



VILLAGE OF MOUNT PROSPECT
MONTHLY FINANCIAL REPORT

July 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: AUGUST 31, 2023

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE MONTH OF JULY 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 with analytical information for the Village's current 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 July 1, 2023, the beginning Cash and Cash Equivalents totaled \$105.3 million. During the month of July, the Village collected cash receipts totaling \$8.7 million. The investment income for the month totaled \$426,601. The payroll cost for the month was \$1.9 million, and accounts payable were paid in the amount of \$9.2 million. The inter-fund activity increased the cash position by \$5,725, while other disbursements totaled \$18,452. As of July 31, 2023, the Village's Cash and Cash Equivalents totaled \$103.4 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

	Cash and Cash Equivalents	Investments	Total Cash and Investments
Balance at July 1, 2023	\$ 105,332,902	\$ 16,793,156	\$ 122,126,058
Cash receipts	8,698,886	-	8,698,886
Investment income	426,601	62,987	489,588
Transfers from investments to cash	-	-	-
Transfers to investments from cash	-	-	-
Interfund activity	5,725	-	5,725
Disbursements:			
Accounts payable	(9,180,448)	-	(9,180,448)
Payroll	(1,883,618)	-	(1,883,618)
Other	(18,452)	-	(18,452)
Balance at July 31, 2023	<u>\$ 103,381,597</u>	<u>\$ 16,856,143</u>	<u>\$ 120,237,740</u>

As of July 31, the Village has a total of \$16.9 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 \$120.2 million as of July 31, 2023.

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

Fund Details	Amount
General Fund	\$ 50,774,971
Special Revenue Funds	13,906,621
Debt Service Funds	2,376,633
Capital Projects Funds	14,419,964
Enterprise Funds	23,162,319
Internal Service Funds	15,597,233
Total Cash and Cash Equivalents	\$ 120,237,740

In addition to the funds summarized above, the Village of Mount Prospect has \$1,349,087 in Escrow Accounts under the umbrella of Other Trust and Agency Funds.

b) Revenues

The below data summarizes the revenue recognized by the Village through July 2023.

Revenue Category	Budget 2023	Actual YTD Jul - 2023	% of Annual Budget	Actual 2023		
				Actual YTD Jul - 2022	Vs. Actual 2022	% Change
Property Taxes	22,393,921	10,953,174	48.9%	11,313,665	(360,491)	-3.2%
Other Taxes	14,144,500	5,754,292	40.7%	6,151,129	(396,837)	-6.5%
Intergovernmental Revenue	49,689,008	20,728,028	41.7%	20,383,289	344,739	1.7%
Licenses, Permits & Fees	1,959,500	1,387,462	70.8%	2,606,180	(1,218,718)	-46.8%
Charges For Services	40,837,772	24,056,453	58.9%	21,873,880	2,182,572	10.0%
Fines & Forfeits	530,140	310,653	58.6%	575,162	(264,510)	-46.0%
Investment Income	278,266	2,941,036	1056.9%	(50,333)	2,991,369	-5943.1%
Other Financing Sources	17,850,000	6,543,301	36.7%	10,307	6,532,994	+++
Other Revenue	2,166,550	1,697,055	78.3%	1,359,599	337,457	24.8%
Reimbursements	203,000	403,822	198.9%	170,557	233,264	136.8%
Total Revenues	150,052,657	74,775,274	49.8%	64,393,434	10,381,840	16.1%

The above amounts do not represent all the revenues to be recognized for the period under review. There are certain state taxes, such as sales tax, home rule sales tax, and a few other taxes, that will be received by the Village in August 2023 and later. Additionally, during the month of July 2023, the Village received the following revenues from the State, which relate to a period prior to July 2023. These amounts are distributed after the State administrative fee deductions of \$9,851.

Revenues	Original Revenue Month	Revenue Recognition Month	Received by the Village	Amounts
State Sales Tax	Apr-23	Jul-23	Jul-23	2,756,315
Home Rule Sales Tax	Apr-23	Jul-23	Jul-23	581,959
Business District Tax	Apr-23	Jul-23	Jul-23	26,872
Auto Rental Tax	Apr-23	Jul-23	Jul-23	2,544
Telecom Tax	Apr-23	Jul-23	Jul-23	87,627
Total Revenues				\$ 3,455,317

The actual revenue received by the Village totaled \$74.8 million through July 2023. This amount represents 49.8 percent of the annual budget. The collected amount is tracking higher by \$10.4 million, or 16.1 percent compared to the 2022 collection for the same period, mainly because of an interfund transfer from the General Fund to the Economic Emergency Fund totaling \$6.5 million.

Property Taxes: The Village's total levy for the year is \$20,443,677. The total property tax revenue budget, including TIF revenues, is \$22.1 million. The Village has collected \$10.9 million in property taxes so far for the tax year 2022. Due to a shift in the due date for the first installment, the collection is trailing lower by \$360,491 or 3.2% compared to the previous year.

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 some of these taxes are collected by the State, there is a three-month lag between the actual sales and the remittance of the tax. In addition, all the local economic activities for the month of July are reported in August or later. The YTD tax collection under this category totals \$5.8 million, and it is trailing lower by \$396,837 or 6.5 percent compared to the previous year. Most of the revenue lines under Other Taxes are tracking higher compared to the previous year, except the real estate transfer tax. The YTD real estate transfer tax collection totals \$478,706, while at the same time last year, the real estate transfer tax totaled \$830,449. 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 remittance of the tax. The year-to-date collection totals \$20.8 million and is trending higher by \$344,739 or 1.7% compared to 2022 amounts. The below table summarizes the major taxes collected through July 2023.

Major State Taxes	FY 2023	FY 2022	2023 vs. 2022	FY 2022
State Sales Tax	10,857,867	9,769,616	1,088,250	11%
State Income Tax	5,838,957	6,283,194	(444,237)	-7%
State Use Tax	1,208,298	1,149,353	58,946	5%
State Motor Fuel Tax	1,157,427	1,044,625	112,802	11%
Video Gaming Tax	144,044	109,362	34,682	32%
Cannabis Education Fund	43,418	47,331	(3,913)	-8%
Municipal Cannabis Tax	23,384	14,366	9,018	63%
Total	19,273,395	18,417,848	855,548	4.6%

The above table reflects that the State Sales Tax and State Motor Fuel Tax are both trending higher by 11.0%. The State Sales Tax amount reflects the sales tax collected for the first four months of the year (January to April) and the amounts are encouraging. At the same time, the YTD Income Tax revenue reflects a decline of \$444,237, a decrease of 7.0 percent compared to the YTD 2022 amount.

Licenses & Permits: The Village has collected \$1.4 million in License & Permit Fees through July 2023. The amount is trending lower by \$1,218,718 or 46.8% compared to last year's collection, mainly due to the suspension of vehicle stickers. The Village had collected \$1,276,936 in vehicle sticker revenues by this time last year.

Charges for Services: The Village has received \$24.1 million in charges for services through July 2023. The amount represents 58.9% of the annual budgeted amount for the category and it is trending higher by \$2.9 million compared to last year's collection at the same time, mainly due to the increased water/sewer and refuse rates.

Investment Income: The Village has earned \$2.9 million in investment income through July 2023. The Village is currently earning anywhere from 3.5% to 5.1% 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 amount in investment income. Last year at the same time, the Village's investments were marked to market, and unrealized loss in the investment values were booked, which are now reversed and booked as a realized investment income.

Other Categories: All other revenue categories have collectively generated \$9.0 million through July 2023. The amount mainly includes \$310,653 in fines and forfeitures, \$1.7 million in other revenues, \$403,822 in reimbursements, and \$6.5 million in in other financing sources/interfund transfers.

c) Expenditures

The below data recaps the expenditures incurred through the month of July 2023.

Departments	Amended Budget 2023	Actual Expenditure YTD Jul 2023	% of Total Budget Used	Actual Expenditure YTD Jul 2022	Actual 2023 Vs. Actual 2022
10 Public Representation	624,596	309,405	49.5%	219,145	90,260
20 Village Administration	5,438,601	2,468,926	45.4%	2,343,528	125,398
30 Finance	2,501,347	1,313,145	52.5%	1,133,058	180,087
40 Community Development	4,839,744	2,230,950	46.1%	2,009,562	221,388
50 Human Services	1,954,711	752,515	38.5%	754,118	(1,604)
60 Police	22,833,993	11,879,251	52.0%	11,242,174	637,076
70 Fire	20,735,011	10,642,776	51.3%	10,307,400	335,376
80 Public Works	72,610,070	28,373,658	39.1%	20,532,200	7,841,459
00 Non-Departmental	36,839,135	15,170,346	41.2%	8,341,282	6,829,064
Total Expenditures	168,377,207	73,140,972	43.4%	56,882,467	16,258,505

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 July 2023	% of Total Budget Used	Actual Expenditure YTD July 2022	Actual 2023 Vs. Actual 2022
Personnel	57,279,299	29,752,116	51.9%	28,529,718	1,222,399
Contractual Services	38,334,019	19,924,995	52.0%	18,567,696	1,357,299
Commodities & Supplies	2,598,779	1,331,431	51.2%	1,225,183	106,248
Capital Improvements	41,007,780	12,608,063	30.7%	6,002,682	6,605,381
Debt Service	9,037,425	2,391,207	26.5%	2,289,831	101,376
Other Expenditures	20,119,905	7,133,160	35.5%	267,357	6,865,802
Total Expenditures	168,377,207	73,140,972	15.5%	56,882,467	16,258,505

Personnel Costs: The year-to-date expenditures for Personnel Costs, including benefits, are \$29.8 million or 51.9 percent of the annual budget for the category. The amount is trending higher by \$1.2 million compared to 2022. The overtime expense through July 2023 totals \$1.4 million, while at the same time last year, the overtime expense totaled \$1.2 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 \$19.9 million, and it equates to 52.0 percent of the annual budgeted amount for the category. The expenditure amount is trending higher by \$1.4 million, mainly due to the inflationary and timing issues.

Supplies: The Village has spent \$1,331,431 in supplies through July 2023. The spending totals 51.2 percent of the approved budget. The Village is diligently tracking inflation. The recent inflation is 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 have the capacity to deal with short-term inflation impacts. The expenditures incurred are trending higher by \$106,248 compared to last year's amount at the same time. The amount for the year 2022 includes some timing issues with recognition, while the 2023 amount is incurred as expected. The Consumer Price Index for All Urban Consumers (CPI-U) increased 3.2 percent over the last 12 months to an index level of 305.691 (1982-84=100). For the month, the index increased 0.2 percent prior to seasonal adjustment. With that, inflation seems to be leveling off to a normal level and staff is hopeful for a further reduction in coming months.

Capital Improvements: The Village has \$41.0 million in approved capital improvement projects for the year 2023. The Village has amended its budget to carry forward \$12.7 million worth of projects from the year 2022 to 2023 (during March 2023). Many of the budgeted projects from the year 2022 will be completed in 2023. Many projects are currently in process and most of the projects are expected to conclude in the late fall of 2023. Through July 2023, the Village has spent \$12.6 million on capital improvement projects.

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 prior to due dates and has sufficient funds on hand to execute the same. The Village has incurred and paid \$2.4 million in interest expenditures through July 2023.

Other Expenditure: The Other Expenditure category includes all other expenditures not categorized above. The category includes \$17.9 million in interfund transfers and \$2.2 million in other expenditures. The YTD expenditure posted against this category totals \$7.1 million (including interfund transfers).

d) Fund Balance Analysis:

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

Village of Mount Prospect Monthly Financial Report – July 2023

Items/Details	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Total
Revenues - Unaudited	22,813,049	1,747,061	1,671,385	6,384,258	9,632,101	4,819,709	5,389,489	5,257,050	34,901,052
Expenses - Unaudited	(10,700,346)	(1,984,080)	(4,548,458)	(7,102,276)	(5,880,180)	(10,938,438)	(4,364,985)	(4,206,782)	(39,025,198)
Net Monthly Surplus/(Deficit)	12,112,703	(237,019)	(2,877,072)	(718,019)	3,751,921	(6,118,729)	1,024,504	1,050,268	(4,124,146)
Ending Unrestricted Reserves	44,163,180	43,926,161	41,049,089	40,331,070	44,082,991	37,964,262	38,988,765	40,039,034	40,039,034
As % of General Fund Budget	52%	52%	48%	48%	52%	45%	46%	47%	47%
Unencumbered Cash Balance	30,091,800	37,191,814	37,892,747	39,920,051	43,682,356	37,775,360	38,788,966	39,842,040	39,842,040
As % of General Fund Budget	36%	44%	45%	47%	52%	45%	46%	47%	47%

(Unaudited and Subject to Change)

The above fund balance analysis is not audited, and it is subject to change. The unrestricted fund balance as of July 2023 is estimated at \$39.8 million. 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 to the same. 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 an initial funding from the General Fund reserves. During May 2023, this planned transfer was executed and deposited in the Economic Emergency Fund. This balance was invested in June 2023 in a AAA rated I-prime account.

Economic Emergency Fund

The Village Board authorized 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 for the Economic Emergency Fund. This transfer was executed in May 2023. The below table summarizes the Economic Emergency Fund activities for the month. During the month of July, the Economic Emergency Fund earned interest income of \$28,107 and at the end of the month, the total fund balance is accounted at \$6,549,631.

Economic Emergency Fund	May-23	Jun-23	Jul-23
Revenues	6,500,000	21,524	28,107
Expenditures	-	-	-
Net Monthly Surplus/Deficit	6,500,000	21,524	28,107
Beginning Fund Balance	-	6,500,000	6,521,524
Ending Fund Balance	6,500,000	6,521,524	6,549,631

e) Other Items:

- During July 2023, the Village issued 104 real estate transfer tax stamps, of which 38 were exempt and 66 were non-exempt. During July 2023, the Village collected \$86,118 in real estate transfer taxes. The average selling price for real estate was \$352,846. At the same time last year (July 2022), the Village sold 121 transfer tax stamps, of which 32 were exempt and 89 were non-exempt. In the same month last year, the Village collected real estate transfer taxes of \$97,485 and the average selling price was \$365,055. The year-to-date collection totals \$481,071, while at the same time last year, the collection totaled \$840,360.
- The Village is currently working on its operating budget. A preliminary budget will be released at the end of September 2023. The Village will host budget workshops with the Finance Commission and the Village Board. The public hearing and the final budget approval is expected on November 7, 2023.
- The Village will be renewing its online payment kiosk maintenance/software renewal

agreement with CityBase, Inc during September 2023. The new contract will be a five-year term and will provide for the online payment platform and kiosk hardware/software maintenance. With the new contract, the Village will be able to transition close to 2,400 accounts from the old legacy system to the new system. The current contract provides for an annual volume of 110,000 transactions, while the Village is expected to utilize close to 93,000 transactions annually, which provides enough room for the growth in the online transactions.

Respectfully Submitted,
Amit Thakkar
Director of Finance