# VILLAGE OF MOUNT PROSPECT

## MONTHLY FINANCIAL REPORT

July 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:** AUGUST 29, 2024

**SUBJECT:** MONTHLY FINANCIAL REPORT FOR THE MONTH OF JULY 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 July 1, 2024, the beginning Cash and Cash Equivalents totaled $122.3 million. During the month, the Village collected cash receipts totaling $12.8 million. The investment income for the month totaled $531,041. The monthly payroll cost was $2.1 million, and accounts payable were paid in the amount of $11.6 million. The inter-fund activity increased the cash position by $14,509, while other disbursements totaled $15,999. As of July 31, 2024, the Village's Cash and Cash Equivalents totaled $123.1 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

| | Cash and Cash Equivalents | Investments | Total Cash and Investments |
|---|---|---|---|
| Balance at July 1, 2024 | $ 122,272,334 | $ 13,939,908 | $ 136,212,242 |
| Cash receipts | 12,780,815 | - | 12,780,815 |
| Investment income | 531,041 | 80,072 | 611,113 |
| Transfers from investments to cash | 1,186,000 | (1,186,000) | - |
| Transfers to investments from cash | - | - | - |
| Interfund activity | 14,509 | - | 14,509 |
| Disbursements: | | | |
| Accounts payable | (11,611,953) | - | (11,611,953) |
| Payroll | (2,056,501) | - | (2,056,501) |
| Other | (15,999) | - | (15,999) |
| Balance at July 31, 2024 | $ 123,100,245 | $ 12,833,980 | $ 135,934,225 |

As of July 31, 2024, the Village has $12.8 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 $135.9 million as of July 31, 2024.

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

| Fund Details | | Amount |
|---|---|---|
| General Fund | $ | 53,257,313 |
| Special Revenue Funds | | 27,868,660 |
| Debt Service Funds | | 2,197,317 |
| Capital Projects Funds | | 17,948,999 |
| Enterprise Funds | | 16,970,920 |
| Internal Service Funds | | 17,691,017 |
| Total Cash and Cash Equivalents | $ | 135,934,225 |

In addition to the funds summarized above, the Village of Mount Prospect has $1,332,845 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 July 2024.

| Revenue Category | Budget 2024 | Actual YTD July 2024 | % of Annual Budget | Actual YTD July 2023 | Actual 2024 Vs. Actual 2023 | % Change |
|---|---|---|---|---|---|---|
| Property Taxes | 22,022,359 | 18,301,773 | 83.1% | 10,953,174 | 7,348,599 | 67.1% |
| Other Taxes | 14,689,000 | 6,144,629 | 41.8% | 5,754,292 | 390,337 | 6.8% |
| Intergovernmental Revenue | 57,179,236 | 21,602,953 | 37.8% | 20,728,028 | 874,925 | 4.2% |
| Licenses, Permits & Fees | 2,037,000 | 1,192,071 | 58.5% | 1,387,462 | (195,390) | -14.1% |
| Charges For Services | 42,255,770 | 23,957,165 | 56.7% | 24,056,453 | (99,287) | -0.4% |
| Fines & Forfeits | 470,955 | 350,258 | 74.4% | 310,653 | 39,606 | 12.7% |
| Investment Income | 1,818,245 | 3,944,544 | 216.9% | 2,941,036 | 1,003,508 | 34.1% |
| Other Financing Sources | 21,279,000 | 8,500,000 | 39.9% | 6,543,301 | 1,956,699 | 29.9% |
| Other Revenue | 2,854,944 | 2,499,369 | 87.5% | 1,697,055 | 802,313 | 47.3% |
| Reimbursements | 337,000 | 571,956 | 169.7% | 403,822 | 168,134 | 41.6% |
| **Total Revenues** | **164,943,509** | **87,064,717** | **52.8%** | **74,775,274** | **12,289,443** | **16.4%** |

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 August 2024 and later. Additionally, during July 2024, the Village received the following revenues from the State, which relate to a period prior to July 2024. These amounts are distributed after the State administrative fee deductions of $9,948.

| Revenues | Original Revenue Month | Revenue Recognition Month | Received by the Village | Amounts |
|---|---|---|---|---|
| State Sales Tax | Apr-24 | Jul-24 | Jul-24 | 2,985,743 |
| Home Rule Sales Tax | Apr-24 | Jul-24 | Jul-24 | 589,347 |
| Business District Tax | Apr-24 | Jul-24 | Jul-24 | 26,699 |
| Auto Rental Tax | Apr-24 | Jul-24 | Jul-24 | 2,628 |
| Telecom Tax | Apr-24 | Jul-24 | Jul-24 | 85,389 |
| **Total Revenues** | | | | **$ 3,689,805** |

The actual revenue recognized by the Village totaled $87.1 million through July 2024, representing 52.8 percent of the annual budget. The overall recognized revenues are trending higher compared to the 2024 collection for the same period, except for the License and Permit fees. The revenue collection is on track with an overall expected annual revenue cycle. In July, the Village Board approved funding $6.5 million in the second installment of the Economic Emergency Fund. This amount is now reflected in the Other Finance Sources for the Economic Emergency Fund. The following narratives provide insight into the revenue collection activities through July 2024.

**Property Taxes**: The Village's total levy for the year is $19,469,004. The total property tax revenue budget, including TIF revenues, is $22.0 million. The Village collected $18.3 million in property taxes through July 2024. The property taxes are due in two installments, one in March and one in August. The Village receives property tax distributions from the County between February and December. Last year, the property tax payments were delayed by Cook County. They are on time for the tax year 2023, payable in 2024. There has been an improvement in overall timing issues with the property tax collections and payments, resulting in an early collection of property taxes for the current year. Overall, the property tax collections are trending higher by $7.3 million, or 67.1 percent compared to the last year.

**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 July are reported in August or later. The YTD tax collection under this category totals $6.1 million, an increase of $390,337 or 6.8 percent compared to last year's collection. The Village collected $956,824 in Food & Beverage Taxes and $661,217 in Real Estate Transfer Taxes through July 2024. The same was $839,050 and $478,706 last year, respectively. The Food & Beverage Tax reflects an increase of 14.0 percent over last year's collection, while the Real Estate Transfer Tax reflects an increase of 39.4 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 $21.6 million in intergovernmental revenues through July 2024. The amount does not represent the total revenues to be recognized during the month, as major revenues will be reported and collected after July 2024. The overall recognized revenues are trending higher by $874,925 compared to the amount recognized last year for the same period. Overall, the YTD state taxes collected are trending higher by $1.6 million or 8.2 percent compared to the 2023 collection for the same time 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.

| Major State Taxes | FY 2024 | FY 2023 | 2024 vs. 2023 | % Change |
|---|---|---|---|---|
| State Sales Tax | 11,974,819 | 10,857,867 | 1,116,952 | 10.3% |
| State Income Tax | 6,324,956 | 5,838,957 | 485,999 | 8.3% |
| State Use Tax | 1,102,491 | 1,208,298 | (105,808) | -8.8% |
| State Motor Fuel Tax | 1,198,834 | 1,157,427 | 41,406 | 3.6% |
| Video Gaming Tax | 167,674 | 144,044 | 23,630 | 16.4% |
| Cannabis Education Fund | 47,692 | 43,418 | 4,274 | 9.8% |
| Municipal Cannabis Tax | 29,453 | 23,384 | 6,069 | 26.0% |
| Total | 20,845,919 | 19,273,395 | 1,572,523 | 8.2% |

**Licenses & Permits**: The Village collected $1.2 million in license and permit fees through July 2024. This amount is trending lower by $195,390, or 14.1 percent, compared to last year's collection.

**Charges for Services**: The Village collected $24.0 million in charges for services through July 2024. The amount represents 56.7 percent of the annual budget for the category, and it is marginally trending lower by $99,287, or 0.4 percent, compared to last year's collection.

**Investment Income:** The Village earned $3.9 million in investment income through July 2024. This amount represents 216.9 percent of the category's annual budget. The recognized revenue is trending higher by $1.0 million, or 34.1 percent, compared to last year's amount.

**Other Categories**: All other revenue categories have collectively generated $11.9 million through July 2024. The amount mainly includes $350,258 in fines and forfeitures, $2.5 million in other revenues, $571,956 in reimbursements, and $8.5 million in Other Finance Sources (inter-fund transfers).

### c) Expenditures

The data below recaps the expenditures incurred through July 2024.

| Departments | Amended Budget 2024 | Actual Expenditure YTD July 2024 | % of Total Budget Used | Actual Expenditure YTD July 2023 | Actual 2024 Vs. Actual 2023 | % Change |
|---|---|---|---|---|---|---|
| 10 Public Representation | 708,940 | 409,140 | 57.7% | 309,405 | 99,734 | 32.2% |
| 20 Village Administration | 6,206,145 | 2,657,594 | 42.8% | 2,468,926 | 188,668 | 7.6% |
| 30 Finance | 2,574,094 | 1,902,017 | 73.9% | 1,313,145 | 588,873 | 44.8% |
| 40 Community Development | 5,428,453 | 2,490,126 | 45.9% | 2,230,950 | 259,176 | 11.6% |
| 50 Human Services | 1,902,802 | 810,156 | 42.6% | 752,515 | 57,641 | 7.7% |
| 60 Police | 25,156,755 | 14,767,131 | 58.7% | 11,879,251 | 2,887,880 | 24.3% |
| 70 Fire | 24,802,876 | 12,915,240 | 52.1% | 10,642,776 | 2,272,465 | 21.4% |
| 80 Public Works | 79,218,309 | 32,097,307 | 40.5% | 28,373,658 | 3,723,648 | 13.1% |
| 00 Non-Departmental | 42,177,797 | 18,403,517 | 43.6% | 15,170,346 | 3,233,171 | 21.3% |
| **Total Expenditures** | **188,176,171** | **86,452,228** | **45.9%** | **73,140,972** | **13,311,256** | **18.2%** |

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 July-2024 | % of Total Budget Used | Actual Expenditure YTD July-2023 | Actual 2024 Vs. Actual 2023 | % Change |
|---|---|---|---|---|---|---|
| Personnel | 60,982,523 | 35,232,377 | 57.8% | 29,752,116 | 5,480,261 | 18.4% |
| Contractual Services | 40,367,006 | 20,950,744 | 51.9% | 19,924,995 | 1,025,749 | 5.1% |
| Commodities & Supplies | 2,688,649 | 1,352,616 | 50.3% | 1,331,431 | 21,185 | 1.6% |
| Capital Improvements | 49,839,803 | 15,799,061 | 31.7% | 12,608,063 | 3,190,997 | 25.3% |
| Debt Service | 9,392,309 | 2,374,550 | 25.3% | 2,391,207 | (16,657) | -0.7% |
| Other Expenditures | 24,905,881 | 10,742,880 | 43.1% | 7,133,160 | 3,609,721 | 50.6% |
| **Total Expenditures** | **188,176,171** | **86,452,228** | **45.9%** | **73,140,972** | **13,311,256** | **18.2%** |

**Personnel Costs:** The year-to-date expenditures for Personnel Costs, including benefits, are $35.2 million, or 57.8 percent of the annual budget for the category. The amount is trending higher by $5.4 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 overtime expense through July 2024 totaled $1.6 million, while at the same time last year, it totaled $1.4 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 $20.9 million in contractual services, equating to 51.9 percent of the annual budgeted amount for the category. The expenditure amount is trending higher by $1.0 million, mainly due to inflationary and timing issues.

**Supplies:** Through July 2024, the Village spent $1.35 million on supplies, which totaled 50.3 percent of the annual budget. At the same time last year, the Village had spent $1.33 million in supplies. The spending on supplies is on track with the budget and the previous year's amount.

**Capital Improvements:** The Village has $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 $15.8 million on capital improvement projects through July 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 July 2024.

**Other Expenditure:** The Other Expenditure category includes all other 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 $10.7 in expenditures under this category through July 2024. The expenditures include $8.5 million in the inter-fund transfers and $2.2 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 | 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 | 41,170,746 |
| 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) | (46,762,589) |
| **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)** | **(5,591,843)** |
| | | | | | | | | | |
| **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** | **38,109,021** |
| As % of General Fund Budget | 48% | 47% | 43% | 45% | 47% | 48% | 48% | 42% | 42% |
| | | | | | | | | | |
| **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** | **38,109,021** |
| As % of General Fund Budget | 35% | 38% | 40% | 45% | 47% | 48% | 48% | 42% | 42% |

(Unaudited and Subject to Change)

The above fund balance analysis is not audited and is subject to change. As of July 31, 2024, the unrestricted fund balance is estimated at $38.1 million, which equates to 42 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) and it resulted in a reduction in the overall fund balance in July 2024. The fund balance is expected to increase between August 2024 and December 2024.

**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 $44,015 during July 2024. As of July 31, 2024, the Economic Emergency Fund reported an ending fund balance of $13.4 million, which comprises $13.0 million in the Village Contributions from the General Fund and $415,985 in the interest income.

| Economic Emergency Fund | Q2-2023 | Q3-2023 | Q4-2023 | Q1-2024 | Q2-2024 | Jul-24 | Total (Since Inception) |
|---|---|---|---|---|---|---|---|
| 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 | 415,985 |
| | 6,521,524 | 85,792 | 88,374 | 87,879 | 88,401 | 6,544,015 | 13,415,985 |
| Expenditures | - | - | - | - | - | - | - |
| **Net Monthly Surplus/Deficit** | **6,521,524** | **85,792** | **88,374** | **87,879** | **88,401** | **6,544,015** | **13,415,985** |
| **Beginning Fund Balance** | - | 6,521,524 | 6,607,316 | 6,695,690 | 6,783,570 | 6,871,970 | - |
| **Ending Fund Balance** | 6,521,524 | 6,607,316 | 6,695,690 | 6,783,570 | 6,871,970 | 13,415,985 | 13,415,985 |

e) **Other Items:**

a. During July 2024, the Village issued 103 real estate transfer tax stamps, of which 40 were exempt and 63 were non-exempt. During the month under review, the Village collected $164,727 in real estate transfer taxes. The average selling price for real estate was $396,445 (excluding certain large commercial transactions). At the same time last year (July 2023), the Village sold 104 transfer tax stamps, of which 38 were exempt and 66 were non-exempt. In the same month last year, the Village collected real estate transfer taxes of $80,616, and the average selling price was $407,076.

b. The Village started working on the Budget for 2025. On August 13, 2024, the staff presented a five-year Community Investment Plan (CIP) for 2025 to 2029. The Staff also presented financial review of the second quarter. The Village is currently working on the operating budget for the year 2025 and will make a presentation on the same to the Village Board and Finance Commission in October 2024. The Final approval on the budget and property tax levy is expected in November 2024.

Respectfully Submitted,
Amit Thakkar
Director of Finance