Village of Mount Prospect

Finance Department

First Quarter Financial Review

For the Quarter Ended March 31, 2025

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Director of Finance

Introduction

The Finance Department prepares and presents a review of the financial activities for the most recently ended quarter. This report summarizes the financial activities of the Village of Mount Prospect for the first quarter of the fiscal year 2025. The report begins with summarized and unaudited financial results from the fiscal year 2024, followed by an analysis of General Fund reserves and Police and Fire Pension Funds' funding reports. Further, the report contains revenues and expenditure analysis for the quarter ended March 31, 2025.

2024 Unaudited Financials

In 2024, Illinois local governments navigated a complex fiscal landscape marked by both challenges and opportunities. The state increased the Local Government Distributive Fund (LGDF) rate from 6.16% to 6.47%, providing municipalities with a modest boost in income tax revenue. However, the proposed elimination of the 1% state grocery tax threatened a significant $325 million loss in local funding. Of this amount, the Village's portion is close to $875,000. Despite hurdles, the Village of Mount Prospect ended its fiscal year with nearly $13.7 million in its Economic Emergency Fund and a budget for 2025 that reduced property taxes, for the second year in a row, and the lowest levy in the last 10 years.

Revenue Category	Budget 2024	Actual YTD December 2024	% of Annual Budget	Actual YTD December 2023	Actual 2024 Vs. Actual 2023	% Change
Property Taxes	22,022,359	24,382,279	110.7%	25,928,456	(1,546,177)	-6.0%
Other Taxes	14,689,000	15,806,477	107.6%	15,017,323	789,154	5.3%
Intergovernmental Revenue	57,179,236	60,623,146	106.0%	52,904,534	7,718,612	14.6%
Licenses, Permits & Fees	2,037,000	2,029,196	99.6%	2,100,734	(71,538)	-3.4%
Charges For Services	42,255,770	43,605,111	103.2%	42,316,803	1,288,308	3.0%
Fines & Forfeits	470,955	604,800	128.4%	572,018	32,781	5.7%
Investment Income	1,818,245	6,926,807	381.0%	5,612,876	1,313,931	23.4%
Other Financing Sources	21,279,000	19,533,765	91.8%	14,317,914	5,215,852	36.4%
Other Revenue	2,854,944	4,901,095	171.7%	2,627,257	2,273,838	86.5%
Reimbursements	337,000	920,907	273.3%	783,280	137,627	17.6%
Total Revenues	**164,943,509**	**179,333,581**	**108.7%**	**162,181,195**	**17,152,386**	**10.6%**

The above-listed revenue sources are analyzed below:

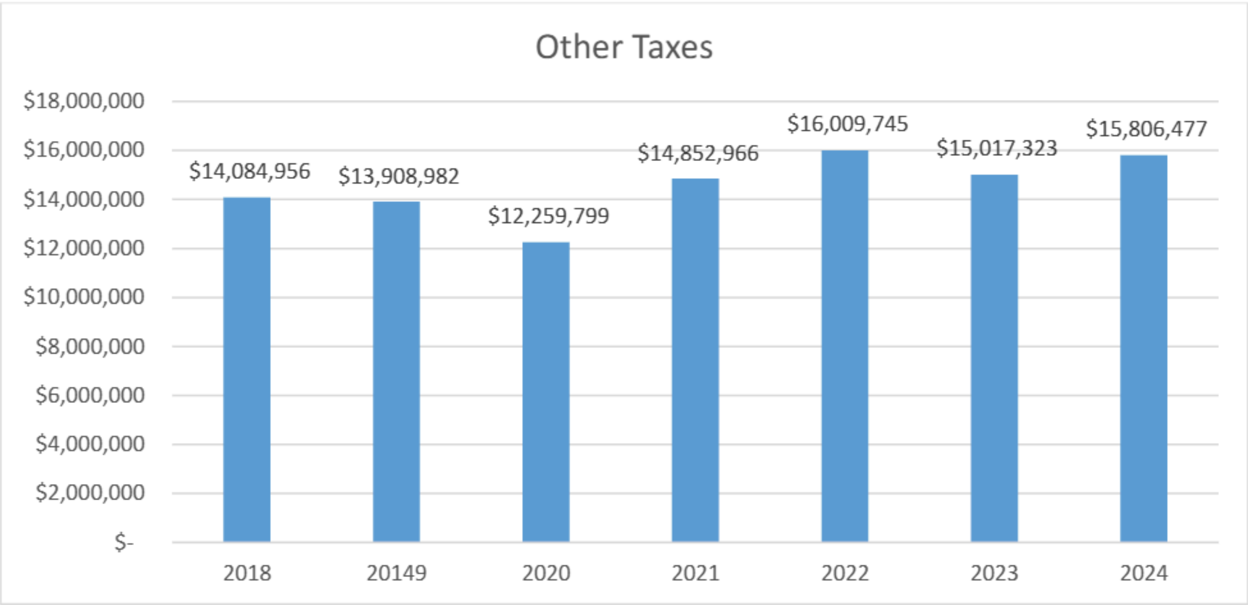
Property tax

Property tax is one of the most reliable revenue sources. The Village's total 2023 levy payable in 2024 was $19.5 million, which includes 2.0% for losses and costs. The Village was expected to collect 98.5 percent of the 2023 levy, payable in 2024. The property tax collection for 2023 (collected in 2024) totaled $24.4 million, or 110.7 percent of the original budget. The original property tax budget for the year also included $2.7 million for the Tax Increment Financing District (TIF). The actual collection for the TIF was recorded at $5.1

million. The final 2024 budget will be revised to reflect the above outperformance.

Other Taxes

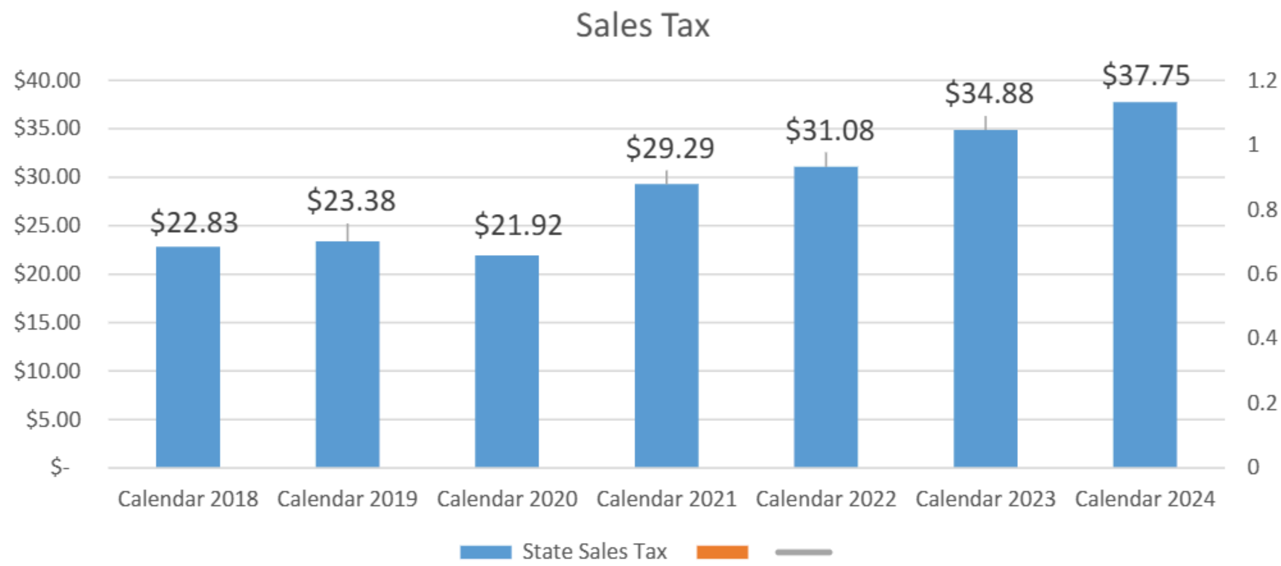
Other taxes include locally enacted taxes, such as home rule sales tax, food & beverage tax, real estate transfer tax, municipal motor fuel tax, utility taxes, hotel/motel taxes, and cable franchise fees.



The 2024 collection totals $15.8 million, $789,154, or 5.3 percent higher than 2023, mainly due to increased home-rule sales tax collections. The home rule sales tax collection totaled $7,803,006, an increase of $494,253 or 6.8 % compared to the 2023 collection. The Village collected $2.8 million in utility taxes, $4.3 million in various use taxes, $575,530 in franchise fees, and $315,654 in business district tax. The Village collected $1,016,083 in real estate transfer taxes in 2024, an increase of $59,129 or 6.2 percent compared to the 2023 collections. The real estate transfer tax amount is still significantly lower compared to the peak collections in 2022 ($1.6 million).

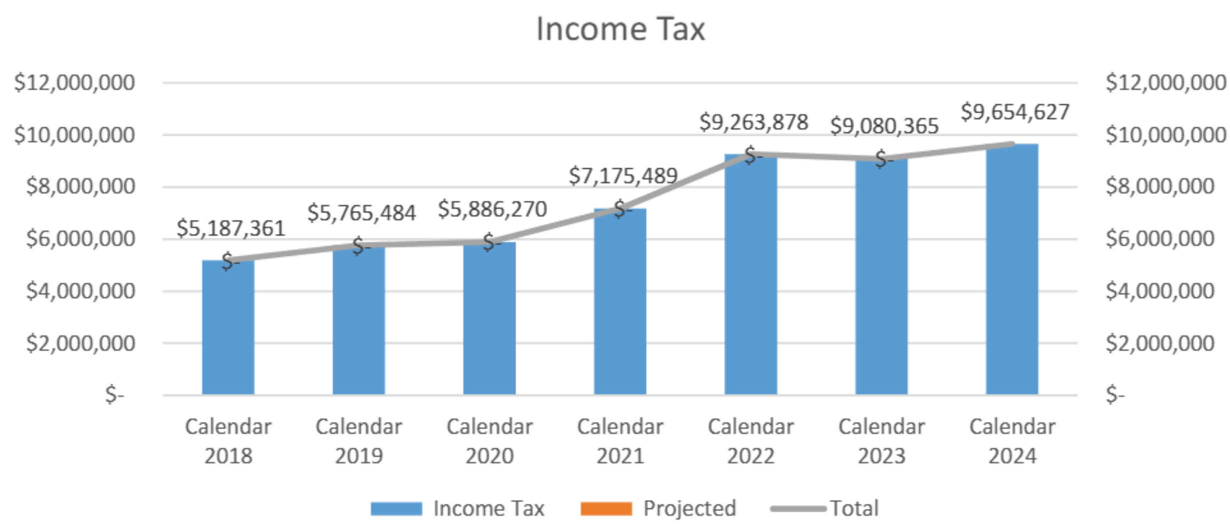
Intergovernmental Revenue

The intergovernmental revenues include revenues from other governmental units and agencies, mainly from the State of Illinois. The Village has recognized intergovernmental revenues totaling $60.65 million for 2024, an increase of $7.8 million or 14.0 percent compared to 2023 intergovernmental revenues. The most significant revenue source under this category is the state sales tax. The State of Illinois shares 1% of all general merchandise sales within the jurisdiction of the Village of Mount Prospect with the Village.



$3.78 billion in total sales was recorded for 2024, and the Village received a total sales tax collection of $37.8 million. The 2024 state sales tax amount is higher by $2.9 million, or 8.2 percent, compared to 2023 revenues.

Furthermore, the Village's income tax budget was initially set at $8.2 million for 2024, but the actual collection at the State level was much higher. The income tax revenue is shared as a per capita item, and the State shares 6.6% of the income tax collection with all local governments based on population. The total collection for 2024 is recorded at $9.7 million, an increase of $574,262 or 6.3 percent compared to the prior year's collection.



The Intergovernmental revenue also includes $2.5 million in motor fuel tax, $2.0 million in use tax, $700,676 in the personal property replacement tax, $6.4 million in federal grants, and $837,993 in state grants.

Licenses & Permits

The Village collected $2.0 million in license and permit fees, which is $71,538 lower or 3.4 percent lower than in 2023. The amount collected reflects 99.6 percent of the annual budget. The amount includes $677,756 in business licenses and permits and $1,351,440 in non-business licenses and permits, including building permits.

Charges for Services

The Village collected $43.6 million in charges for services for the year 2024. The amount is higher by $1.3 million, or 3.0 percent, compared to 2023 collections. The charges for services include water and sewer fees, refuse fees, ambulance billing fees, parking fees, internal service insurance payments, and vehicle lease payments. The increases in the charges for services are mainly due to planned increases in water, sewer, and refuse fees. The category includes $13.0 million in internal service payments for risk management premiums, vehicle and computer replacement leases, and vehicle maintenance internal service charges.

Fine & Forfeitures

The Village collected $604,800 in fines and forfeitures during the year 2024. This amount is higher by $32,781, or 5.7 percent, compared to the 2023 collection. The amount collected reflects 128.4 percent of the annual budget.

Investment Income

The original budget for investment income for 2024 was $1.8 million. However, due to high interest rates in the market, the Village earned an investment income of $6.9 million. Of this amount, the General Fund investment income is $3.1 million. The investment income earned by the General Fund in 2023 and 2024 is being used to acquire the 111 E Busse building in downtown Mount Prospect. The Village's General Fund is going to provide a loan of $5.0 million to the TIF fund and will get it back with 4% interest from the Prospect & Main TIF.

Other Revenues

All other revenue sources include inter-fund transfers, reimbursements, and other miscellaneous revenues. The budget was revised several times during the year, and the final inter-fund transfer amount was set at $21.3 million. Not all the budgeted transfers are executed. The Village executed inter-fund transfers totaling $19.5 million.

The Village also collected other revenues totaling $4.9 million and reimbursement amounts totaling $920,907.

2024 Expenditures (unaudited)

The original Expenditure Budget for FY 2024 was $178.9 million, but the actual spending for the year was $148.2 million. Due to the timing issues of the projects, original budgets were revised and increased/decreased with carryover items from time to time. The tables below recap the annual budget and actual spending for 2024 by department and by expenditure category.

Departments	Original Budget 2024	Amended Budget 2024	Actual Expenditures 2024	% of Total Budget Used	Actual Expenditures 2023	Actual 2024 Vs. Actual 2023	% Change
10 Public Representation	708,940	708,940	629,503	88.8%	561,712	67,791	12.1%
20 Village Administration	6,206,145	5,858,645	5,149,022	87.9%	4,978,390	170,632	3.4%
30 Finance	2,574,094	3,050,094	2,871,101	94.1%	2,197,132	673,969	30.7%
40 Community Development	5,343,568	5,258,453	4,356,199	82.8%	5,180,817	(824,619)	-15.9%
50 Human Services	1,874,802	1,716,802	1,497,281	87.2%	1,397,171	100,110	7.2%
60 Police	25,002,782	24,990,009	24,223,658	96.9%	22,394,548	1,829,110	8.2%
70 Fire	24,682,037	25,472,391	22,738,540	89.3%	21,364,522	1,374,018	6.4%
80 Public Works	64,102,970	69,706,263	46,016,309	66.0%	44,370,783	1,645,526	3.7%
00 Non-Departmental	34,152,797	42,177,797	40,736,091	96.6%	33,726,318	7,009,773	20.8%
Total Expenditures	**164,648,135**	**178,939,395**	**148,217,702**	**82.8%**	**136,171,393**	**12,046,309**	**8.8%**

Category	Amended Budget 2024	Actual Expenditures 2024	% of Total Budget Used	Actual Expenditures 2023	Actual 2024 Vs. Actual 2023	% Change
Personnel	61,997,706	61,071,275	98.5%	56,519,960	4,551,315	8.1%
Contractual Services	40,092,204	38,950,219	97.2%	37,664,407	1,285,812	3.4%
Commodities & Supplies	2,676,746	2,148,034	80.2%	2,100,835	47,199	2.2%
Capital Improvements	39,852,745	12,677,505	31.8%	12,451,184	226,321	1.8%
Debt Service	9,392,309	9,277,982	98.8%	8,694,849	583,133	6.7%
Other Expenditures	24,927,684	24,092,687	96.7%	18,740,159	5,352,528	28.6%
Total Expenditures	**178,939,395**	**148,217,702**	**82.8%**	**136,171,393**	**12,046,309**	**8.8%**

All the Village Departments have performed within the stipulated budget limits for the year 2024. The Village has spent $148.2 million in expenditures for the year 2024, which equates to 82.8 percent of the total approved budget. The Public Works Department is responsible for various capital projects. Some of these projects are either delayed due to supply chain issues or are grant-funded, and the grant amounts have not yet been received to conduct the projects. The expenditure by category (as mentioned in the second table) shows that the Village has spent 98.5 percent of the budgeted personnel costs, 97.2 percent of the budgeted contractual services, and 80.2 percent of the budgeted supplies and commodities. The Village budgeted a total of $39.8 million for the capital projects during 2024. However, due to accounting rules for the enterprise funds, all the capital projects for the water and sewer funds are capitalized and removed from the expenditure categories. The remaining amount of governmental projects total $12.7 million. During the year, the Village paid $9.3 million in debt service. It includes $7.7 million in bond principal and interest payments and $2.6 million in developer's note payments. The Village has executed $19.5 million in interfund transfers, reported under other expenditures above. Of this amount $6.5 million in transfers are for the Economic Emergency Fund. Other transfers are for property tax abatements and supporting various capital projects.

General Fund

General Fund	Original Budget	Amended Budget	Actual Amounts
Revenues - Unaudited	81,419,753	81,419,753	90,530,186
Expenses - Unaudited	81,419,753	90,820,913	87,415,083
Surplus/(Deficit)	-	(9,401,160)	3,115,103

The original 2024 General Fund budget was a balanced budget. The total General Fund revenue budget and expenditure budget for 2024 was $81.5 million. The expenditure budget was revised to $90.8 million. The actual recognized revenue for the General Fund totaled $90.5 million, while the expenditure totaled $87.4 million. As mentioned earlier, a few outperforming intergovernmental revenues, including state sales tax, income tax, and home-rule sales tax, are the main reasons for the surplus for the year.

Items/Details	FY 2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Total 2024
Revenues - Unaudited	82,613,435	15,388,050	16,837,235	23,829,967	34,474,935	90,530,186
Expenses - Unaudited	(78,299,452)	(17,405,144)	(14,280,967)	(27,818,540)	(27,910,431)	(87,415,083)
Net Monthly Surplus/(Deficit)	**4,313,983**	**(2,017,095)**	**2,556,268**	**(3,988,574)**	**6,564,504**	**3,115,103**
Ending Unrestricted Reserves	**43,700,864**	**41,683,769**	**44,240,037**	**40,251,463**	**46,815,967**	**46,815,967**
As % of General Fund Budget	48%	49%	52%	47%	55%	55%
Unencumbered Cash Balance	**32,347,539**	**41,683,769**	**44,240,037**	**40,251,463**	**34,239,750**	**34,239,750**
As % of General Fund Budget	36%	49%	52%	47%	40%	40%

As mentioned in the above table, the General Fund started the fiscal year 2024 with $43.7 million in the unrestricted fund balance, while the actual spendable fund balance as of January 1, 2024, was $32.3 million. The net accounting surplus of $3.1 million (from 2024 activities) is added to the unrestricted fund balance. As of December 31, 2024, the fund balance is 55.0 percent of the 2025 annual budget and totals $46.8 million. Some portion of $46.8 million is not readily available for spending, and it is occupied by taxes and other receivables totaling $9.8 million, which leaves the Village with a spendable fund balance of $34.2 million, which equates to 40 percent of the 2025 annual budget. The actual surplus from 2024 activities is $9.6 million. The second installment of $6.5 million is funded from the 2023 surplus. However, for accounting purposes, the same is treated as an expenditure for the General Fund. Without this transfer of $6.5 million, the General Fund would have reported a surplus of $9.6 million.

The Village funded the second installment of the Economic Emergency Fund totaling $6.5 million in 2024. The fund is invested according to the Village’s investment policy. Now, the Village holds $13.0 million in principal payment funded from the Village’s General Fund and $691,635 in interest income earned starting from July 2023. This fund balance equals two months' operating cash balance for the General Fund.

Police and Fire Pension Fund Unaudited Financials

Overall, the fiscal year 2024 was a positive year for the Police and Fire Pension funds, and both funds have recouped some of the 2022 unrealized losses in investment values. The Village is currently waiting for actuarial reports and hopes to see an increase in the funding ratio of the actuarial reports for the 2024 audit.

	Police Pension Fund	Fire Pension Fund
Revenues		
Contributions		
- Village	5,600,769	4,872,506
- Employees	1,117,864	897,450
Total Contributions	6,718,633	5,769,956
Investment Income		
Interest & Dividends	576,397	1,636,321
Net Change in Fair Value	8,058,592	6,982,916
Total Investment Income	8,634,989	8,619,237
Less Investment Expenses	(58,412)	(111,341)
Net Investment Income	8,576,577	8,507,896
Total Revenues	15,295,210	14,277,852
Expenditures		
Administration	75,547	108,304
Pension Benefits & Refunds		
Pension Benefits	7,591,825	7,553,187
Refunds	-	-
Total Pension Benefits & Refunds	7,591,825	7,553,187
Total Expenditures	7,667,372	7,661,491
Change in Net Position	**7,627,838**	**6,616,361**
Beginning Net Position	89,960,810	78,761,763
Ending Net Position	**97,588,648**	**85,378,124**

Quarter 1, 2025 – Revenues

Q1-2025 reflects total recognized revenues of $30.1 million, representing 18.7 percent of the annual budgeted revenues. At the same time last year, the total collection was $30.3 million. The Q1-2025 revenue collection is lower by $142,472, or 0.5 percent, compared to the Q1-2024 collection, mainly due to the reduction in the recognized investment income due to timing issues.

Revenue Category	Budget 2025	Actual YTD Q1 2025	% of Annual Budget	Actual YTD Q1 2024	Actual 2024 Vs. Actual 2023	% Change
Property Taxes	24,813,627	12,489,070	50.3%	12,390,315	98,755	0.8%
Other Taxes	15,554,350	1,031,728	6.6%	1,080,600	(48,872)	-4.5%
Intergovernmental Revenue	54,857,954	3,470,719	6.3%	3,448,705	22,014	0.6%
Licenses, Permits & Fees	1,912,000	549,908	28.8%	610,179	(60,270)	-9.9%
Charges For Services	47,342,301	10,083,824	21.3%	10,004,151	79,673	0.8%
Fines & Forfeits	608,500	138,738	22.8%	94,552	44,187	46.7%
Investment Income	3,933,700	1,258,004	32.0%	1,575,615	(317,611)	-20.2%
Other Financing Sources	7,749,433	42,202	0.5%	-	42,202	++
Other Revenue	3,085,500	613,426	19.9%	618,858	(5,432)	-0.9%
Reimbursements	1,086,500	441,429	40.6%	438,545	2,884	0.7%
Total Revenues	**160,943,865**	**30,119,047**	**18.7%**	**30,261,519**	**(142,472)**	**-0.5%**

- The Village received its first installment of property taxes in March 2025. The amount represents 50.3 percent of the annual budget for the category. The first installment is usually 55 percent of the last year's tax bill. The Village expects final rate and EAV data by May 2025.
- Other Taxes encompass locally enacted taxes, including home rule sales tax, food & beverage tax, hotel/motel tax, municipal motor fuel tax, real estate transfer tax, and a few more. The collection is marginally lower by $48,872, totaling $1,031,728. The above amount is not final, as the home rule sales tax for Q1-2025 will be recognized in April 2025 and beyond. The reduction in this category is mainly due to reduced real estate transfer tax collections.
- Intergovernmental revenues totaling $3.5 million were collected during Q1-2025. The collected amount is marginally higher by $22,014 or 0.6 percent. The revenues for Q1-2025 will be received in Q2-2025, as the State taxes lag by three months. The amount for Q1 includes state income tax—$2.4 million, use tax—$413,602, motor fuel tax—$424,110, and a few other miscellaneous taxes.
- License and permit fees totaling $549,908 were collected during Q1-2025. The collected amount is lower by $60,270, or 9.9 percent, compared to 2024 collections.
- Charges for Services: A total of $10.1 million is recognized for Q1-2025 as charges for services. This amount is higher by $79,673, or 0.8 percent, compared to 2024 revenues.

- The Village collected $138,738 in fines and forfeitures during the quarter under review. The amount is higher by $44,187, or 46.7 percent, compared to last year.
- Investment income totaling $1.3 million was recognized during Q1-2025. Investment income is lower by $317,611 compared to 2024 revenues, mainly due to a marginal rate reduction and timing issues with specific investment maturities.
- All other revenue sources collectively account for $1.1 million and are on track compared to the budget and the amounts collected for the previous year.

Quarter 1, 2025 Expenditures

Q1-2025 expenditures totaled $27.7 million or 15.6 percent of the annual budget. The expenditures are higher by $2.1 million compared to Q1-2024, mainly due to higher personnel and contractual costs. A brief analysis of each of these categories is provided on the next page.

Departments	Original Budget 2025	Amended Budget 2025	Actual Expenditures 2025	% of Total Budget Used	Actual Expenditures 2024	Actual 2025 Vs. Actual 2024	% Change
10 Public Representation	779,620	779,620	94,662	12.1%	126,338	(31,676)	-25.1%
20 Village Administration	6,231,809	6,679,309	1,136,786	17.0%	1,179,469	(42,683)	-3.6%
30 Finance	3,242,072	3,287,072	434,281	13.2%	(778,573)	1,212,854	-155.8%
40 Community Development	6,151,291	6,696,291	950,026	14.2%	770,417	179,610	23.3%
50 Human Services	1,583,765	1,783,765	418,454	23.5%	363,840	54,614	15.0%
60 Police	28,036,346	28,215,092	7,120,583	25.2%	6,744,606	375,977	5.6%
70 Fire	26,858,798	27,335,738	6,214,534	22.7%	5,836,812	377,722	6.5%
80 Public Works	63,612,299	73,124,346	7,561,317	10.3%	7,843,245	(281,928)	-3.6%
00 Non-Departmental	28,941,104	28,941,104	3,729,349	12.9%	3,499,999	229,350	6.6%
Total Expenditures	**165,437,104**	**176,842,336**	**27,659,992**	**15.6%**	**25,586,153**	**2,073,839**	**8.1%**

Category	Amended Budget 2025	Actual Expenditures Q1-2025	% of Total Budget Used	Actual Expenditures 2024	Actual 2025 Vs. Actual 2024	% Change
Personnel	64,691,024	15,976,433	24.7%	15,903,922	72,511	0.5%
Contractual Services	44,151,335	8,969,129	20.3%	8,958,935	10,194	0.1%
Commodities & Supplies	2,831,710	465,076	16.4%	698,802	(233,727)	-33.4%
Capital Improvements	43,111,417	1,984,018	4.6%	1,241,297	742,721	59.8%
Debt Service	9,735,249	29,048	0.3%	57,415	(28,367)	-49.4%
Other Expenditures	12,321,601	236,289	1.9%	(1,274,218)	1,510,508	-118.5%
Total Expenditures	**176,842,336**	**27,659,992**	**15.6%**	**25,586,153**	**2,073,839**	**8.1%**

- The Village has spent $16.0 million from its personnel budget during Q1-2025. The amount represents 24.7 percent of the annual budget, and the expenditures reported are marginally higher by $72,511 or 0.5 percent compared to the Q1-2024 expenditures. This category includes employee salaries/wages, benefits, taxes, and pension contributions.

- Contractual Services totaled $9.0 million during Q1-2025. The expenditures amount to 20.3 percent of the annual budget and they are in line with spending compared to the previous year. This category includes various big ticket line items, including water purchase from JAWA, software costs, and insurance services.
- The Village has spent $465,076 in commodities and supplies, 16.4 percent of the annual budget. The Village's spending for the year is lower compared to last year by $233,727 or 33.4 percent, mainly due to a milder winter and lower salt consumption for snow plowing operations.
- The Q1-2025 capital improvement spending totaled $2.0 million, representing 4.6 percent of the annual budget. Most of the capital projects are under a planning phase and have not started for the year yet. The major costs are expected to be paid out during the summer and fall. A few projects might face supply chain issues, which may result in delayed projects and expenditure recognition.
- The major debt service payments are due on June 1 and December 1. There are no significant debt service payments in Q1-2025. $29,048 is recognized as an expense for 2025 for the Randhurst developer's note.
- The Village incurred $236,289 in Other Expenditures during Q1-2025, which represents 1.9 percent of the annual other expenditures budget. This category includes inter-fund transfers totaling $7.8 million, which will be executed during the third and fourth quarters of the current year.

General Fund Reserves:

Items/Details	FY 2024	Jan-25	Feb-25	Mar-25
Revenues - Unaudited	90,530,186	1,903,070	4,692,858	8,267,451
Expenses - Unaudited	(87,415,083)	(4,155,381)	(6,072,599)	(7,478,576)
Net Monthly Surplus/(Deficit)	**3,115,103**	**(2,252,311)**	**(1,379,741)**	**788,875**
Ending Unrestricted Reserves	**46,815,967**	**44,563,656**	**43,183,915**	**43,972,791**
As % of General Fund Budget	55%	52%	50%	51%
Unencumbered Cash Balance	**34,239,750**	**34,737,448**	**37,456,709**	**41,950,536**
As % of General Fund Budget	40%	41%	44%	49%

The above unaudited data shows that the General Fund unrestricted reserves stood close to $44.0 million as of March 31, 2025, which equates to 51 percent of the annual budget. The available cash on hand stood at $41.9 million, which equates to 49 percent of the annual expenditures.

Conclusion

The Village is in strong and sustainable fiscal health and can consistently provide quality governmental services to its residents and businesses with a strong fiscal backbone. The Village's performance in 2024 proves a strong and robust local economy. The Village hopes for a AAA credit rating on its subsequent bond issuance scheduled in 2026. All of its recent efforts, including the start of an Economic Emergency Fund and revised fund balance policy, are designed to help the Village achieve the strategic goals provided by the Village Board efficiently and economically.

Respectfully Submitted,
Amit Thakkar, Director of Finance