



**Village of Oak Park, IL
Finance Department**

**Unaudited Quarterly
Financial and Performance
Report
March 31, 2019**

Completed April 25, 2019

2019 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 adopted operating budget.

<u>GENERAL FUND REVENUES</u>	<u>RATING</u>
Property Tax.....	
Liquor Tax.....	
Natural Gas Use Tax.....	
Sales and Use Tax.....	
Real Estate Transfer Tax.....	
Utility Tax (Electric, Natural Gas and Telecommunications).....	
Licenses & Permits.....	
Income Tax Revenues.....	
Charges for Services.....	
Fines.....	
<u>GENERAL FUND EXPENDITURES</u>	
Personnel & Benefits.....	
Contractual Services.....	
Materials & Supplies.....	
Capital Outlay.....	

WATER & SEWER FUND**RATING**

Water & Sewer Fund Revenue.....



Water & 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.....

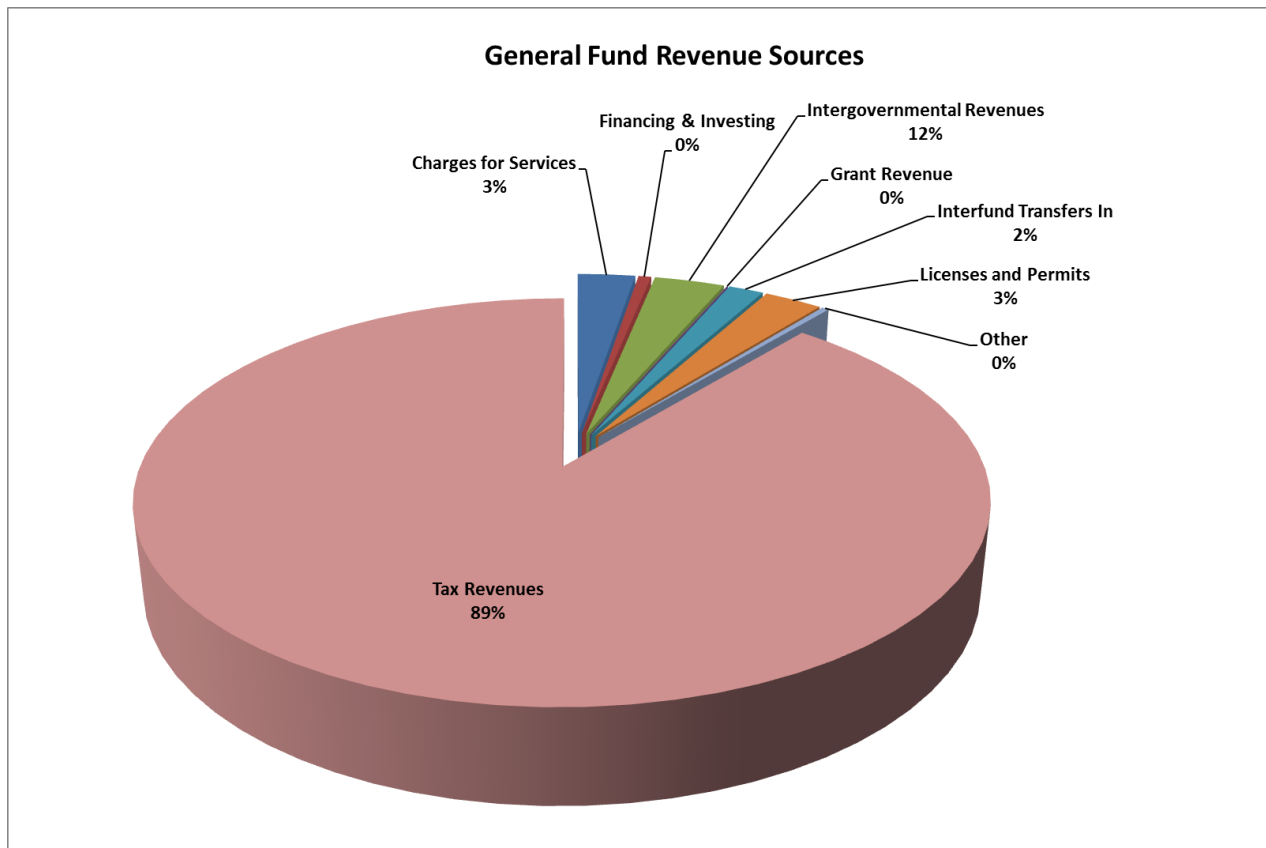


<u>RATING LEGEND</u>	
No significant concerns. Revenue expected to meet or exceed budget while expenditures are expected to fall at or below budget.	
There may be some minor negative variations although nothing significant.	
Major negative variances have been noted which may negatively impact fund balance.	
Insufficient data to comment (primarily used in the first and second quarter)	

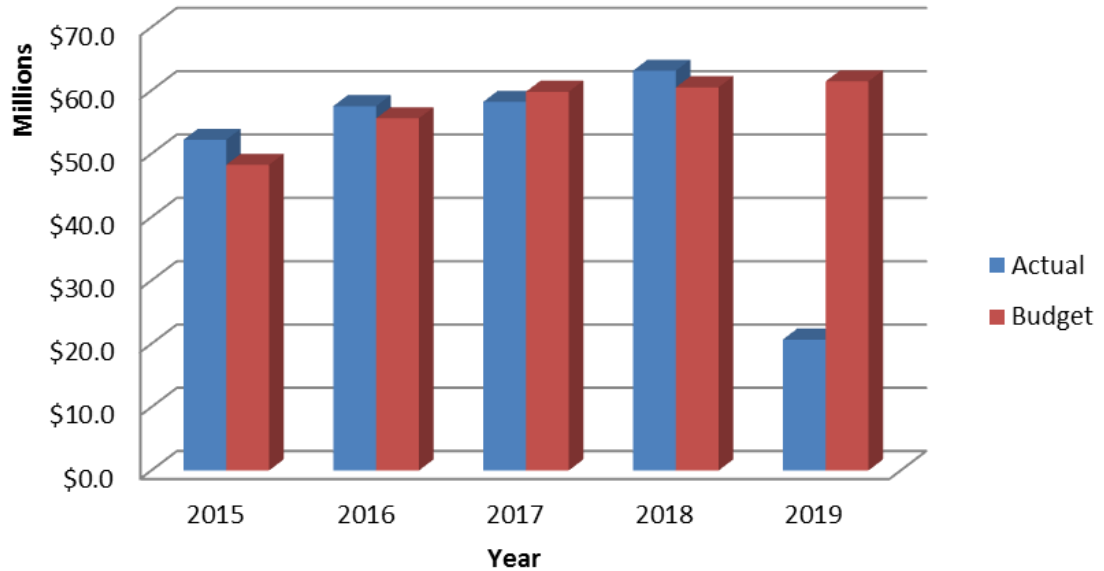
General Fund Revenue Analysis

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: 2015 - 2019



General Fund Revenues by Category

<u>Description</u>	3/31/19	<u>Annual Budget</u>	Remaining
	<u>YTD Actuals</u>		<u>Goal</u>
Charges for Services	532,018	2,125,350	1,593,332
Financing & Investing	118,572	222,500	103,928
Fines	650,753	2,495,000	1,844,247
Grant Revenue	8,544	21,250	12,706
Interfund Transfers In	325,000	1,300,000	975,000
Licenses and Permits	538,035	2,134,300	1,596,265
Other	66,969	1,162,560	1,095,591
Tax Revenues	18,013,605	51,990,814	33,977,209
	<u>20,253,497</u>	<u>61,451,774</u>	<u>41,198,277</u>

Property Tax Revenues

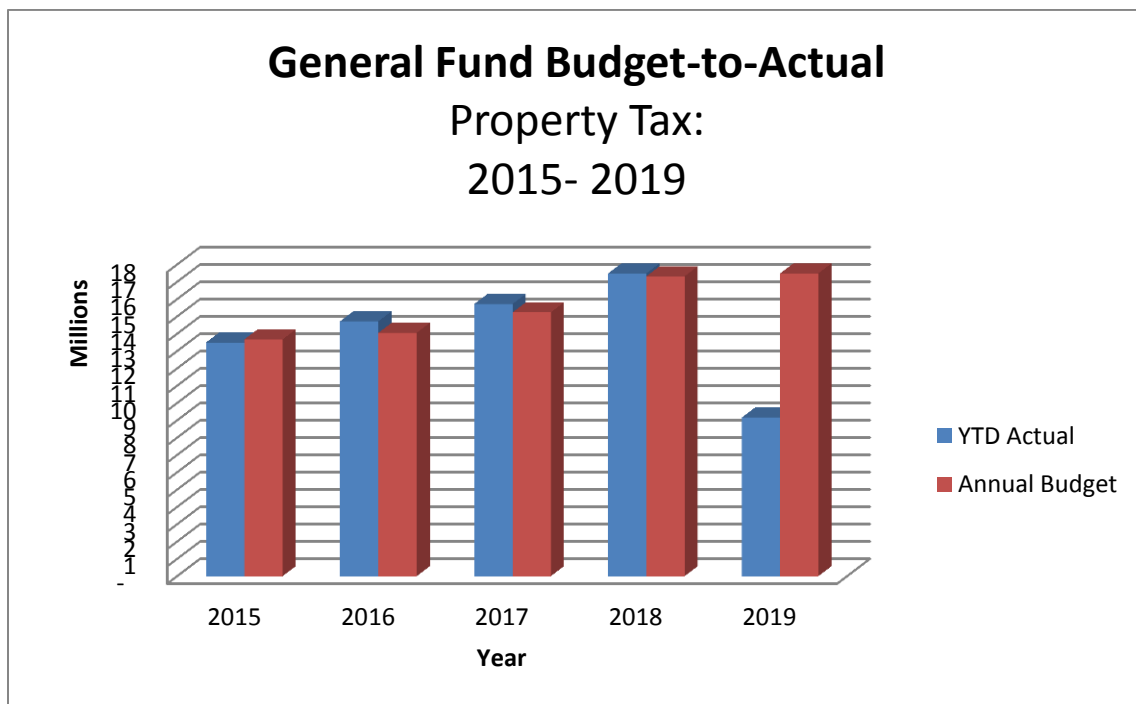
Brief Description: Property tax revenues are proceeds that the Village levies or assesses on real estate. Each year, the Village Board adopts an exact amount for the County to assess on real estate and this levy is used for general operations, debt service payments, and contributions into the police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

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

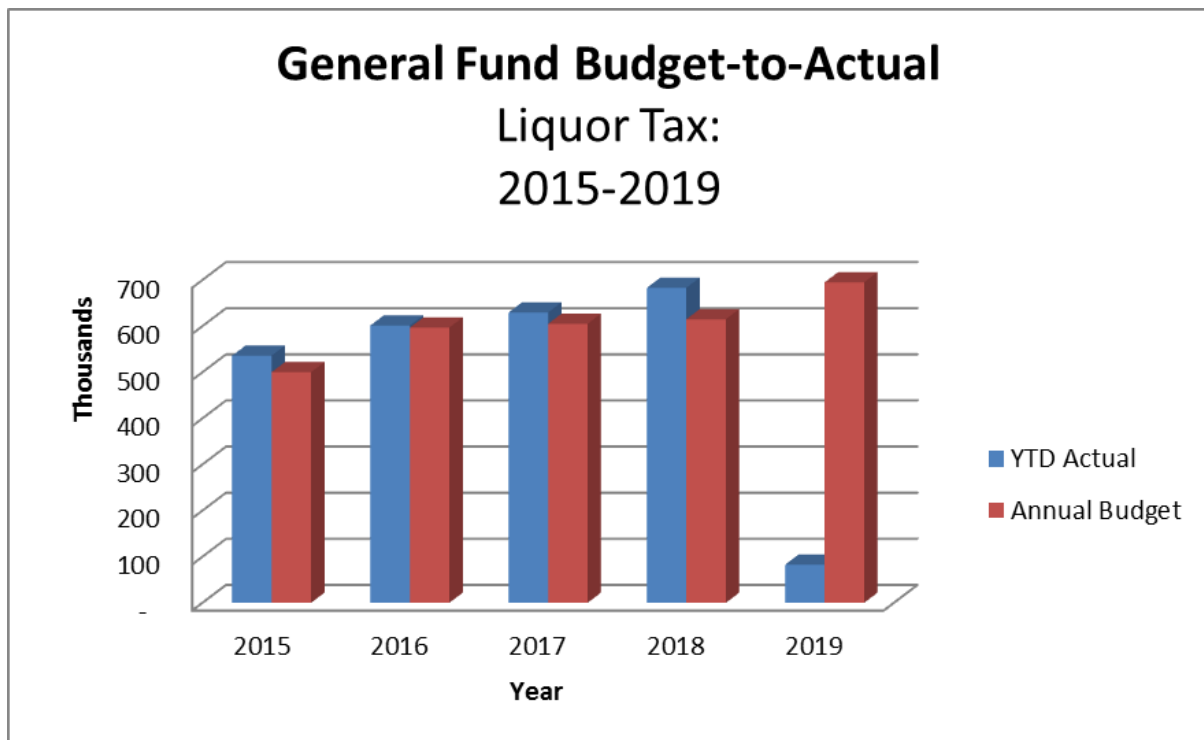
Brief Description: Liquor Tax Revenues are the revenues that the Village collects from vendors who sell liquor within the Village. The current liquor tax rate is 3% of the liquor purchase price and is a pass thru to the customer.

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: For the first quarter of 2019, this tax appears to be below budget, however, this tax is in arrears by one month. Therefore, this tax appears to be on target to meet or exceed the budget.



Natural Gas Use Tax Revenues

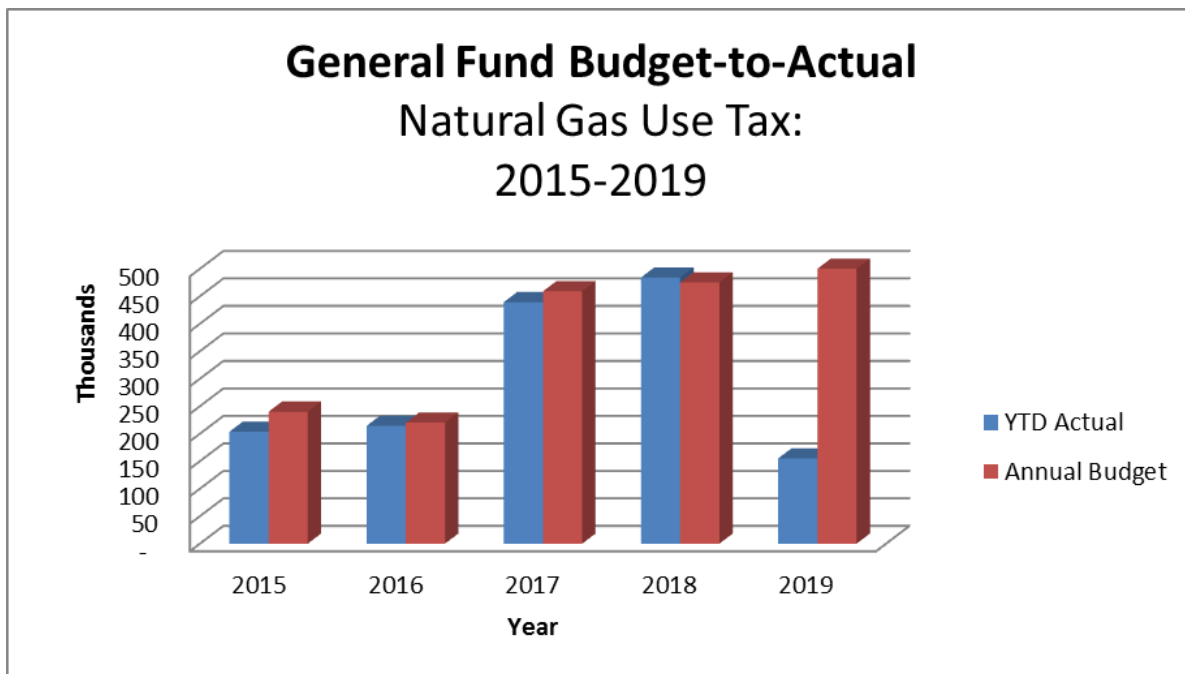
Brief Description: The natural gas use tax is a tax that the Village charges to users based upon the purchase of natural gas from out-of-State suppliers. This should not be confused with the natural gas tax which is a percent rather than a fixed dollar amount charged on the purchase of natural gas from 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 currently reported in arrears by two months and therefore appears to be below budget. Furthermore, this revenue varies each year based on the cost of natural gas and the severity of the winter season. Based on historical trends and revenue received thus far, the revenue is forecasted to meet budget by year-end.



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.

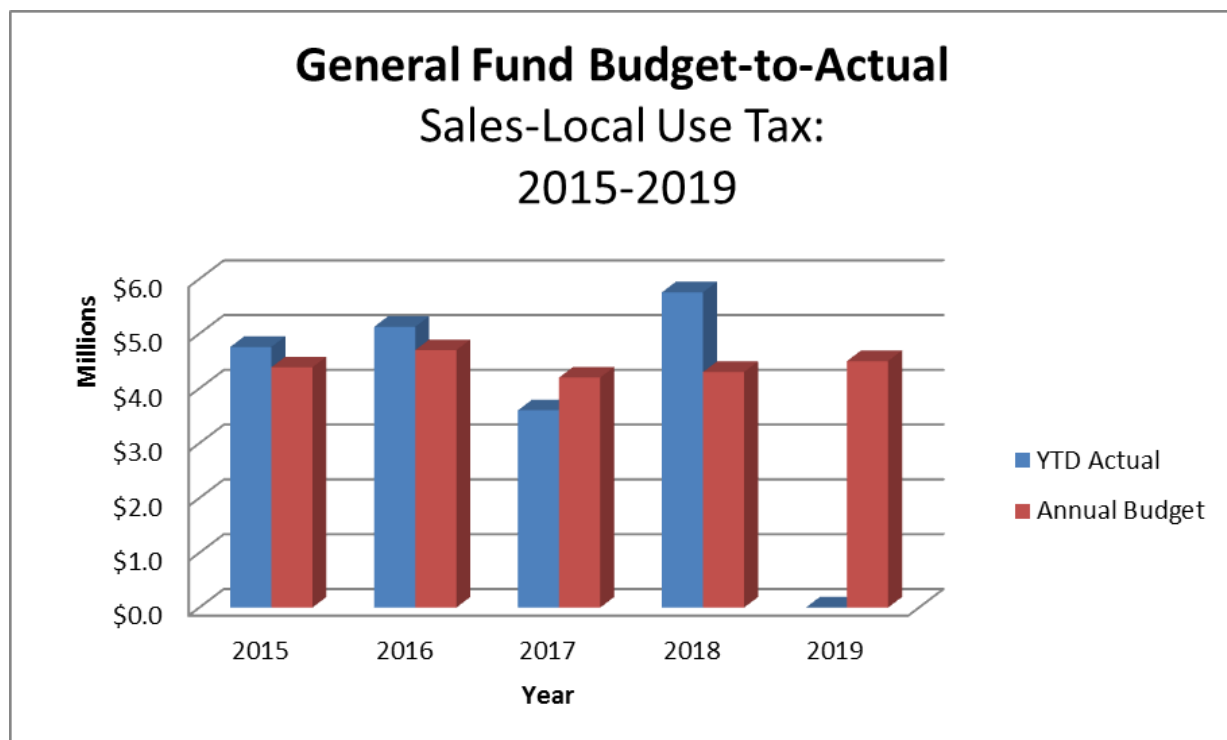
The Village also imposes a 1% Home Rule Occupation Tax (HROT). While approved locally, this tax is still administered and collected at the state level. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

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

- Retail sales
- Retail establishments

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 March 31, the Village has not yet received any of this revenue for 2019 sales.



Real Estate Transfer Tax Revenues

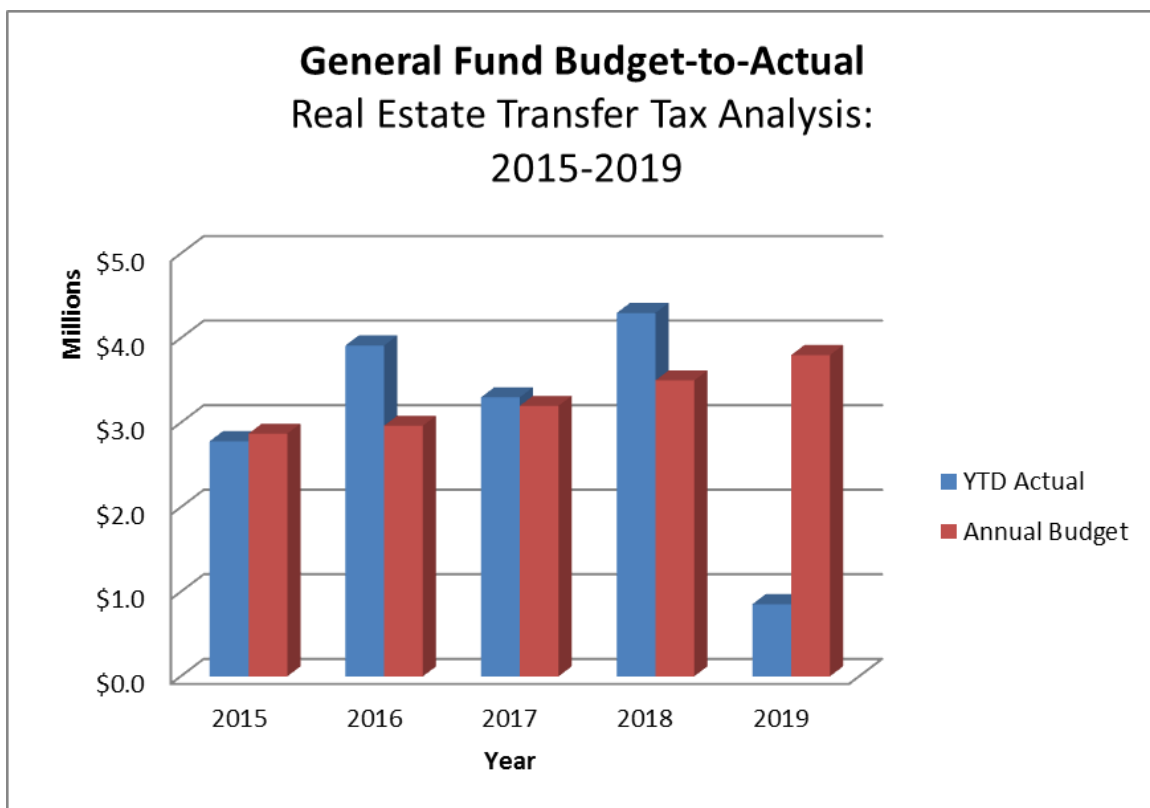
Brief Description: The Real Estate Transfer Tax (RETT) is a tax on the seller of property within the Village. The tax is assessed at \$8 for every \$1,000 (or .8%) of the sale or “transfer” price. In addition, there is a flat fee for exempt real estate transfers when no consideration changes hands.

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 as expected through the first quarter of 2019. This tax tends to accelerate in spring and summer when the majority of properties go on the market. Additionally, throughout the course of the year, there may be some larger commercial sales that yield unforeseen spikes in this revenue.



Utility Tax Revenues

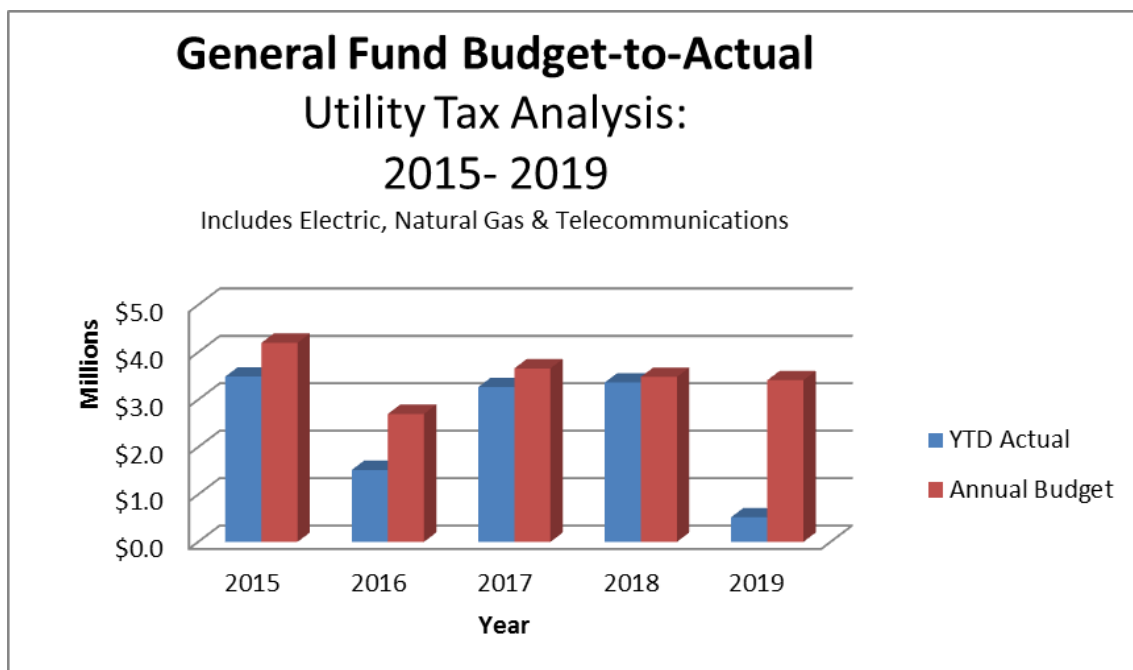
Brief Description: The Utility Tax is composed of three taxes: the Electricity Tax, the Natural Gas Tax and the Telecommunication Tax. These taxes are assessed based upon user consumption within the Village. The Electricity Tax is calculated on a sliding scale, based upon usage, of the number of kilowatt 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: Due to collection schedules, as of March 31, the Village has not yet realized any telecommunication tax revenue for 2019. It is expected that telecommunications Tax will continue to decline 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 March 31, only two months of Electric and Natural Gas Taxes have been collected. At this time, utility taxes are projected to meet budget due to conservative initial budget projections, however more information will be forthcoming in the second quarter report.



Licenses and Permits

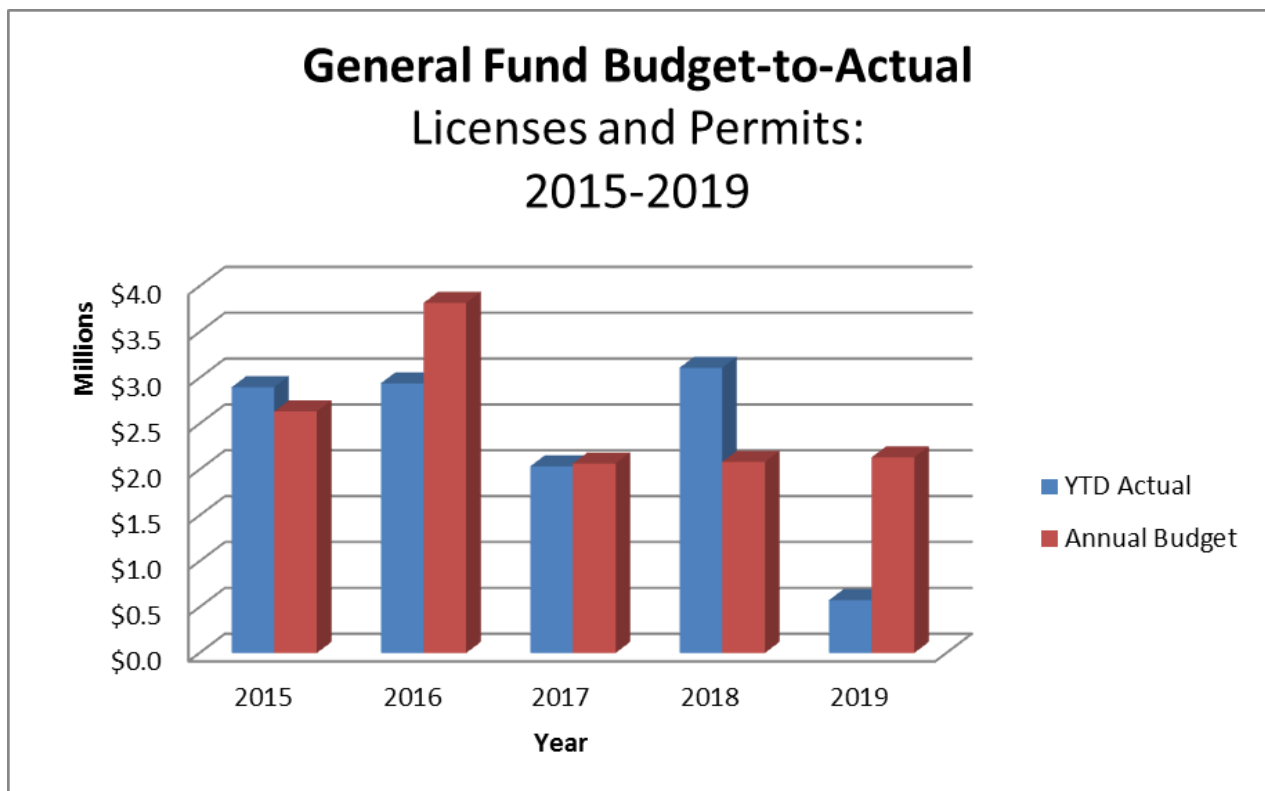
Brief Description: The Village charges fees to individuals, businesses and other entities to conduct certain activities within the Village. Such fees include business/liquor licenses, vehicle stickers, elevator inspection fees, zoning applications, etc.

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 have met first quarter 2019 budgeted expectations. This revenue category typically increases in the spring and summer months as residential and commercial permitting activities increase. Additionally, larger-scale developments may occasionally create unanticipated spikes in building permit revenue.



Income Tax Revenue

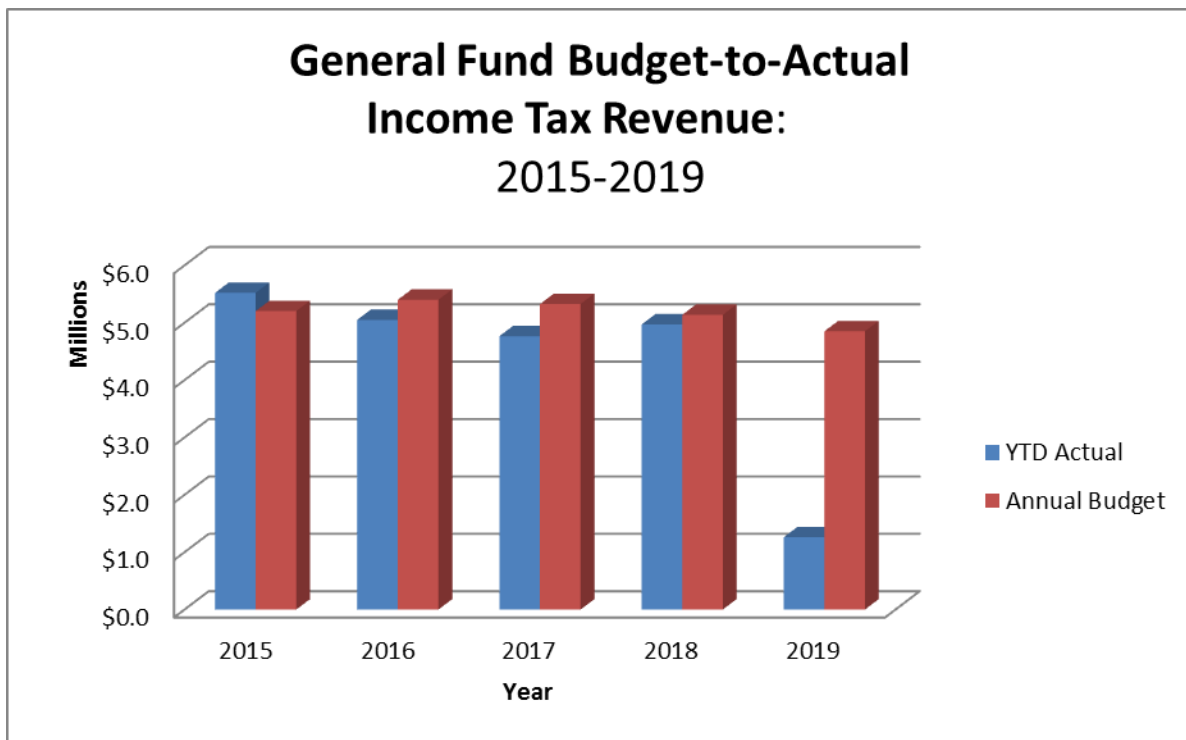
Brief Description: This particular tax is a share of individual and corporate income taxes paid to the Illinois Department of Revenue with a portion of it redistributed to municipalities on a per capita basis pursuant to the most recent census figures.

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

- Individual income and taxable corporate profits

Rating: 

Comments: For the first quarter of 2019, this tax is on par with the previous year. This revenue is expected to meet or exceed the budgeted amount, which was determined using estimates published by the Illinois Municipal League.



Charges for Services

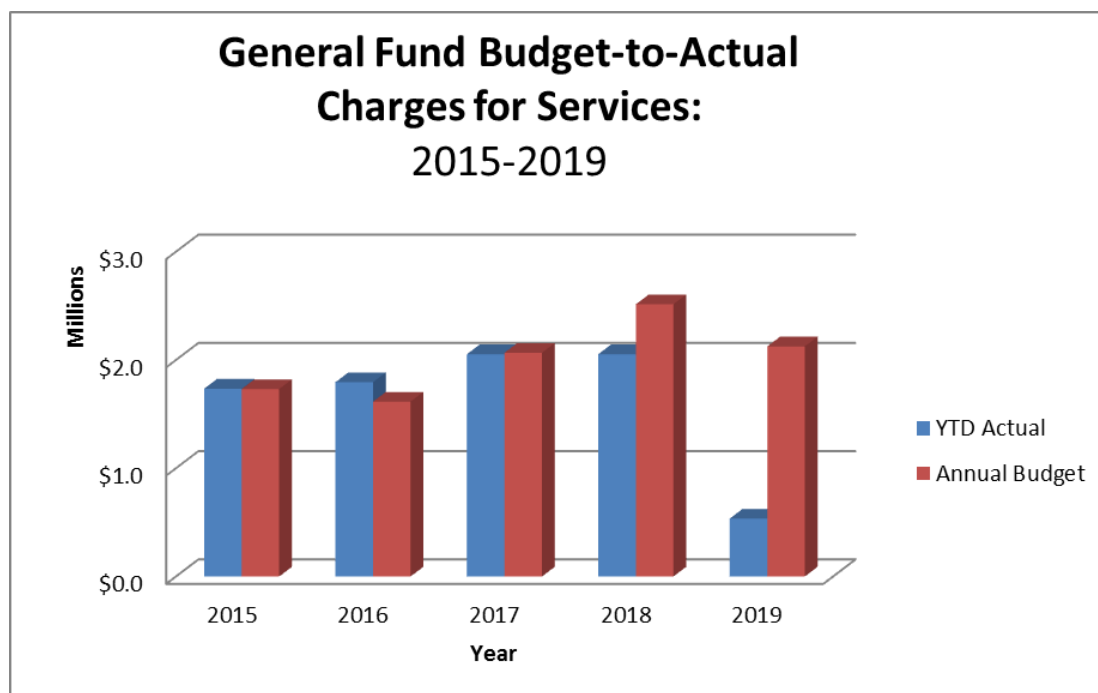
Brief Description: The Village provides a number of services for which it charges fees directly to customers. Such services include: drafting of police reports, property sales inspections, ambulance services, intergovernmental services, and environmental health services.

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

Rating: 

Comments: Outstanding receivables will be realized in this revenue category throughout the remaining three quarters of 2019. More information will be available in the second quarter report.



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.

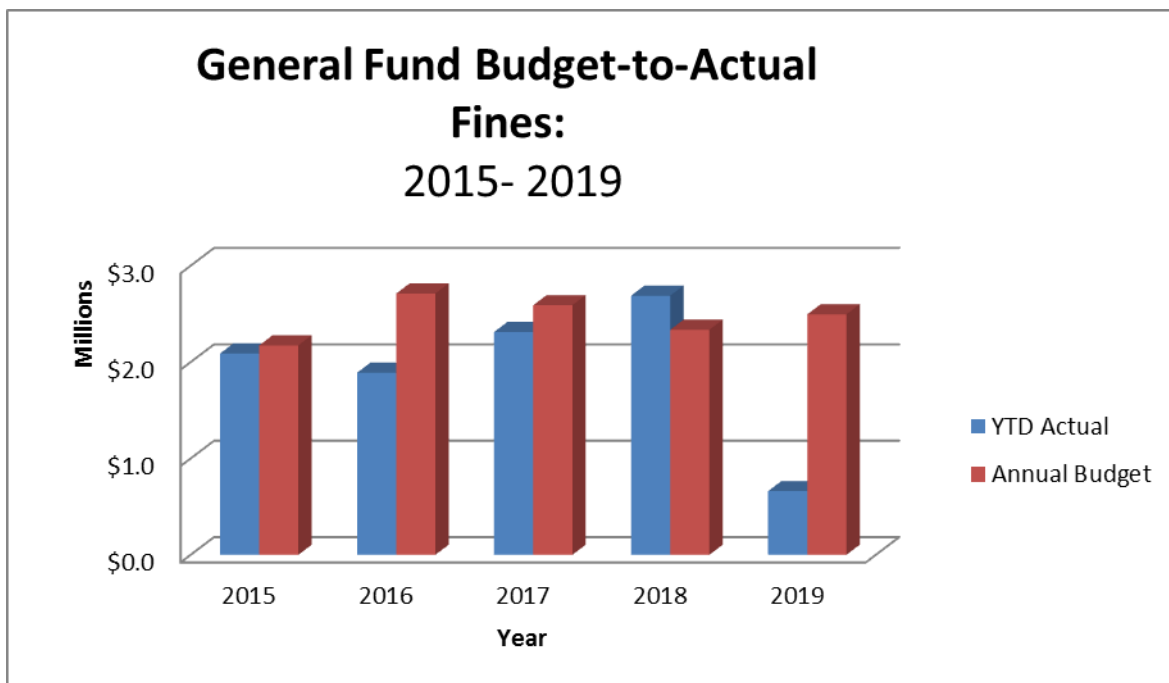
Drivers of Fines: The following are the drivers that impact fine proceeds:

- 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

Rating:



Comments: This revenue is on track to meet the budget by year-end, despite appearing to be underperforming in the graph below. Outstanding receivables, primarily comprised of court and non-compliance fines, will continue to be realized throughout the remaining three quarters of 2019. It should also be noted that non-compliance fine revenue is increasing significantly. In the first quarter alone, non-compliance fine revenue totaled more than 80% of the budgeted amount for the entire year. This increased revenue stream is the result of increased enforcement activities, staff efficiencies and collaboration among departments and with external contractors.



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

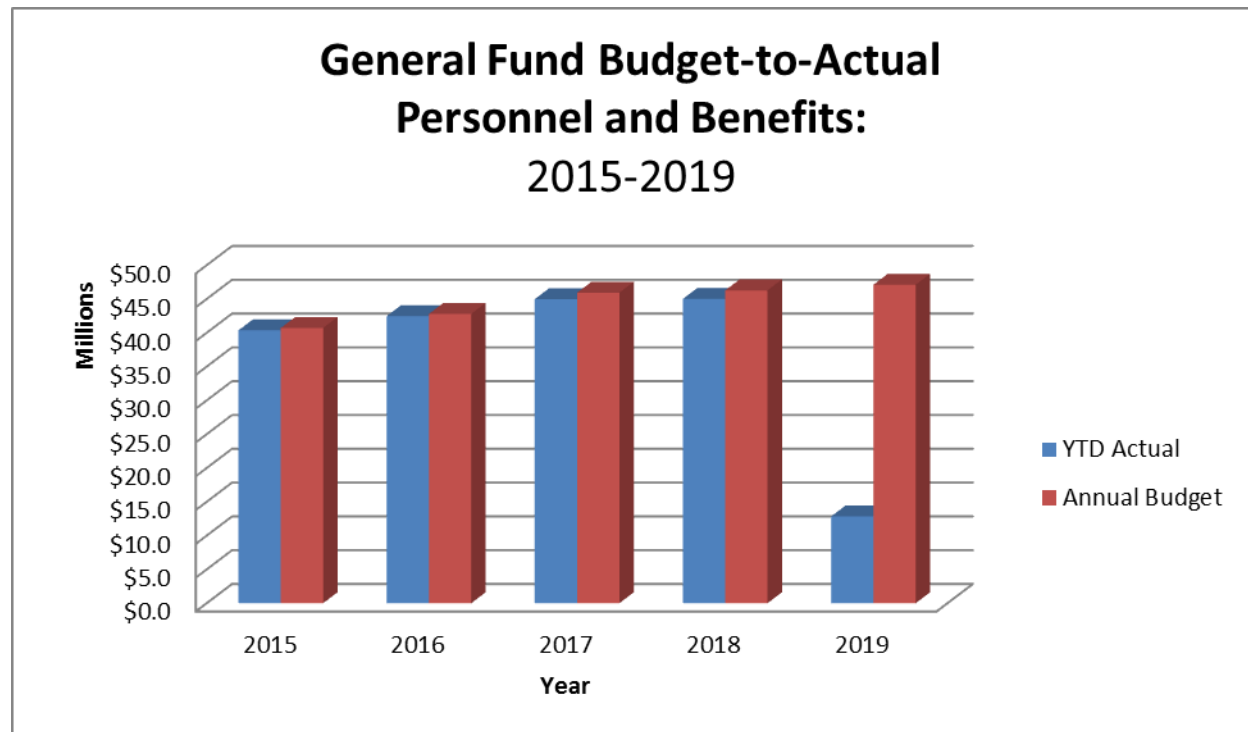
Brief Description: Personnel and Benefit expenditures cover compensation to Village staff. Given the labor-intensive nature of government services, personnel and benefit expenditures typically make up the largest portion of the general fund budget.

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

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

Rating: ●

Comments: Personnel and benefits are in line with the projected budget for the first quarter of 2019.



Contractual Services Expenditures

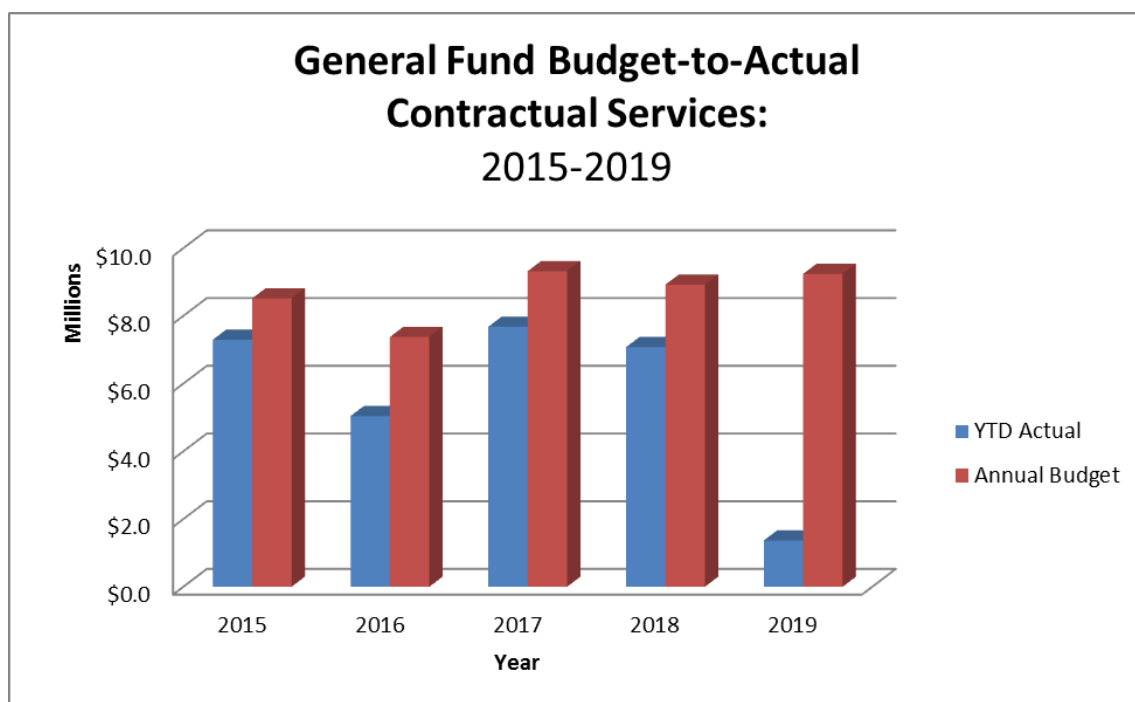
Brief Description: Contractual service expenditures are for independent contractors who have specific expertise or for those contracted as a supplemental to Village staff.

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

Rating: ●

Comments: Contractual Service expenditures projected for the first quarter of 2019 are substantially less than the amount budgeted for this category. It is common for these expenses to accelerate throughout the summer and fall seasons and ultimately meet budgeted expenses at year-end.



Materials & Supplies

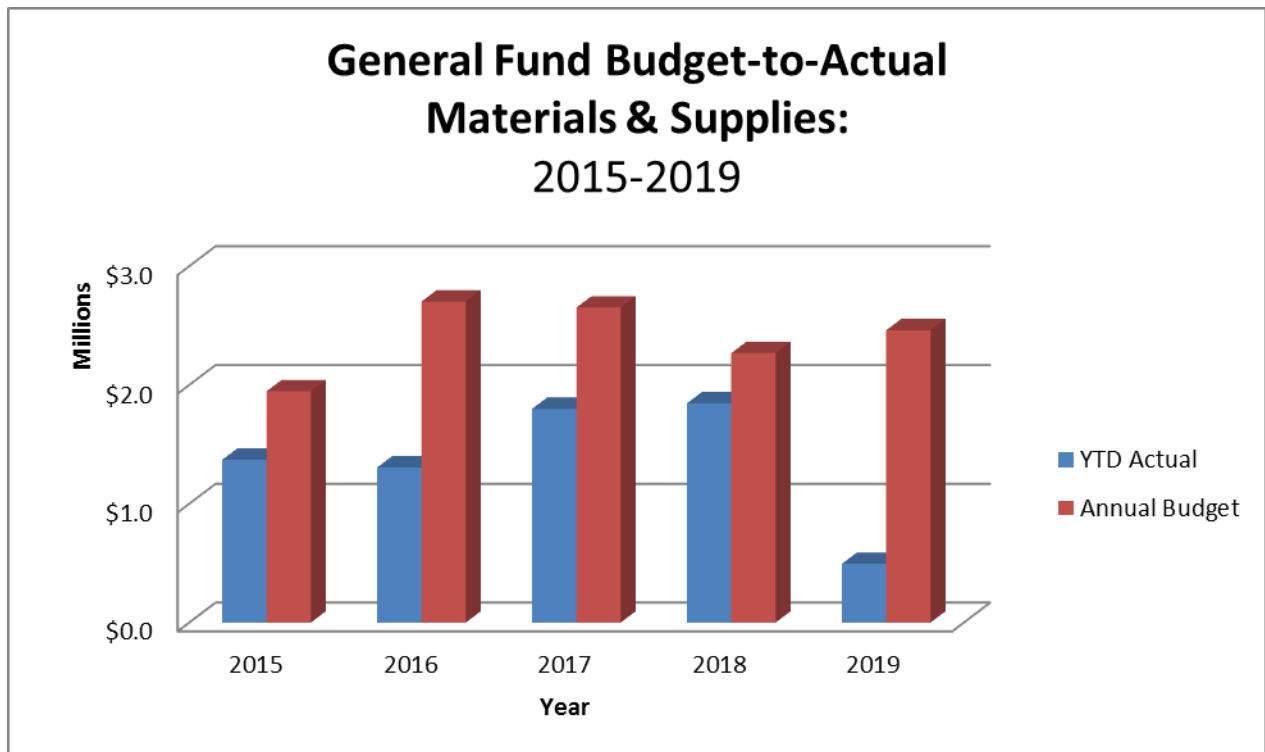
Brief Description: Material and supply expenditures are related to such items as commodities, cleaning supplies, clothing, subscriptions, office supplies, equipment rentals, fuel, routine utility expense, equipment maintenance, etc.

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

Rating: ●

Comments: Expenditures in this category are below budget projections for the first quarter of 2019. Historically, expenses in this category accelerate in the third and fourth quarters.



Capital Outlay

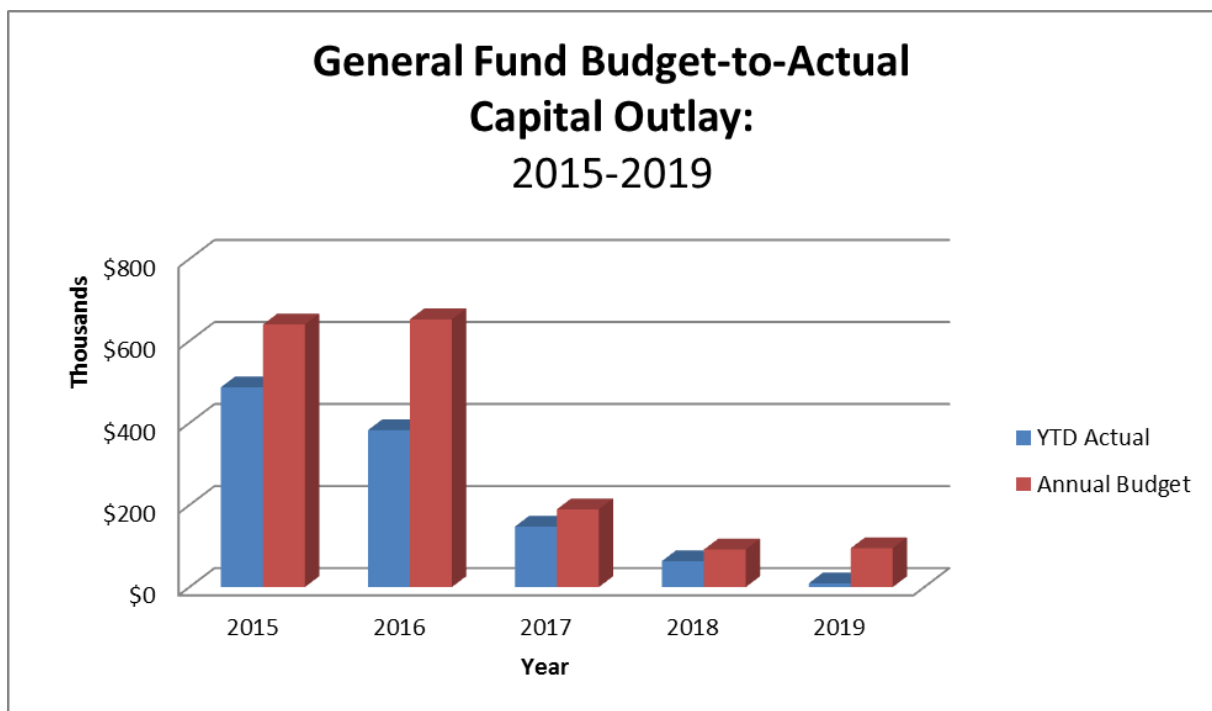
Brief Description: Capital Outlay expenditures are for the purchase of smaller ticket office/computer equipment and software which do not meet the capital dollar or useful life thresholds for inclusion in the Capital Improvement Fund budget. These smaller purchases are therefore funded by general operating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

Rating:

Comments: Expenditures in this category are below budget. More information will be provided in the second quarter report.



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.

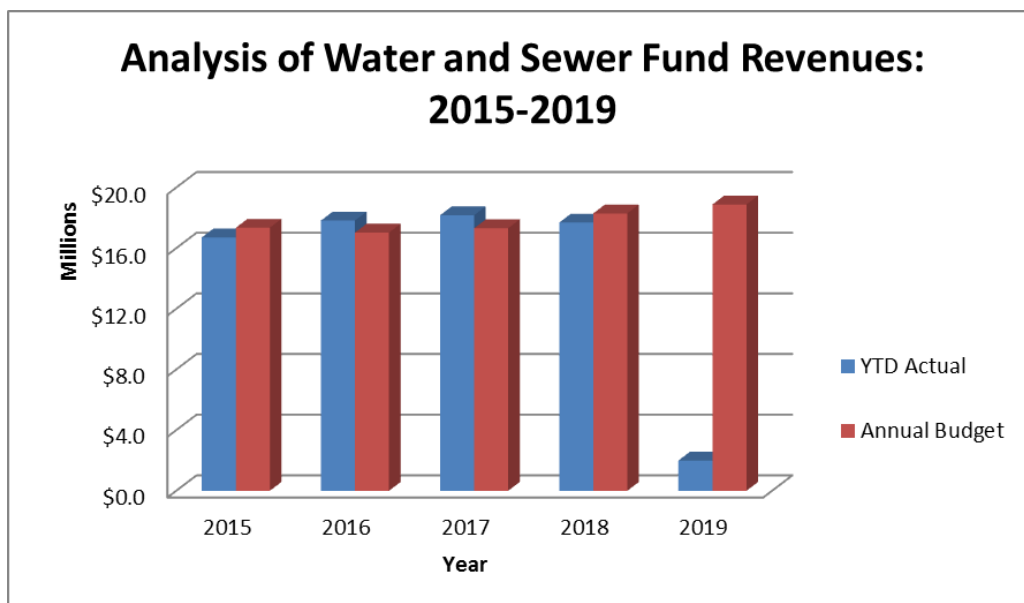
Sewer Description: The Village maintains the system that carries sewage to the Metropolitan Water Reclamation District's system. The sewer charge is based on the amount of water consumed per account.

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

Rating: 

Comments: Water and sewer revenues are below budget because of the lag between the billing and receiving of utility payments. This is consistent with previous years. More information will be available in the second quarter report.



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.

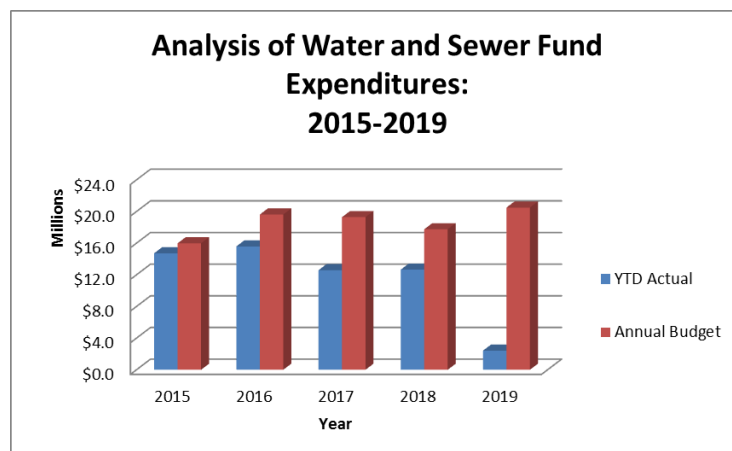
Sewer: The Sewer Fund maintains the infrastructure required to transport sewage from residences and businesses to treatment plants. Sewer Fund expenditures reflect the labor and equipment necessary to repair broken sewer lines.

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

Rating:

Comments: Water and Sewer Fund expenditures are significantly below budget for the first quarter. This is primarily due to budgeted capital improvement projects that have not started as well as normal delays in receiving water bills from the City of Chicago. Capital improvement projects account for 37% of the total budgeted FY19 Water and Sewer Fund expenditures. Better projections will be provided as project expenses, water invoices, and other expenses are incurred in Q2-Q4.



Parking Fund

Parking Fund Revenues

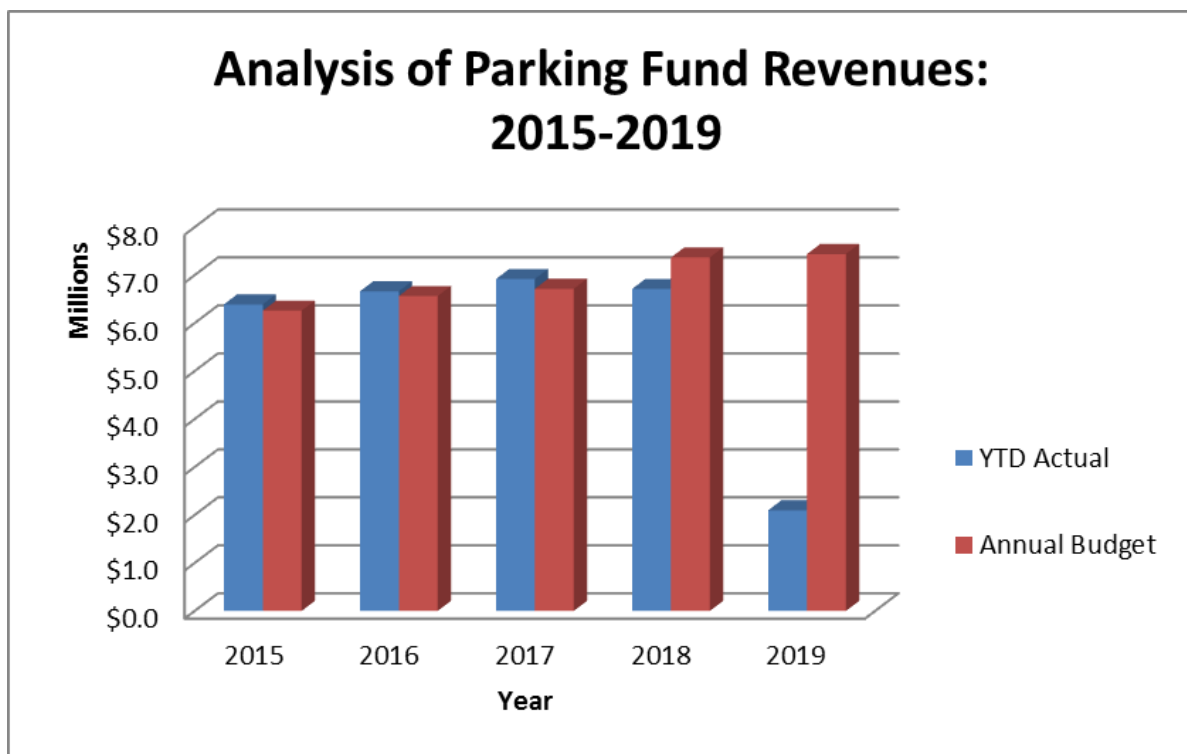
Brief Description: The Village owns and operates the majority of public parking throughout the Village. This includes on-street meters, parking garages located in Downtown Oak Park, as well as a large number of off-street lots.

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

- Parking rates
- Volume of parkers

Rating: ●

Comments: Parking revenue for the first quarter appears on track and is expected to come in at or near budget by year-end.



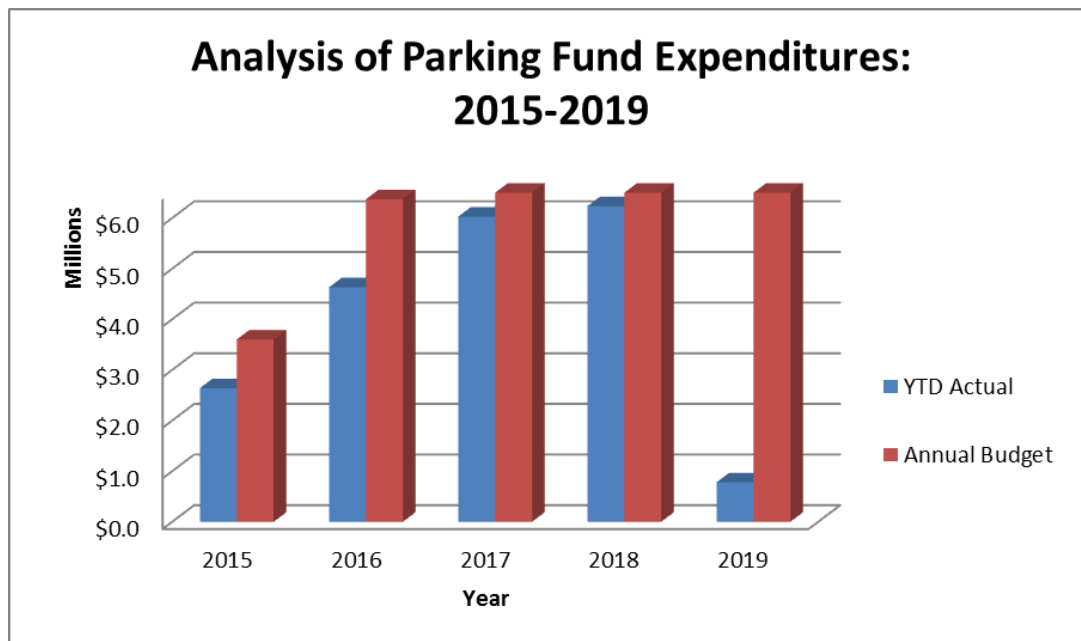
Parking Fund Expenditures

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

- Personnel costs
- Capital costs

Rating: ●

Comments: Parking Fund expenditures for the first quarter are well below projections, however this is due to normal delays in vendor invoicing. Furthermore, parking capital projects will continue to be expensed throughout the remainder of the year, with approximately 23% of total fund expenditures attributable to capital projects.



Environmental Services Fund

Environmental Services Fund Revenues

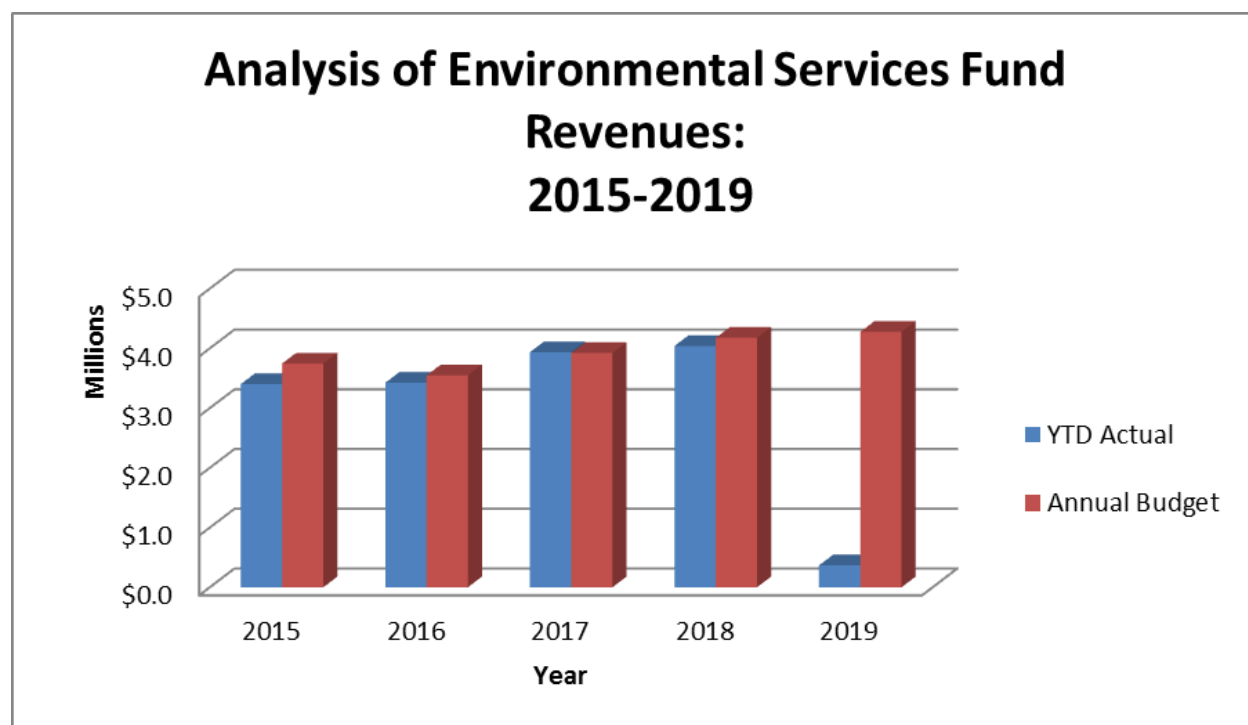
Brief Description: The Environmental Services Fund accounts for the Village's trash removal and recycling programs. As an enterprise fund, the costs are charged to users of the system via charges on utility bills.

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

- Garbage collection rates
- Sale of yard waste stickers

Rating: 

Comments: Similar to the Water and Sewer Fund, Environmental Services revenues appear to be below budget due to the lag between the billing and receiving of utility payments. This is consistent with previous years. More information will be available in the second quarter report.



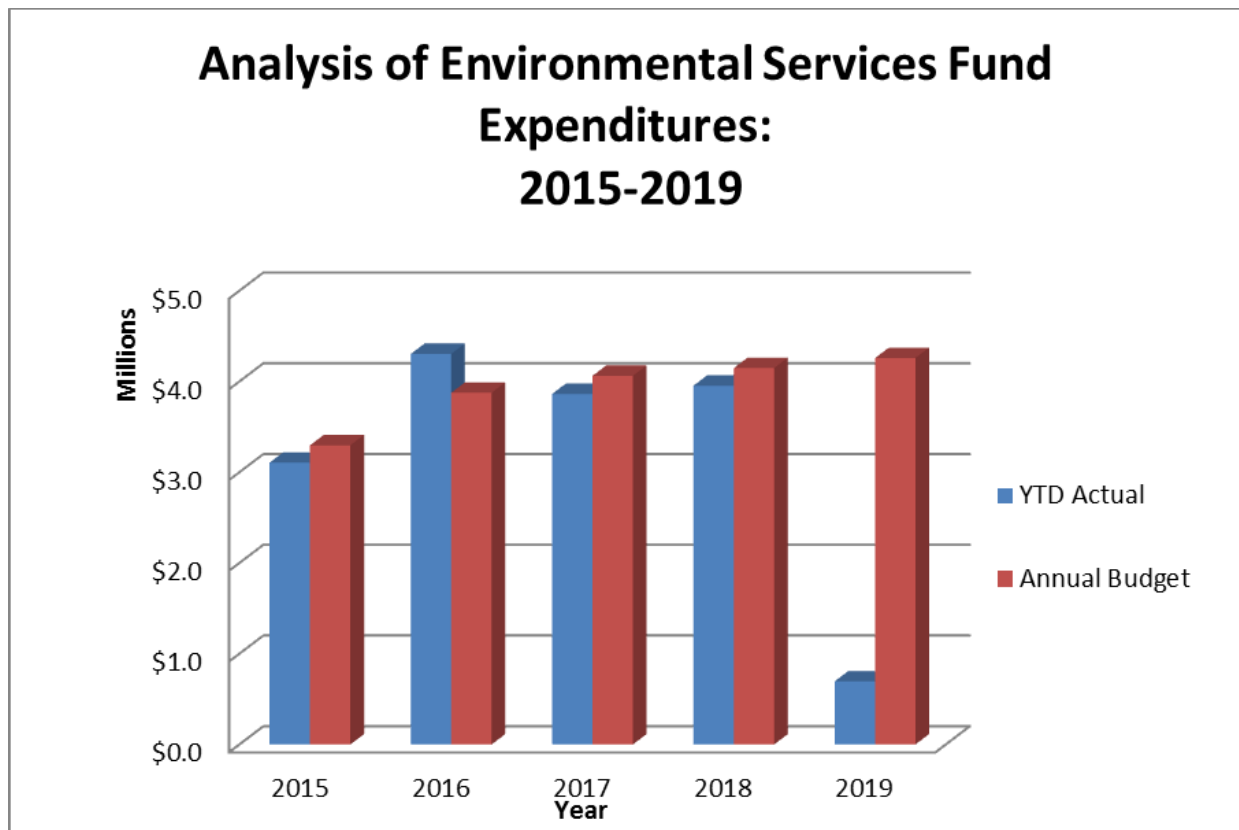
Environmental Services Fund Expenditures

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 Environmental Services expenditures are well below first quarter projections because contractual payments to the Village's waste hauler have not been invoiced. These payments will eventually catch up with previously incurred services throughout the remainder of 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

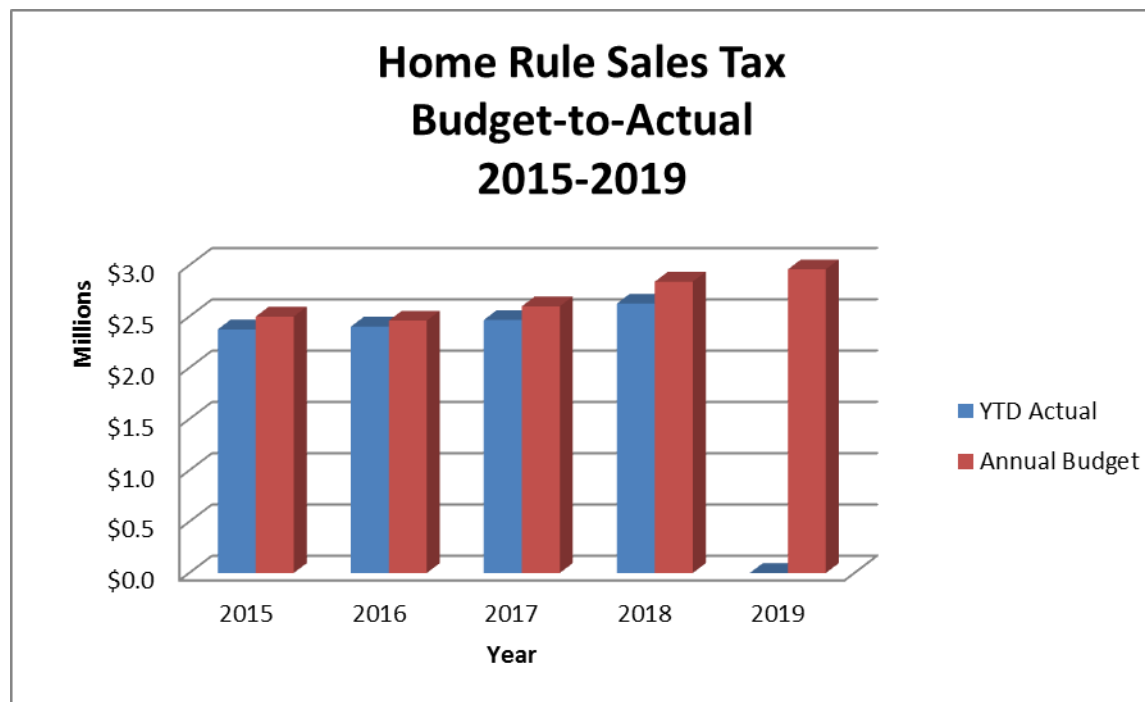
Brief Description: The Village imposes a 1% Home Rule Occupation Tax (HROT). While approved locally, this tax is also administered and collected at the state level. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

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

- Retail sales
- Retail establishments

Rating: 

Comments: The chart below is on a cash basis and there is a three month lag in sales tax collections. Therefore, as of March 31, the Village has not yet received any of this revenue for 2019.



Gasoline Tax Revenue

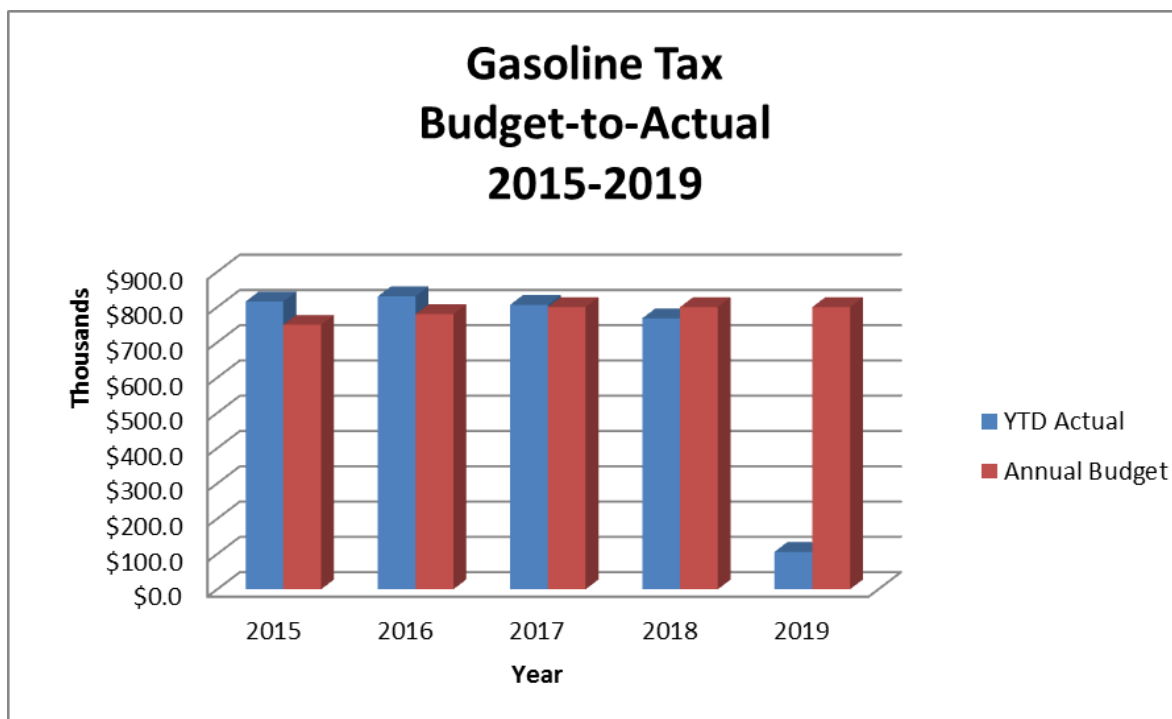
Brief Description: The Village imposes a tax upon the retail purchase of motor fuel at the rate of six cents (\$0.06) per gallon. This tax is dedicated for Village capital projects and is accounted for separately in the Capital Improvement Project (CIP) Fund.

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

- Gasoline sales

Rating: 

Comments: This revenue is reported one month in arrears and therefore only two months of revenue are reported thus far in 2019. Based on previous years, this revenue should come close to meeting budget by year-end.



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

Rating: 

Comments: The majority of capital improvement fund expenditures will be incurred throughout the remaining three quarters of 2019. More information will be provided as the year progresses and invoices are paid .

