Village of Mount Prospect

Finance Department

Quarterly Financial Review

For the Quarter Ended June 30, 2025

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Introduction

The Finance Department prepares and presents a review of the financial activities for the most recently ended quarter. This report summarizes the financial activities of the Village of Mount Prospect for the second quarter of the fiscal year 2025. The report begins with the major highlights, followed by an analysis of revenues, expenditures, and fund balance for the second quarter. The report also contains an analysis of financial statements for the Police and Fire Pension Funds. The report provides a general economic outlook for the local and national outlook where possible and provides a few special items of interest and updates.

Major Highlights – Q2-2025

a) The Village completed its strategic planning workshops in Q2-2025. The plan is a crucial guide for the Village's action plan and budgeting (Capital and Operating) decisions.
b) The Village also concluded its annual audit in June 2025 and received the highest possible (unqualified) opinion on its financial statement. The Village's General Fund reported an accounting surplus of $3.1 million for 2024 and a total fund balance of $55.7 million. During 2024, the Village funded certain items from the 2023 surplus of $10.8 million. However, for accounting purposes, these items are treated as yearly expenditures. The Village reported an accounting surplus of $3.1 million after these expenditures. The actual time-constrained surplus for 2024 is $9.6 million.
c) The Village collected $36.1 million in revenues during Q2-2025, an increase of $3.8 million over the same period last year. The YTD revenues stand at $67.4 million, while at the same time last year, the Village recognized $62.5 million in revenues. The YTD collections for 2025 reflect increased intergovernmental revenues and charges for services.
d) The Village has collected $2.6 million in investment income through June 2025. The amount collected reflects 66.5 percent of the annual budget. However, the collection is lagging behind by $728,341 compared to last year's collection.
e) The Village incurred expenditures totaling $38.0 million during Q2-2025, an increase of $4.3 million over the same period last year. The year-to-date expenditures total 66.5 million, an increase of $7.2 million, mainly due to the acquisition of the 111 E Busse property for $5.0 million and other contractual increases.
f) As of June 30, 2025, the Village's General Fund unassigned fund balance stood at $47.1 million, or 51.8 percent of the annual expenditures. The Economic Emergency Fund earned interest income totaling $291,009 and has an ending fund balance of $13,982,643 as of June 30, 2025.
g) The Police Pension Fund reported a positive $7.1 million change in its net position, and the Fire Pension Fund reported a positive $4.0 million change. The ending net position for the Police Pension Fund as of June 30, 2025, is reported at $104.7 million, while the same for the Fire Pension Fund is $88.1 million.

Cash and Investments

The Village of Mount Prospect maintains a sufficient cash balance at various banking and investment institutions for the smooth operation of the Village's day-to-day activities. The remainder of the cash assets are invested in multiple interest-earning accounts and investment options in accordance with the Village's Investment Policy. As of April 1, 2025, the beginning Cash and Cash Equivalents totaled $115.3 million. During the second quarter, the Village collected cash receipts totaling $32.2 million. The investment income for the month totaled $1.4 million. The payroll cost for the quarter was $5.8 million, and accounts payable were paid in the amount of $26.9 million. The inter-fund activity increased the cash position by $17,588, while other disbursements totaled $61,255. As of June 30, 2025, the Village's Cash and Cash Equivalents totaled $120.1 million.

Line Items	Cash and Cash Equivalents	Investments	Total Cash and Investments
Balance at April 1, 2025	$ 115,272,991	$ 26,919,680	$ 142,192,670
Cash Receipts	32,182,839	-	32,182,839
Investment income (loss)	1,207,355	145,771	1,353,127
Transfers from investments to cash	4,267,602	(4,267,602)	-
Transfers to investments from cash	-	-	-
Interfund activity	17,588	-	17,588
Disbursements:	-	-	-
Accounts payable	(26,945,517)	-	(26,945,517)
Payroll	(5,818,288)	-	(5,818,288)
Other Items	(61,255)	-	(61,255)
Balance at June 30, 2025	**$ 120,123,315**	**$ 22,797,849**	**$ 142,921,164**

As of June 30, the Village has a total of $22.8 million invested in long-term investment options, including U.S. Treasuries, AAA+ rated money market Funds, and FDIC-insured CDs. The Cash, Cash Equivalents, and Investments totaled $142.9 million as of June 30, 2025.

The table below summarizes the Cash and Cash Equivalents by Fund type as of June 30, 2025.

Fund Details	Amount
General Fund	$ 56,378,507
Special Revenue Funds	23,898,785
Debt Service Funds	1,437,146
Capital Projects Funds	20,490,524
Enterprise Funds	22,773,456
Internal Service Funds	17,942,746
Total Cash and Cash Equivalents	**$ 142,921,164**

In addition to the funds summarized above, the Village of Mount Prospect has $1.3 million in Escrow Accounts under the umbrella of Other Trust and Agency Funds.

a) Revenues

The below data summarizes the revenue recognized by the Village through June 2025.

Revenue Category	Budget 2025	Actual YTD Q2 2025	% of Annual Budget	Actual YTD Q2 2024	Actual 2025 Vs. Actual 2024	% Change
Property Taxes	24,813,627	12,946,524	52.2%	13,005,979	(59,455)	-0.5%
Other Taxes	15,554,350	5,251,186	33.8%	4,788,662	462,524	9.7%
Intergovernmental Revenue	54,857,954	18,788,966	34.3%	17,093,461	1,695,505	9.9%
Licenses, Permits & Fees	1,912,000	933,453	48.8%	987,160	(53,707)	-5.4%
Charges For Services	47,342,301	23,473,679	49.6%	20,201,809	3,271,870	16.2%
Fines & Forfeits	608,500	273,349	44.9%	276,792	(3,443)	-1.2%
Investment Income	3,933,700	2,617,168	66.5%	3,345,509	(728,341)	-21.8%
Other Financing Sources	7,749,433	69,127	0.9%	-	69,127	++
Other Revenue	3,085,500	1,453,436	47.1%	2,290,833	(837,397)	-36.6%
Reimbursements	1,086,500	1,639,652	150.9%	559,664	1,079,987	193.0%
Total Revenues	**160,943,865**	**67,446,540**	**41.9%**	**62,549,869**	**4,896,672**	**7.8%**

The above amounts do not represent all revenues to be recognized for the period under review. Certain state taxes, such as sales tax, home rule sales tax, and a few other taxes, will be received by the Village in July 2025 and later.

The table below summarizes the top 10 governmental revenue sources with their respective year-to-date amounts for 2025 and 2024. The amount excludes enterprise fund (water and sewer charges) and internal service fund charges (vehicle replacement, vehicle maintenance, and insurance charges).

Revenue Category	Calendar 2025	Calendar 2024	2025 Vs. 2024	% Increase / (Decrease)
415 - State Taxes	17,300,517	16,476,570	823,947	5.0%
400 - Property Tax	12,946,525	13,005,979	(59,453)	-0.5%
403 - Home Rule Sales Tax	2,006,317	1,709,346	296,971	17.4%
402 - Use Taxes	1,897,775	1,791,329	106,447	5.9%
456 - Interest Income	1,647,111	2,221,754	(574,643)	-25.9%
449 - Service Charge	1,589,678	914,027	675,651	73.9%
473 - Reimbursements	1,238,185	147,158	1,091,026	741.4%
401 - Utility Tax	1,138,608	1,069,030	69,579	6.5%
409 - Business Licenses & Permits	616,937	583,858	33,079	5.7%
410 - Nonbusiness Licenses & Permits	316,516	403,302	(86,786)	-21.5%
Total Revenues	**40,698,170**	**38,322,352**	**2,375,817**	**6.2%**

The year-to-date collection for 2025 totaled $67.4 million, an increase of $4.9 million over the same period last year. The year-to-date revenues account for 41.9 percent of the annual budget. An increase in the total revenue is mainly attributed to increased intergovernmental revenues and charges for services.

Property Taxes: The Village's total levy for the year is $18.2 million. The total property tax budget, including TIF revenues, is $24.8 million. The Village has collected $12.9 million in property taxes so far for the tax year 2024, payable in 2025. The Village is still waiting for the final tax rate and tax increment related information for its TIF districts. The second installment of property taxes is delayed at least by a few months. The Village is expected to collect 98.5% of the total budgeted levy property taxes and $6.0 million in TIF increments.

Other Taxes: The category of Other Taxes includes all the taxes enacted per local ordinances, including Home Rule Sales Tax, Hotel/Motel, Food and Beverage, Municipal Motor Fuel Tax, Utility Taxes, etc. As the State collects some of these taxes, there is a three-month lag between the actual sales and the tax remittance. In addition, all the local economic activities for Q2-2025 are reported in Q3-2025. The YTD tax collection under this category totals $5.2 million, trending higher by $462.524 or 9.7 percent compared to the previous year. Most revenue lines under Other Taxes are tracking higher than the previous year, except telecom excise taxes. The following items represent not all but major other taxes line items.

Other Taxes	YTD Q2-2025	YTD Q2-2024	Q2-2025 vs. Q2-2025	% Change
Home-rule Sales Tax	2,006,317	1,709,346	296,971	17.4%
Real Estate Transfer Tax	681,429	500,969	180,460	36.0%
Food & Beverage Tax	747,068	804,311	(57,243)	-7.1%
Utility Taxes	1,138,608	1,069,030	69,579	6.5%
Municipal Motor Fuel	304,413	316,586	(12,173)	-3.8%
	4,877,836	4,400,242	477,594	10.9%

As mentioned above, the home-rule sales tax recorded a growth of 17.4 percent, while the real-estate transfer tax line reported an increase of 36.0 percent over the 2024 collections. A few high-value real estate transactions have resulted in higher real estate transfer tax collections.

Intergovernmental Revenue: This category includes all the State shared taxes, including State Sales Tax, Income Tax, Use Tax, Motor Fuel Tax, and Grants. The Village is vigilantly tracking all intergovernmental revenues. The YTD tax collection under this category totals $18.8 million. As most of these taxes are collected by the State, there is a three-month lag between the actual sales and the tax remittance. The table below covers major line items under the category of intergovernmental revenues.

Major State Taxes	YTD Q2-2025	YTD Q2-2024	2025 vs. 2024	% Change
State Sales Tax	9,717,369	8,989,075	728,294	8.1%
State Income Tax	5,825,410	5,376,342	449,068	8.4%
State Motor Fuel Tax	1,031,171	980,641	50,530	5.2%
State Use Tax	506,715	931,160	(424,445)	-45.6%
Video Gaming Tax	161,612	136,984	24,628	18.0%
Cannabis Education Fund	37,607	40,122	(2,515)	-6.3%
Municipal Cannabis Tax	20,632	22,244	(1,612)	-7.2%
Total	**17,300,516**	**16,476,568**	**823,948**	**5.0%**

The year-to-date collection totals $17.3 million and is trending higher by $823,948 or 5.0% compared to 2024. Intergovernmental revenues represent the single most significant category for the Village and represent 29.4 percent of the total Village revenue sources. The state sales tax alone accounts for 23.0 percent of the total Village revenue and 78 percent of the total intergovernmental revenue. The YTD sales tax revenue (Jan to March) received through June 2025 totaled $9.7 million, an increase of $728,294 or 8.1 percent over the 2024 year-to-date amount.

The YTD income tax collection through June 2024 totaled $5.8 million, an increase of $449,068 or 8.4 percent over the 2024 collections. It is noteworthy to report that the use tax collections total $506,715, a reduction of $424,445 or 45.6 percent compared to 2024. Several changes made to the Leveling the Playing Field Act, effective January 1, 2025, resulted in an estimated $16 million monthly reduction in local use tax (statewide), impacting the Village and all other municipal governments in the State.

Licenses & Permits: The Village has collected $933,453 in License and Permit Fees through June 2025. This amount is trailing behind by $53,707, or 5.4%, compared to last year's collection at the same time. The lower collection represents a lower construction and development activity level than last year.

Charges for Services: The Village has received $23.5 million in charges for services through June 2025. This amount represents 49.6% of the annual budgeted amount for the category and is trending higher by $3.3 million compared to last year's collection, mainly due to increases in water/sewer rates as well as increased ambulance billing fees. The Village collected $1.6 million in ambulance billing fees compared to $900,056, at the same time last year.

Investment Income: The Village has earned $2.6 million in investment income through June 2025. It is currently earning anywhere from 3.25% to 4.25% on its liquid investments. The Village's investments are in compliance with its Investment Policy, and due to high federal rates, the Village is earning a higher investment income. The collected amount represents 66.5 percent of the annual budget for the category and is expected to outperform the annual budget of $3.9 million for the year.

Other Categories: All other revenue categories have collectively generated $3.4 million through June 2025. The amount mainly includes $273,349 in fines and forfeitures, $1.5 million in other revenues, and $1.6 million in reimbursements.

b) <u>Expenditure</u>

The data below recaps the expenditures incurred through June 2025.

Departments	Original Budget 2025	Amended Budget 2025	Actual Expenditures 2025	% of Total Budget Used	Actual Expenditures 2024	Actual 2025 Vs. Actual 2024	% Change
10 Public Representation	779,620	779,620	273,877	35.1%	263,747	10,130	3.8%
20 Village Administration	6,231,809	6,679,309	2,806,097	42.0%	2,289,818	516,280	22.5%
30 Finance	3,242,072	3,287,072	997,565	30.3%	(276,348)	1,273,913	-461.0%
40 Community Development	6,151,291	6,696,291	7,040,743	105.1%	2,252,583	4,788,160	212.6%
50 Human Services	1,583,765	1,783,765	793,574	44.5%	700,319	93,255	13.3%
60 Police	28,036,346	28,215,092	12,257,436	43.4%	12,147,115	110,321	0.9%
70 Fire	26,858,798	27,373,238	10,605,314	38.7%	10,795,440	(190,126)	-1.8%
80 Public Works	63,612,299	73,947,437	23,630,006	32.0%	22,380,127	1,249,879	5.6%
00 Non-Departmental	28,941,104	28,941,104	8,120,399	28.1%	8,814,878	(694,478)	-7.9%
Total Expenditures	**165,437,104**	**177,702,927**	**66,525,012**	**37.4%**	**59,367,678**	**7,157,334**	**12.1%**

The above amounts do not include the expenditure for the Pension Funds, as they are separate entities. The above amounts are unaudited and subject to change with accrual/audit adjustments.

Category	Amended Budget 2025	Actual Expenditures Q2-2025	% of Total Budget Used	Actual Expenditures 2024	Actual 2025 Vs. Actual 2024	% Change
Personnel	64,691,024	28,030,194	43.3%	29,384,005	(1,353,811)	-4.6%
Contractual Services	44,180,535	20,267,337	45.9%	17,616,060	2,651,277	15.1%
Commodities & Supplies	2,831,710	1,228,218	43.4%	1,185,731	42,487	3.6%
Capital Improvements	43,942,808	9,847,374	22.4%	8,810,818	1,036,556	11.8%
Debt Service	9,735,249	1,922,680	19.7%	2,181,958	(259,277)	-11.9%
Other Expenditures	12,321,601	5,229,209	42.4%	189,106	5,040,103	2665.2%
Total Expenditures	**177,702,927**	**66,525,012**	**37.4%**	**59,367,678**	**7,157,334**	**12.1%**

Personnel Costs: The year-to-date expenditure for Personnel Costs, including benefits, are $28.0 million or 43.3 percent of the annual budget for the category. The amount is trailing behind by $1.4 million compared to 2024. The overtime expense through June 2025 totals $1.3 million, while at the same time last year, the overtime expense totaled $1.2 million. The Village executed $2.0 million in pension contribution payments from the Pension Stabilization Fund in June 2024, while the same is executed in Q3-2025, resulting in a timing issue for the year 2025 and reported lower year-to-date personnel costs.

Services: This category covers most contractual services, including some large line items, such as JAWA water purchases, budgeted and grant-funded engineering studies, and other contracts. The year-to-date expenditure is $20.3 million, which equates to 45.9 percent of the annual budgeted amount for the category. The expenditure amount is trending higher by $2.7 million, mainly due to inflationary and timing issues.

Supplies: Through June 2025, the village spent $1.2 million in supplies, totaling 43.4 percent of the approved budget and trending higher by $42,487 or 3.6 percent compared to 2024.

Capital Improvements: The Village originally budgeted $32.9 million in approved capital improvement projects for 2025. The Village has amended its budget to carry forward $11.0 million worth of projects from 2024 to 2025. At this time, many projects are in the pipeline and are awarded. Major expenditure under this category will be recognized and paid in the fall and later.

Debt Service: Per the established debt service schedules, the Village's bond payments are due on June 1 and December 1. The Village processes these debt service payments a few days before due dates and keeps sufficient funds to execute them. So far, the Village has paid its debt service payments in May 2025 (due on June 1, 2025) totaling $1.9 million.

Other Expenditure: This category includes a budget of $12.3 million and includes interfund transfers, various risk management items, as well as the TIF incentive amounts to be shared per the redevelopment agreements. The Village recently approved a budget amendment (in July 2025) for acquiring the 111 E Busse property. This property was acquired in Q2-2025 for $5.0 million. The Village will be executing budgeted interfund transfers in the second half of the year.

d) Fund Balance Analysis:

The fund balance is an essential tool for checking the fiscal health of any governmental organization. The data below summarizes the Village's monthly unassigned/unrestricted General Fund reserves. The fund balance data is unaudited.

Items/Details	Dec-24	Q1-2025	Q2-2025	YTD 2025
Revenues - Unaudited	90,532,896	15,232,119	18,588,508	33,820,627
Expenses - Unaudited	(87,415,097)	(18,337,275)	(15,119,549)	(33,456,824)
Net Monthly Surplus/(Deficit)	**3,117,799**	**(3,105,156)**	**3,468,959**	**363,803**
Ending Unrestricted Reserves	**46,348,799**	**43,243,643**	**46,712,602**	**46,712,602**
As % of General Fund Budget	51.0%	47.6%	51.4%	51.4%
Unencumbered Cash Balance	**34,239,750**	**41,705,474**	**46,623,754**	**46,623,754**
As % of General Fund Budget	37.7%	45.9%	51.4%	51.4%

The above fund balance analysis is not audited and is subject to change. The unrestricted fund balance as of June 2025 is estimated at $46.7 million. Not all revenues and expenditures for the fiscal period are recognized, and the above amount will change as and when year-end accruals and adjustments are added. In 2023, the Village revised its Fund Balance Policy, and the new target is set to maintain the fund balance between 30 to 50 percent. As of June 2025, the Village has a fund balance above the targeted fund balance of 50%. The year-to-date revenues for the General Fund totaled $33.8 million, while the expenditures totaled $33.5 million.

Besides that, a new Economic Emergency Fund was established, and transfers totaling $13.0 million were executed as initial funding from the General Fund reserves (in 2024 and 2025, $6.5 million each). As of June 2025, the Economic Emergency Fund holds a balance of $13,982,643.

Economic Emergency Fund	2023	2024	Q1-2025	Q2-2025	Total
Funding from the General Fund	6,500,000	6,500,000	-	-	13,000,000
Interest Income	195,690	495,944	118,134	172,874	982,643
	6,695,690	6,995,944	118,134	172,874	13,982,643
Expenditures	-	-	-	-	-
Net Monthly Surplus/Deficit	**6,695,690**	**6,995,944**	**118,134**	**172,874**	**13,982,643**
Beginning Fund Balance	**-**	**6,695,690**	**13,691,635**	**13,809,769**	**-**
Ending Fund Balance	**6,695,690**	**13,691,635**	**13,809,769**	**13,982,643**	**13,982,643**

The Economic Emergency Fund is part of the strategies adopted by the Village to achieve AAA credit ratings from S&P. The above fund is expected to help the Village with providing support at the time of emergency (subject to Board approval) and strengthen the Village's financial health. The above funds are invested in interest-bearing accounts and instruments (in compliance with the Village's Investment Policy).

e) Police and Fire Pension Funds (as of June 30, 2025):

	Police Pension Fund	Fire Pension Fund
Revenues		
Contributions		
- Village	2,495,864	2,063,697
- Employees	552,560	479,337
Total Contributions	3,048,424	2,543,034
Investment Income		
Interest & Dividends	305,093	660,317
Net Change in Fair Value	7,862,708	3,673,531
Total Investment Income	8,167,801	4,333,848
Less Investment Expenses	(45,662)	(63,066)
Net Investment Income	8,122,139	4,270,782
Total Revenues	11,170,563	6,813,816
Expenditures		
Administration	39,801	40,234
Pension Benefits & Refunds		
Pension Benefits	4,011,654	3,952,081
Refunds	5,246	-
Total Pension Benefits & Refunds	4,016,900	3,952,081
Total Expenditures	4,056,701	3,992,315
Change in Net Position	**7,113,862**	**2,821,501**
Beginning Net Position	97,588,648	85,308,692
Ending Net Position	**104,702,510**	**88,130,193**
Accrued Liability (Estimated)	163,547,862	136,375,459
Percentage Funded	64.0%	64.6%
Percentage Unfunded	36.0%	35.4%

Both above-listed pension funds experienced a positive investment income during the first half of the year. The Police Pension Fund reported a positive investment income of $7.1 million, while the same is $4.0 million for the Fire Pension Fund. An estimated funding ratio for the Police Pension Fund is 64.0 percent, while the same for the Fire Pension Fund is 64.6 percent.

Other Items

a) The Village started working on its Five-year Community Investment Plan and Operating Budget for the year 2026. The Village will be discussing the Community Investment Plan in August with the Village Board. The Operating Budget will be presented in October 2025.
b) The Illinois Municipal League has forecasted an estimated per capital revenue totaling $247.66 from the State of Illinois. The amount includes $177 in income tax revenues, $24 in the state use tax, $22.04 in the motor fuel tax, $22.98 in transportation renewal tax, and $1.65 in the cannabis education fund. The year-to-date income tax revenue for the Village has reflected 8.4 percent growth compared to 2024.
c) Staff is expected to discuss a Grocery Tax Ordinance with the Village Board in Q3-2025.

Respectfully Submitted,
Amit Thakkar
Director of Finance