VILLAGE OF MOUNT PROSPECT

MONTHLY FINANCIAL REPORT

November 30, 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: DECEMBER 28, 2023

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE MONTH OF NOVEMBER 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 November 1, 2023, the beginning Cash and Cash Equivalents totaled $105.0 million. During November, the Village collected cash receipts totaling $11.9 million. The investment income for the month totaled $459,324. The monthly payroll cost was $1.7 million, and accounts payable were paid in the amount of $12.4 million. The inter-fund activity increased the cash position by $9,126, while other disbursements totaled $16,943. As of November 30, 2023, the Village's Cash and Cash Equivalents totaled $103.2 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

	Cash and Cash Equivalents	Investments	Total Cash and
Balance at November 1, 2023	$ 104,955,529	$ 17,030,438	$ 121,985,967
Cash receipts	11,866,971	-	11,866,971
Investment income	459,324	96,090	555,414
Transfers from investments to cash	-	-	-
Transfers to investments from cash	-	-	-
Interfund activity	9,126	-	9,126
Disbursements:			
Accounts payable	(12,352,442)	-	(12,352,442)
Payroll	(1,739,353)	-	(1,739,353)
Other	(16,943)	-	(16,943)
Balance at November 30, 2023	$ 103,182,212	$ 17,126,528	$ 120,308,740

As of November 30, the Village has a total of $17.1 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 $120.3 million as of November 30, 2023.

The table below summarizes the Cash, Cash Equivalents, and Investments by Fund type as of November 30, 2023.

Fund Details	Amount
General Fund	$ 47,657,385
Special Revenue Funds	15,903,818
Debt Service Funds	571,320
Capital Projects Funds	17,926,377
Enterprise Funds	21,698,608
Internal Service Funds	16,551,233
Total Cash and Cash Equivalents	$ 120,308,740

In addition to the funds summarized above, the Village of Mount Prospect has $1,314,897 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 November 2023.

Revenue Category	Budget 2023	Actual YTD Nov -2023	% of Annual Budget	Actual YTD Nov - 2022	Actual 2023 Vs. Actual 2022	% Change
Property Taxes	22,393,921	16,546,306	73.9%	11,182,633	5,363,672	48.0%
Other Taxes	14,144,500	11,183,292	79.1%	11,890,281	(706,989)	-5.9%
Intergovernmental Revenue	49,689,008	37,730,018	75.9%	37,786,537	(56,519)	-0.1%
Licenses, Permits & Fees	1,959,500	2,053,020	104.8%	3,097,700	(1,044,680)	-33.7%
Charges For Services	40,837,772	38,433,810	94.1%	34,872,487	3,561,323	10.2%
Fines & Forfeits	530,140	513,854	96.9%	847,037	(333,183)	-39.3%
Investment Income	278,266	5,082,311	1826.4%	601,163	4,481,148	745.4%
Other Financing Sources	18,850,000	13,856,693	73.5%	5,549,015	8,307,679	149.7%
Other Revenue	2,166,550	2,224,351	102.7%	2,318,355	(94,004)	-4.1%
Reimbursements	203,000	715,455	352.4%	444,695	270,760	60.9%
Total Revenues	**151,052,657**	**128,339,110**	**85.0%**	**108,589,903**	**19,749,207**	**18.2%**

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 December 2023 and later. Additionally, during November 2023, the Village received the following revenues from the State, which relate to a period prior to November 2023. These amounts are distributed after the State administrative fee deductions of $11,598.

Revenues	Original Revenue Month	Revenue Recognition Month	Received by the Village	Amounts
State Sales Tax	Aug-23	Nov-23	Nov-23	3,272,803
Home Rule Sales Tax	Aug-23	Nov-23	Nov-23	702,405
Business District Tax	Aug-23	Nov-23	Nov-23	24,648
Auto Rental Tax	Aug-23	Nov-23	Nov-23	44
Telecom Tax	Aug-23	Nov-23	Nov-23	89,104
Total Revenues				**$ 4,089,004**

The actual revenue received by the Village totaled $128.3 million through November 2023. This amount represents 85.0 percent of the annual budget. The collected amount is tracking higher by $19.7 million, or 18.2 percent, compared to the 2022 collections for the same period, mainly because of the higher amount of inter-fund transfers from the General Fund (totaling $13.8 million) as well as timely collection of property taxes compared to 2022 collections.

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 $16.5 million in property taxes so far for the tax year 2022. The Village has received its final tax extension report from Cook County. Per the most recent reports, the 2022 triennial assessment added $325.0 million to the Village's total Equalized Assessed Value, resulting in a final tax rate of 0.942%. The Village received $5.0 million in property taxes in November from the second installment of property taxes. The remaining amount of levy is expected to be collected by January 2024.

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 November are reported in December or later. The YTD tax collection under this category totals $11.2 million, and it is trailing lower by $706,989 or 5.9 percent compared to the previous year. Most revenue lines under Other Taxes are tracking higher than the previous year, except the real estate transfer tax. The YTD real estate transfer tax collection totals $888,842, while at the same time last year, the real estate transfer tax totaled $1,468,426. 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 year-to-date collection totals $37.7 million and is trending lower by $56,519 or 0.1 percent compared to 2022 amounts. In 2022, the Village received a final payment of the Rebuild Illinois grant totaling $1.2 million, which is not repeated in 2023 and has resulted in an overall lower collection compared to 2022. The table below summarizes the major taxes collected through November 2023.

Major State Taxes	FY 2023	FY 2022	2023 vs. 2022	% Change
State Sales Tax	23,009,903	20,492,067	2,517,836	12.3%
State Income Tax	8,558,968	8,742,833	(183,865)	-2.1%
State Use Tax	1,864,118	1,882,536	(18,417)	-1.0%
State Motor Fuel Tax	1,996,154	1,803,072	193,083	10.7%
Video Gaming Tax	244,152	192,246	51,906	27.0%
Cannabis Education Fund	71,917	78,025	(6,108)	-7.8%
Municipal Cannabis Tax	52,817	33,881	18,936	55.9%
Total	35,798,030	33,224,659	2,573,371	7.7%

The above table reflects that the State Sales Tax and State Motor Fuel Tax are trending higher by 12.3 percent and 10.7 percent, respectively. The State Sales Tax amount reflects the sales tax collected for the first eight months of the year (January to August), and the amounts are encouraging. At the same time, the YTD Income Tax revenue reflects a decline of $186,865, a decrease of 2.1 percent compared to the YTD 2022 amount.

Licenses & Permits: The Village has collected $2.1 million in License & Permit Fees through

November 2023. The amount is trending lower by $1.0 million or 33.7 percent, compared to last year's collection, mainly due to the suspension of vehicle stickers. The Village had collected $1,317,445 in vehicle sticker revenues by this time last year.

Charges for Services: The Village has received $38.4 million in charges for services through November 2023. The amount represents 94.1 percent of the annual budgeted amount for the category, and it is trending higher by $3.6 million, or 10.2 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 $5.1 million in investment income through November 2023. The Village is currently earning anywhere 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 amount in investment income. Last year, at the same time, the Village's investments were marked to market, and a net investment income of $601,163 was realized. The current investment income reflects an increase of $4.5 million or 745.4 percent compared to the previous year's investment income.

Other Categories: All other revenue categories have collectively generated $17.3 million through November 2023. The amount mainly includes $513,854 in fines and forfeitures, $2.2 million in other revenues, $715,455 in reimbursements, and $13.9 million in other financing sources/inter-fund transfers.

c) Expenditures

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

Departments	Amended Budget 2023	Actual Expenditure YTD Nov 2023	% of Total Budget Used	Actual Expenditure YTD Nov 2022	Actual 2023 Vs. Actual 2022
10 Public Representation	624,596	539,328	86.3%	420,516	118,812
20 Village Administration	5,438,601	3,993,982	73.4%	3,875,173	118,809
30 Finance	2,481,347	1,947,474	78.5%	2,021,021	(73,547)
40 Community Development	4,839,744	3,248,286	67.1%	2,971,405	276,881
50 Human Services	1,954,711	1,235,224	63.2%	1,160,370	74,854
60 Police	22,833,993	18,972,644	83.1%	16,513,792	2,458,852
70 Fire	20,735,011	17,787,926	85.8%	15,514,596	2,273,330
80 Public Works	73,630,070	47,379,715	64.3%	37,860,859	9,518,856
00 Non-Departmental	37,839,135	32,052,762	84.7%	22,928,410	9,124,352
Total Expenditures	**170,377,207**	**127,157,341**	**74.6%**	**103,266,142**	**23,891,200**

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 Nov 2023	% of Total Budget Used	Actual Expenditure YTD Nov 2022	Actual 2023 Vs. Actual 2022
Personnel	57,291,465	47,556,507	83.0%	43,372,041	4,184,466
Contractual Services	38,309,394	32,576,730	85.0%	30,152,836	2,423,894
Commodities & Supplies	2,622,520	2,000,815	76.3%	1,855,534	145,281
Capital Improvements	42,016,499	20,915,176	49.8%	13,123,147	7,792,029
Debt Service	9,037,425	8,492,932	94.0%	10,150,770	(1,657,838)
Other Expenditures	21,099,905	15,615,181	74.0%	4,611,813	11,003,368
Total Expenditures	**170,377,207**	**127,157,341**	**74.6%**	**103,266,142**	**23,891,200**

Personnel Costs: The year-to-date expenditures for Personnel Costs, including benefits, are $47.6 million or 83.0 percent of the annual budget for the category. The amount is trending higher by $4.2 million compared to 2022. The overtime expense through November 2023 totals $2.3 million, while at the same time last year, the overtime expense totaled $2.1 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 $32.6 million, equating to 85.0 percent of the annual budgeted amount for the category. The expenditure amount is trending higher by $2.4 million, mainly due to inflationary and timing issues.

Supplies: The Village has spent $2.0 million in supplies through November 2023. The spending totals 76.3 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 trending higher by $145,281 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 3.1 percent over the last 12 months to an index level of 307.051 (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 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 them are expected to conclude in 2023. Through November 2023, the Village has spent $20.9 million on capital improvement projects, accounting for 49.8 percent of the annual budget.

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 has sufficient funds on hand 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 category includes $18.9 million in inter-fund transfers and $2.2 million in other expenditures. The YTD expenditure posted against this category totals $15.6 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	Oct-23	Nov-23	Total
Revenues - Unaudited	10,700,346	9,802,704	19,841,298	16,141,164	5,432,403	8,930,282	60,147,851
Expenses - Unaudited	(22,813,049)	(13,634,814)	(21,183,603)	(14,141,367)	(4,141,546)	(14,381,012)	(67,482,341)
Net Monthly Surplus/(Deficit)	**(12,112,703)**	**(3,832,110)**	**(1,342,305)**	**1,999,797**	**1,290,857**	**(5,450,729)**	**(7,334,490)**
Ending Unrestricted Reserves	44,163,180	40,331,070	38,988,765	40,988,563	42,279,420	36,828,690	36,828,690
As % of General Fund Budget	52%	47%	46%	48%	49%	43%	43%
Unencumbered Cash Balance	30,091,800	39,920,051	38,788,966	40,831,884	42,113,249	36,646,872	36,646,872
As % of General Fund Budget	35%	47%	45%	48%	49%	43%	43%

(Unaudited and Subject to Change)

The above fund balance analysis is not audited and is subject to change. As of November 30, 2023, the unrestricted fund balance is estimated at $36.8 million, which equates to 43 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 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 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 November, the Economic Emergency Fund earned an interest income of $28,844, and at the end of the month, the total fund balance stood at $6,665,721.

Economic Emergency Fund	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Revenues	6,500,000	21,524	28,107	29,203	28,482	29,561	28,844
Expenditures	-	-	-	-	-	-	-
Net Monthly Surplus/Deficit	**6,500,000**	**21,524**	**28,107**	**29,203**	**28,482**	**29,561**	**28,844**
Beginning Fund Balance	**-**	**6,500,000**	**6,521,524**	**6,549,631**	**6,578,834**	**6,607,316**	**6,636,877**
Ending Fund Balance	**6,500,000**	**6,521,524**	**6,549,631**	**6,578,834**	**6,607,316**	**6,636,877**	**6,665,721**

e) **Other Items:**

a. During November 2023, the Village issued 94 real estate transfer tax stamps, of which 39 were exempt and 55 were non-exempt. During the month under review, the Village collected $208,476 in real estate transfer taxes. The average selling price for real estate was $1,263,421 (including large commercial transactions). At the same time last year (November 2022), the Village sold 102 transfer tax stamps, of which 40 were exempt and 62 were non-exempt. In the same month last year, the Village collected real estate transfer taxes of $164,661, and the average selling price was $888,420 (including large commercial transactions). The YTD real estate transfer tax collection totals $898,263, while at the same time last year, the real estate transfer tax totaled $1,481,838. 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