



VILLAGE OF MOUNT PROSPECT
MONTHLY FINANCIAL REPORT

December 31, 2023

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: JANUARY 31, 2024

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE MONTH OF DECEMBER 2023

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 December 1, 2023, the beginning Cash and Cash Equivalents totaled \$103.2 million. During December, the Village collected cash receipts totaling \$12.3 million. The investment income for the month totaled \$455,121. The monthly payroll cost was \$2.4 million, and accounts payable were paid in the amount of \$5.5 million. The inter-fund activity increased the cash position by \$8,660, while other disbursements totaled \$19,050. As of December 31, 2023, the Village's Cash and Cash Equivalents totaled \$109.2 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

	Cash and Cash Equivalents	Investments	Total Cash and
Balance at December 1, 2023	\$ 103,182,212	\$ 17,126,528	\$ 120,308,740
Cash receipts	12,271,067	-	12,271,067
Investment income	455,121	96,957	552,079
Transfers from investments to cash	-	-	-
Transfers to investments from cash	1,200,000	(1,200,000)	-
Interfund activity	8,660	-	8,660
Disbursements:			
Accounts payable	(5,542,609)	-	(5,542,609)
Payroll	(2,403,863)	-	(2,403,863)
Other	(19,050)	-	(19,050)
Balance at December 31, 2023	<u>\$ 109,151,539</u>	<u>\$ 16,023,486</u>	<u>\$ 125,175,024</u>

As of December 31, the Village has \$16.0 million invested in long-term investment options, including U.S. Treasury, AAA+ rated money-market funds, and FDIC-insured CDs. The Cash, Cash Equivalents, and Investments totaled \$125.2 million as of December 31, 2023.

Village of Mount Prospect Monthly Financial Report – December 2023

The table below summarizes the Cash, Cash Equivalents, and Investments by Fund type as of December 31, 2023.

Fund Details	Amount
General Fund	\$ 43,975,960
Special Revenue Funds	16,928,351
Debt Service Funds	1,274,744
Capital Projects Funds	17,805,847
Enterprise Funds	21,942,082
Internal Service Funds	7,224,554
Total Cash and Cash Equivalents	\$ 109,151,539

In addition to the funds summarized above, the Village of Mount Prospect has \$1,302,307 in Escrow Accounts under the umbrella of Other Trust and Agency Funds.

b) Revenues

The data below summarizes the revenue recognized by the village through December 2023.

Revenue Category	Budget 2023	Actual YTD Dec -2023	% of Annual Budget	Actual 2023		
				Actual YTD Dec - 2022	Vs. Actual 2022	% Change
Property Taxes	22,393,921	23,624,581	105.5%	20,412,679	3,211,902	15.7%
Other Taxes	14,144,500	12,475,477	88.2%	16,009,745	(3,534,268)	-22.1%
Intergovernmental Revenue	49,689,008	41,645,367	83.8%	51,345,778	(9,700,410)	-18.9%
Licenses, Permits & Fees	1,959,500	2,101,224	107.2%	3,160,526	(1,059,302)	-33.5%
Charges For Services	40,837,772	41,869,226	102.5%	39,021,842	2,847,384	7.3%
Fines & Forfeits	530,140	572,284	107.9%	918,983	(346,699)	-37.7%
Investment Income	278,266	5,612,876	2017.1%	933,725	4,679,151	501.1%
Other Financing Sources	18,850,000	13,871,403	73.6%	14,952,283	(1,080,880)	-7.2%
Other Revenue	2,166,550	2,412,626	111.4%	2,222,423	190,202	8.6%
Reimbursements	203,000	763,542	376.1%	510,970	252,572	49.4%
Total Revenues	151,052,657	144,948,605	96.0%	149,488,954	(4,540,349)	-3.0%

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 January 2024 and later. Additionally, during December 2023, the Village received the following revenues from the State, which relate to a period prior to December 2023. These amounts are distributed after the State administrative fee deductions of \$9,906.

Revenues	Original Revenue Month	Revenue Recognition Month	Received by the Village	Amounts
State Sales Tax	Sep-23	Dec-23	Nov-23	2,802,379
Home Rule Sales Tax	Sep-23	Dec-23	Nov-23	593,405
Business District Tax	Sep-23	Dec-23	Nov-23	24,176
Auto Rental Tax	Sep-23	Dec-23	Nov-23	20
Telecom Tax	Sep-23	Dec-23	Nov-23	85,648
Total Revenues				\$ 3,505,628

The actual revenue received by the Village totaled \$144.9 million through December 2023. This amount represents 96.0 percent of the annual budget. The amount reported is not the final total revenue amount for the year. The yearend adjustments and accruals will increase the amount and bring the same closer to 100 percent of the annual budgeted revenue. The currently recognized 2023 amount shows a decrease of \$4.5 million compared to the final 2022 revenue amount. This comparison is currently not fair, as the 2022 amount includes accruals and yearend adjustments, while the 2023 amount does not include accruals and yearend adjustments.

Property Taxes: The Village's total levy for the year is \$20,443,677. The total property tax revenue budget, including TIF revenues, is \$22.4 million. The Village has collected \$23.6 million in property taxes for the tax year 2023. The Village collected \$3.4 million in TIF increments from Prospect & Main TIF District against the budget of \$1.9 million for the year 2023. An excellent performance from the Village's TIF district has resulted in a 105.5 percent collection for this category.

Other Taxes: The category of Other Taxes includes all the taxes enacted per local ordinances and includes 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 the month of December are reported in January or later. The YTD tax collection under this category totals \$12.5 million, trailing lower by \$3.5 million or 22.1 percent compared to the previous year. This comparison is not straightforward, as the 2022 revenue includes yearend accruals and adjustments, while the 2023 amount does not include yearend accruals and adjustments. The YTD real estate transfer tax collection totals \$956,954, while at the same time last year, the real estate transfer tax totaled \$1,555,691, a 38 percent reduction compared to the last year. The higher interest rate environment and low inventory in the market for available homes have resulted in a lower collection of the real estate transfer tax.

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 YTD tax collection under this category totals \$41.6 million, trailing lower by \$9.7 million or 18.9 percent compared to the previous year. This comparison is not fair as the 2022 revenue includes yearend accruals and adjustments, while the 2023 amount does not include yearend accruals and adjustments. The table below provides information regarding major state taxes collected. It is important to note that the state sales tax amount shows nine months' worth of sales tax for 2023 and a full twelve months' worth for 2022. With yearend accruals and adjustments, the final 2023 state sales tax amount is expected to surpass 2022 collections.

Major State Taxes	FY 2023	FY 2022	2023 vs. 2022	% Change
State Sales Tax	25,812,282	31,075,788	(5,263,506)	-16.9%
State Income Tax	9,080,365	9,263,878	(183,513)	-2.0%
State Use Tax	2,055,721	2,290,747	(235,025)	-10.3%
State Motor Fuel Tax	2,231,925	2,218,973	12,952	0.6%
Video Gaming Tax	293,513	235,903	57,609	24.4%
Cannabis Education Fund	78,874	92,168	(13,293)	-14.4%
Municipal Cannabis Tax	59,186	58,278	908	1.6%
Total	39,611,867	45,235,735	(5,623,868)	-12.4%

Licenses & Permits: The Village has collected \$2.1 million in License & Permit Fees through December 2023. The amount is trending lower by \$1.1 million or 33.5 percent, compared to last year's collection, mainly due to the suspension of vehicle stickers. The Village had collected \$1,320,592 in vehicle sticker revenues by this time last year.

Charges for Services: The Village has received \$41.9 million in charges for services through December 2023. The amount represents 102.5 percent of the annual budgeted amount for the category, and it is trending higher by \$2.8 million, or 7.3 percent, compared to last year's collection at the same time, mainly due to the increased water/sewer and refuse rates.

Investment Income: The Village earned \$5.6 million in investment income through December 2023. The Village is earning from 3.5% to 5.0% on its liquid investments. The Village's investments comply with its Investment Policy, and due to high federal rates, the Village is earning a higher investment income. Last year, the Village earned an investment income of \$933,725. The current investment income reflects an increase of \$4.7 million or 501.1 percent compared to the previous year.

Other Categories: All other revenue categories have collectively generated \$17.6 million through December 2023. The amount mainly includes \$572,284 in fines and forfeitures, \$2.4 million in other revenues, \$763,542 in reimbursements, and \$13.9 million in other financing sources/inter-fund transfers.

c) Expenditures

The data below recaps the expenditures incurred through December 2023.

Departments	Amended Budget 2023	Actual Expenditure YTD Dec 2023	% of Total Budget Used	Actual Expenditure YTD Dec 2022	Actual 2023 Vs. Actual 2022
10 Public Representation	624,596	557,034	89.2%	455,939	101,095
20 Village Administration	5,438,601	4,836,327	88.9%	4,482,346	353,981
30 Finance	2,481,347	2,108,514	85.0%	3,448,881	(1,340,367)
40 Community Development	4,839,744	5,105,005	105.5%	3,286,392	1,818,613
50 Human Services	1,954,711	1,350,039	69.1%	1,301,918	48,121
60 Police	22,833,993	22,189,129	97.2%	19,970,392	2,218,737
70 Fire	20,735,011	20,436,366	98.6%	19,035,987	1,400,379
80 Public Works	73,630,070	52,605,263	71.4%	38,727,817	13,877,446
00 Non-Departmental	37,839,135	33,032,508	87.3%	32,941,046	91,463
Total Expenditures	170,377,207	142,220,186	83.5%	123,650,718	18,569,468

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 2023	Actual Expenditure YTD Dec 2023	% of Total Budget Used	Actual Expenditure YTD Dec 2022	Actual 2023 Vs. Actual 2022
Personnel	57,291,465	54,893,821	95.8%	51,421,984	3,471,837
Contractual Services	38,309,394	36,358,868	94.9%	34,463,030	1,895,839
Commodities & Supplies	2,622,520	2,162,159	82.4%	2,219,348	(57,189)
Capital Improvements	42,016,499	23,108,911	55.0%	9,475,245	13,633,666
Debt Service	9,037,425	8,549,729	94.6%	18,183,727	(9,633,998)
Other Expenditures	21,099,905	17,146,697	81.3%	7,887,384	9,259,313
Total Expenditures	170,377,207	142,220,186	83.5%	123,650,718	18,569,468

Personnel Costs: The year-to-date expenditures for Personnel Costs, including benefits, are \$54.9 million or 95.8 percent of the annual budget for the category. The amount is trending higher by \$3.5 million compared to 2022. The overtime expense through December 2023 totals \$2.6 million, while at the same

time last year, the overtime expense totaled \$2.5 million.

Services: - This category covers most of the contractual services that include some large line items, including JAWA water purchases, budgeted and grant-funded engineering studies, and other contracts. The year-to-date expenditure is \$36.4 million, equating to 94.9 percent of the annual budgeted amount for the category. The expenditure amount is trending higher by \$1.9 million, mainly due to inflationary and timing issues.

Supplies: The Village has spent \$2.2 million in supplies through December 2023. The spending totals 82.4 percent of the approved budget. The Village is diligently tracking inflation. The recent inflation (2022) was at its highest in the last 40 years. So far, the Village has tracked inflation and its financial impacts successfully, and the current budget and fund balance can deal with short-term inflation impacts. The expenditures incurred are trailing lower by \$57,189 compared to last year's amount at the same time. The amount for 2022 includes some timing issues with recognition, while 2023 expenditures are incurred as expected. The Consumer Price Index for All Urban Consumers (CPI-U) increased 3.4 percent over the last 12 months to an index level of 306.746 (1982-84=100). With that, inflation seems to be leveling off to a normal level, and staff is hopeful for a further reduction in the coming months.

Capital Improvements: The Village has \$42.0 million in approved capital improvement projects for 2023. The Village has amended its budget to carry forward \$12.7 million worth of projects from 2022 to 2023 (during March 2023). The Village has spent \$23.1 million on capital improvement projects, accounting for 55.0 percent of the annual budget. There are a few projects to be carried forward to 2024. The Village will process a budget amendment in March 2024 to carry over unfinished projects from 2023 to 2024.

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 the same. The Village has incurred and paid \$8.5 million in debt service payments. The remaining budgeted amount is for a business district note payment, which will be accrued during the final audit for the fiscal year 2023.

Other Expenditure: The Other Expenditure category includes all other expenditures not categorized above. The budget for this category includes \$18.9 million in inter-fund transfers and \$2.2 million in other expenditures. The YTD expenditure posted against this category totals \$17.1 million (including inter-fund transfers).

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	Dec-22	Q1-2023	Q2-2023	Q3-2023	Q4-2023
Revenues - Unaudited	10,700,346	9,802,704	19,841,298	16,141,164	24,757,469
Expenses - Unaudited	(22,813,049)	(13,634,814)	(21,183,603)	(14,141,367)	(26,783,632)
Net Monthly Surplus/(Deficit)	(12,112,703)	(3,832,110)	(1,342,305)	1,999,797	(2,026,163)
Ending Unrestricted Reserves	44,163,180	40,331,070	38,988,765	40,988,563	38,962,400
As % of General Fund Budget	52%	47%	46%	48%	45%
Unencumbered Cash Balance	30,091,800	39,920,051	38,788,966	40,831,884	38,667,906
As % of General Fund Budget	35%	47%	45%	48%	45%

(Unaudited and Subject to Change)

The above fund balance analysis is not audited and is subject to change. As of December 31, 2023, the unrestricted fund balance is estimated at \$39.0 million, which equates to 45 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. Recently, the Village revised its Fund Balance Policy, and the new target is set to maintain the fund balance between 30 to 50 percent. Besides that, a new Economic Emergency Fund was established, and a transfer of \$6.5 million was executed as initial funding from the General Fund reserves.

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 December, the Economic Emergency Fund earned an interest income of \$29,970, and at the end of the month, the total fund balance stood at \$6,695,690.

Economic Emergency Fund	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Revenues	6,500,000	21,524	28,107	29,203	28,482	29,561	28,844	29,970
Expenditures	-	-	-	-	-	-	-	-
Net Monthly Surplus/Deficit	6,500,000	21,524	28,107	29,203	28,482	29,561	28,844	29,970

Beginning Fund Balance	-	6,500,000	6,521,524	6,549,631	6,578,834	6,607,316	6,636,877	6,665,721
Ending Fund Balance	6,500,000	6,521,524	6,549,631	6,578,834	6,607,316	6,636,877	6,665,721	6,695,690

e) Other Items:

- a. During December 2023, the Village issued 85 real estate transfer tax stamps, of which 40 were exempt and 45 were non-exempt. During the month under review, the Village collected \$67,512 in real estate transfer taxes. The average selling price for real estate was \$500,024 (including large commercial transactions). At the same time last year (December 2022), the Village sold 105 transfer tax stamps, of which 49 were exempt and 56 were non-exempt. In the same month last year, the Village collected real estate transfer taxes of \$90,588, and the average selling price was \$539,132 (including large commercial transactions). The YTD real estate transfer tax collection totals \$956,954 while at the same time last year, the real estate transfer tax totaled \$1,555,691. The higher interest rate environment and low inventory in the market for available homes have resulted in a lower collection of the real estate transfer tax.

Respectfully Submitted,
Amit Thakkar
Director of Finance