



Village of Oak Park, IL
Finance Department

Quarterly Unaudited Financial and Performance Report

September 30, 2018

Completed October 11, 2018

Village of Oak Park
Unaudited Quarterly Financial Report
Table of Contents

<u>DESCRIPTION</u>	<u>START PAGE #</u>
Financial Report Summary	1
General Fund Revenue Overview	3
Property Tax Revenue	5
Liquor Tax Revenue	6
Natural Gas Tax Revenue	7
Sales & Use Tax Revenue	8
Real Estate Transfer Tax Revenue	9
Utility Tax Revenue	10
License & Permit Revenue	11
Income Tax Revenue	12
Charges for Services Revenue	13
Fine Revenue	14
Personnel & Benefits Expense	15
Contractual Services Expense	16
Materials & Supplies Expense	17
Capital Outlay Expense	18
Water & Sewer Fund Rev & Exp	19
Parking Fund Rev & Exp	22
Environmental Services Fund Rev & Exp	24

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



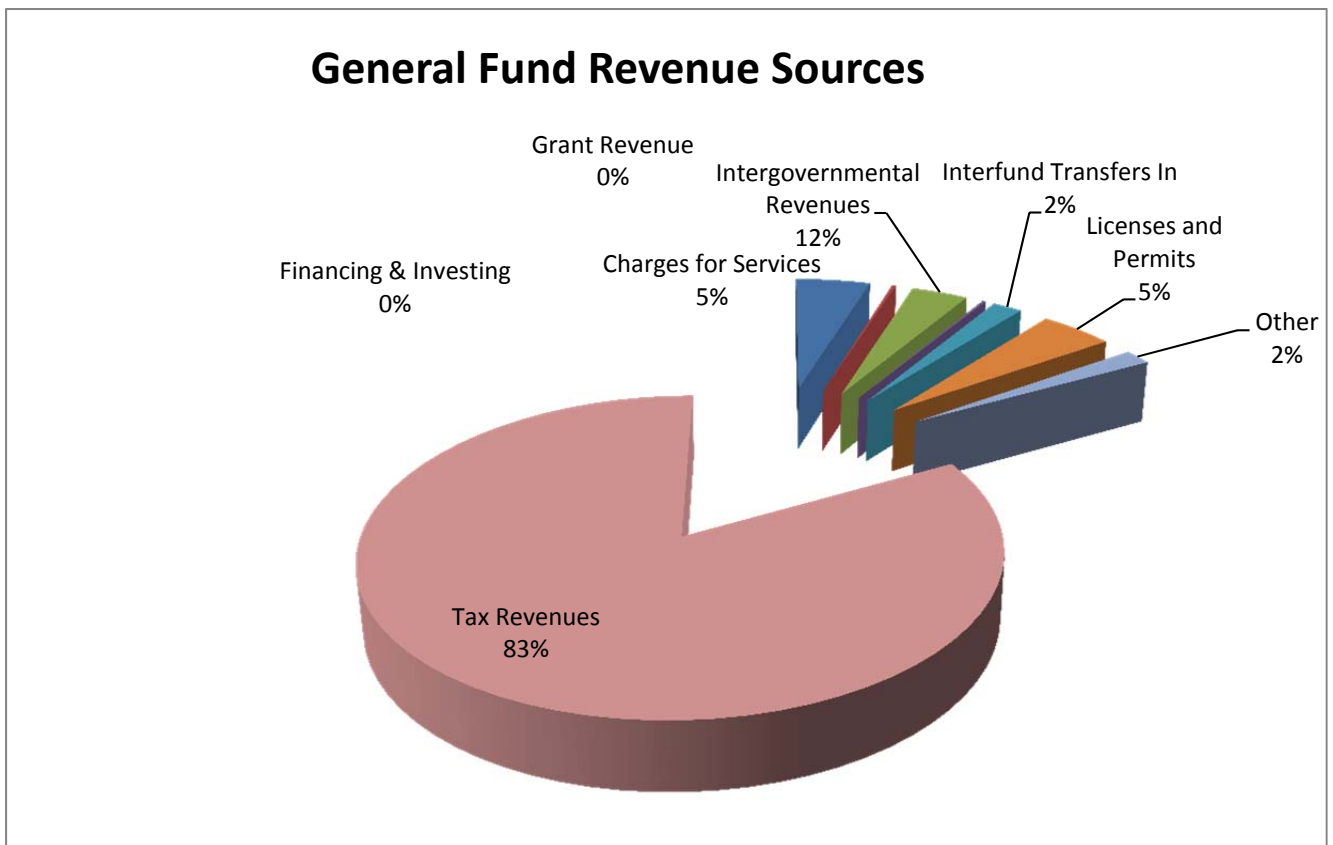
RATING LEGEND

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).	

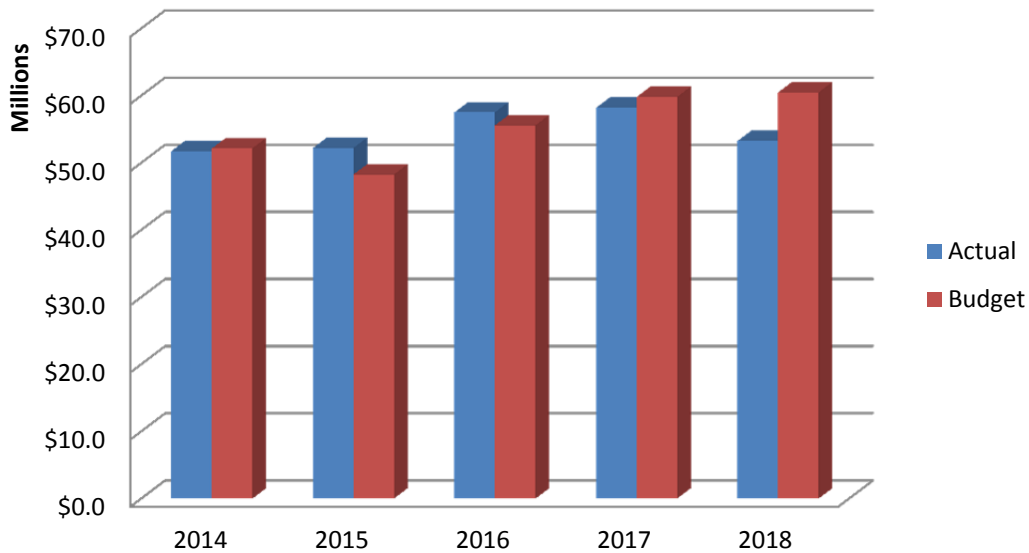
General Fund Revenue Analysis

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)



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



GENERAL FUND REVENUES

<u>Description</u>	<u>YTD Actuals as of 9/30/18</u>	<u>Annual Budget</u>	<u>Remaining Anticipated Revenues</u>
Charges for Services	2,512,938	2,514,350	(1,367)
Financing & Investing	133,787	7,500	126,287
Fines	1,909,387	2,335,000	(425,613)
Grant Revenue	100,533	125,639	(25,106)
Interfund Transfers In	1,002,000	1,336,000	(334,000)
Licenses and Permits	2,466,697	2,084,160	382,537
Other	907,149	1,192,150	(285,001)
Tax Revenues	<u>44,242,814</u>	<u>50,906,510</u>	<u>(6,663,696)</u>
	<u>53,275,350</u>	<u>60,501,309</u>	<u>(7,225,959)</u>

Property Tax Revenues

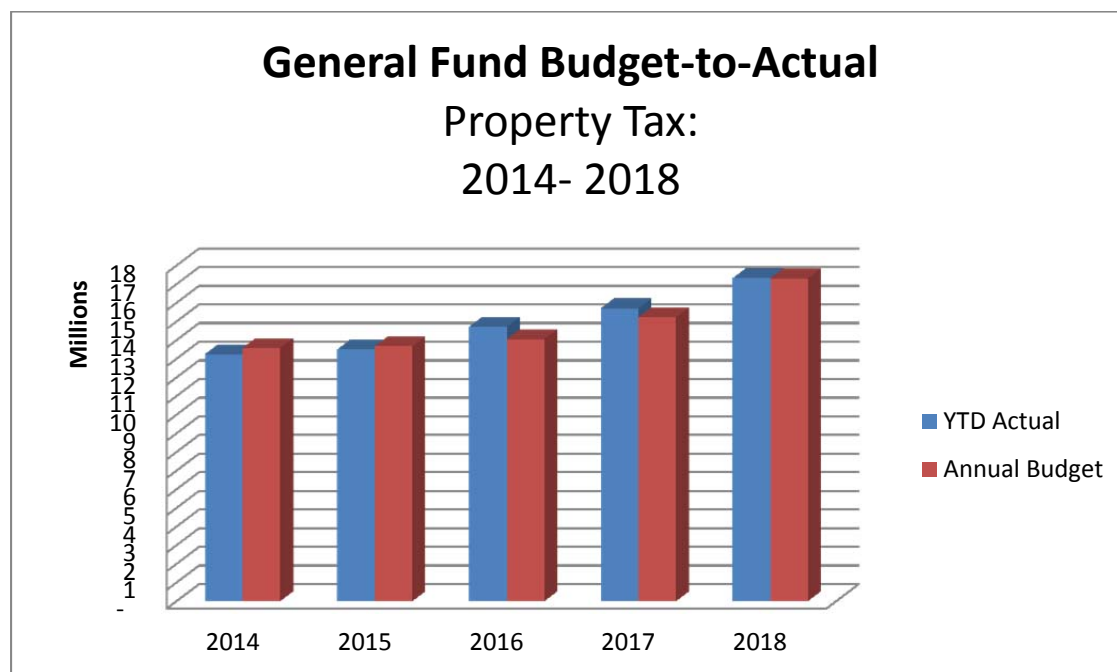
Brief Description: Property tax revenues are the proceeds that the Village levies or assesses on real estate within the Village. Each year, the Village Board adopts a specific amount for the County to assess on real estate and this levy is used for general operations, debt service payments, and contributions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

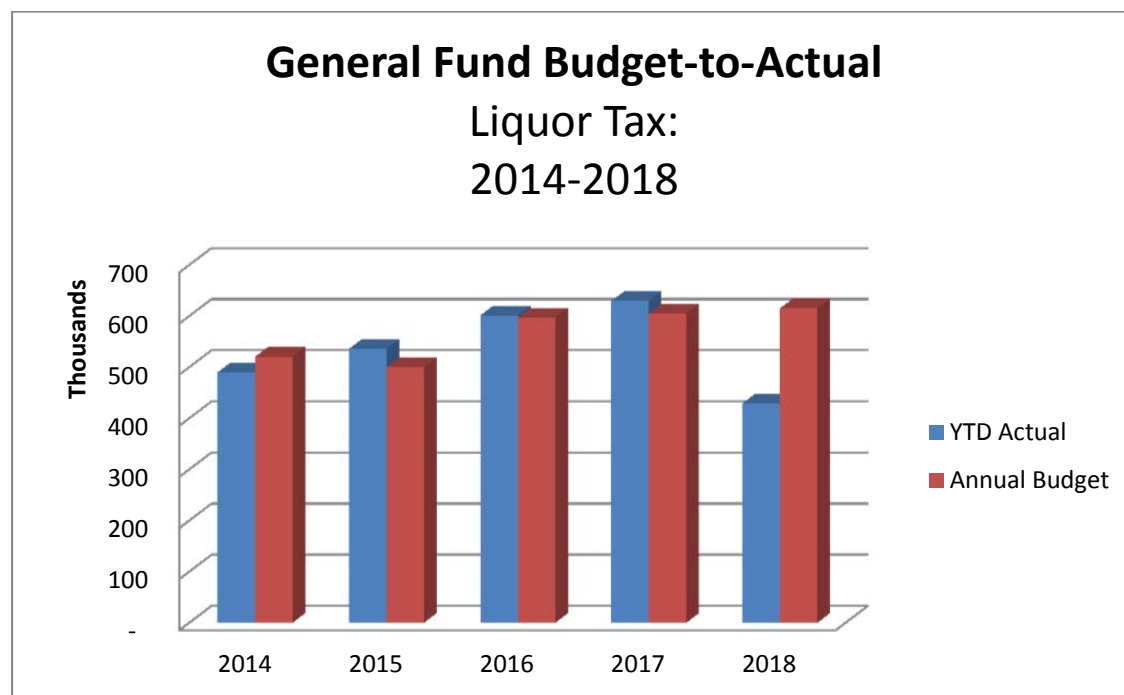
Brief Description: Liquor Tax Revenues are the revenues that the Village collects from vendors who sell liquor within the Village. The current Liquor Tax rate is 3% of the liquor purchase price, and is a pass thru to the customer.

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: This tax is on target to exceed budget by \$15,000 - \$20,000 for the full year.



Natural Gas Use Tax Revenues

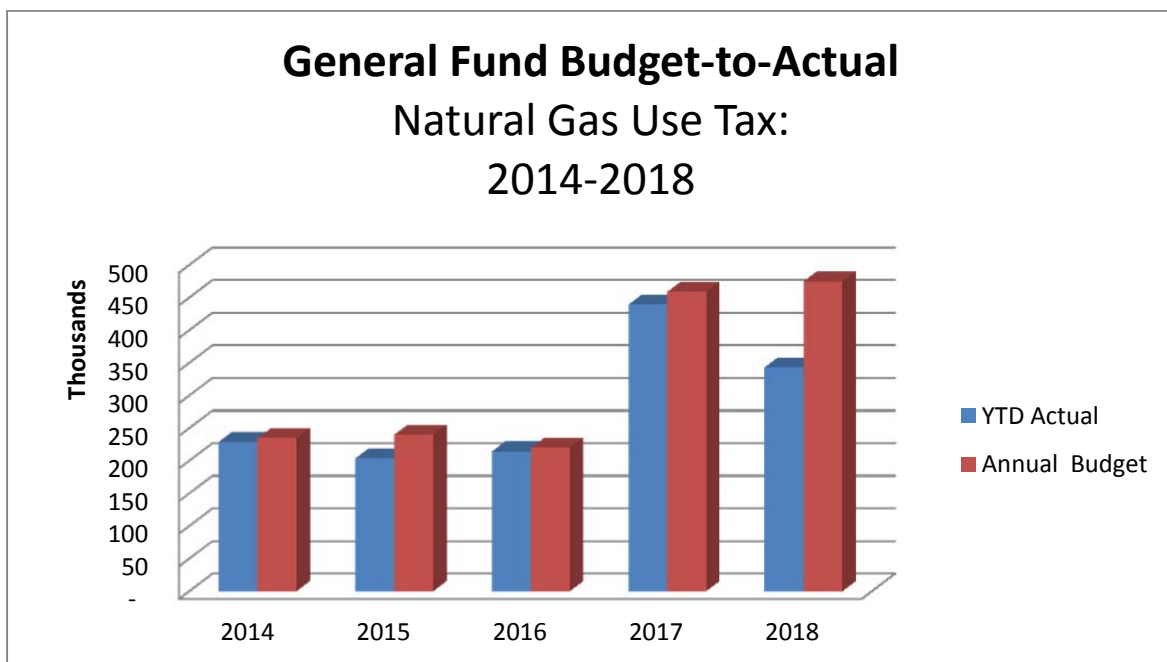
Brief Description: The Natural Gas Use Tax is a tax that the Village charges to users based upon the purchase of natural gas from out-of-State suppliers. This should not be confused with the Natural Gas Tax which is a percent rather than a fixed dollar amount charged on the purchase of natural gas from 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: Collections from this tax is typically lower during the summer months and will pick up again in October. It is expected to meet or exceed budget by year end.



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.

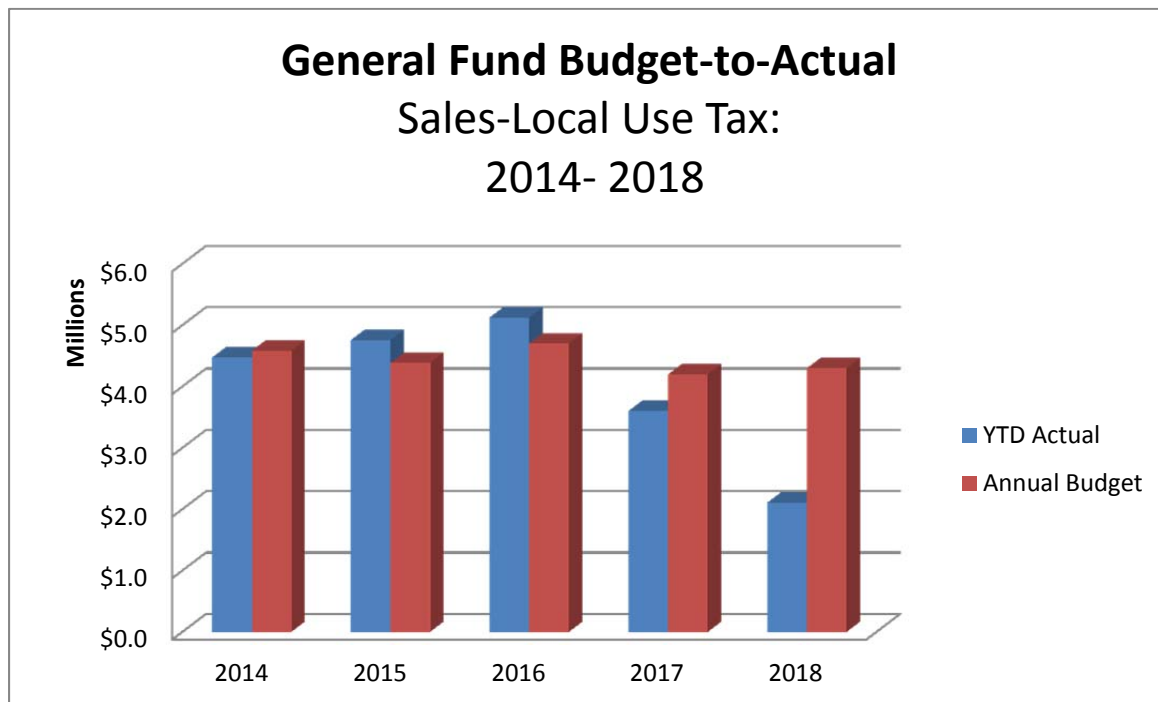
The Village also imposes a 1% Home Rule Occupation Tax (HROT). While approved locally, this tax is also administered and collected at the state level. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

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 September 30th, only six months of this tax has been collected for January, February, March, April, May and June. This revenue is expected to meet or slightly exceed 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.

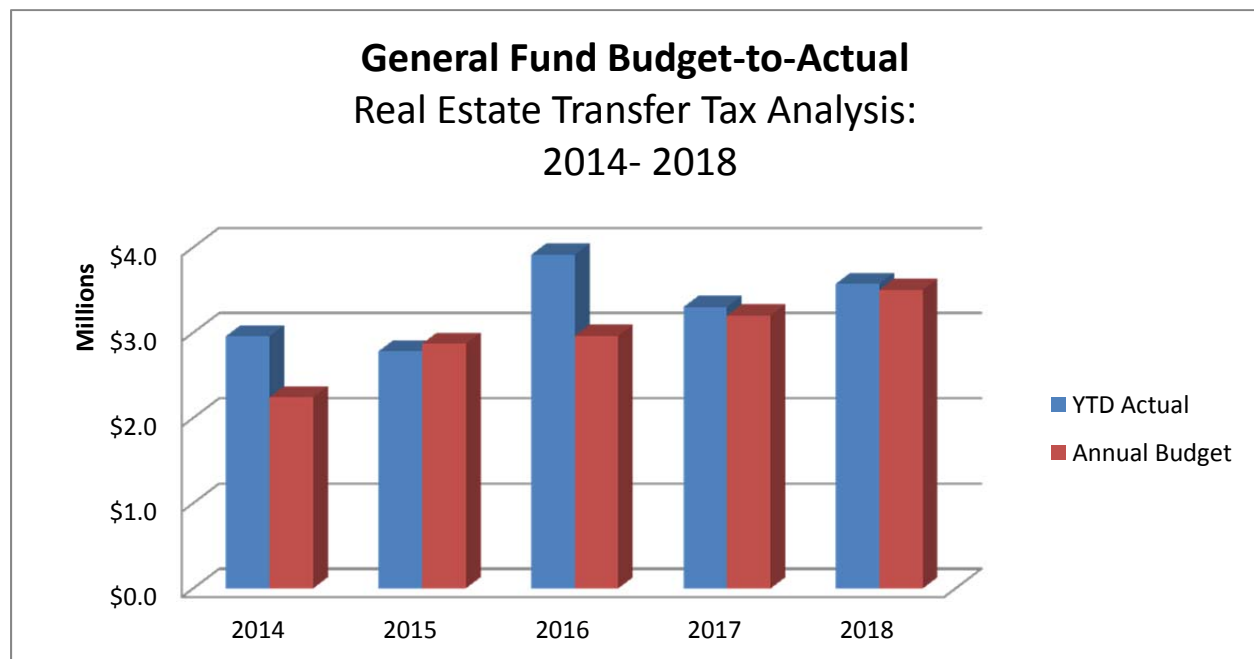
Real Estate Transfer Tax Revenue Drivers: The following are the drivers that impact Real Estate Transfer Tax revenues:

- Number of transactions
- Price of transactions

Rating: 

Comments: Real estate transfer tax proceeds performed significantly above expectations through 2018 3Q due a single large transaction which by itself generated \$822K in tax revenue. In addition, this tax typically accelerates in spring and summer when the majority of properties go on the market.

Going forward, it is the belief that the new Federal tax law which now limits the income/property tax itemized deduction may negatively impact sales prices of more expensive residential properties based on reduced interest and demand. Consequently, it is possible that a decline in this tax revenue may be seen in future.



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.

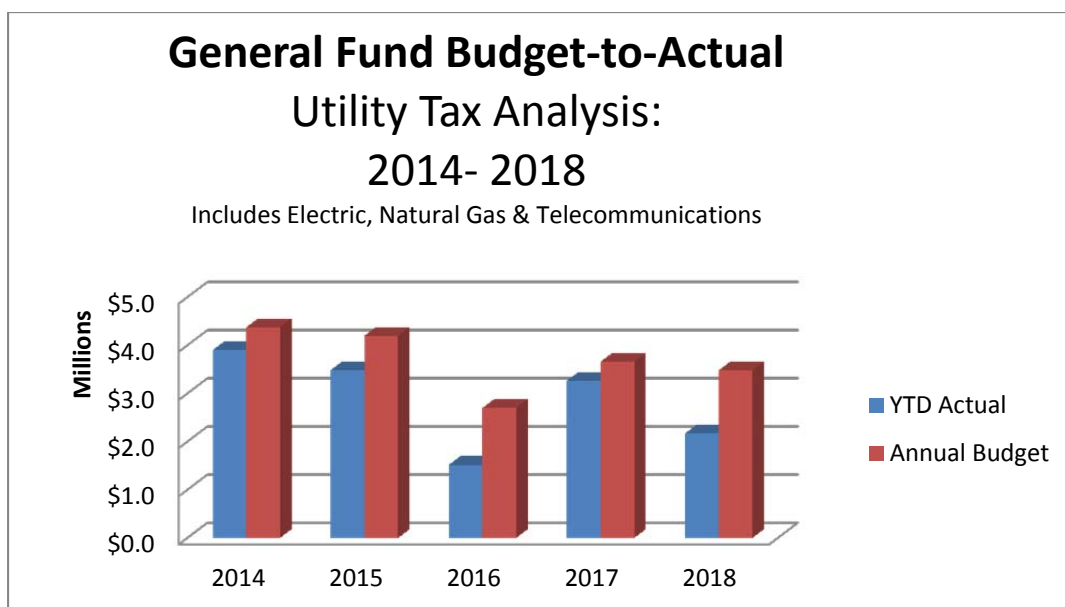
Utility Tax Revenue Drivers: The following are the drivers that impact Utility Taxes:

- 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 September 30th, only six months of telecommunications and eight months of electric and natural gas taxes have been collected. Combined utility tax revenues are projected to come in approximately \$100,000 below budget entirely due to decreased telecommunications tax revenue.



Licenses and Permits

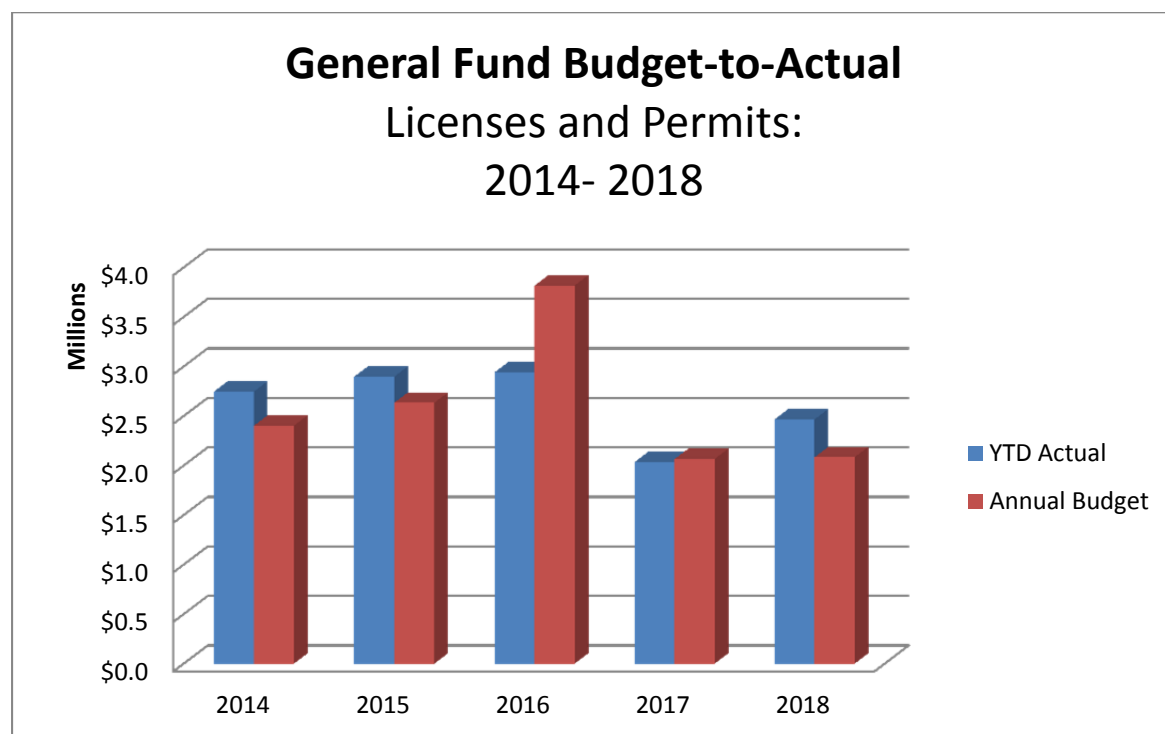
Brief Description: The Village charges fees to individuals, businesses and other entities to conduct certain activities within the Village. Such fees include business/liquor licenses, vehicle stickers, elevator inspection fees, zoning applications, etc.

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 are projected to exceed budget due to significantly stronger than anticipated 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.

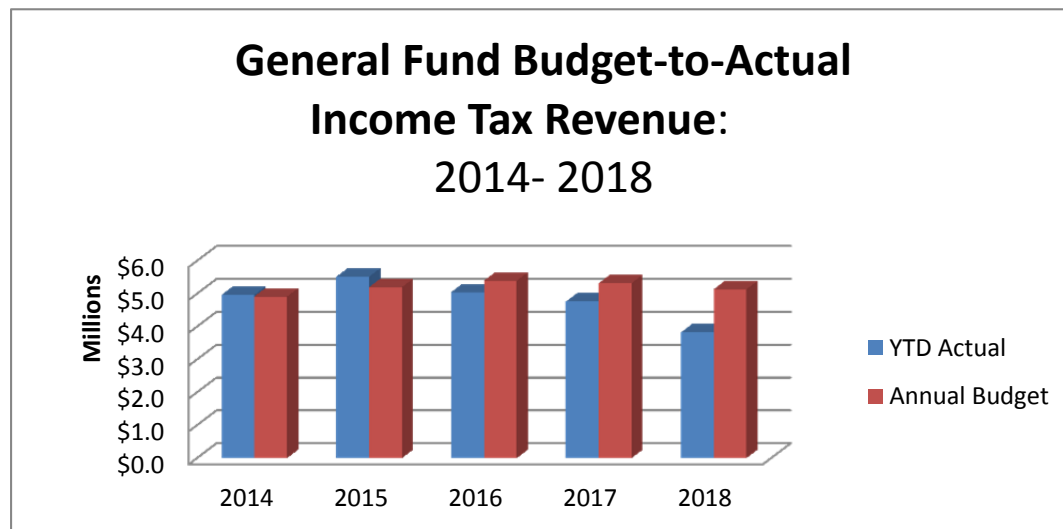
Intergovernmental Revenue Drivers: The following are the drivers that impact income tax revenues:

- State of Illinois Income Tax collections

Rating:



Comments: Based on YTD collections through September it appears that this revenue may fall short of budget by \$300,000. 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. This potential revenue shortage may be indicative of a larger Statewide problem where affluent individuals and corporations are leaving the State of Illinois for more tax friendly destinations.



Charges for Services

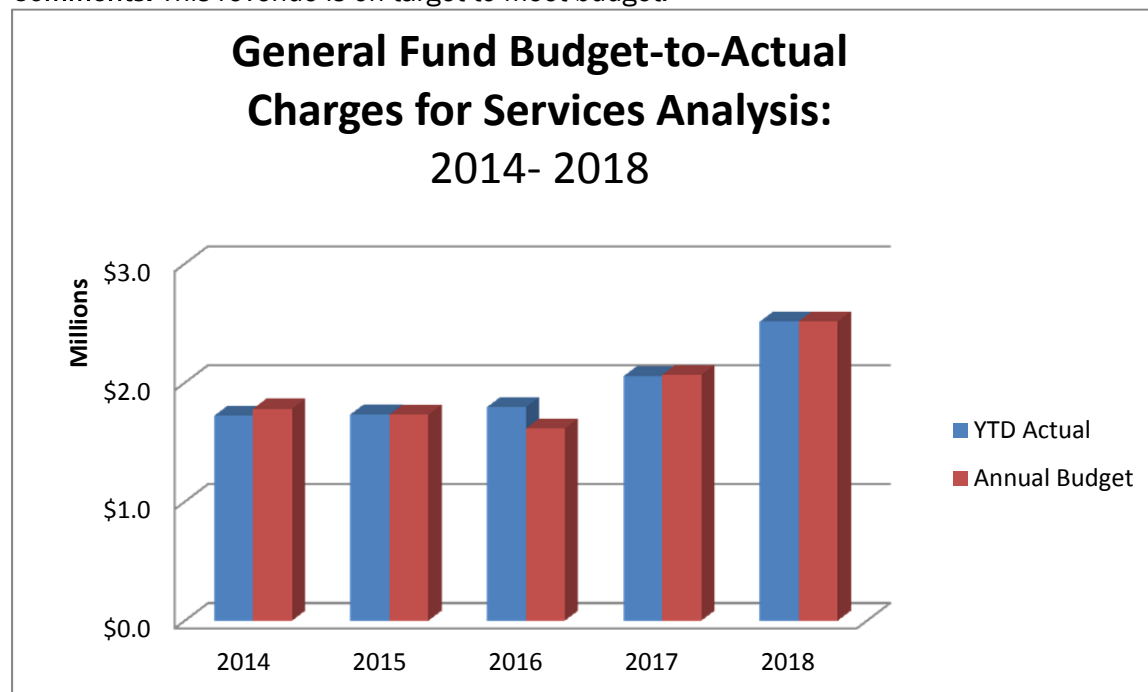
Brief Description: The Village provides a number of services for which it charges fees directly to customers. Such services include: drafting of police reports, property sales inspections, ambulance services, intergovernmental services, and environmental health services.

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: This revenue is on target to meet budget.



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.

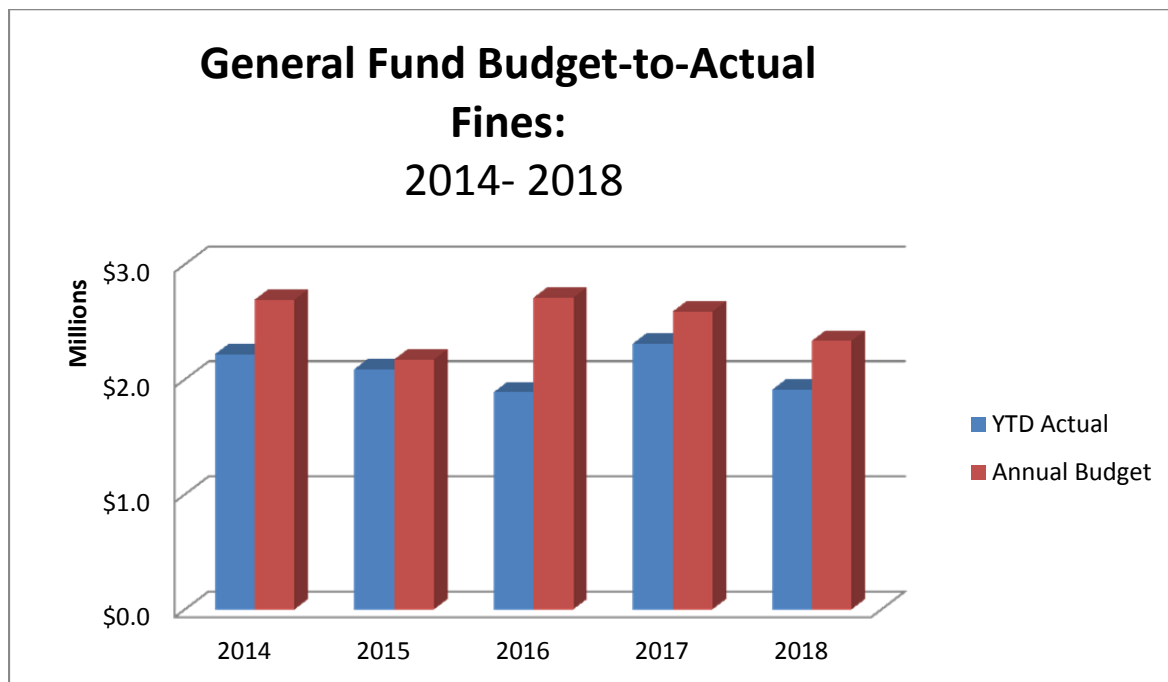
Drivers of Fines: The following are the drivers that impact fine proceeds:

- 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 on target to meet or exceed 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

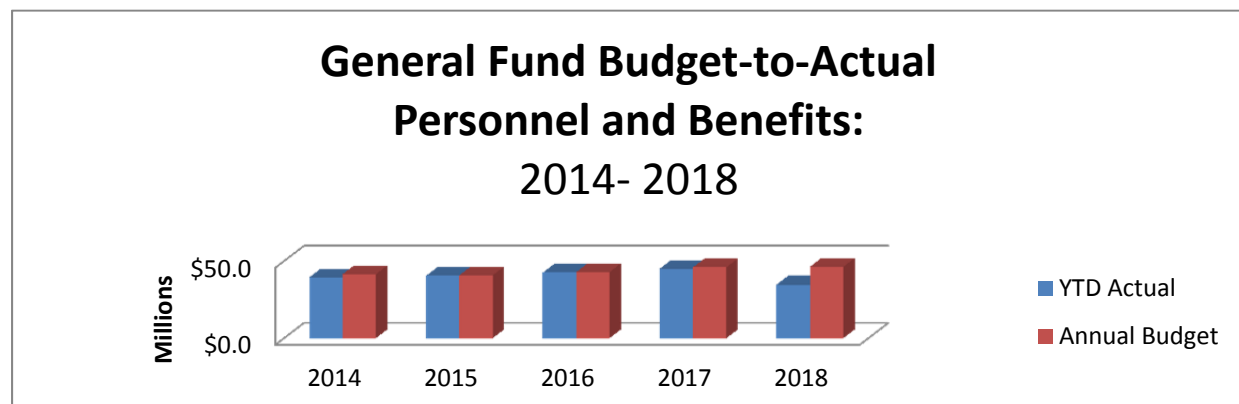
Brief Description: Personnel and Benefits expenditures are for the compensation of Village staff to perform services and activities. Given the labor-intensive nature of Village services, personnel and benefit expenditures typically make up the largest portion of the general fund budget.

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: The Village's expenditures for combined wages and benefits for 3Q are running well below budget due to savings from several vacant positions during the course of the year.



Contractual Services Expenditures

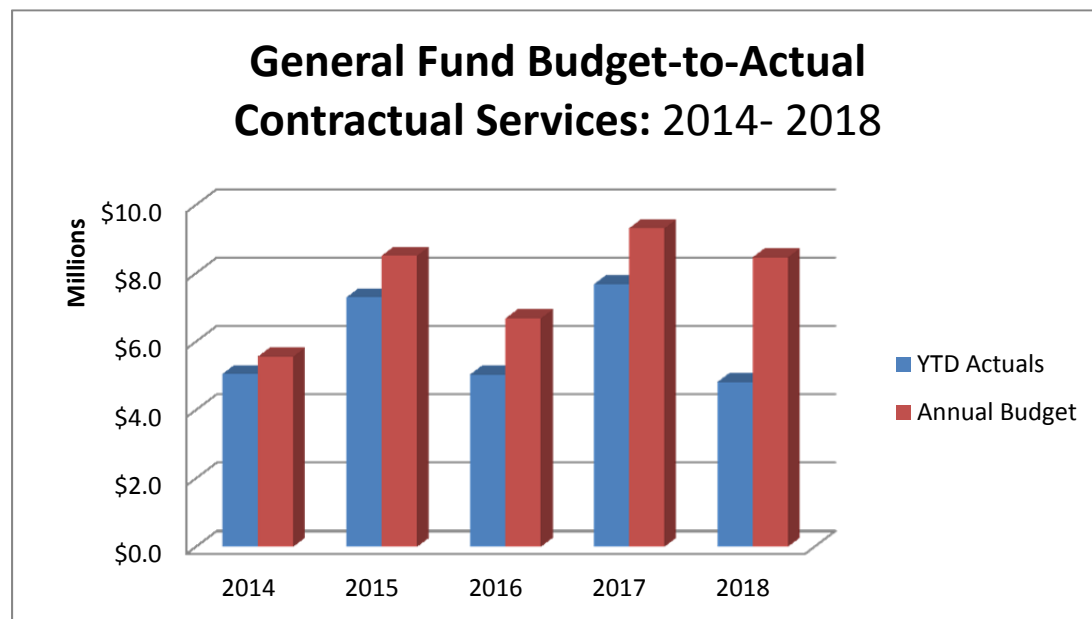
Brief Description: Contractual services expenditures are typically for independent contractors who have a specific expertise as well as various types of repairs, contracts and routine support service.

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 net expenditures for 3Q 2018 appear on the surface to be well below prorated budget. However, such services are typically invoiced well into the following year and therefore, it is expected that the annual expense will fall at or near budget.



Materials & Supplies

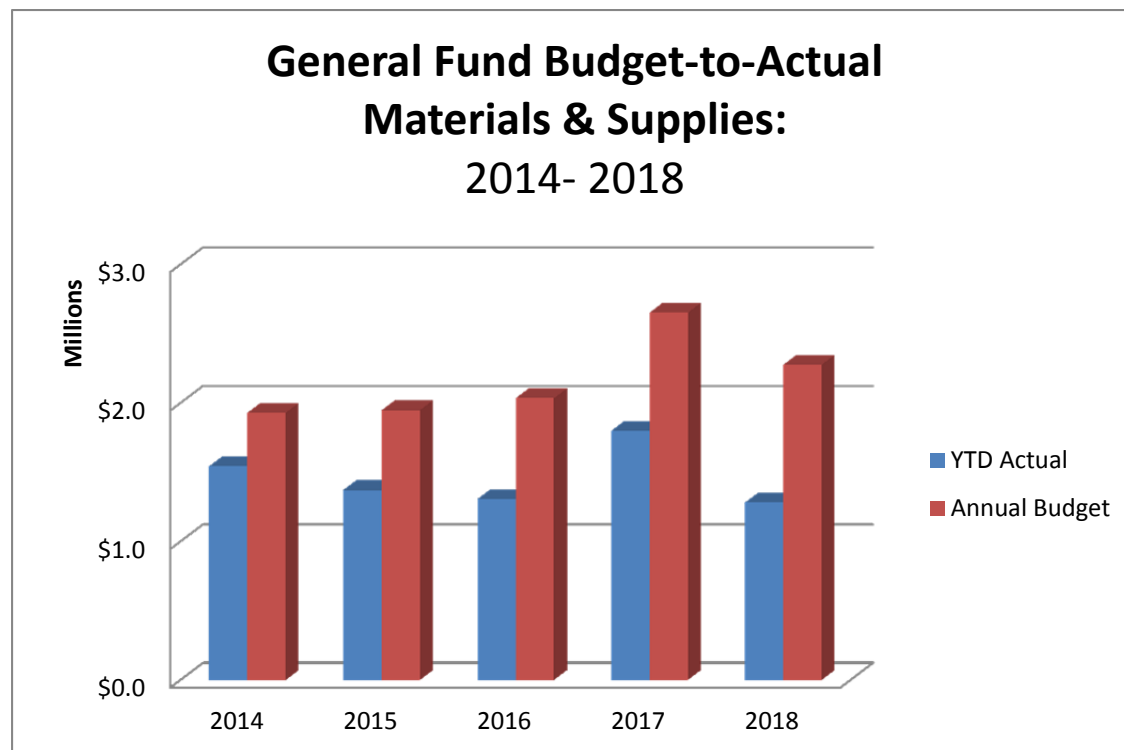
Brief Description: Materials and supplies are expenditures related to such items as commodities, cleaning supplies, clothing, subscriptions, office supplies, equipment rentals, fuel, routine utility expense, equipment maintenance, etc.

Materials & Supplies Drivers: The following are the drivers that impact 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 are expected to be at or near budget by the end of the year and are also typically invoiced well into the following fiscal year.



Capital Outlay

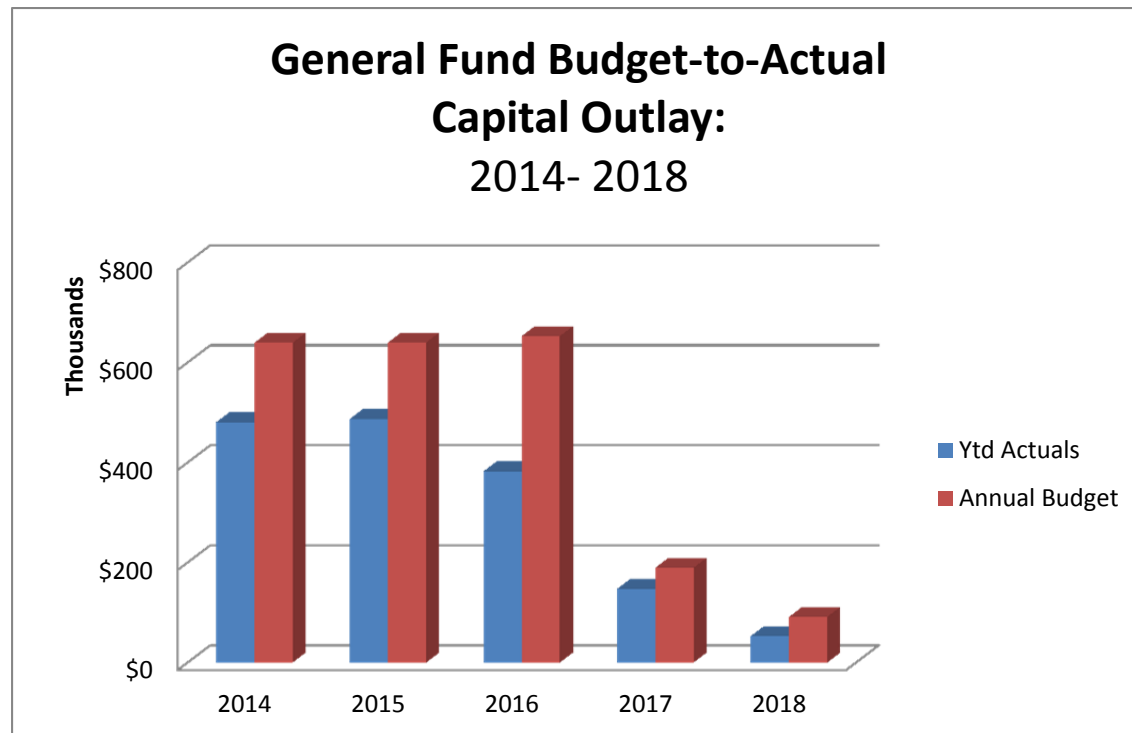
Brief Description: Capital Outlay expenditures are typically for the purchase of smaller ticket office/computer equipment and software which do not meet the capital dollar thresholds or useful life for inclusion in the Capital Improvement Fund budget. These smaller purchases are therefore funded by general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

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:

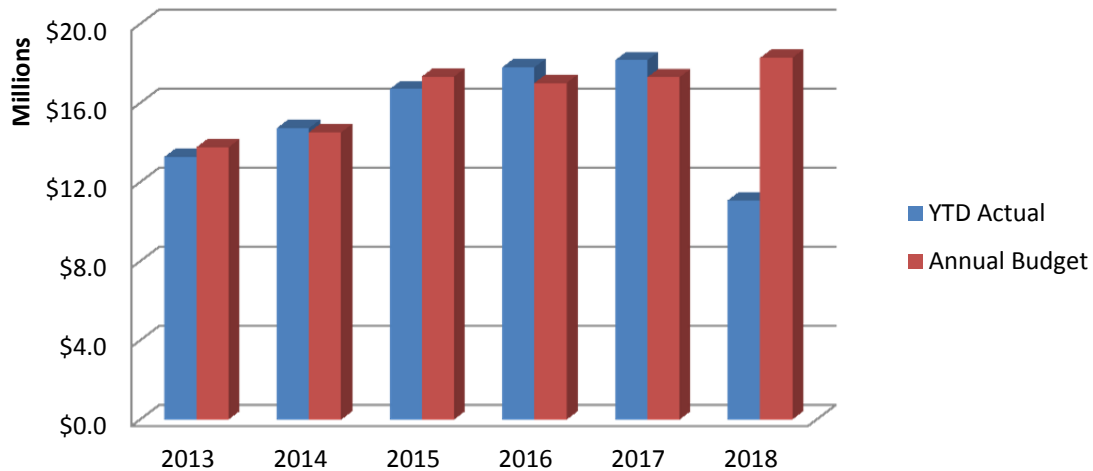
- **Water Revenue Drivers**
 - o Cost of water purchased from the City of Chicago
 - o Amount of gallons used by customers
- **Sewer Revenues Drivers**
 - o Sewer charges imposed by local ordinance
 - o Amount of gallons used by customers

Rating:



Comments: Projected Water and Sewer revenues are projected to fall slightly short of budget.

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

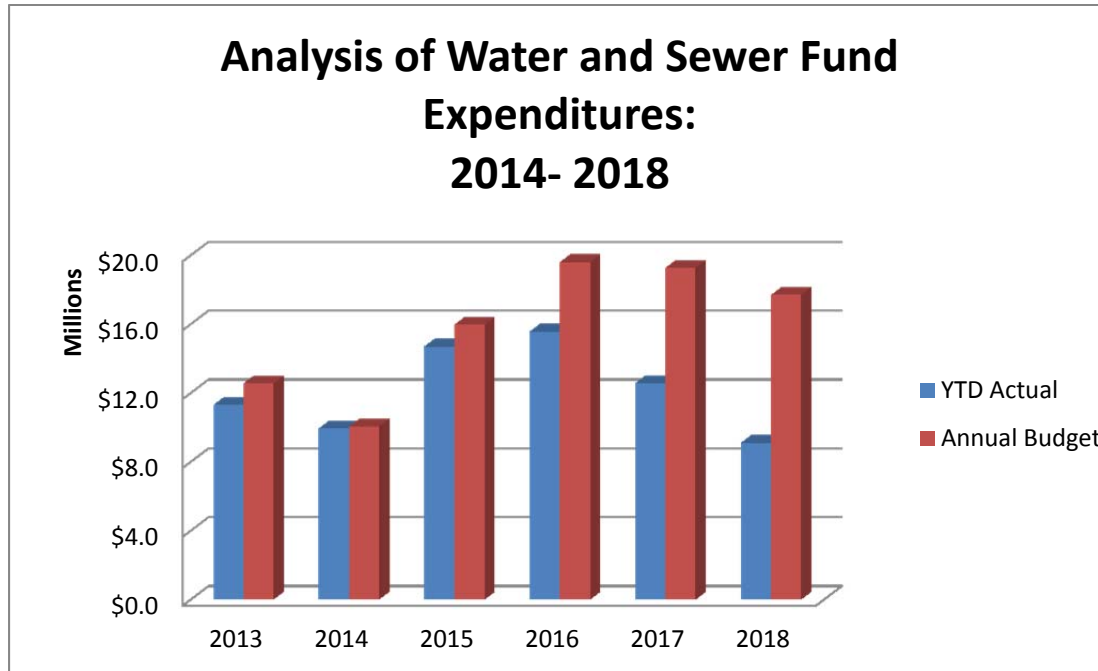
Sewer: The Sewer Fund maintains the infrastructure required to transport sewage from residences and businesses to treatment plants. Sewer fund expenditures reflect the labor and equipment necessary to repair broken sewer lines.

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

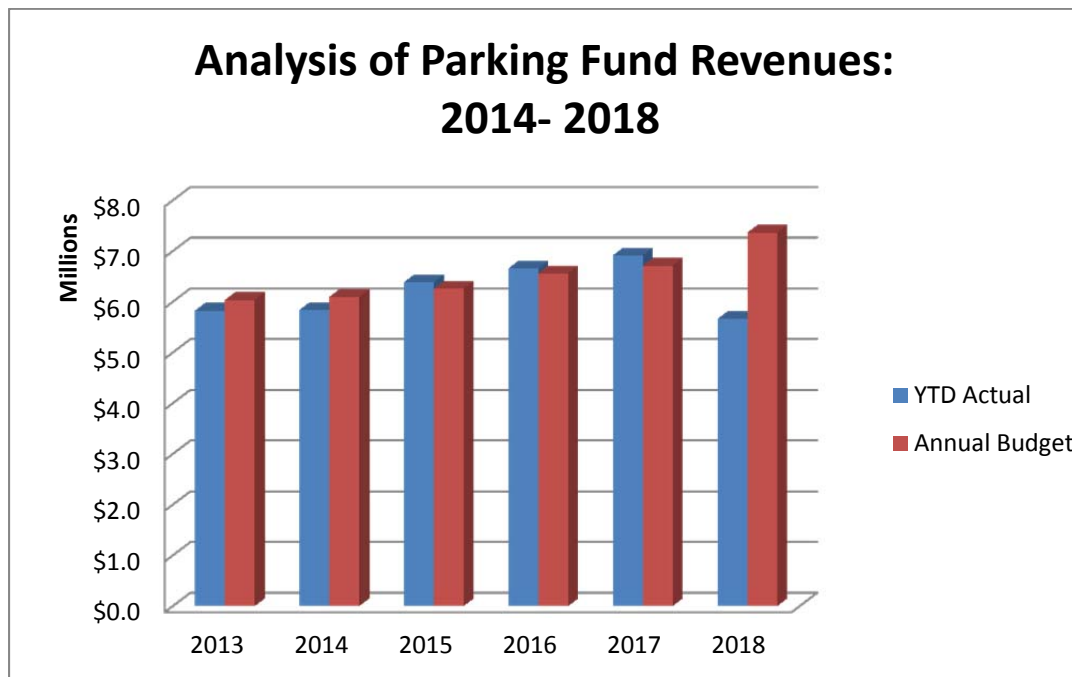
Brief Description: The Village owns and operates the majority of public parking throughout the Village. This includes on-street meters, parking garages located in Downtown Oak Park, as well as a large number of off-street lots throughout the Village

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

- Parking rates
- Volume of parkers

Rating: 

Comments: Revenues for 2018 are on track to meet or slightly exceed budget.



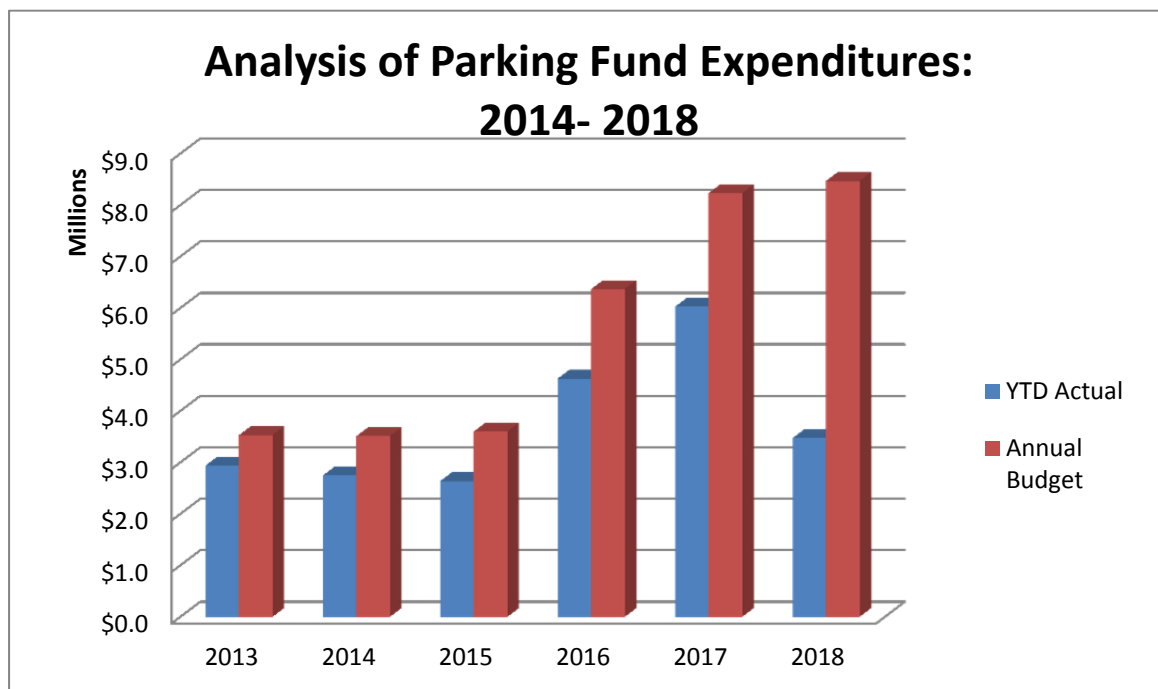
Parking Fund Expenditures

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.



Environmental Services Fund

Environmental Services Fund Revenues

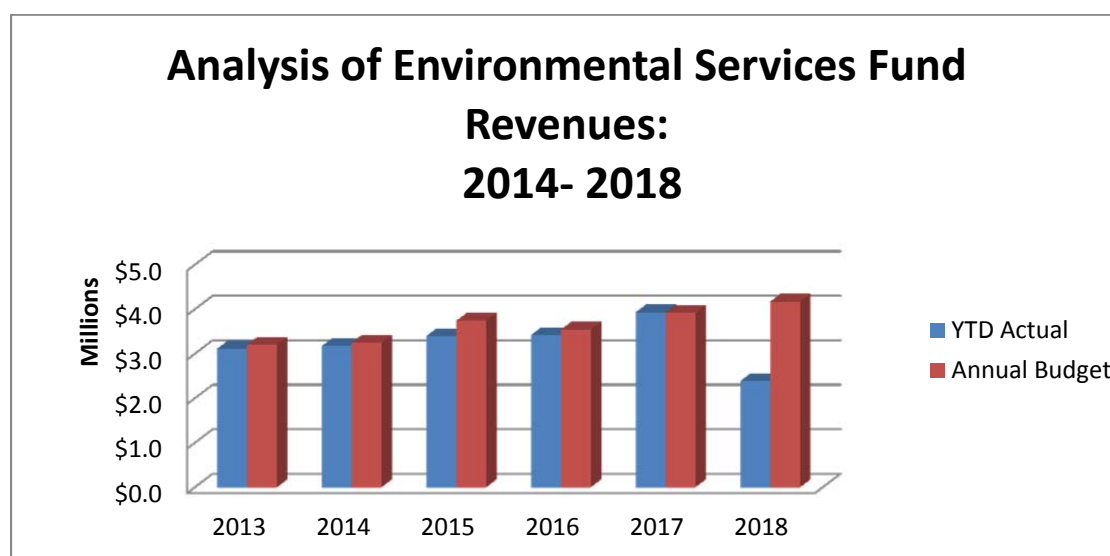
Brief Description: The Environmental Services Fund accounts for the Village's trash removal and recycling programs. An enterprise fund, the costs are charged to users of the system via charges on utility bills.

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.

