



MEMO

TO: Finance Committee
FROM: Monica Hughes and David De Angelis
DATE: February 19, 2021
RE: Resolution 022221 Amending the 2020 Budget

Attached is a resolution amending the 2020 budget and a draft of the financial statements. The draft of the 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 \$49,700 as compared to an expected use of fund balance budgeted of \$150,000. This is due to a number of items. Two of our budgeted revenue items were lower than expected; court fines and interest income, but the Village received funding through the COVID CARES grant program totaling \$115,000 and a business insurance dividend of \$27,750 which helped offset the revenue declines.

Expenses were under budget by \$224,000 mainly due to open police officer positions during the year and unused contingency of \$49,000. While the Village had these savings, recreation incurred costs \$42,800 above budget as it operated during the summer season in the COVID environment. Legal expenses also were \$65,000 above the budgeted number due to a number of personnel legal costs and general legal issues.

The budget amendment recommends transferring most of the unused contingency, \$48,000, to the stormwater and capital funds. 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 21% of the budget. Our fund balance policy recommends that it be maintained between 15-25%.

A transfer of \$28000 to the Stormwater fund will fund expenditures in excess of the original 2020 budget. These costs were incurred for additional consulting fees approved for evaluating the Marcella Bridge, the bi-annual bridge inspection, engineering work for the Underwood Creek Stabilization Project budgeted for 2021, and additional work on the NR216 Planning Project required by the DNR.

A transfer of \$20,000 to the Capital fund will provide additional funding needed for the consultant in the Village's evaluation of a transportation utility.

This resolution is recommended to reflect the actual activity of 2020. Our yearend financial statement will be completed in March and our annual audit scheduled for the final week of March.