



Village of Oak Park, IL
Finance Department

Quarterly Unaudited Financial and Performance Report

December 31, 2018

Completed January 25, 2019

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 and Use 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

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

**CAPITAL IMPROVEMENT FUND**

Home Rule Sales Tax



Gasoline Tax



Capital Improvement Fund Expenditures

**RATING LEGEND**

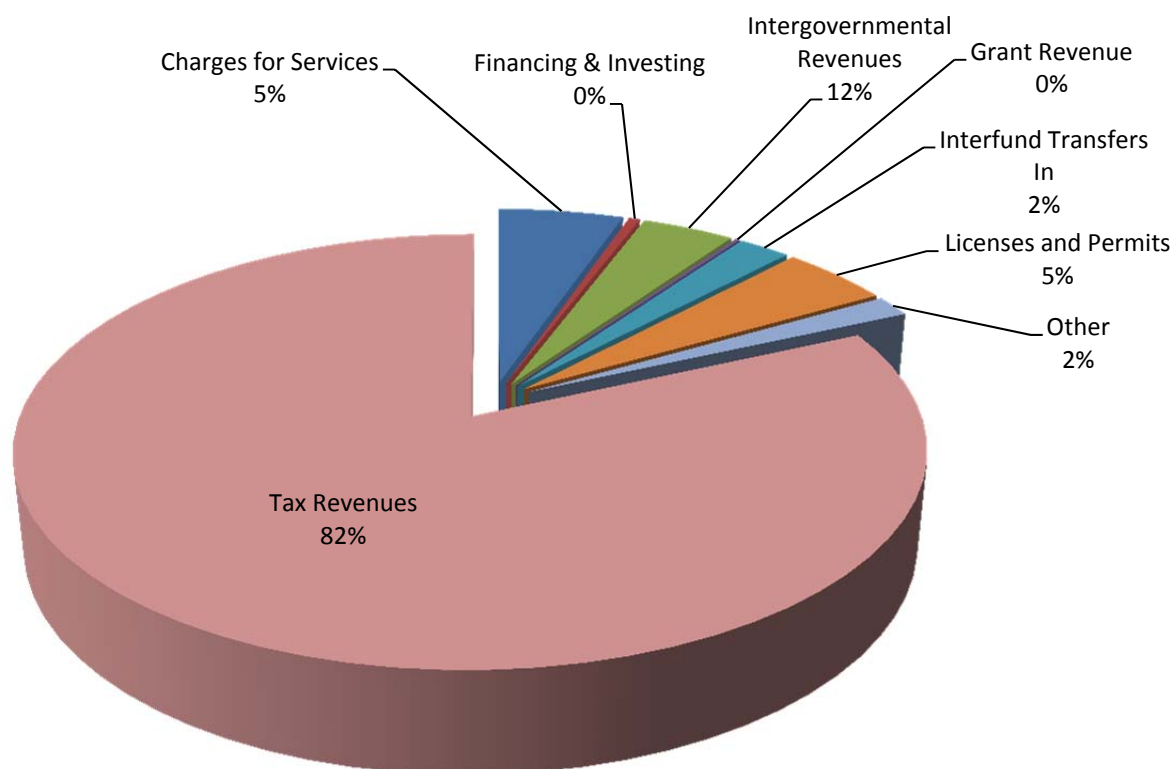
No significant concerns. Revenue expected to meet or exceed budget while expenditures are expected to fall at or below budget.	
There may be some minor negative variations although nothing significant.	
Major negative variances have been noted which may negatively impact fund balance.	
Insufficient data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

General Fund Revenue Analysis

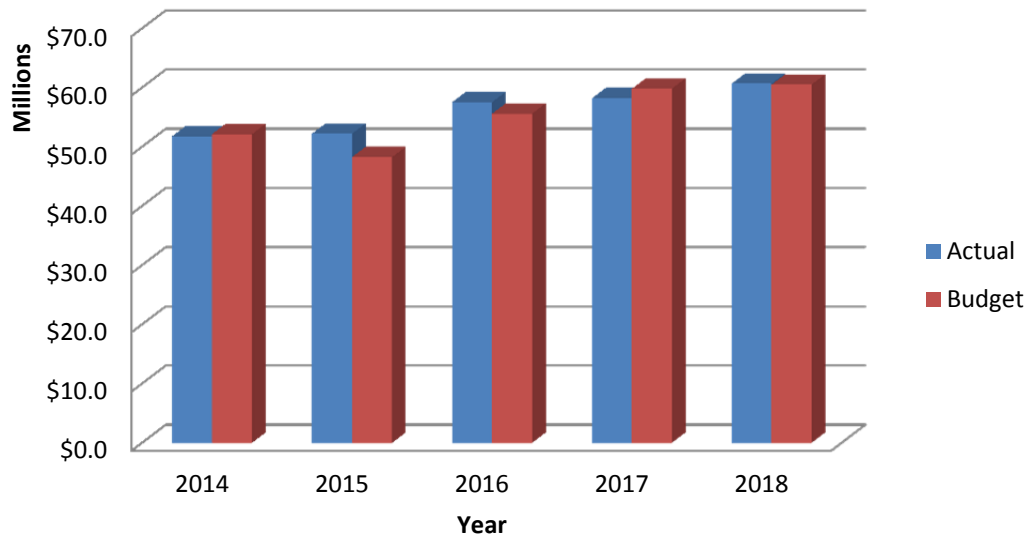
Brief Description: General Fund Revenues are the taxes, fees, and charges that the Village assesses to provide the majority of services to its citizens. General Fund Revenues are managed within the Village's General Fund, and are comprised the following revenue streams:

- 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)

General Fund Revenue Sources



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



General Fund Revenues by Category

<u>Description</u>	<u>YTD Actuals</u> <u>(12/31/18)</u>	<u>Annual Budget</u>	<u>Variance</u>
Charges for Services	3,214,939	2,514,350	700,589
Financing & Investing	287,776	7,500	280,276
Fines	2,379,291	2,335,000	44,291
Grant Revenue	114,454	125,639	(11,185)
Interfund Transfers In	1,336,000	1,336,000	-
Licenses and Permits	2,816,784	2,084,160	732,624
Other	962,032	1,192,150	(230,118)
Tax Revenues	<u>49,568,997</u>	<u>50,906,510</u>	<u>(1,337,513)</u>
	<u>60,680,273</u>	<u>60,501,309</u>	<u>178,964</u>

Property Tax Revenues

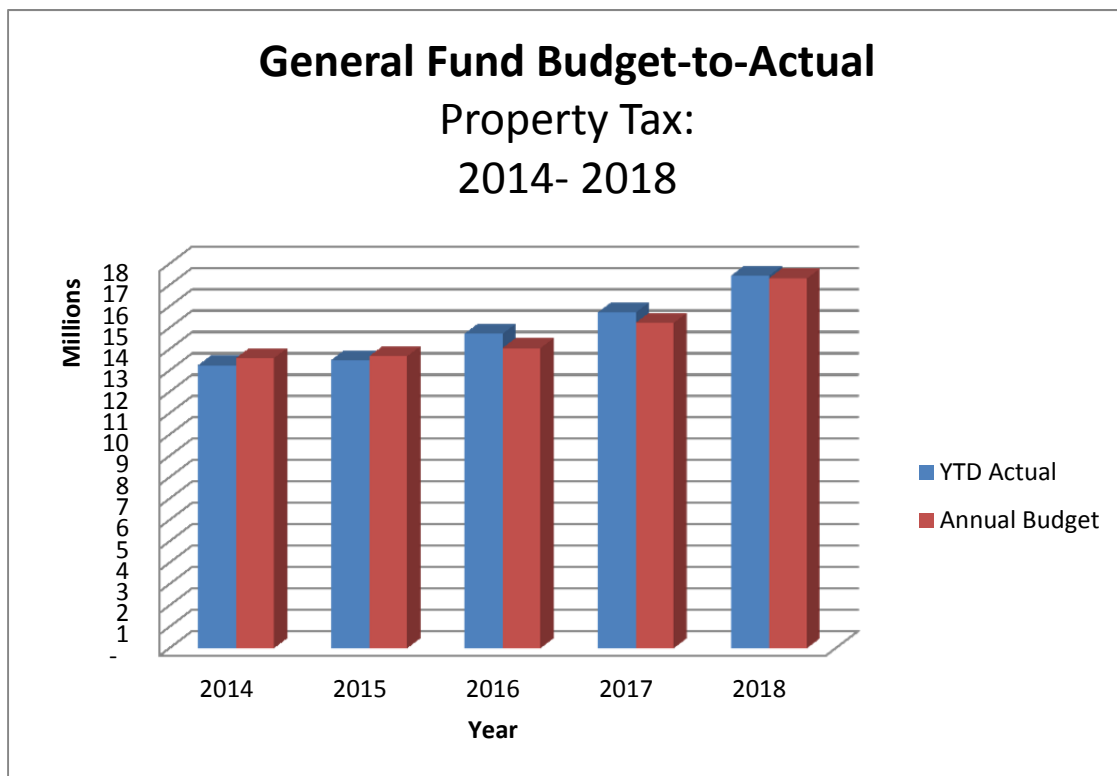
Brief Description: Property Tax Revenues are the proceeds that the Village levies or assesses on real estate within the Village. Each year, the Village Board adopts a specific amount for the County to assess on real estate and this levy is used for general operations, debt service payments, and contributions 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 collects 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

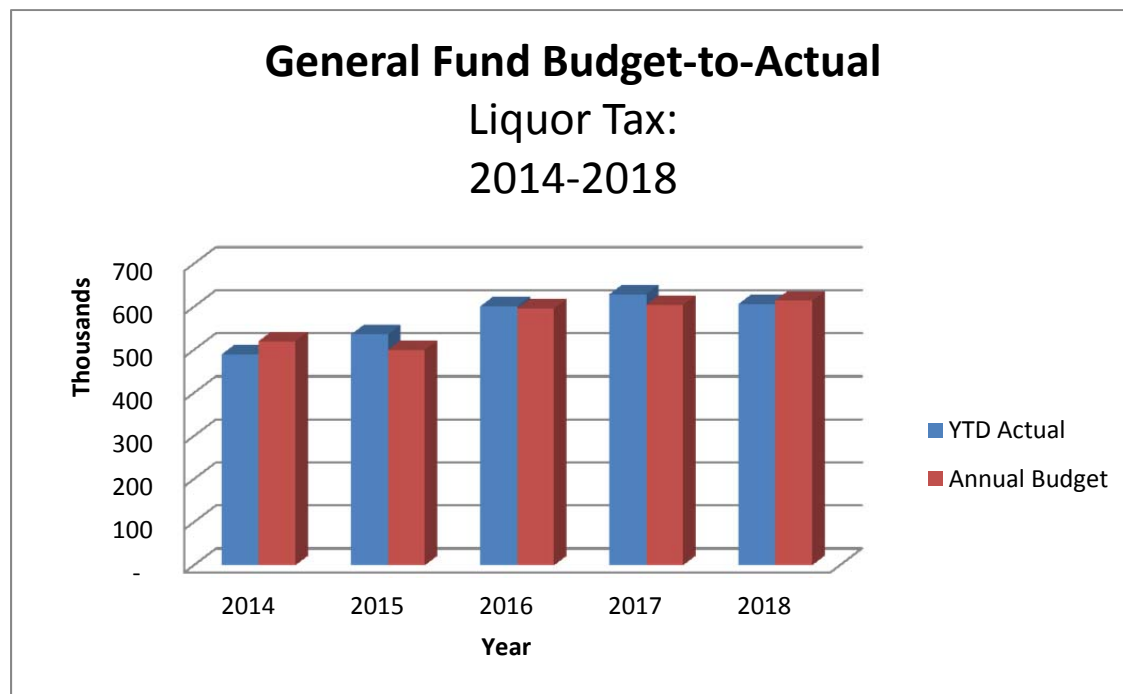
Brief Description: Liquor Tax Revenues are the revenues that the Village collects from vendors who sell liquor within the Village. The current Liquor Tax rate is 3% of the liquor purchase price and is a pass thru to the customer.

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

Rating: 

Comments: Liquor Tax Revenue will meet or slightly exceed budget once delinquent taxes are collected.



Natural Gas Use Tax Revenues

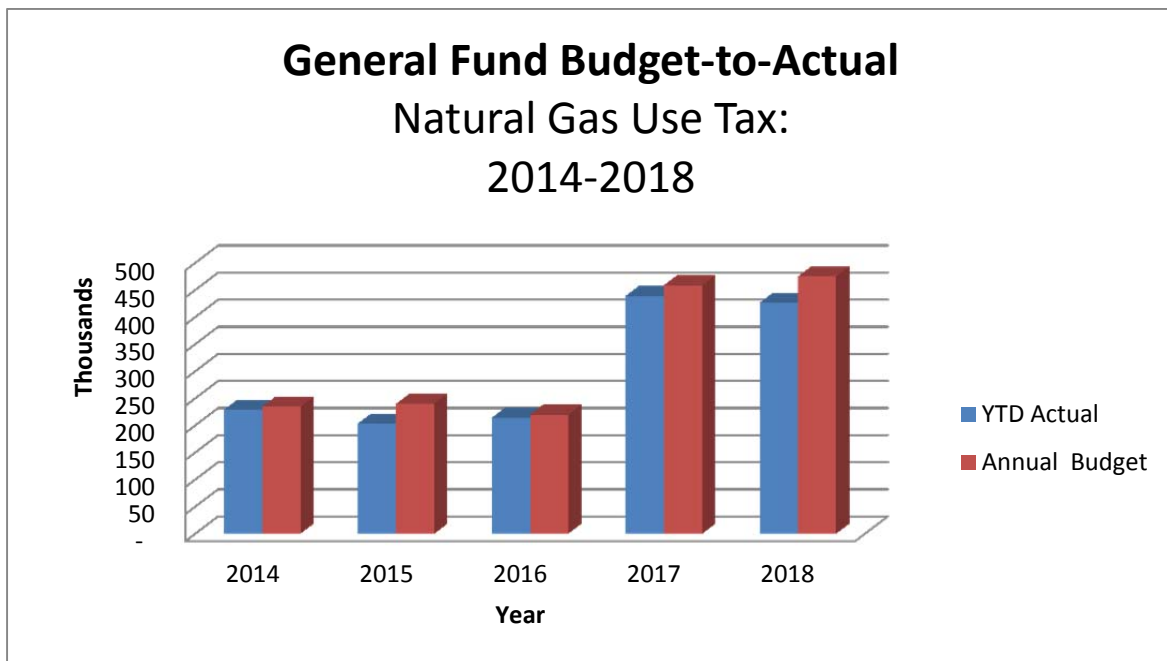
Brief Description: The Natural Gas Use Tax is a tax that the Village charges to users based upon the purchase of natural gas from out-of-State suppliers. This should not be confused with the Natural Gas Tax which is a percent rather than a fixed dollar amount charged on the purchase of natural gas from 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: As of December 31, the Village has yet to receive the December 2018 Natural Gas Use Tax payment, as reflected in the chart below. Upon receiving this revenue, based on historical usage for the month of December, the Village should meet the budget.



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.

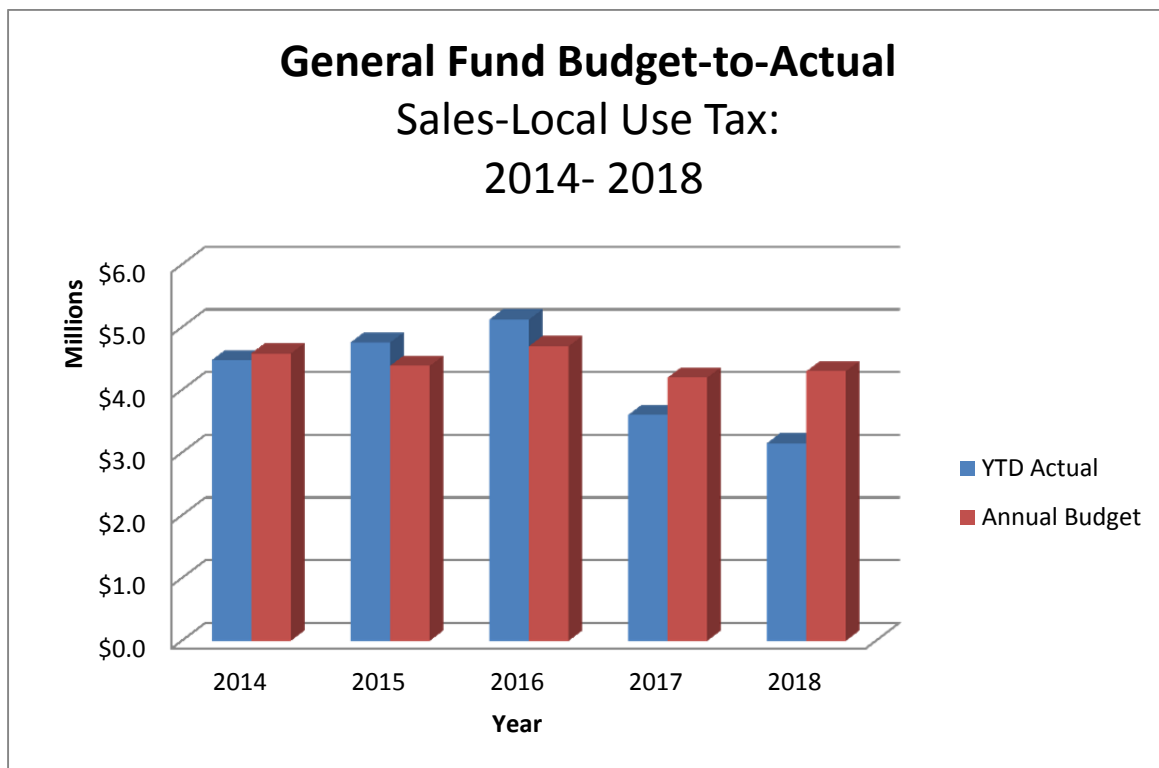
The Village also imposes a 1% Home Rule Occupation Tax (HROT). While approved locally, this tax is also administered and collected at the state level. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

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 typically a three month lag in sales tax collections. Therefore, as of December 31, only nine months of this tax has been collected for January, February, March, April, May, June, July, August and September. This revenue is expected to meet budget by year end.



Real Estate Transfer Tax Revenues

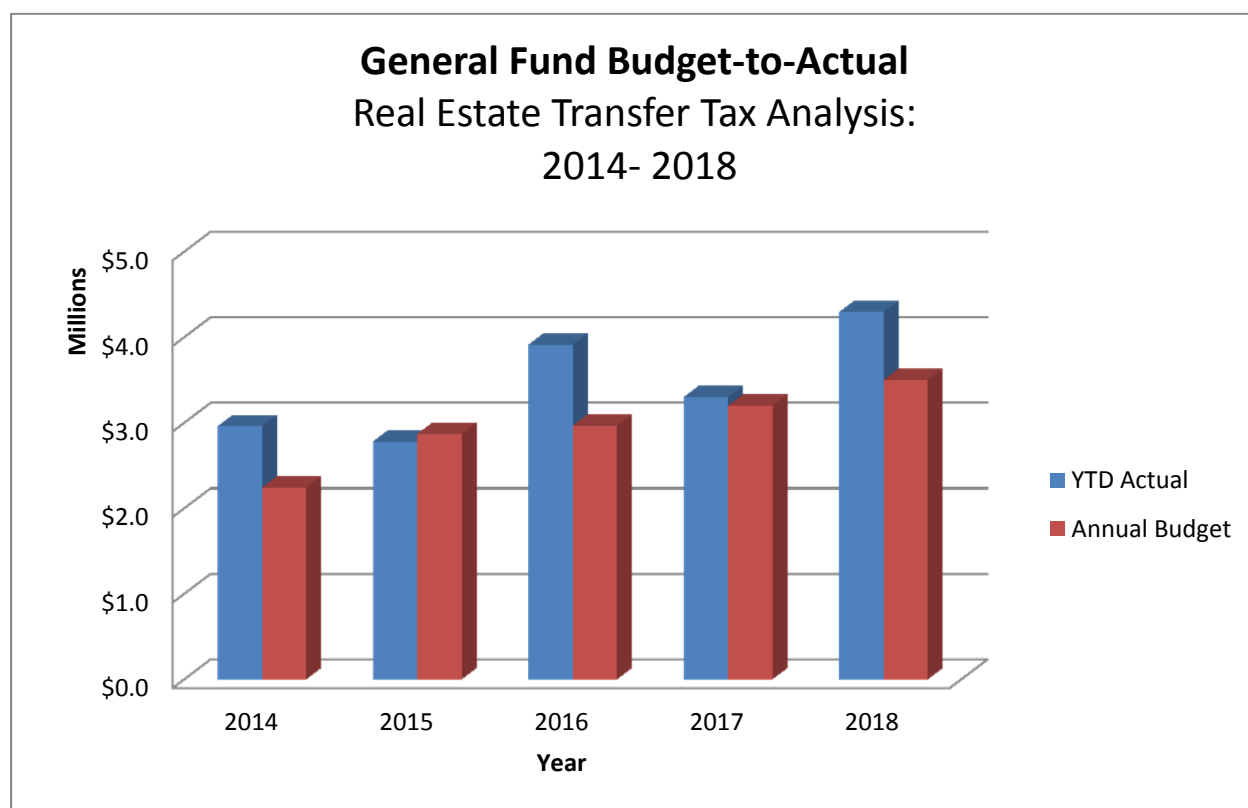
Brief Description: The Real Estate Transfer Tax (RETT) is a tax on the seller of property within the Village. The tax is assessed at \$8 for every \$1,000 (or .8%) of the sale or “transfer” price. In addition, there is a flat fee for exempt real estate transfers when no consideration changes hands.

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

- Number of transactions
- Price of transactions

Rating: 

Comments: Real Estate Transfer Tax proceeds performed significantly above expectations, with total revenue exceeding budget. This was due to a number of large residential and commercial sales as well as a steady overall stream of direct and exempt real estate transactions throughout the year. The top ten transactions in 2018 brought in about \$1.1 million of transfer tax on property sales totaling approximately \$145 million. In Q1 of 2018, the Vantage Oak Park Building located at 150 Forest Avenue was sold for \$102,750,000, generating \$822,000 in transfer tax revenue in a single transaction. Additionally, the commercial property located at 1129 Lake Street was sold for \$11,875,000, generating \$95,000 in transfer tax revenue.



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.

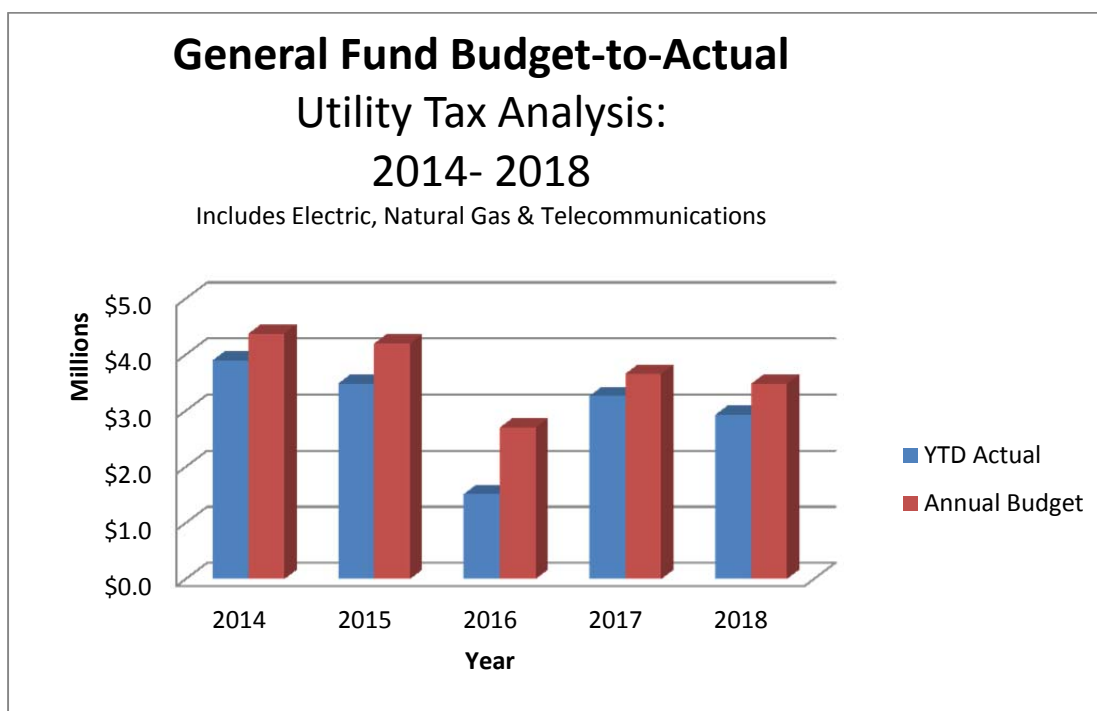
Utility Tax Revenue Drivers: The following are the drivers that impact Utility Taxes:

- Energy consumption
- Weather conditions
- Landline use

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. As of December 31, only nine months of Telecommunications and eleven months of Electric and Natural Gas Taxes have been collected. Combined Utility Tax revenues are projected to come in approximately \$100,000 below budget primarily due to decreased telecommunications tax revenue.



Licenses and Permits

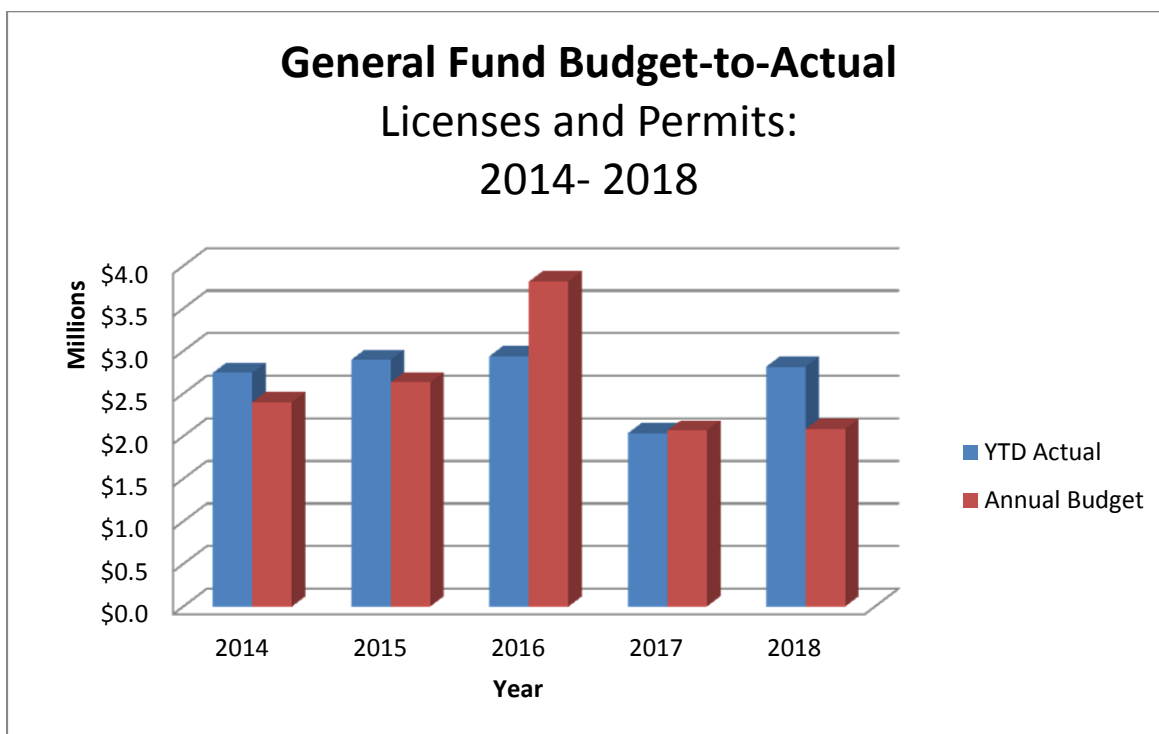
Brief Description: The Village charges fees to individuals, businesses and other entities to conduct certain activities within the Village. Such fees include business/liquor licenses, vehicle stickers, elevator inspection fees, zoning applications, etc.

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

- Economic conditions in real estate and retail markets

Rating: 

Comments: Revenues for licenses and permits far exceeded budget due to significantly stronger than anticipated building permit revenue this year. Overall, Building Permit revenue for 2018 exceeded 2017 revenue by approximately 75%. The Albion development (1000 Lake St) and the Lexington Reserve development (958 Madison St) generated \$394,496 and \$215,010 respectively in building permit revenue.



Income Tax Revenue

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

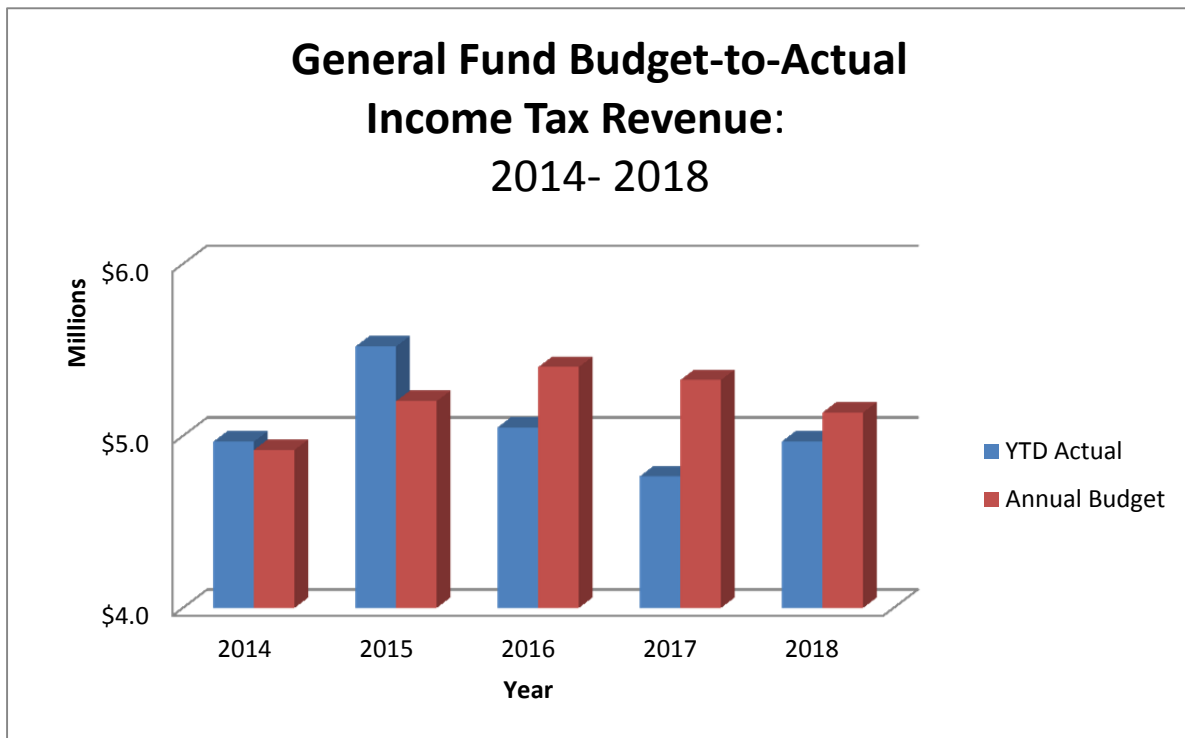
Intergovernmental Revenue Drivers: The following are the drivers that impact income tax revenues:

- State of Illinois Income Tax collections

Rating:



Comments: This revenue fell short of budget by approximately \$168,000. The budgeted revenue was determined by published IL Municipal League estimates and it is not uncommon for actual revenues to materially differ from these estimates.



Charges for Services

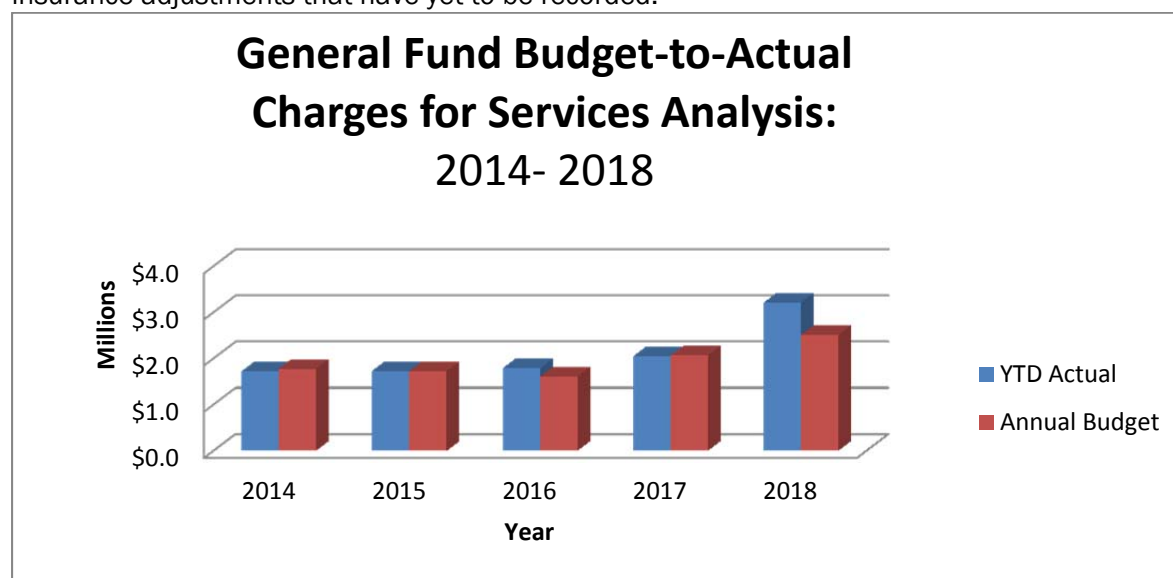
Brief Description: The Village provides a number of services for which it charges fees directly to customers. Such services include: drafting of police reports, property sales inspections, ambulance services, intergovernmental services, and environmental health services.

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

- **Public Safety:**
 - 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: Based on outstanding receivables and anticipated adjustments, this revenue will fall short of meeting budget by approximately \$500,000. The chart below inaccurately reflects actual revenue as of December 31 exceeding budgeted revenue. This inaccurate depiction is based on Ambulance Charges reflecting billing that will not be realized in its entirety due to refunds and insurance adjustments that have yet to be recorded.



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.

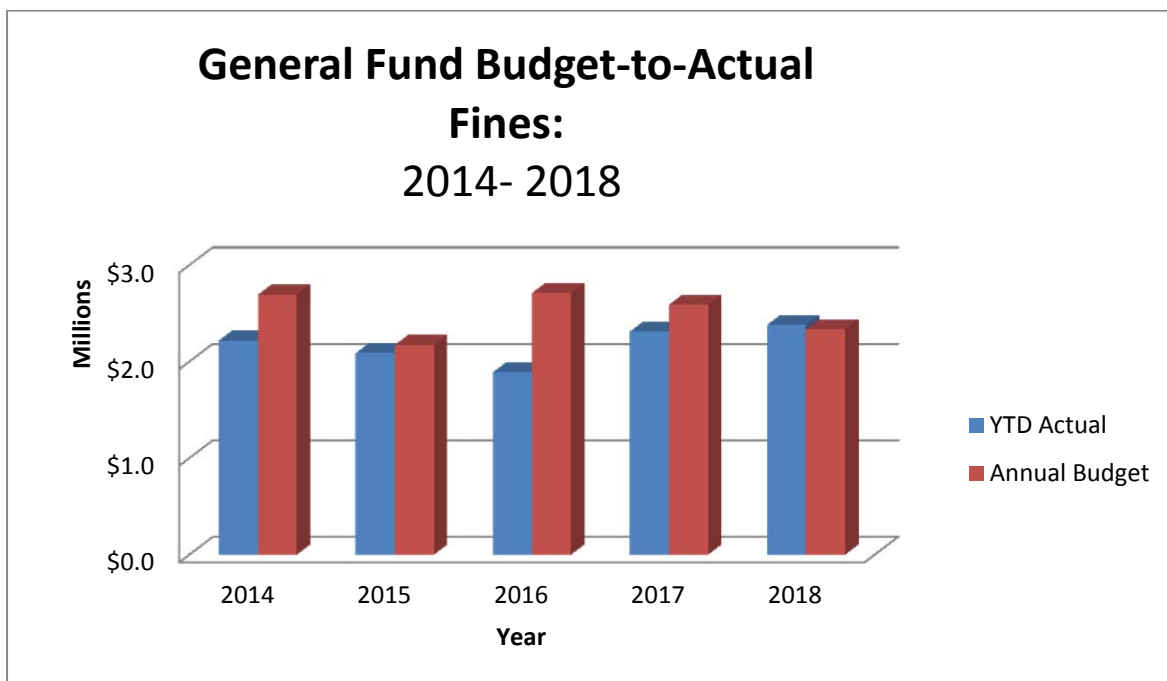
Drivers of Fines: The following are the drivers that impact fine proceeds:

- 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 exceeded the budget. This was due to Parking Fines meeting targeted budget and non-compliance fines exceeding budget.



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

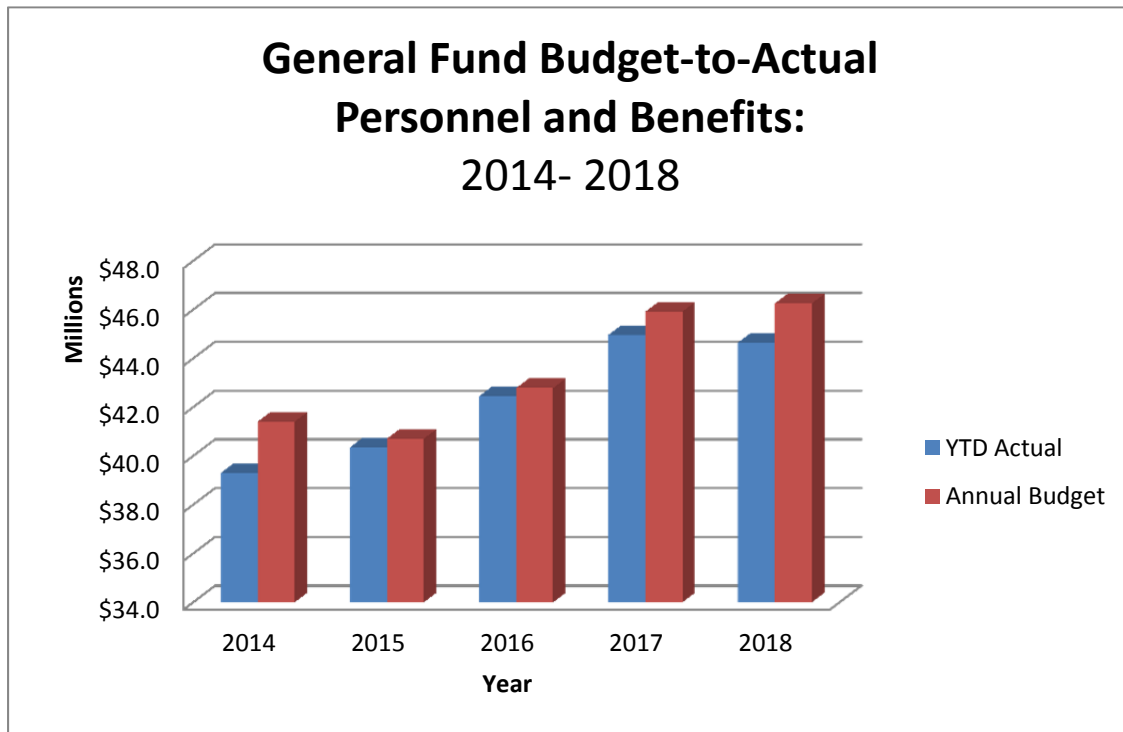
Brief Description: Personnel and Benefits expenditures are for the compensation of Village staff to perform services and activities. Given the labor-intensive nature of Village services, personnel and benefit expenditures typically make up the largest portion of the general fund budget.

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

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

Rating: 

Comments: Due to turnover and vacancies during the hiring process, personnel and benefit expenditures are below the amount budgeted for 2018. It should be noted that such vacancies are accounted for in the budget with a contra-expense (negative expense) in the General Fund.



Contractual Services Expenditures

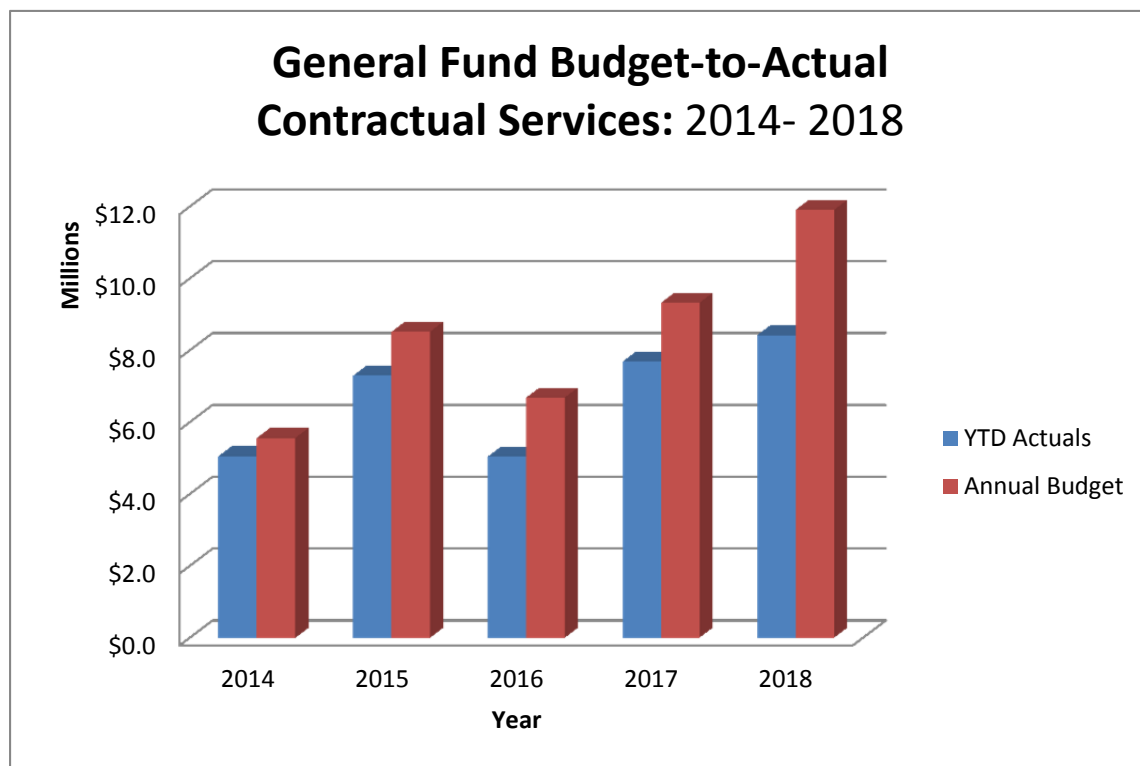
Brief Description: Contractual services expenditures are typically for independent contractors who have a specific expertise as well as various types of repairs, contracts and routine support service.

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 Skillset of Village staff

Rating: 

Comments: Contractual Services expenditures are substantially less than the amount budgeted for this category. However, some contractual invoices for 2018 may be received and paid through mid-March and therefore, this variance is expected to be reduced in the final audit.



Materials & Supplies

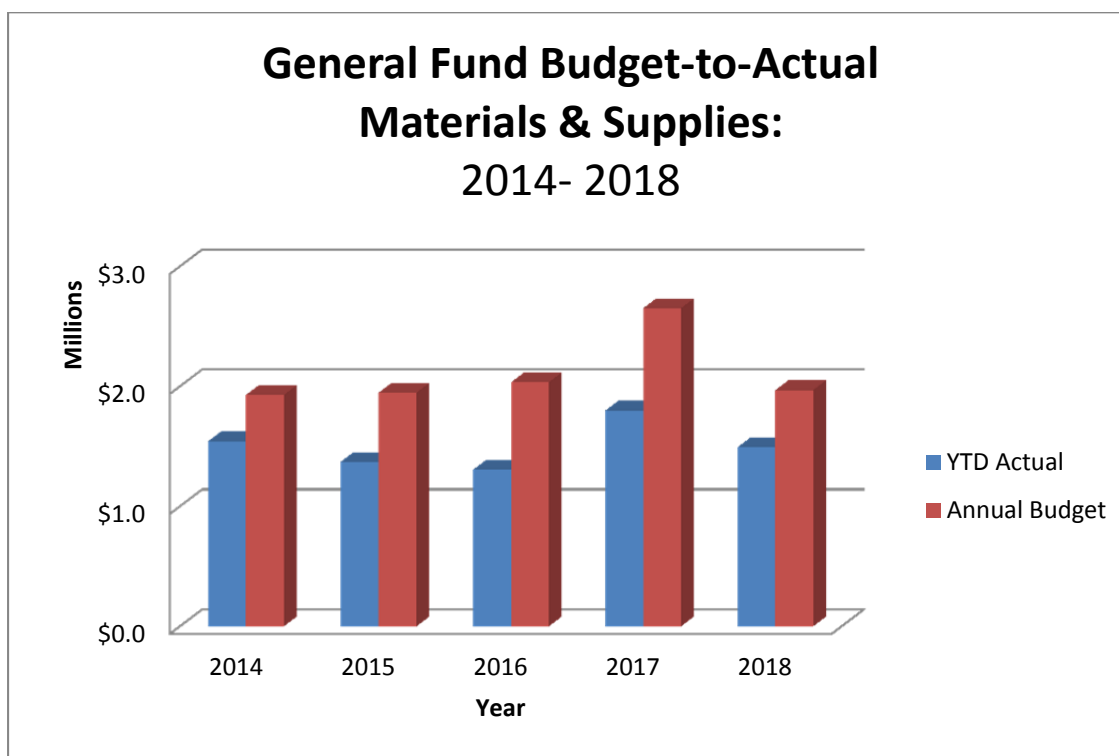
Brief Description: Materials and supplies are expenditures related to such items as commodities, cleaning supplies, clothing, subscriptions, office supplies, equipment rentals, fuel, routine utility expense, equipment maintenance, etc.

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

- o Usage of village-owned properties
- o Maintenance of village-owned facilities and infrastructure
- o Vendor invoicing delays

Rating: 

Comments: Expenditures in this category are below budget primarily due to savings on roadway maintenance, membership dues and operational supplies. This favorable variance may be reduced in the next few months.



Capital Outlay

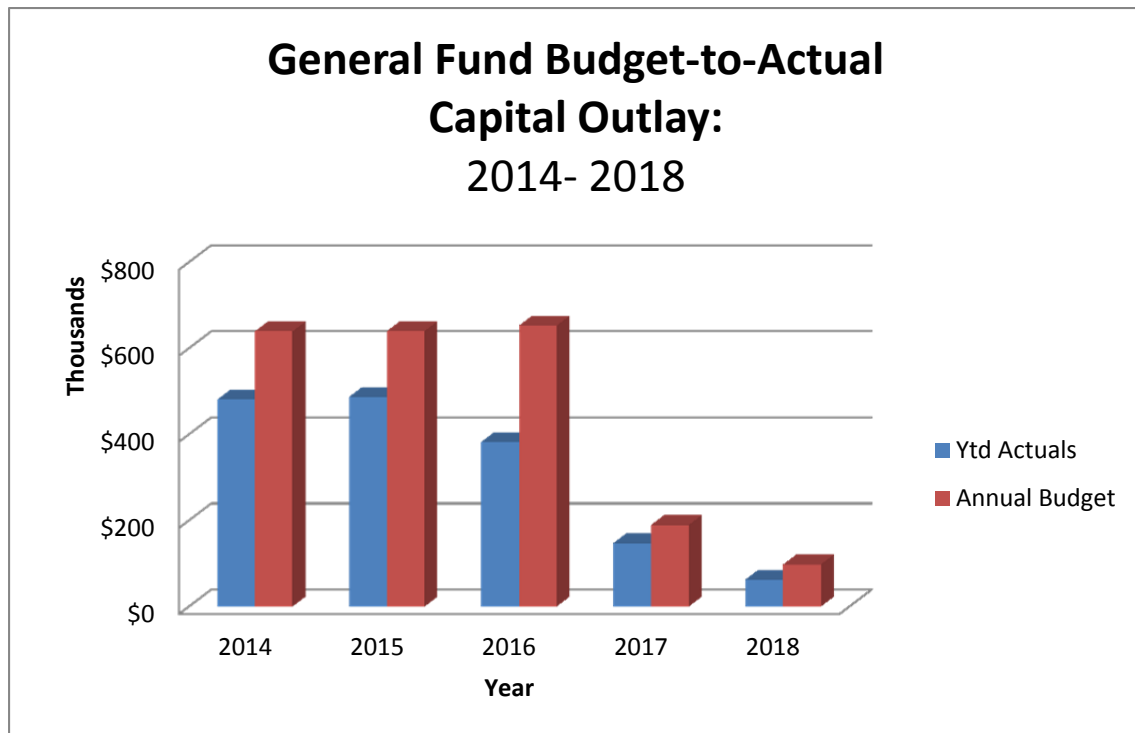
Brief Description: Capital Outlay expenditures are typically for the purchase of smaller ticket office/computer equipment and software which do not meet the capital dollar thresholds or useful life for inclusion in the Capital Improvement Fund budget. These smaller purchases are therefore funded by general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

Comments: Expenditures in this category are below budget.

Rating: 



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 distributes it to customers throughout the Village using its own infrastructure. The Water Fund is the enterprise fund that accounts for the revenues and expenses of operating the water system, including capital costs.

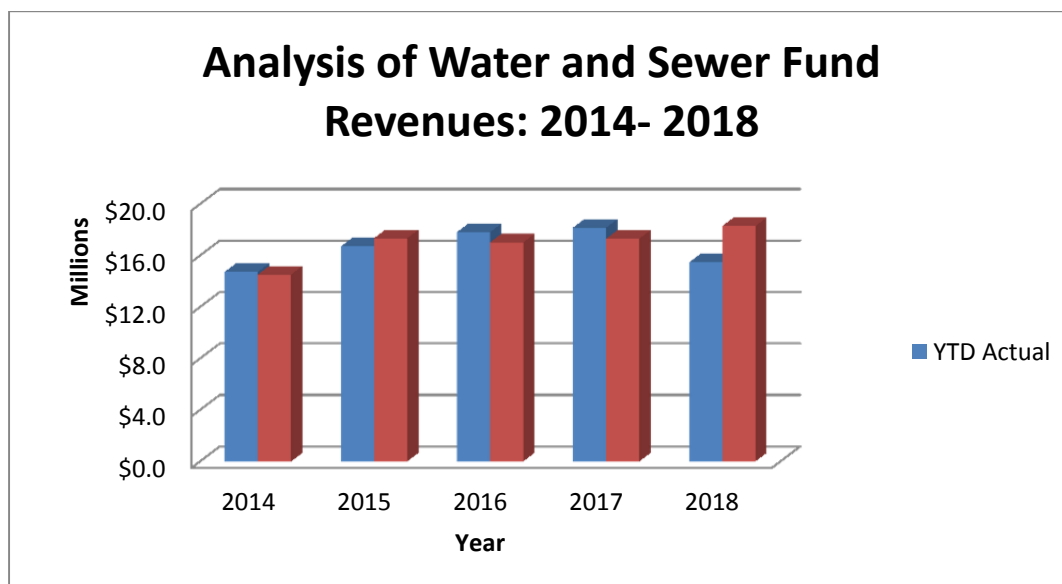
Sewer Description: The Village maintains the system that carries sewage to the Metropolitan Water Reclamation District's system. The sewer charge is based on the amount of water consumed per account.

Water and Sewer Fund Revenue Drivers: The following are 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: Water and Sewer revenues are projected to fall short of budget. One component of this shortfall is due to “water loss,” or non-revenue water as percent by volume of water supplied. For the period of October 1, 2017 through September 30, 2018, the Village reported a water loss of 23.1%. The Village continues to monitor this ratio and investigate solutions to the water losses.



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.

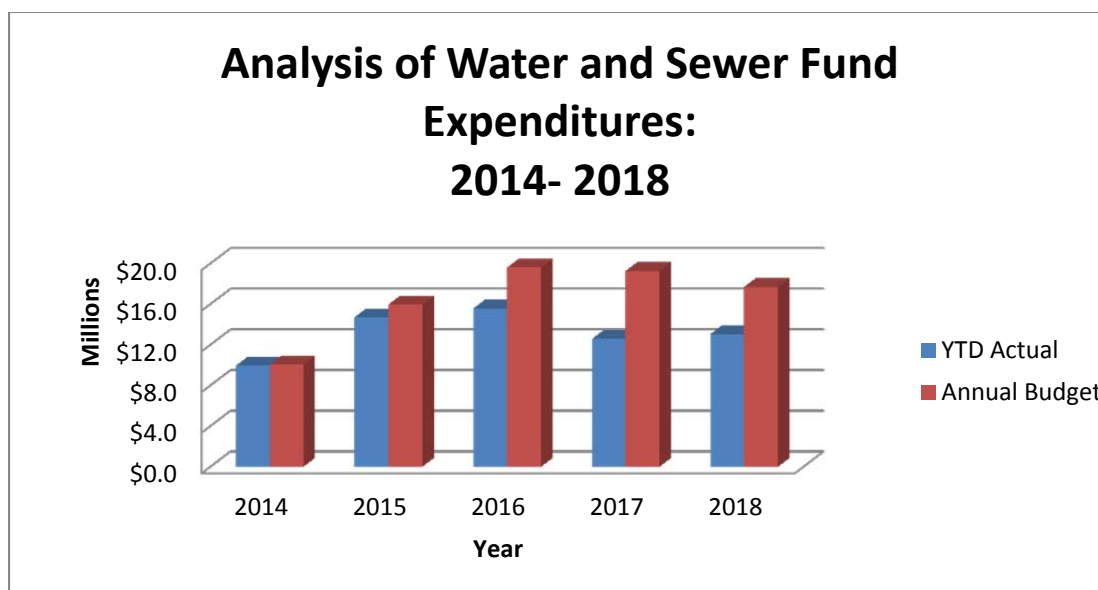
Sewer: The Sewer Fund maintains the infrastructure required to transport sewage from residences and businesses to treatment plants. Sewer Fund expenditures reflect the labor and equipment necessary to repair broken sewer lines.

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

- Water Fund Expenditure Drivers
 - 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: Water and Sewer expenditures are expected to end the year below budget which would offset some of the revenue shortfall. This is primarily due to some deferred/delayed water infrastructure projects.



Parking Fund

Parking Fund Revenues

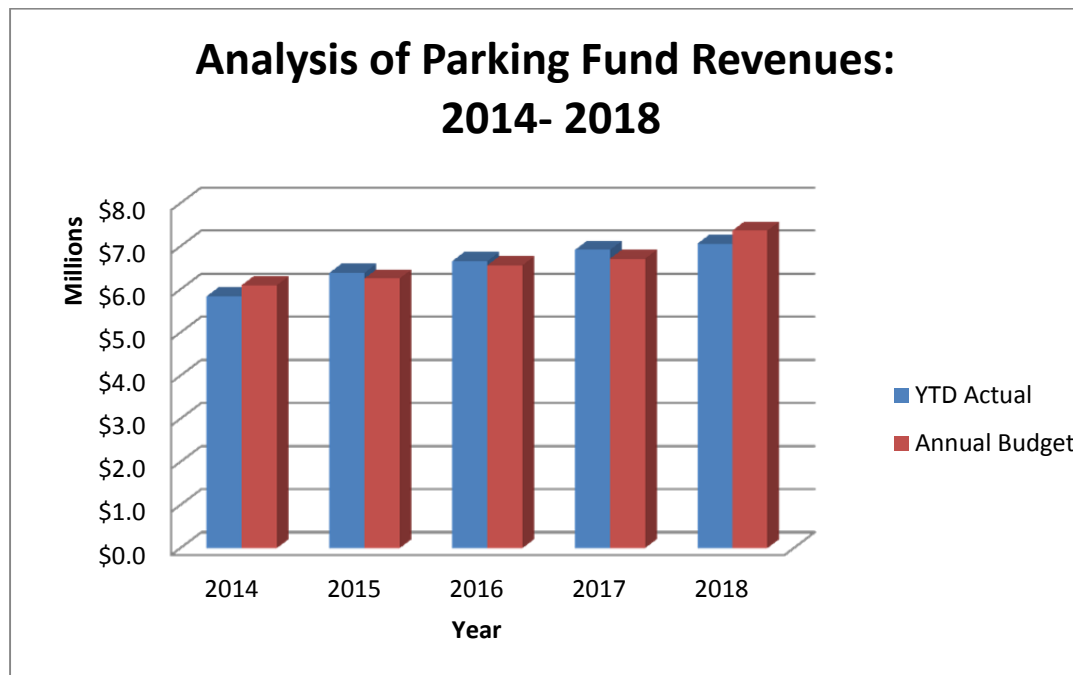
Brief Description: The Village owns and operates the majority of public parking throughout the Village. This includes on-street meters, parking garages located in Downtown Oak Park, as well as a large number of off-street lots throughout the Village

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

- Parking rates
- Volume of parkers

Rating: 

Comments: Revenues for 2018 have met budgeted expectations.



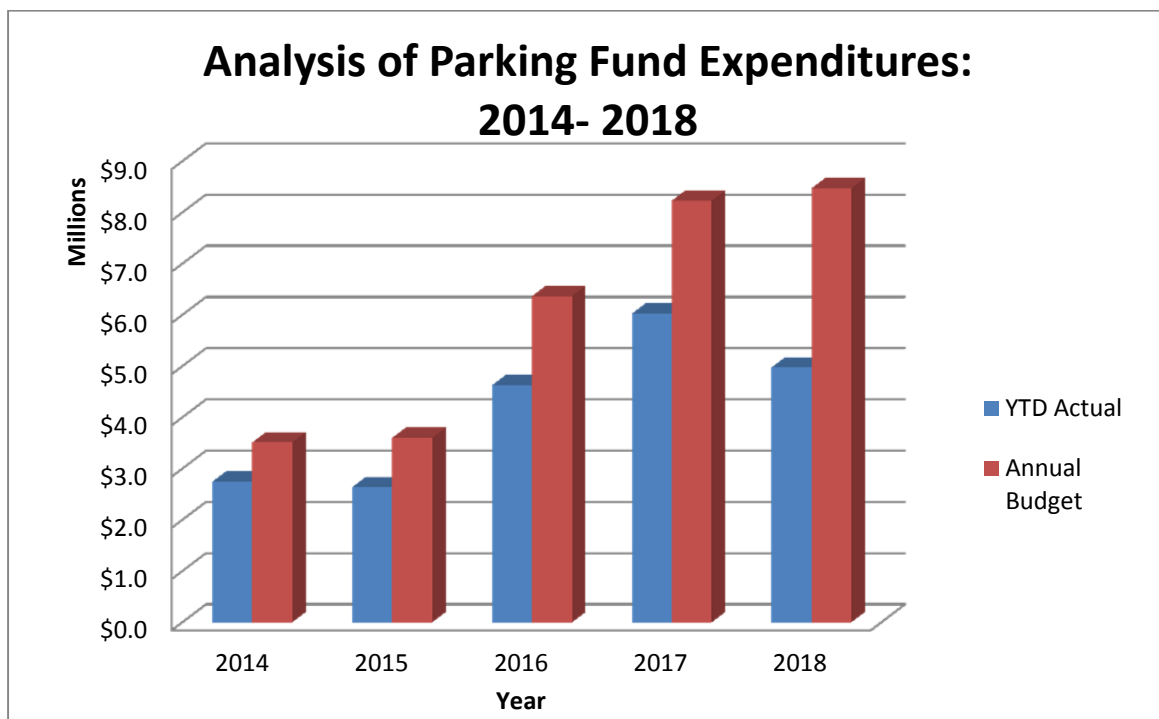
Parking Fund Expenditures

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

- Personnel costs
- Capital costs

Rating: 

Comments: Projected expenses are expected to fall slightly below budget for the year due to deferred/delayed Capital projects and typical timing delays of contractor invoices. However, some contractual invoices for 2018 may be received and paid through mid-March and therefore, this variance is expected to be reduced in the final audit.



Environmental Services Fund

Environmental Services Fund Revenues

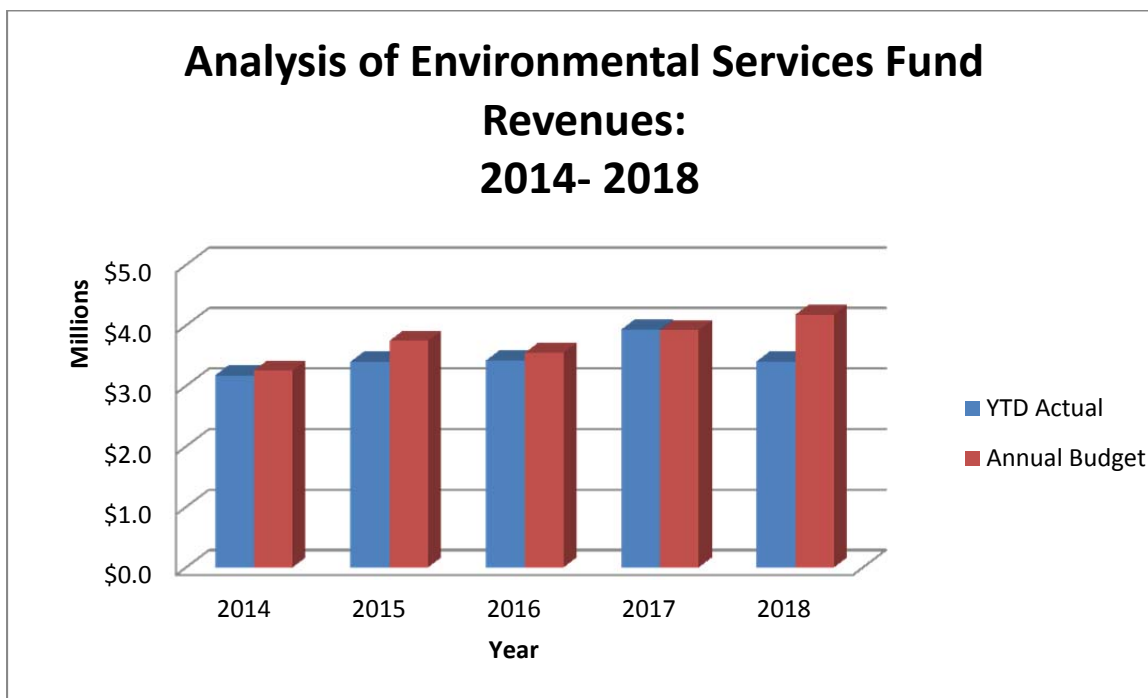
Brief Description: The Environmental Services Fund accounts for the Village's trash removal and recycling programs. An enterprise fund, the costs are charged to users of the system via charges on utility bills.

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

- Garbage collection rates
- Sale of yard waste stickers

Rating: 

Comments: Revenues for year are expected to meet budget. YTD revenues appear below projected budget due to normal billing cycles.



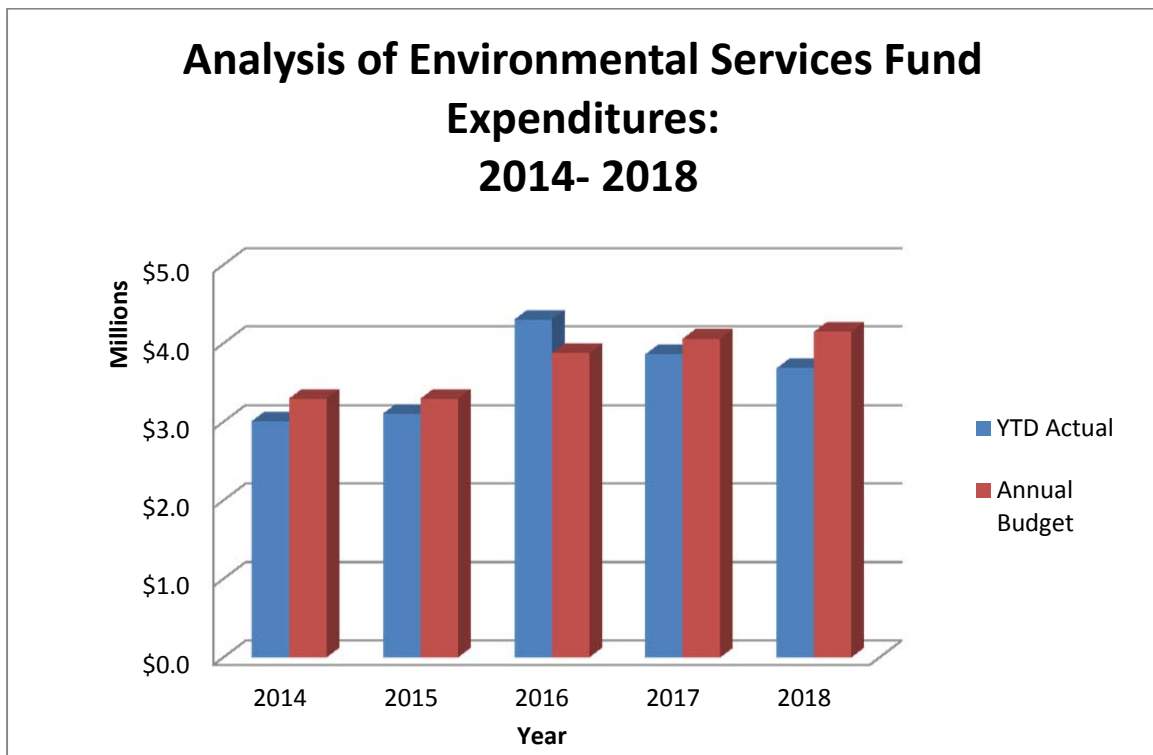
Environmental Services Fund Expenditures

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

- Personnel costs
- Contractual costs of waste disposal

Rating: 

Comments: Total expenses are expected to be at or near budget by year end.



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

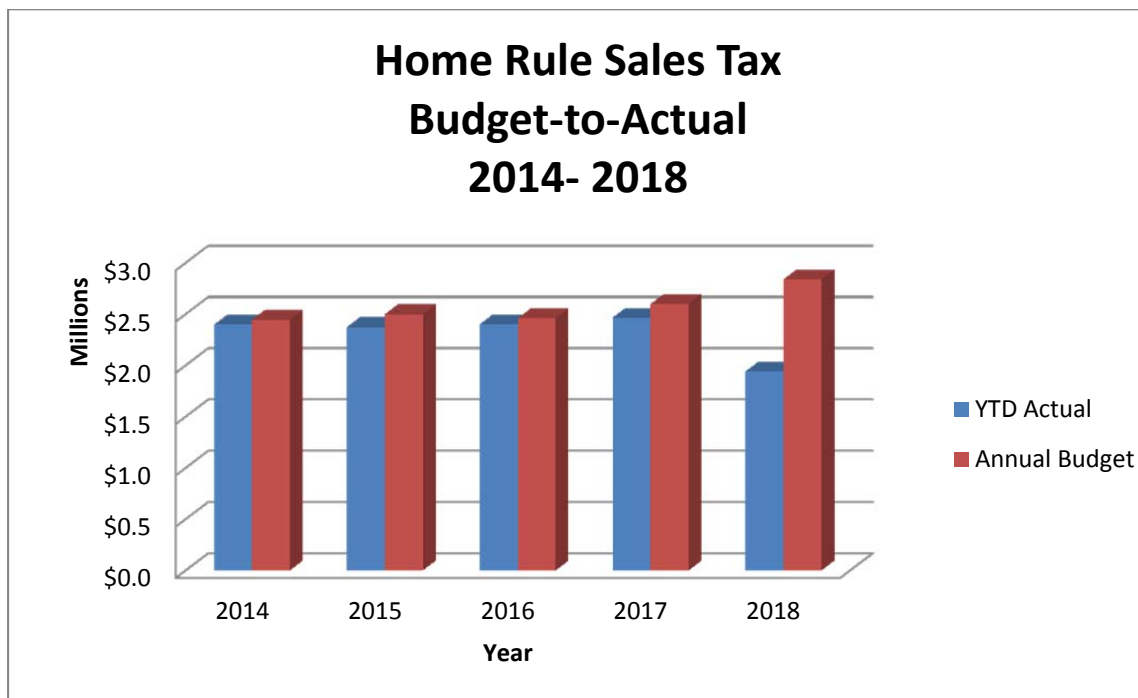
Brief Description: The Village imposes a 1% Home Rule Occupation Tax (HROT). While approved locally, this tax is also administered and collected at the state level. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

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

- Retail sales
- Retail establishments

Rating: 

Comments: As of December 31, only nine months of this tax has been collected for January, February, March, April, May, June, July, August and September (as reflected below). Once the remaining three months are collected, this revenue is estimated to fall short of the budgeted amount by approximately \$175,000.



Gasoline Tax Revenue

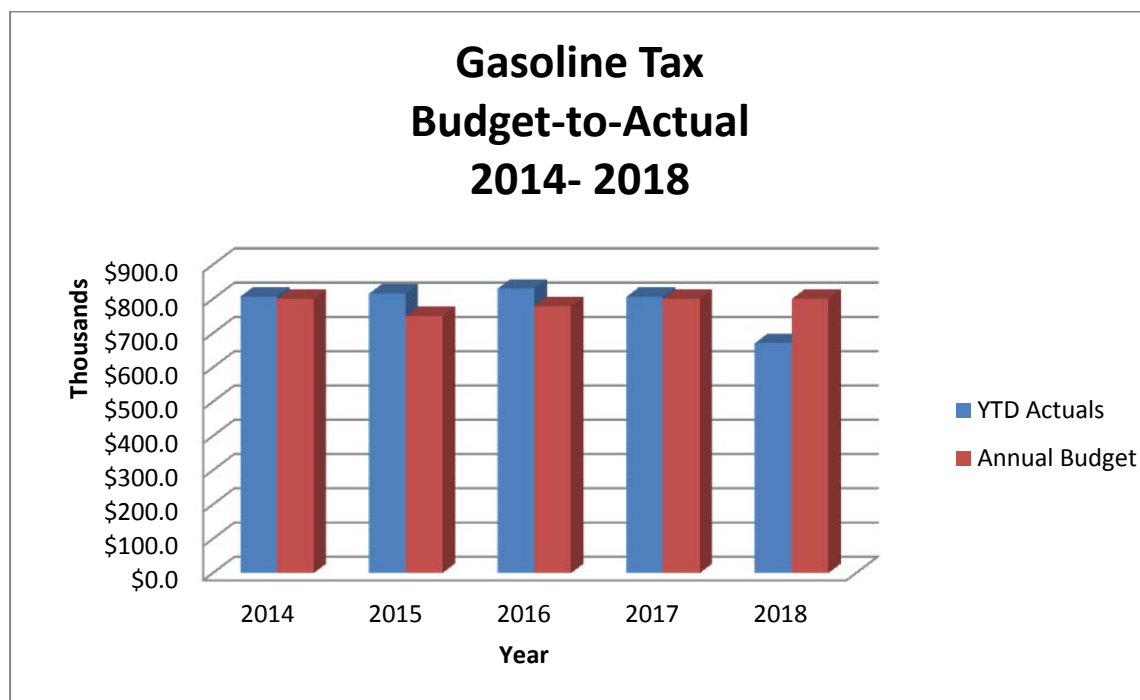
Brief Description: The Village imposes a tax upon the retail purchase of motor fuel at the rate of six cents (\$0.06) per gallon. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

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

- Gasoline prices
- Gasoline sales

Rating: 

Comments: This revenue is anticipated to meet budget for the year once outstanding tax liabilities are received from motor fuel establishments.



Main Capital Improvement Fund Expenditures

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

- Contract costs
- Personnel costs

Rating: 

Comments: Total expenses ended the year significantly under budget due to the deferral of large capital projects as well as projects being completed under budget. It should be noted that some contractual invoices for 2018 may be received and paid through Mid-March of 2019 and therefore, this variance is expected to be reduced in the final audit.

