

# MEMO

February 20, 2023

To: Finance Committee and Village Board

From: Monica Hughes and Dave De Angelis

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Attached is a resolution amending the 2022 budget and a draft of the financial statements. The draft financial statements are prior to the amendments recommended in the resolution. As in past years' prior to finalizing the yearend statements the village reviews the budget to actual results and amends as needed. Two of the Village funds are not budgeted for as they are supported by donations; the library gift fund which is overseen by the Library Board and the donation fund. Our past practice has been to amend the budget to reflect the actual revenue and expense activity in these funds.

The General Fund currently reflects an increase to its fund balance of \$205,997 as compared to an expected use of fund balance budgeted of \$150,000. This is due to a number of items. Positive revenue results due to increased interest rates on Village funds, additional fines and forfeitures collected and increased permit fees. Revenue was over budget by \$114,000. Expenses were under budget by \$241,500 mainly due to open police officer positions, IT manager, and recreation manager during the year and unused contingency of \$99,175.

The budget amendment recommends transferring \$200,000 of this fund balance to the capital and EMS funds. The funds would be transferred from the unused contingency, \$99,175 and the savings in police wages and benefits. This will allow the Village to maintain its current fund balance level which is important for maintaining our high rating in the bond market and for future borrowing. With this recommended transfer the Village's unassigned fund balance (available for use) would be at 20% of the budget. Our fund balance policy recommends that it be maintained between 15-25%.

A transfer of \$100,000 to the EMS (Emergency Medical Services) fund will allow the Village the opportunity to fund the increased paid on call program implemented in 2023. Due to staffing challenges for the department, a change increasing the on call pay structure for daytime coverage was put in place in 2023 and partially funded by a \$100,000 grant the department received. This transfer would allow us to continue funding in 2024 as the Village considers its long term options. Per discussion with current department personnel, this change has brought positive results.

A transfer of \$100,000 to the Capital fund will provide additional funding for future projects and to support increased costs of current projects with the five year plan.

This resolution is recommended to reflect the actual activity of 2022. Our yearend financial statement will be completed in March and our annual audit scheduled for the final week of March.