VILLAGE OF MOUNT PROSPECT

MONTHLY FINANCIAL REPORT

August 31, 2024

Prepared By

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Director of Finance

TO: VILLAGE PRESIDENT, BOARD OF TRUSTEES, AND FINANCE COMMISSION

FROM: AMIT THAKKAR, DIRECTOR OF FINANCE

DATE: OCTOBER 18, 2024

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE MONTH OF AUGUST 2024

In an effort to provide the most transparent and relevant financial information in a timely manner, we are submitting this report herewith. The report contains relevant data and analytical information for the Village's financial affairs. The report is prepared based on the most recent available financial information (internal and external). The report is divided into five sections, including a) Cash and Investments, b) Revenues, c) Expenses, d) Fund Balance Analysis, and e) Other Items that may contain relevant new issues and items representing and impacting the Village's financial interest and well-being.

a) Cash and Investments

The Village of Mount Prospect maintains a sufficient liquid 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 August 1, 2024, the beginning Cash and Cash Equivalents totaled $123.1 million. During the month, the Village collected cash receipts totaling $12.1 million. The investment income for the month totaled $494,003. The monthly payroll cost was $2.9 million, and accounts payable were paid in the amount of $10.4 million. The inter-fund activity increased the cash position by $8,170, while other disbursements totaled $16,546. During the month under review, the Village invested $10.3 million from its liquid cash and cash equivalents in certain qualified long-term investments. As of August 31, 2024, the Village's Cash and Cash Equivalents totaled $112.1 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

	Cash and Cash Equivalents	Investments	Total Cash and Investments
Balance at August 1, 2024	$ 123,100,245	$ 12,833,980	$ 135,934,225
Cash receipts	12,109,779	-	12,109,779
Investment income	494,003	76,950	570,953
Transfers from investments to cash	(10,324,100)	-	(10,324,100)
Transfers to investments from cash	-	10,324,100	10,324,100
Interfund activity	8,170	-	8,170
Disbursements:			
Accounts payable	(10,407,653)	-	(10,407,653)
Payroll	(2,912,734)	-	(2,912,734)
Other	(16,546)	-	(16,546)
Balance at August 31, 2024	$ 112,051,162	$ 23,235,030	$ 135,286,192

As of August 31, 2024, the Village has $23.2 million invested in long-term investments, including U.S. Treasury, AAA+ rated money-market funds, and FDIC-insured CDs. The Cash, Cash Equivalents, and Investments totaled $135.3 million as of August 31, 2024.

The table below summarizes the cash, cash equivalents, and investments by fund type as of August 31, 2024.

Fund Details		Amount
General Fund	$	55,061,698
Special Revenue Funds		28,279,287
Debt Service Funds		2,618,139
Capital Projects Funds		16,480,767
Enterprise Funds		14,928,522
Internal Service Funds		17,917,779
Total Cash and Cash Equivalents	$	135,286,192

In addition to the funds summarized above, the Village of Mount Prospect has $1,259,747 in escrow accounts under the umbrella of Other Trust and Agency Funds.

b) <u>Revenues</u>

The data below summarizes the revenue recognized by the Village through August 2024.

Revenue Category	Budget 2024	Actual YTD August 2024	% of Annual Budget	Actual YTD August 2023	Actual 2024 Vs. Actual 2023	% Change
Property Taxes	22,022,359	24,152,627	109.7%	11,374,561	12,778,066	112.3%
Other Taxes	14,689,000	7,477,828	50.9%	7,183,532	294,296	4.1%
Intergovernmental Revenue	57,179,236	25,667,778	44.9%	25,027,502	640,276	2.6%
Licenses, Permits & Fees	2,037,000	1,390,689	68.3%	1,719,204	(328,515)	-19.1%
Charges For Services	42,255,770	27,302,003	64.6%	27,845,010	(543,007)	-2.0%
Fines & Forfeits	470,955	390,251	82.9%	358,054	32,198	9.0%
Investment Income	1,818,245	4,559,434	250.8%	3,468,553	1,090,881	31.5%
Other Financing Sources	21,279,000	8,500,000	39.9%	6,543,301	1,956,699	29.9%
Other Revenue	2,854,944	2,849,510	99.8%	1,725,480	1,124,030	65.1%
Reimbursements	337,000	699,559	207.6%	441,018	258,541	58.6%
Total Revenues	**164,943,509**	**102,989,679**	**62.4%**	**85,686,215**	**17,303,464**	**20.2%**

The above amounts do not represent all the 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 September 2024 and later. Additionally, during August 2024, the Village received the following revenues from the State, which relate to a period prior to August 2024. These amounts are distributed after the State administrative fee deductions of $11,110.

Revenues	Original Revenue Month	Revenue Recognition Month	Received by the Village	Amounts
State Sales Tax	May-24	Aug-24	Aug-24	2,963,964
Home Rule Sales Tax	May-24	Aug-24	Aug-24	660,588
Business District Tax	May-24	Aug-24	Aug-24	30,488
Auto Rental Tax	May-24	Aug-24	Aug-24	2,764
Telecom Tax	May-24	Aug-24	Aug-24	85,786
Total Revenues				**$ 3,743,590**

The actual revenue recognized by the Village totaled $103.0 million through August 2024, representing 62.4 percent of the annual budget. The overall recognized revenues are trending higher compared to the 2023 collection for the same period, except for the license and permit fees and charges for services. The revenue collection is on track with an overall expected annual revenue cycle.

Property Taxes: The Village's total levy for the year is $19,469,004. The total property tax budget, including TIF increments, is $22.0 million. The Village collected $24.2 million in property taxes through August 2024. The property taxes are due in two installments, one in March and one in August. This year, the Village received its second installment on time from Cook County Treasurer's Office. Last year, the County significantly delayed the second installment. The collected property taxes include higher-than-expected TIF increments for the Prospect & Main TIF district.

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 August are reported in September or later. The YTD tax collection under this category totals $7.5 million, an increase of $294,296 or 4.1 percent compared to last year's collection. The Village collected $1,119,106 in Food & Beverage Taxes and $750,316 in Real Estate Transfer Taxes through August 2024. The same was $986,339 and $558,353 last year, respectively. The Food & Beverage Tax reflects an increase of 13.4 percent over last year's collection, while the Real Estate Transfer Tax reflects an increase of 34.5 percent over last year's collection.

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. 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 Village recognized $25.7 million in intergovernmental revenues through August 2024. The amount does not represent the total revenues to be recognized during the month, as significant revenues will be reported and collected after August 2024. The overall recognized revenues are trending higher by $640,276 compared to the amount recognized last year for the same period. Overall, the YTD state taxes collected are trending higher by $1.5 million or 6.6 percent compared to the 2023 collection for the same period. Due to the recent legislative changes, some portions of the State Use Tax are now collected as the State Sales Tax (from out-of-state online retailers). This shift is responsible for a reduction in the State Use Tax. The State sales tax reflects actual sales tax accrued from January through May, collected with a three-month lag between April and August. The State income tax revenue is recognized on a cash basis in the month of receipt and represents an 8.7 percent growth compared to the 2023 collections.

Major State Taxes	FY 2024	FY 2023	2024 vs. 2023	% Change
State Sales Tax	14,938,783	13,933,792	1,004,991	7.2%
State Income Tax	6,958,781	6,400,481	558,299	8.7%
State Use Tax	1,267,828	1,380,341	(112,513)	-8.2%
State Motor Fuel Tax	1,414,597	1,360,317	54,281	4.0%
Video Gaming Tax	192,654	167,710	24,943	14.9%
Cannabis Education Fund	55,213	51,101	4,112	8.0%
Municipal Cannabis Tax	37,031	30,242	6,789	22.5%
Total	24,864,886	23,323,984	1,540,902	6.6%

Licenses & Permits: The Village collected $1.4 million in license and permit fees through August 2024. This amount is trending lower by $328,515, or 19.1 percent, compared to last year's collection. Business licenses and permits are trending higher by $29,000, while non-business licenses, including building permits and impact fees, are trending lower by $245,887 and $116,300, respectively.

	FY 2024	FY 2023	2024 vs. 2023	% Change
Business Licenses & Permits	621,106	592,106	29,000	4.9%
Liquor Licenses	184,075	176,860	7,215	4.1%
Business Licenses	159,438	149,844	9,594	6.4%
Contractor Licenses	110,800	100,200	10,600	10.6%
Gaming Terminal Fees	97,500	90,000	7,500	8.3%
Alarm Licenses	41,813	43,491	(1,679)	-3.9%
Elevator Licenses	24,930	25,860	(930)	-3.6%
Utility Permit Fee	2,550	5,550	(3,000)	-54.1%
Gaming Applications	-	300	(300)	-100.0%
Nonbusiness Licenses & Permits	769,583	1,127,098	(357,515)	-31.7%
Building Permit	477,731	723,618	(245,887)	-34.0%
Landlord/Rental Permit	271,722	267,050	4,672	1.7%
Village Impact Fees	20,130	136,430	(116,300)	-85.2%
Total Licenses & Permit Fees	1,390,689	1,719,204	(328,515)	-19.1%

Charges for Services: The Village collected $27.3 million in charges for services through August 2024. The amount represents 64.6 percent of the annual budget for the category, and it is trending lower by $543,007, or 2.0 percent, compared to last year’s collection. This is mainly due to reduced Ground Emergency Medical Transport collections (ambulance fees) compared to the previous year. The reduction appears to be a timing issue from the Federal Government and is expected to be resolved before the end of the current fiscal year.

Investment Income: The Village earned $4.5 million in investment income through August 2024, which represents 250.8 percent of the category's annual budget. The recognized revenue is trending higher by $1.1 million, or 31.5 percent, compared to last year’s amount.

Other Categories: All other revenue categories have collectively generated $12.4 million through August 2024. The amount mainly includes $390,251 in fines and forfeitures, $2.8 million in other revenues, $699,559 in reimbursements, and $8.5 million in Other Finance Sources (inter-fund transfers).

c) <u>Expenditures</u>

The data below recaps the expenditures incurred through August 2024.

Departments	Amended Budget 2024	Actual Expenditure YTD August 2024	% of Total Budget Used	Actual Expenditure YTD August 2023	Actual 2024 Vs. Actual 2023	% Change
10 Public Representation	708,940	446,982	63.0%	390,309	56,673	14.5%
20 Village Administration	6,206,145	3,167,855	51.0%	2,953,740	214,115	7.2%
30 Finance	2,574,094	2,093,090	81.3%	1,502,085	591,004	39.3%
40 Community Development	5,428,453	2,797,844	51.5%	2,547,136	250,708	9.8%
50 Human Services	1,902,802	1,002,642	52.7%	903,422	99,219	11.0%
60 Police	25,156,755	17,740,434	70.5%	13,866,755	3,873,679	27.9%
70 Fire	24,802,876	15,614,997	63.0%	12,296,484	3,318,513	27.0%
80 Public Works	79,218,309	39,836,218	50.3%	33,256,547	6,579,671	19.8%
00 Non-Departmental	42,177,797	19,265,674	45.7%	16,035,509	3,230,165	20.1%
Total Expenditures	**188,176,171**	**101,965,735**	**54.2%**	**83,751,988**	**18,213,748**	**21.7%**

The above amounts do not include the expenditures 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 2024	Actual Expenditure YTD August 2024	% of Total Budget Used	Actual Expenditure YTD August 2023	Actual 2024 Vs. Actual 2023	% Change
Personnel	60,983,765	42,625,411	69.9%	34,902,292	7,723,118	22.1%
Contractual Services	40,366,506	24,037,512	59.5%	22,937,129	1,100,382	4.8%
Commodities & Supplies	2,686,860	1,475,467	54.9%	1,445,776	29,691	2.1%
Capital Improvements	49,840,850	20,490,266	41.1%	14,875,222	5,615,044	37.7%
Debt Service	9,392,309	2,437,485	26.0%	2,457,189	(19,704)	-0.8%
Other Expenditures	24,905,881	10,899,594	43.8%	7,134,379	3,765,215	52.8%
Total Expenditures	**188,176,171**	**101,965,735**	**54.2%**	**83,751,988**	**18,213,748**	**21.7%**

Personnel Costs: The year-to-date expenditures for Personnel Costs, including benefits, are $42.6 million, or 69.9 percent of the annual budget for the category. The amount is trending higher by $7.7 million compared to last year's amount, mainly due to early recognition of pension contribution for the year and cost-of-living adjustments for the wages. The Village received the second installment of property tax earlier than last year, resulting in a higher portion of pension levy revenue. The exact amount is also recognized as pension contributions to the Police and Fire Pension Funds, resulting in higher reported personnel costs compared to the last year. The overtime expense through August 2024 totaled $2.0 million, while at the same time last year, it totaled $1.7 million.

Contractual 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 Village incurred $24.0 million in contractual services, equating to 59.5 percent of the annual budgeted amount for the category. The expenditure amount is trending higher by $1.1 million, mainly due to inflationary and timing issues.

Supplies: Through August 2024, the Village spent $1.48 million on supplies, which totaled 54.9 percent of the annual budget. At the same time last year, the Village had spent $1.45 million in supplies. The spending on supplies is on track with the budget and the previous year's amount.

Capital Improvements: The Village initially had $36.0 million in approved capital improvement projects for 2024. In March 2024, the Village Board approved a budget amendment to carry over $13.8 million in unfinished projects from 2023 to 2024. The Village has spent $20.5 million on capital improvement projects through August 2024. The Village conducts major projects during the summer and concludes most projects in the fall and early winter.

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. The Village has paid $2.4 million in debt service expenditures through August 2024.

Other Expenditure: The Other Expenditure category includes expenditures not categorized above. The budget for this category includes $21.3 million in inter-fund transfers and $3.6 million in other expenditures. The Village has incurred $10.9 in expenditures under this category through August 2024. The expenditures include $8.5 million in inter-fund transfers and $2.4 million in other expenditures.

d) Fund Balance Analysis:

The fund balance is an essential tool to check 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	FY 2023	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	YTD 2024
Revenues - Unaudited	82,613,435	2,186,312	3,907,856	9,293,882	5,499,376	6,281,137	5,056,722	8,945,461	9,616,648	50,787,394
Expenses - Unaudited	(78,299,452)	(3,003,826)	(6,926,423)	(7,474,896)	(4,432,961)	(4,639,685)	(5,208,321)	(15,076,477)	(7,734,650)	(54,497,239)
Net Monthly Surplus/(Deficit)	**4,313,983**	**(817,514)**	**(3,018,567)**	**1,818,987**	**1,066,415**	**1,641,451**	**(151,599)**	**(6,131,016)**	**1,881,998**	**(3,709,845)**
Ending Unrestricted Reserves	**43,700,864**	**42,883,350**	**39,864,783**	**41,683,769**	**42,750,185**	**44,391,636**	**44,240,037**	**38,109,021**	**39,991,019**	**39,991,019**
As % of General Fund Budget	48%	47%	43%	45%	47%	48%	48%	42%	44%	44%
Unencumbered Cash Balance	**32,347,539**	**34,917,995**	**36,517,114**	**41,683,769**	**42,750,185**	**44,391,636**	**44,240,037**	**38,109,021**	**39,991,019**	**39,991,019**
As % of General Fund Budget	35%	38%	40%	45%	47%	48%	48%	42%	44%	44%

(Unaudited and Subject to Change)

The above fund balance analysis is not audited and is subject to change. As of August 31, 2024, the unrestricted fund balance is estimated at $39.9 million, which equates to 44 percent of the annual budget. Not all revenues and expenditures for the fiscal period are recognized, and the above amount will change as and when yearend accruals and adjustments are added. The yearend accruals and adjustments will further improve the ending restricted fund balance. In 2023, the Village revised its Fund Balance Policy, and the new target is set to maintain the fund balance between 30 and 50 percent. Besides that, an Economic Emergency Fund was established in 2023, and a transfer of $6.5 million was executed as initial funding from the General Fund reserves. The Village funded the second installment of $6.5 million for the Economic Emergency Fund in July 2024 from the 2023 surplus (General Fund), resulting in a reduction in the overall fund balance in July 2024. During August 2024, the financial activities resulted in a net surplus of $1.9 million for the General Fund. The year-to-date financial activities have resulted in a deficit of $3.7 million. The overall fund balance is expected to increase between September and December.

Economic Emergency Fund

The Village Board authorized the creation of a new Economic Emergency Fund in May 2023 and approved a budget amendment funding $6.5 million from the General Fund reserves as an initial funding amount. This transfer was executed in May 2023 and invested in June 2023 in a AAA-rated I-prime account. The table below summarizes the Economic Emergency Fund activities for the month. During July 2024, the Village funded the second installment of $6.5 million. Also, the Economic Emergency Fund earned an interest income of $58,253 during August 2024. As of August 31, 2024, the Economic Emergency Fund reported an ending fund balance of $13.47 million, which comprises $13.0 million in the Village Contributions from the General Fund and $474,238 in the interest income.

Economic Emergency Fund	Q2-2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	Jul-24	Aug-24	Total (Since
Funding from the General Fund	6,500,000	-	-	-	-	6,500,000	-	13,000,000
Interest Income	21,524	85,792	88,374	87,879	88,401	44,015	58,253	474,238
	6,521,524	85,792	88,374	87,879	88,401	6,544,015	58,253	13,474,238
Expenditures	-	-	-	-	-	-	-	-
Net Monthly Surplus/Deficit	**6,521,524**	**85,792**	**88,374**	**87,879**	**88,401**	**6,544,015**	**58,253**	**13,474,238**
Beginning Fund Balance	**-**	**6,521,524**	**6,607,316**	**6,695,690**	**6,783,570**	**6,871,970**	**13,415,985**	**-**
Ending Fund Balance	**6,521,524**	**6,607,316**	**6,695,690**	**6,783,570**	**6,871,970**	**13,415,985**	**13,474,238**	**13,474,238**

e) **Other Items:**

a. During August 2024, the Village issued 112 real estate transfer tax stamps, of which 46 were exempt and 66 were non-exempt. During the month under review, the Village collected $85,479 in real estate transfer taxes. The average selling price for real estate was $431,667. At the same time last year (August 2023), the Village sold 115 transfer tax stamps, of which 41 were exempt and 74 were non-exempt. In the same month last year, the Village collected real estate transfer tax totaling $86,118, and the average selling price was $352,846.

b. The Village presented its 2025 budget to the Finance Commission on September 26, 2024, and the Village Board on October 8, 2024. The first reading of the levy, budget, and abatement ordinances was on October 15, 2024. The public hearing, second reading, and final approval of these ordinances will be on November 6, 2024.

Respectfully Submitted,
Amit Thakkar
Director of Finance