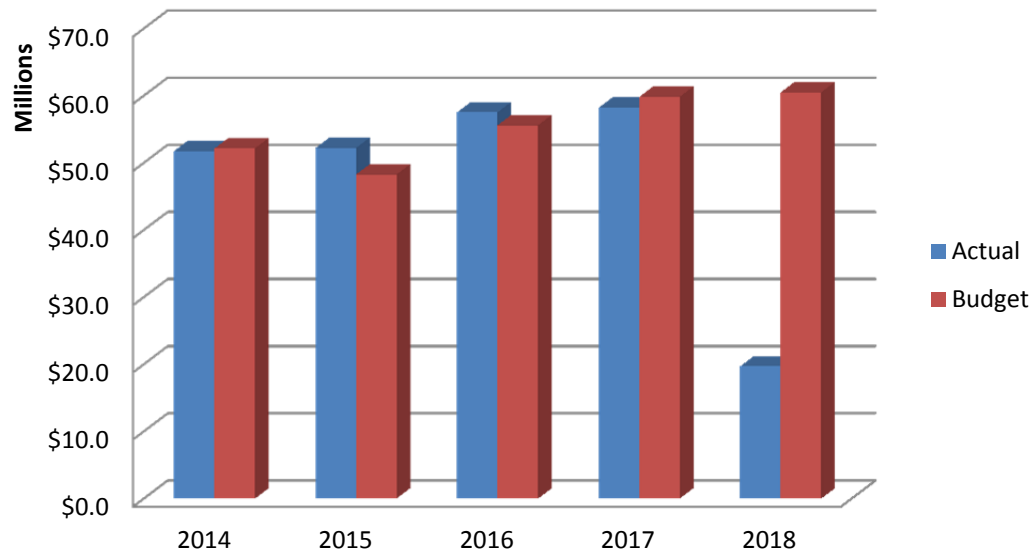
- Tax revenues (e.g.- property taxes)
- Licenses and permits (e.g.- business licenses)
- Intergovernmental revenues (e.g.- state shared income taxes)
- Charges for services (e.g.- police reports)
- Fines (e.g.- parking tickets)
- Other financing sources (transfer of resources from other funds)



Rating: 

General Comments: FY 2018 General Fund 1Q revenues have met 2018 1Q budgeted expectations

General Fund Budget-to-Actual Revenue Analysis: 2014- 2018



General Fund Revenues YTD 03/31/2018

<u>Description</u>	<u>YTD Actuals</u>	<u>YTD Budget</u>	<u>Variance</u>
Charges for Services	93,755	2,514,350	(2,420,595)
Financing & Investing	1,863	7,500	(5,637)
Fines	421,905	2,335,000	(1,913,095)
Grant Revenue	150	125,639	(125,489)
Interfund Transfers In	334,000	1,336,000	(1,002,000)
Licenses and Permits	573,046	2,084,160	(1,511,114)
Other	145,619	1,192,150	(1,046,531)
Tax Revenues	18,144,000	50,906,510	(32,762,510)
	<u>19,714,338</u>	<u>60,501,309</u>	<u>(40,786,971)</u>

Property Tax Revenues

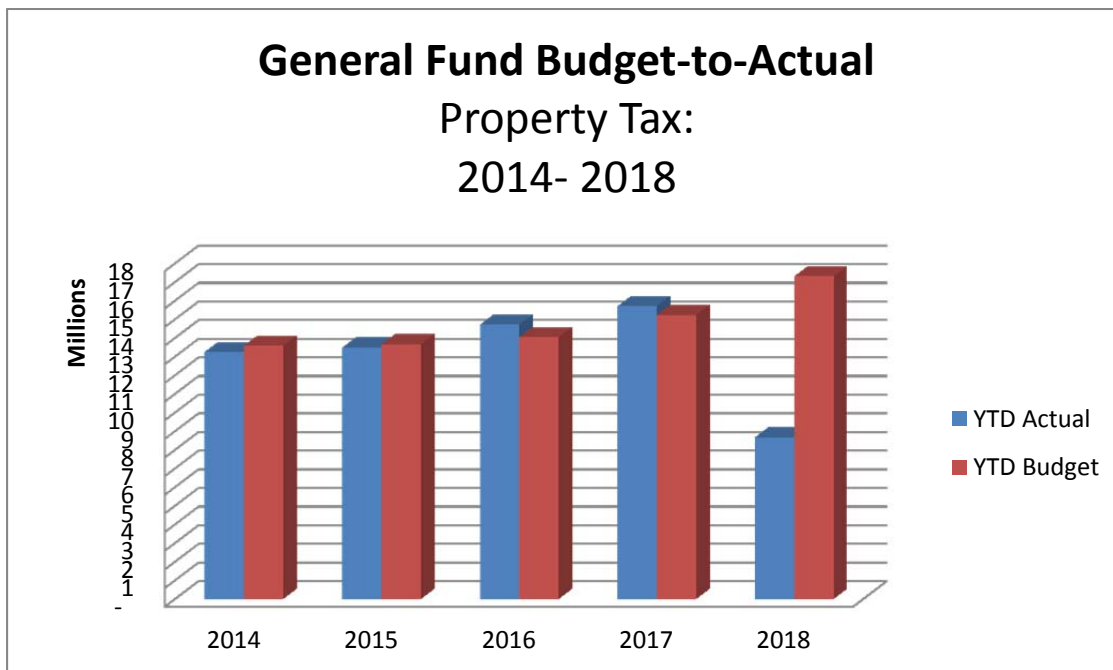
Brief Description: Property tax revenues are the proceeds that the Village levies or assesses on real estate within the Village. Each year, the Village Board adopts a specific amount for the County to assess on real estate and this levy is used for general operations, debt service payments, and contributions 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 collected 98-100% of the net 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

Rating: 

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.



Liquor Tax Revenues

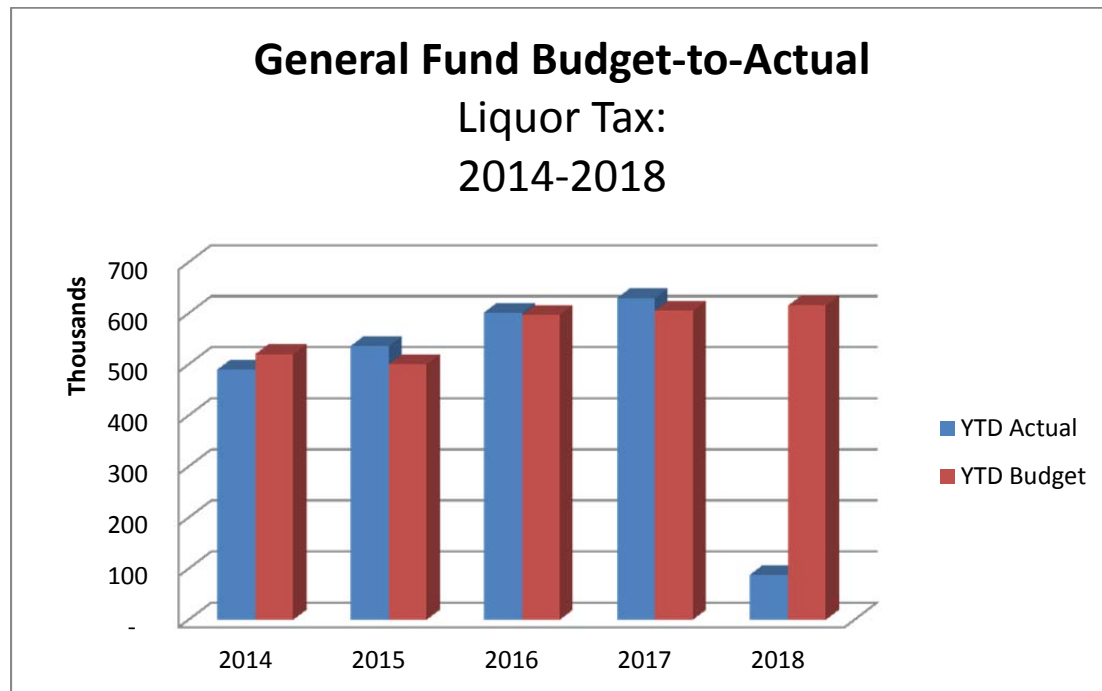
Brief Description: Liquor Tax Revenues are the revenues that the Village charges to vendors that sell liquor within the Village. The current Liquor Tax rate is 3% of the liquor purchase price.

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

Rating: 

Comments: For the first quarter 2018 this tax appears to be below budget however, this tax has a one month lag and is on target to meet or exceed the annual budget.



Natural Gas Use Tax Revenues

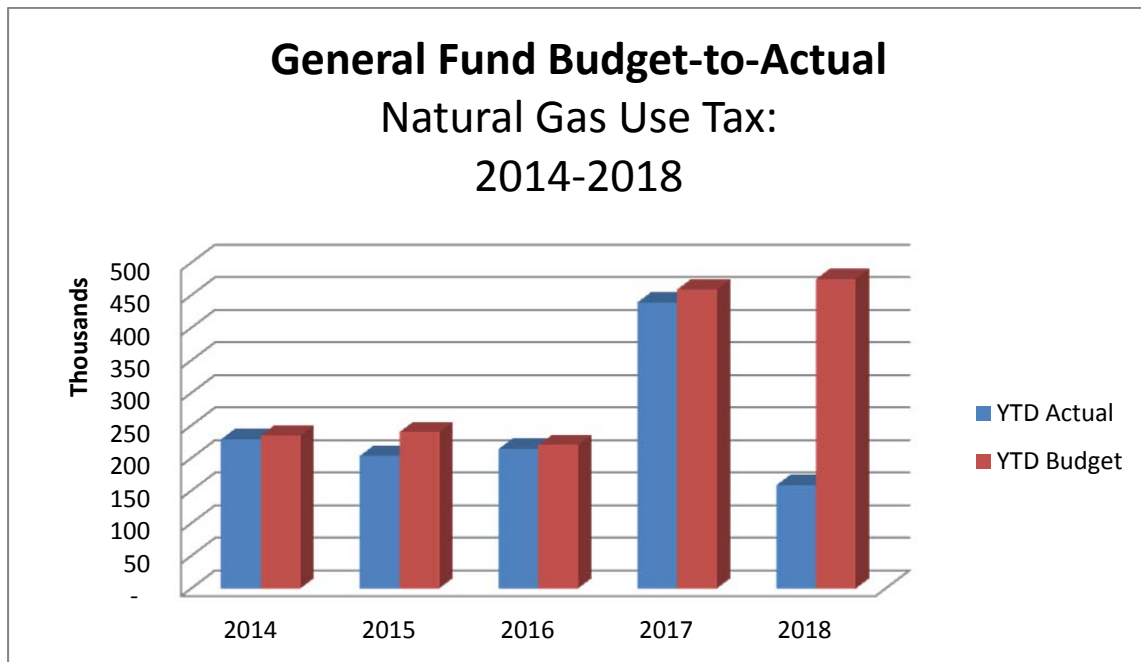
Brief Description: The Natural Gas Use Tax is a tax that the Village charges to users based upon the purchase of natural gas from out-of-State suppliers. This should not be confused with the Natural Gas Tax which is a percent rather than a fixed dollar amount charged on the purchase of natural gas from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

Rating: 

Comments: This tax is slightly above budget compared to the first quarter of last year and varies based on the cost of natural gas as well as the severity of each winter season.



Sales and Use Tax Revenues

Brief Description: In the State of 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, officially referred to as the Retailer's Occupation Tax (ROT) is captured in the Village's General Fund and is used for basic Village operations.

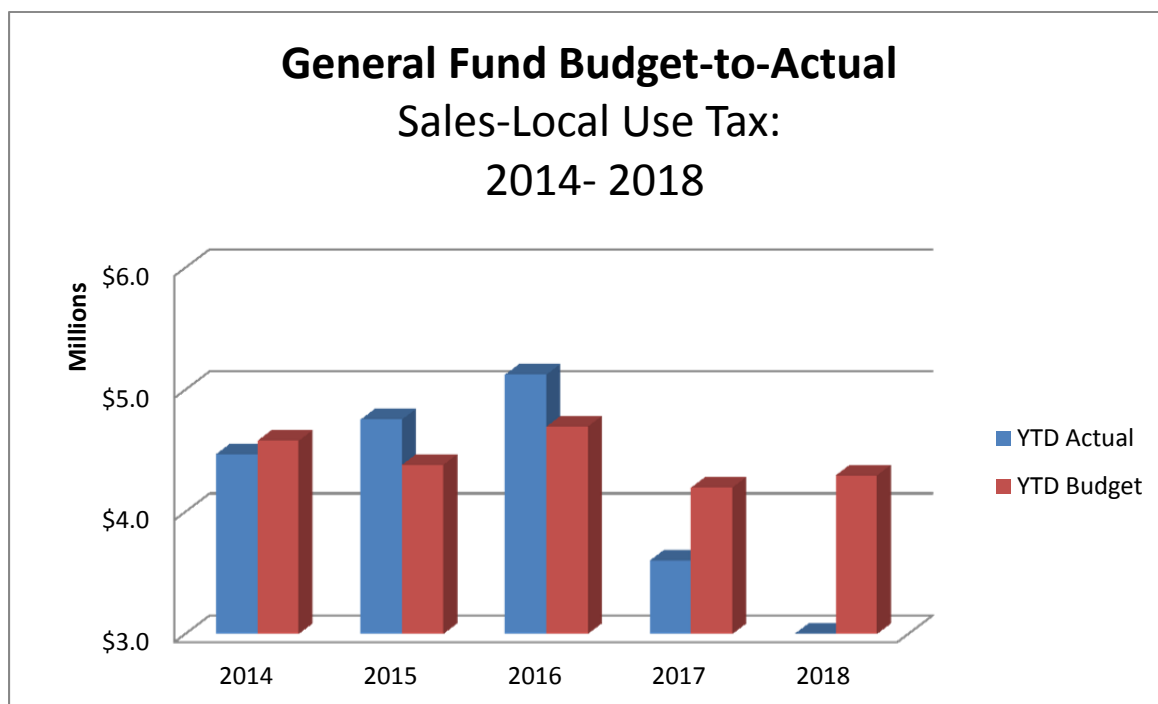
The Village also imposes a 1% Home Rule Occupation Tax (HROT). While approved locally, this tax is also administered and collected at the state level. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

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

- Retail sales
- Retail establishments

Rating: 

Comments: The chart below is on a cash basis and there is a quarterly lag in Sales Tax yield, where current quarter typically reflects sales tax from the previous quarter. Therefore, the 1st quarter has no results showing.



Real Estate Transfer Tax Revenues

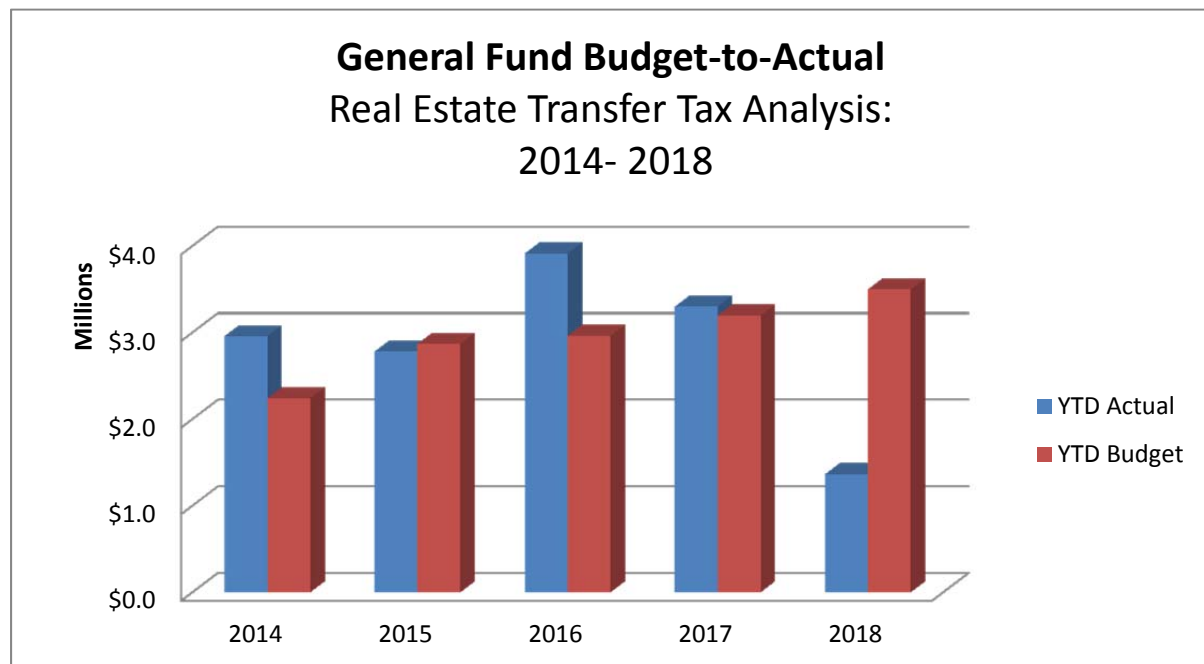
Brief Description: The Real Estate Transfer Tax (RETT) is a tax on the seller of property within the Village. The tax is assessed at \$8 for every \$1,000 (or .8%) of the sale or “transfer” price. In addition, there is a flat fee for exempt real estate transfers without the exchange of consideration.

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

- Number of transactions
- Price of transactions

Rating: 

Comments: Real estate transfer tax proceeds performed significantly above expectations through 2018 1Q. This tax tends to accelerate in Spring and Summer when the majority of properties go on the market.



Utility Tax Revenues

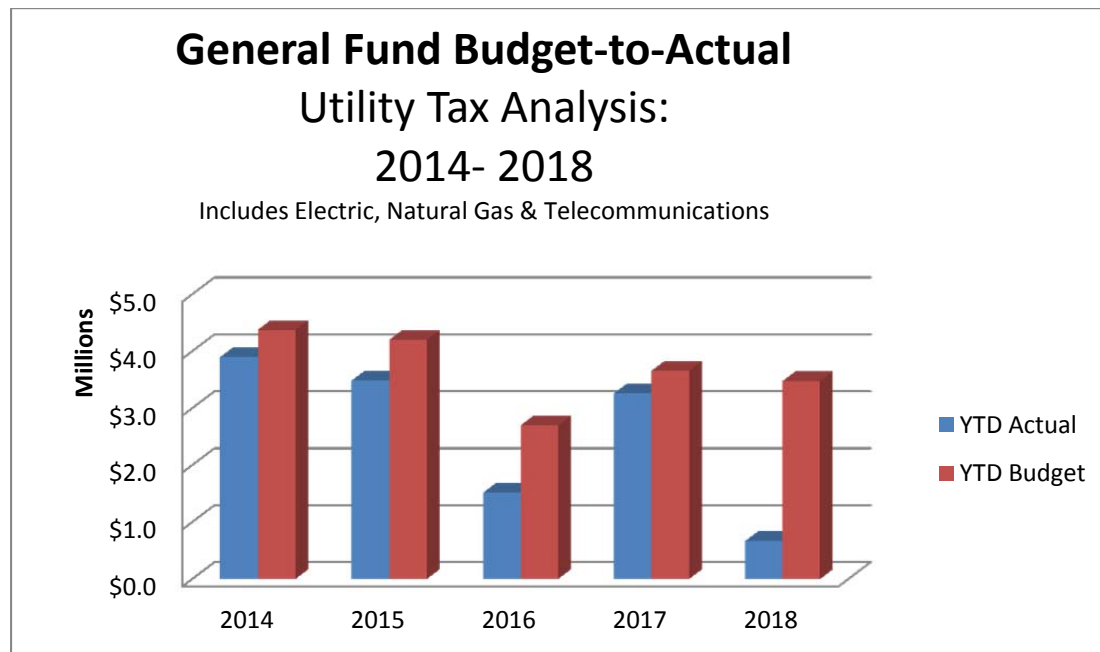
Brief Description: The Utility Tax is composed of three taxes: the Electricity Tax, the Natural Gas Tax and the Telecommunication Tax. These taxes are assessed based upon user consumption within the Village. The Electricity Tax is calculated on a sliding scale, based upon usage, of the number of kilowatt 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

Rating: 

Comments: Telecommunications tax continues to be challenged as more and more customers cancel landlines. The other two taxes in this category for electricity and natural gas are largely dependent on the weather in any given year. The more severe the summer (electric) and winter (natural gas), the higher the usage and more in revenue that is typically collected in these two utility taxes. More information will be forthcoming in the 2nd quarter report.



Licenses and Permits

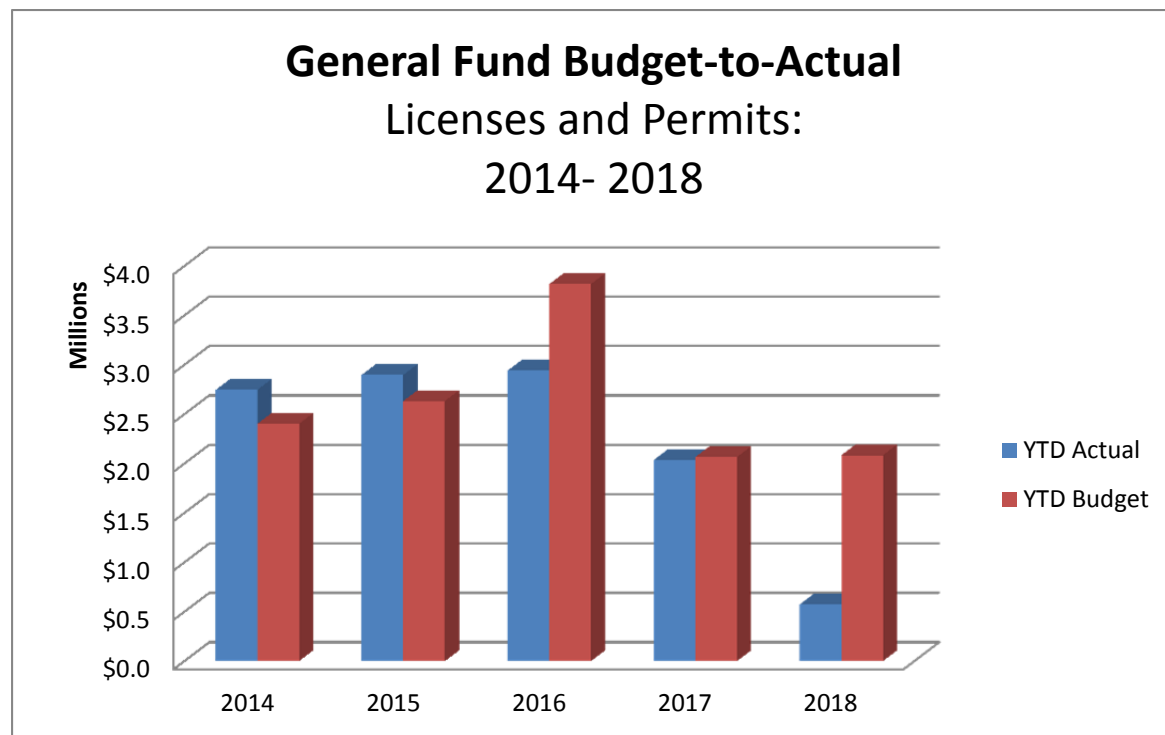
Brief Description: The Village charges fees to individuals, businesses and other entities to acquire authorization and permission to conduct certain activities within the Village. These authorizations and permissions are extended in the form of licenses and permits. For example, the Village charges business licensing fees for entities that desire to conduct business within the Village.

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

- Economic conditions in real estate and retail markets

Rating: 

Comments: Revenues for licenses and permits have met 2018 1Q budgeted expectations.



Income Tax Revenue

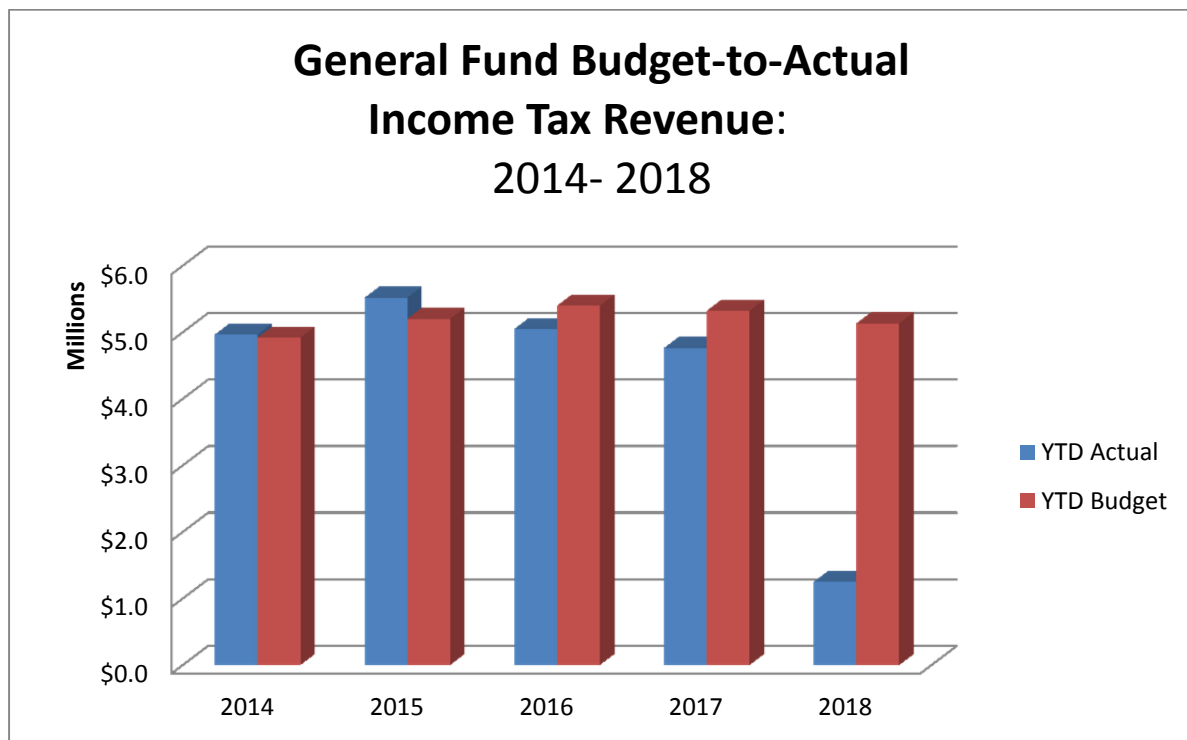
Brief Description: This particular tax is a share of individual and corporate income taxes paid to the State of Illinois and redistributed to municipalities on a per capita basis per most recent census.

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

- State of Illinois Income Tax collections

Rating: 

Comments: For the first quarter, this tax is on par with the previous year and is expected to meet or exceed the annual budget.



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.

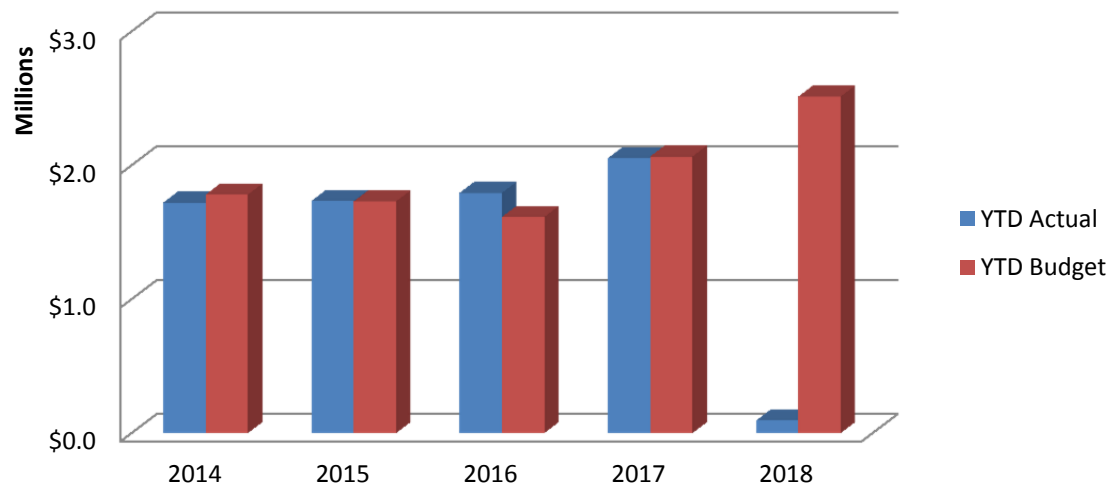
Drivers for Charges for Services: The following are the drivers that impact Charges for Services:

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

Rating: 

Comments: This revenue has charges that are lagging and have not been booked in Q1.

**General Fund Budget-to-Actual
Charges for Services Analysis:
2014- 2018**



Fines

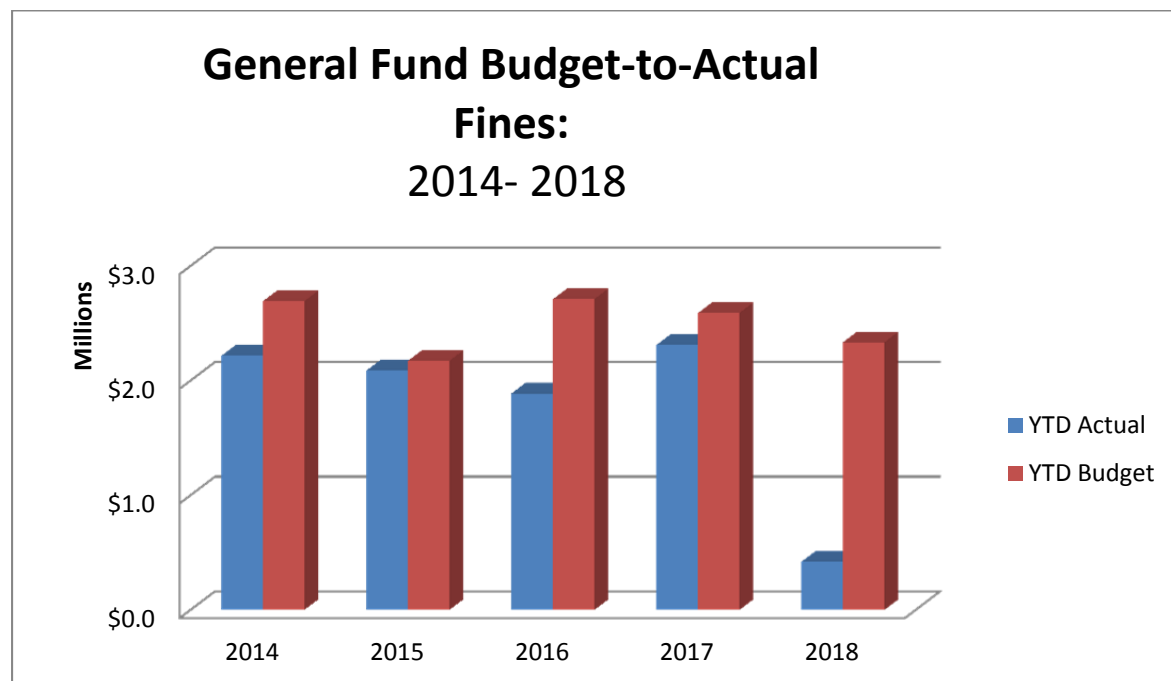
Brief Description: The Village charges fines and penalties to individuals and businesses when there is non-compliance with Village rules and regulations. A parking citation is an example of such a fine for which the Village charges a fee directly to an offender.

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

- o Number of tickets issued
- o Village Parking Policy
- o Number of parking enforcement officers
- o Degree of enforcement by Parking Enforcement Officers
- o Spoilage (e.g.- fine is waived)
- o Resident bankruptcies
- o Reductions in vehicles
- o Collection rates

Rating: 

Comments: As illustrated below, this revenue is slightly under budget on a cash basis but is expected to make up ground as the year progresses.



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

By far, personnel and benefits is the category comprising the majority of the expense within the General Fund and includes 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 Benefits expenditures are the expenditures for the compensation of Village staff to perform Village services and activities. Given the labor-intensive nature of Village services, personnel and benefits expenditures typically make up the largest proportion of general fund expenditures.

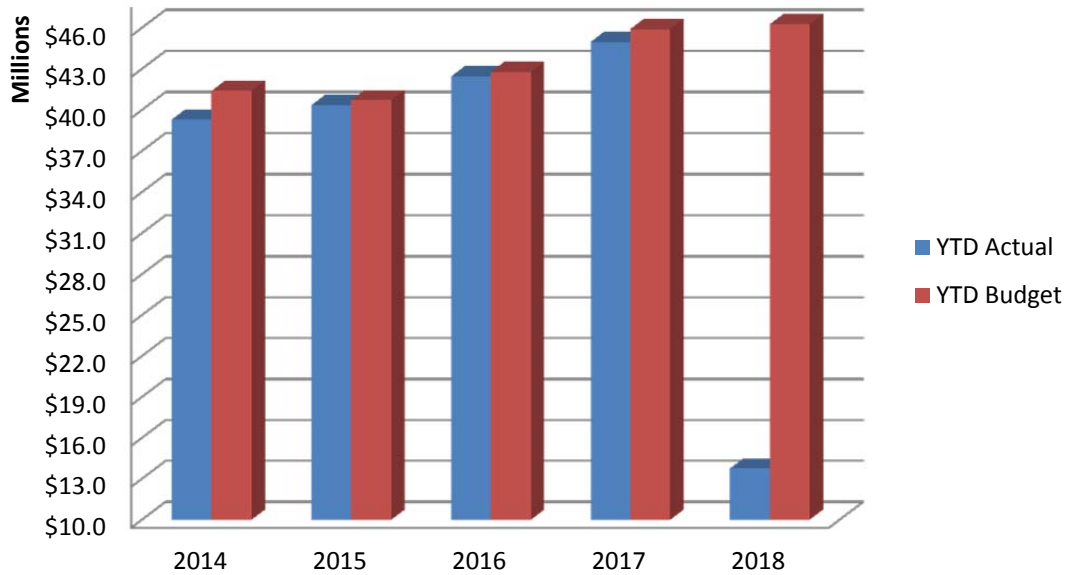
Personnel and Benefits Drivers: The following are the drivers that impact personnel and benefits expenditures:

- o Changes in labor agreements
- o Vacancies
- o Health and pension costs

Rating: 

Comments: The Village's expenditures for combined wages and benefits for 1Q are running above the 1Q projections, due mainly to the Police and Fire Pension employer contributions made in 1Q. Excluding these contributions which are typically concentrated in Q1 & Q3, this overall expense would be well below budget due to various vacancies.

General Fund Budget-to-Actual Personnel and Benefits: 2014- 2018



Contractual Services Expenditures

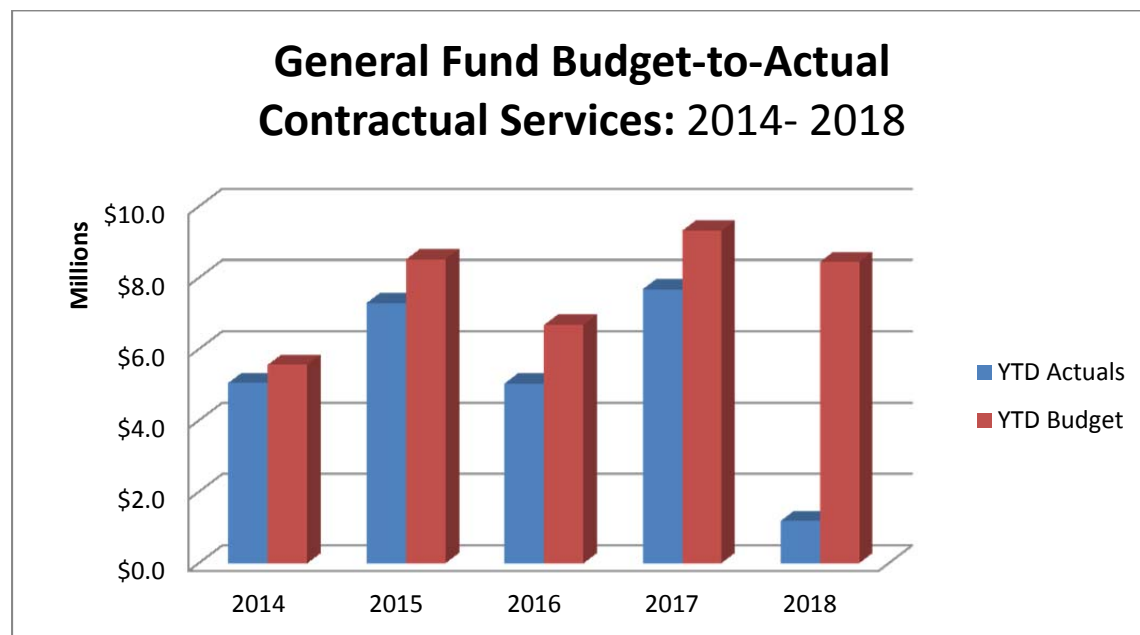
Brief Description: Professional and technical expenditures are for infrequent or unique services that are provided to the Village by independent contractors or by consultants. These expenditures are tracked separately from the Village's salary and benefits resources.

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

- o Availability and ability of Village staff to perform specialized activities
- o Skillsets of Village staff

Rating: 

Comments: Contractual Services net expenditures for 1Q 2018 are down across the board versus projected expenditures, which is consistent with previous years 1Q results. Generally these expenses accelerate throughout the summer months into the fall and catch-up to budget.



Materials & Supplies

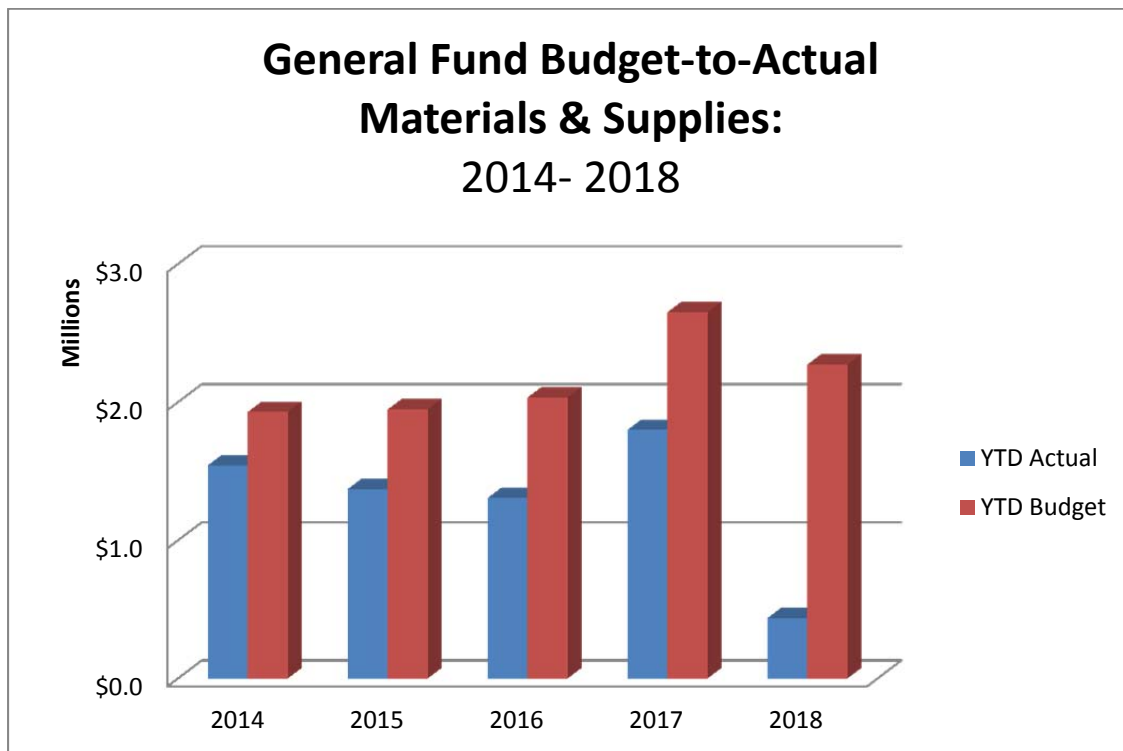
Brief Description: Materials and supplies are expenditures related to such items as commodities, cleaning supplies, clothing, subscriptions, office supplies, equipment rentals, fuel, routine utility expense, equipment maintenance, etc.

Materials & Supplies Drivers: The following are the drivers that impact materials and supplies expenditures:

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

Rating: 

Comments: Expenditures in this category are below budget in 1Q, although historically this category is incurred more heavily in Q3 & Q4.



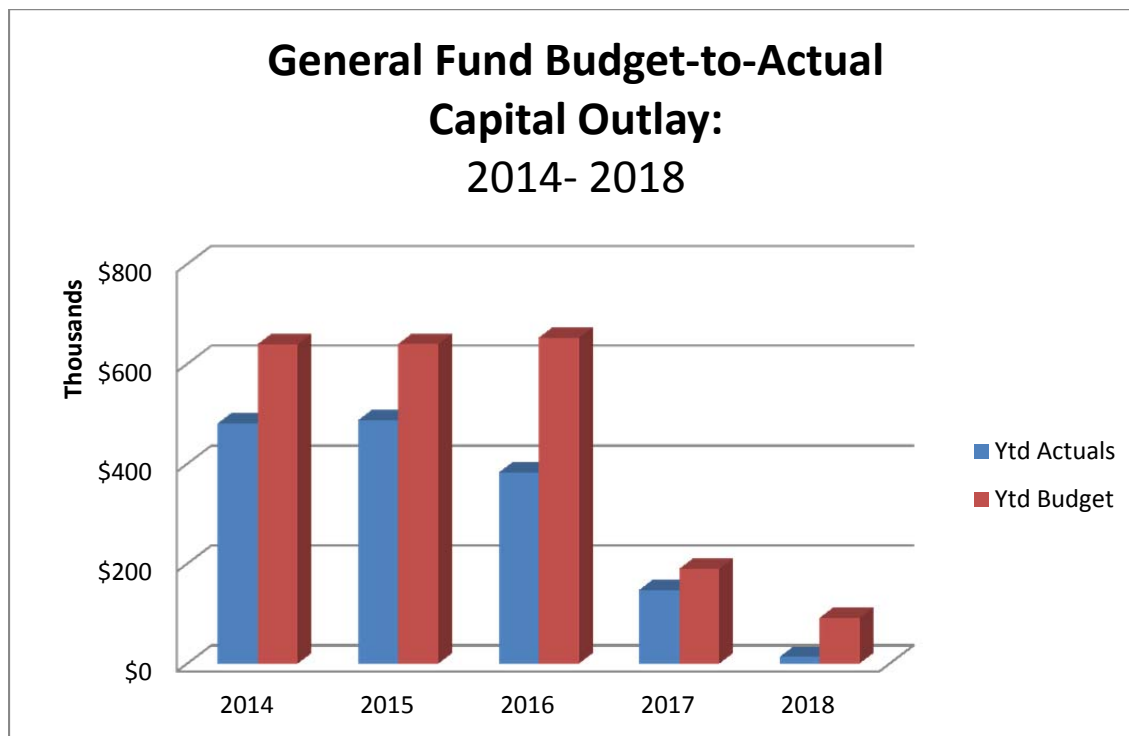
Capital Outlay

Brief Description: Capital Outlay expenditures are typically for the purchase of office/computer equipment and software which do not meet the capital dollar thresholds or useful life 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:

- o Routine replacement of computer and office equipment

Rating: 



Enterprise Funds

Brief Description: This section provides 2017 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 distributes it to customers throughout the Village through its own water system. The Water Fund is the enterprise fund that accounts for the revenues and expenditures of operating the water system, inclusive of capital costs.

Sewer Description: The Village maintains the system that carries sewage to the Metropolitan Water Reclamation District's system. The Sewer Fund is the enterprise fund that accounts for the revenues and expenditures of operating the system, inclusive of capital costs. The sewer charge is derived from the amount of water consumed per account.

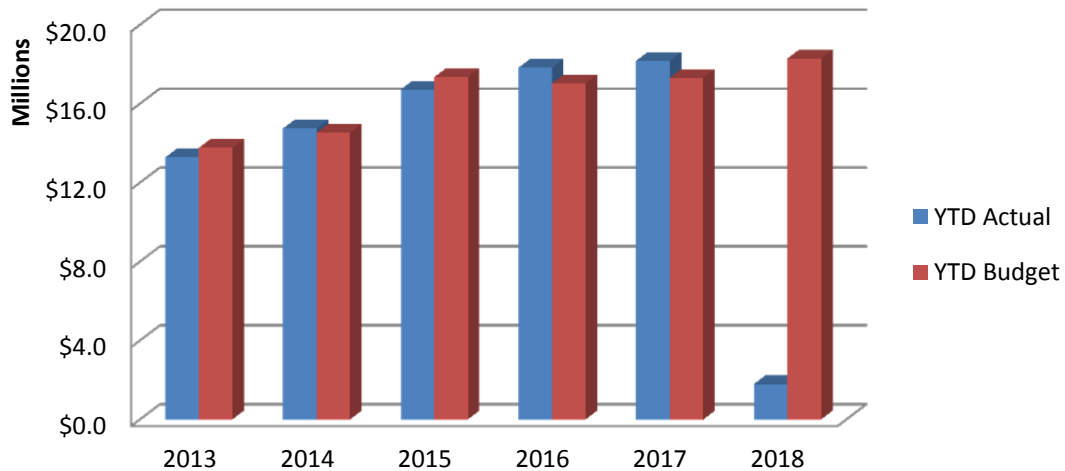
Water and Sewer Fund Revenue Drivers: The following are the drivers that impact Water Fund revenues:

- **Water Revenue Drivers**
 - o Cost of water purchased from the City of Chicago
 - o Amount of gallons used by customers
- **Sewer Revenues Drivers**
 - o Sewer charges imposed by local ordinance
 - o Amount of gallons used by customers

Rating: 

Comments: During the first quarter of 2018, Water and Sewer revenues are consistent with 2016, 2015 and 2014 revenues. Results are temporarily below net budget because of the lag between the billing and receiving of receipts.

Analysis of Water and Sewer Fund Revenues: 2014- 2018



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 staff and equipment that are required to operate the pumping stations, and to repair broken water mains.

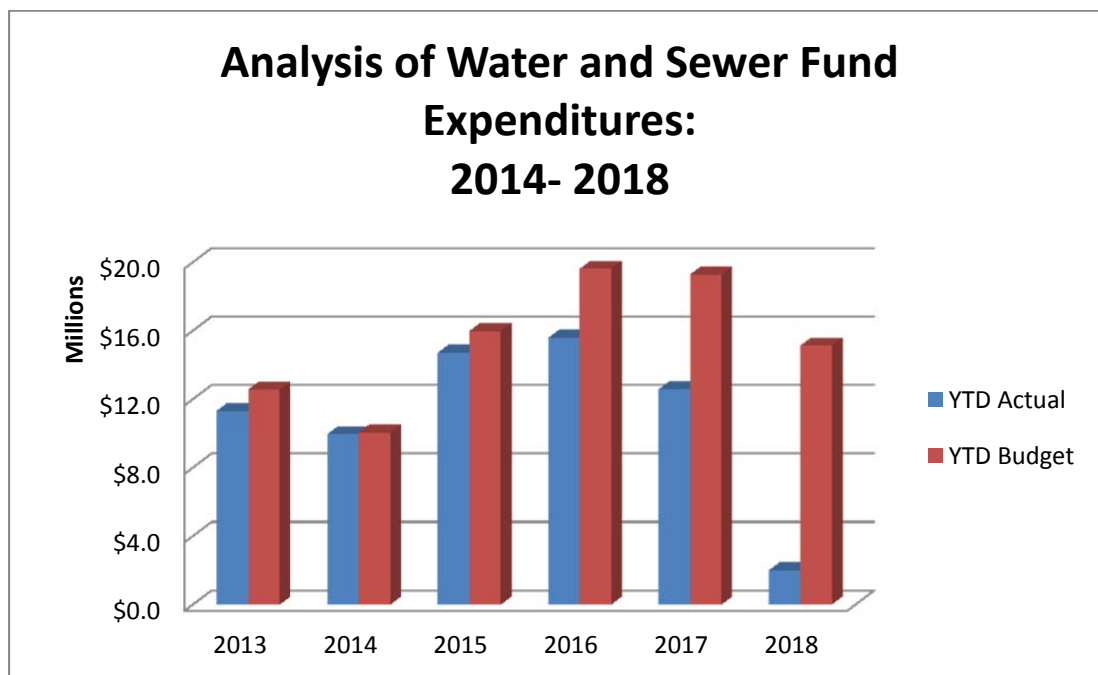
Sewer: The Sewer Fund maintains the infrastructure required to transport water from residences and businesses throughout the community. Sewer fund expenditures reflect the staff and equipment necessary to repair broken sewer lines.

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

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

Rating: 

Comments: Total expenditures for the Water and Sewer Fund for the first quarter are currently below budget, although at least 2/3 of that difference is due to Capital Improvement projects not yet hitting the expense ledger. It is anticipated that the expenditures within this fund will eventually catch up to budget throughout the year, and that fund expenditures will end up at their budgeted levels. While Q1 expenditures are below budget, this is primarily due to normal delays in receiving City of Chicago Water bills and 2018 capital project start dates later in the year.



Parking Fund

Parking Fund Revenues

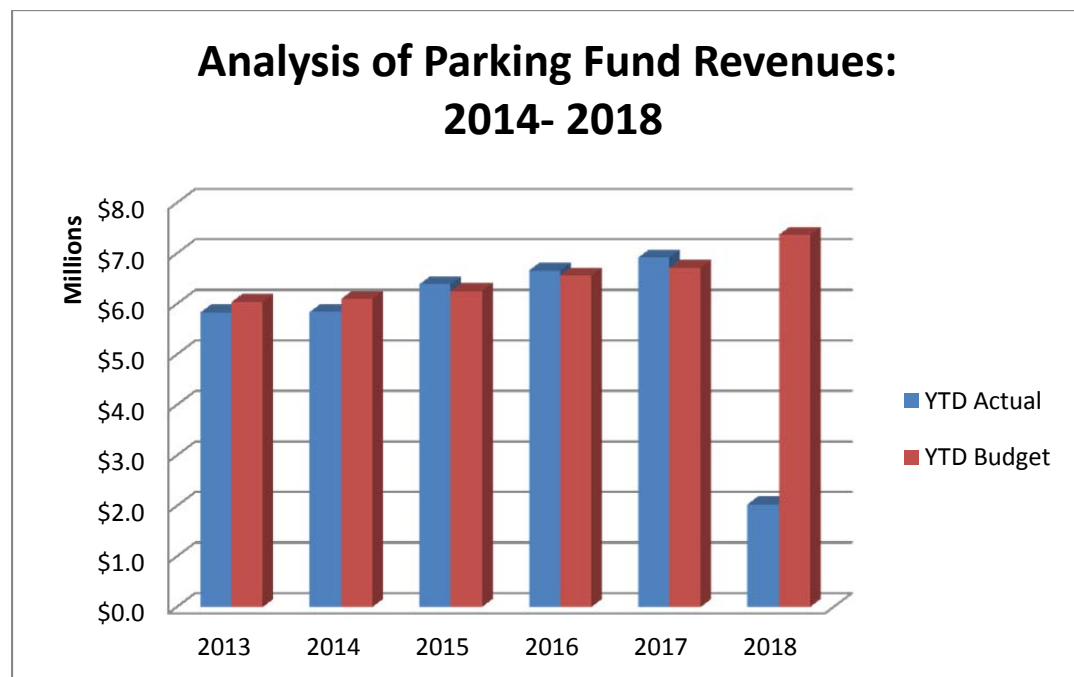
Brief Description: The Village owns and operates the vast majority of public parking throughout the Village. This includes the on-street meters, parking garages located in Downtown Oak Park, as well as a large number of off-street lots throughout the Village

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

- Parking rates
- Volume of parkers

Rating: 

Comments: Revenues for 1Q 2018 are right on track to come in at or near budget.



Parking Fund Expenditures

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

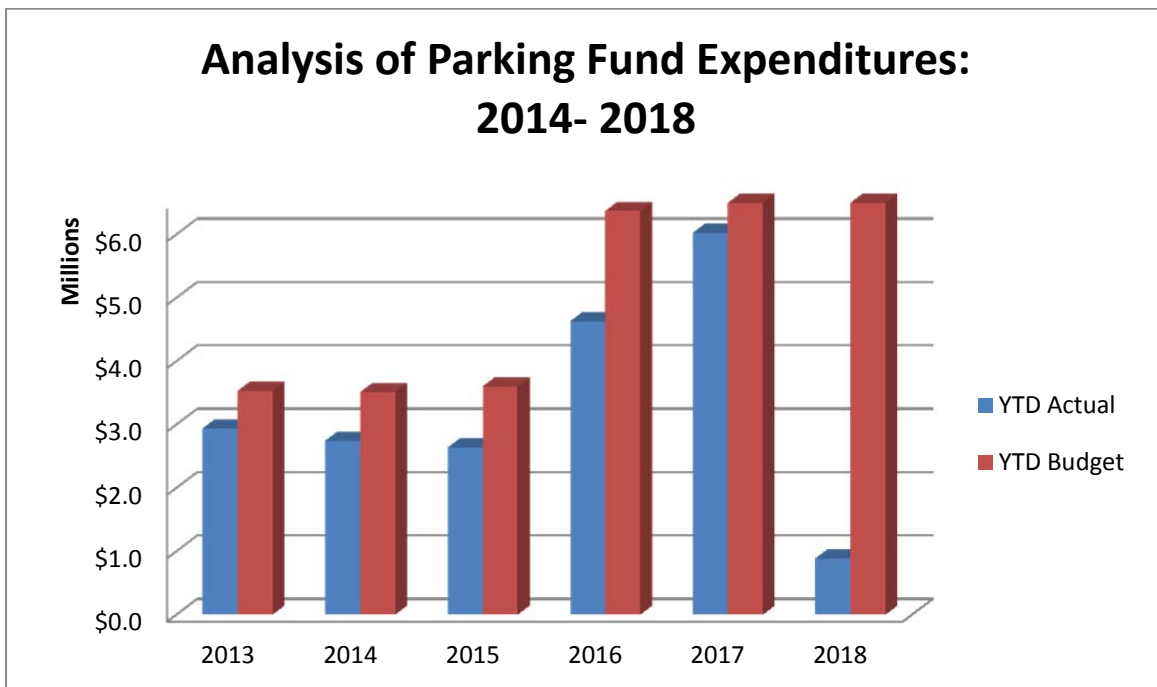
The Village provides for staff to directly service the public to comply with the overnight parking ban and other relevant restrictions. Further, this Fund accounts for the maintenance and repair of parking meters, lots and garages.

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

- Personnel costs
- Capital costs

Rating: 

Comments: Total Q1 2018 actual expenditures are well below budget, although much of this is due to normal delays in vendor invoices sent to the Village.



Environmental Services Fund

Environmental Services Fund Revenues

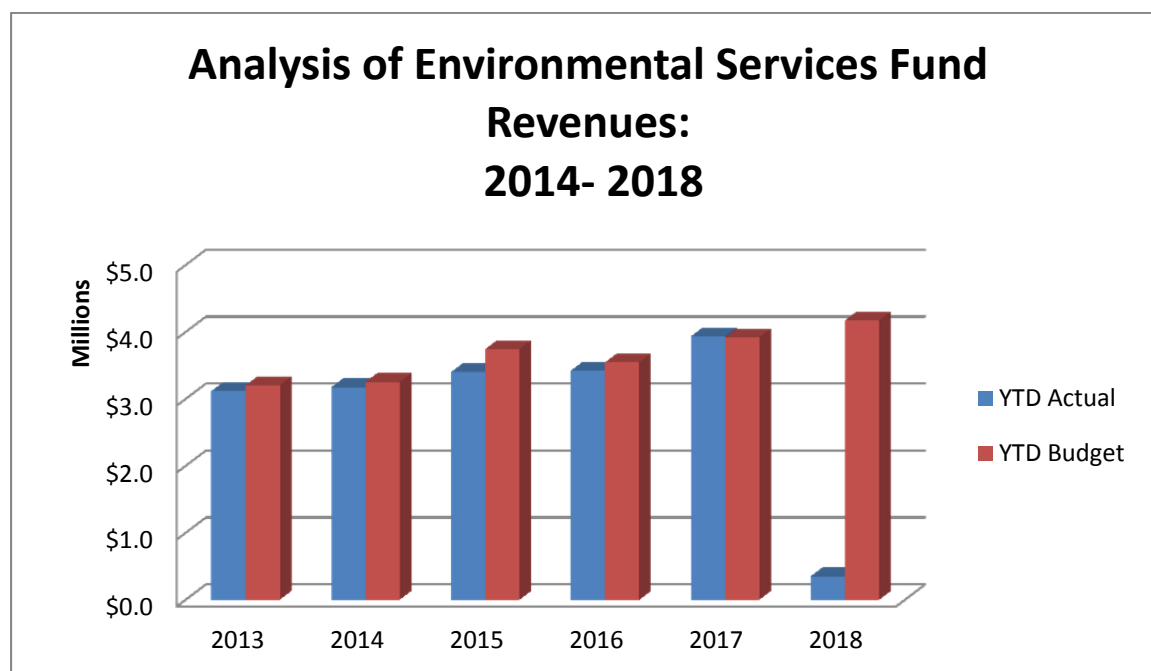
Brief Description: The Environmental Services Fund accounts for the Village's solid waste removal and recycling programs. An enterprise fund, the costs are charged to users of the system via charges on their utility bill.

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

- Garbage collection rates
- Sale of yard waste stickers

Rating: 

Comments: Revenues for this fund, when adjusting for Refuse Collection Fees phasing, are below budgeted projections, although this is due to normal billing cycle timing differences especially apparent in the first quarter.



Environmental Services Fund Expenditures

Brief Description: The Environmental Services Fund accounts for the Village's solid waste removal and recycling programs. An enterprise fund, the costs are charged to users of the system via charges on their utility bill.

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

- Personnel costs
- Contractual costs of waste disposal

Rating: 

Comments: Total expenditures for the Fund for the first quarter are currently well below first quarter expenditure estimates, but are only temporary until budgeted contractual payments “catch-up” with previously incurred services.

