



VILLAGE OF MOUNT PROSPECT
MONTHLY FINANCIAL REPORT

December 31, 2022

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 25, 2023

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE MONTH OF DECEMBER 2022

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 December 1, 2022, the beginning Cash and Cash Equivalents totaled \$78.8 million. During the month of December, the Village collected cash receipts totaling \$11.1 million. The investment income for the month totaled \$215,761. The payroll cost for the month was \$2.9 million, and accounts payable were paid in the amount of \$6.5 million. The inter-fund activity increased the cash position by \$3,253, while other disbursements totaled \$13,583. As of December 31, 2022, the Village's Cash and Cash Equivalents totaled \$80.7 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

	Cash and Cash Equivalents	Investments	Total Cash and Investments
Balance at December 1, 2022	\$ 78,776,529	\$ 25,386,926	\$ 104,163,455
Cash receipts	11,100,808	-	11,100,808
Investment income	215,761	90,014	305,775
Transfers from investments to cash	-	-	-
Transfers to investments from cash	-	-	-
Interfund activity	3,253	-	3,253
Disbursements:			
Accounts payable	(6,460,331)	-	(6,460,331)
Payroll	(2,883,860)	-	(2,883,860)
Other	(13,583)	-	(13,583)
Balance at December 31, 2022	<u>\$ 80,738,577</u>	<u>\$ 25,476,940</u>	<u>\$ 106,215,517</u>

As of December 31, the Village has a total of \$25.5 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 \$106.2 million as of December 31, 2022.

The below table summarizes the Cash and Cash Equivalents by Fund type as of December 31, 2022.

Fund Details	Amount
General Fund	\$ 45,050,003
Special Revenue Funds	9,303,239
Debt Service Funds	279,590
Capital Projects Funds	11,285,340
Enterprise Funds	26,182,675
Internal Service Funds	14,114,670
Total Cash and Cash Equivalents	\$ 106,215,517

In addition to the funds summarized above, the Village of Mount Prospect has \$1,260,534 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 December 2022.

Revenue Category	Budget 2022	Actual YTD Dec - 2022	% of Annual Budget	Actual 2022	
				Actual YTD Dec - 2021	Vs. Actual 2021
Property Taxes	20,873,259	15,836,084	75.9%	20,485,088	(4,649,004)
Other Taxes	13,304,500	13,176,371	99.0%	14,852,966	(1,676,595)
Intergovernmental Revenue	54,713,145	41,553,021	75.9%	48,691,397	(7,138,376)
Licenses, Permits & Fees	3,008,000	3,160,526	105.1%	3,144,958	15,568
Charges For Services	38,333,258	38,504,014	100.4%	37,421,529	1,082,486
Fines & Forfeits	541,000	909,670	168.1%	628,522	281,147
Investment Income	118,070	933,725	790.8%	(101,190)	1,034,915
Other Financing Sources	20,580,000	4,841,835	23.5%	4,852,505	(10,670)
Other Revenue	2,261,860	2,534,126	112.0%	3,149,544	(615,418)
Reimbursements	397,000	489,362	123.3%	396,415	92,947
Total Revenues	154,130,092	121,938,734	79.1%	133,521,734	(11,583,001)

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 January 2023 and later. Additionally, during the month of December 2022, the Village received the following revenues from the State, which relate to a period prior to December 2022. These amounts are distributed after the State administrative fee deductions of \$10,104.

Revenues	Original Revenue Month	Revenue Recognition Month	Received by the Village	Amounts
State Sales Tax	Sep-22	Dec-22	Dec-22	2,633,312
Home Rule Sales Tax	Sep-22	Dec-22	Dec-22	592,558
Business District Tax	Sep-22	Dec-22	Dec-22	26,091
Auto Rental Tax	Sep-22	Dec-22	Dec-22	5,713
Telecom Tax	Sep-22	Dec-22	Dec-22	96,300
Total Revenues				\$ 3,353,973

The actual year-to-date revenue received by the Village is \$121.9 million. This amount represents 79.1 percent of the annual budget. The collected amount is tracking lower by \$11.6 compared to the 2021 collections for the same period, mainly due to the 2021 amounts representing a full 12 months' worth of revenues, while FY 2022 is missing significant revenues from the last three months, which are expected to be collected in Q1 of FY 2023 and will be accrued in FY 2022 as the yearend adjustments.

Property Taxes: The Village's total levy for the year is \$19,469,004. The total property tax revenue budget, including TIF revenues, is \$20.9 million. The Village collected \$15.8 million in property taxes through December 2022. The first installment represents 55% of the prior year's property tax extension. The second installment was delayed by five months. Per the accounting and GASB guidelines, all property tax revenue received by February 28, 2023, will be recognized as revenue for the fiscal year 2022. The Village is expected to receive 98.5% of the levied taxes by February 28, 2023.

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 December are reported in January or later. Since December is the last month of the fiscal year, 2021 amounts includes all 12 months' worth of revenues totaling \$14.9 million, while 2022 amounts are missing three months' worth of revenues. FY 2022 YTD collection totals at \$13.2 million. With additional three months of revenues to be recognized over the period of the next three months, the other taxes are expected to show a growth over FY 2021 collections.

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 \$41.5 million and is trending lower by \$7.1 million compared to 2021, mainly due to 2021 amounts representing a full 12 months' worth of revenues, while FY 2022 is missing significant sales tax revenues from the last three months, which are expected to be collected in Q1 of FY 2023 and will be accrued in FY 2022 as yearend adjustments. The Village collected \$36.9 million in various State Taxes, including \$9.3 million in Income Tax and \$23.1 million in State Sales Tax through December 2022. The year to date Income Tax amount is higher by \$1.9 million compared to last year. In addition, the Village collected \$1.4 million in Personal Property Replacement Tax, an increase of \$719,449 or 100.0 percent over the 2021 collection. The Village also collected \$235,903 in video gaming taxes, an increase of \$83,751 or 55.0 percent over the 2021 collection.

Licenses & Permits: The Village has collected \$3.2 million in License & Permit Fees through December 2022. The amount represents 105.1 percent of the annual budgeted amount. The Village

collected \$1.3 million in vehicle license fees and \$1.2 million in other non-business license fees through December 2022. The total business license and permit fees collection totals \$631,830.

Charges for Services: The Village has received \$38.5 million in Charges for Services through December 2022. The amount includes water/sewer/refuse charges and also internal service payments, including vehicle maintenance and vehicle replacement lease payments. The collected amount represents 100.4 percent of the annual budget, and it is trailing higher by \$1,082,486 compared to the 2021 collection due to water/sewer/refuse rate increases for the year 2021.

Other Categories: All other revenue categories have collectively generated \$9.7 million through December 2022. The amount includes \$909,670 in fines & forfeitures, \$933,725 in investment income, \$489,362 in reimbursements, \$2,534,126 in other revenues and \$4,841,835 in other financing sources. The bond proceeds are budgeted as income, however, it is not reported as revenue for the year. Instead, as per the applicable GAAP, it is booked as a liability for the water/sewer enterprise fund.

c) Expenditures

The below data recaps the expenditures incurred during the month of December 2022.

Departments	Amended Budget 2022	Actual Expenditure YTD Dec 2022	% of Total Budget Used	Actual Expenditure YTD Dec 2021	Actual 2022 Vs. Actual 2021
10 Public Representation	613,657	467,034	76.1%	457,538	9,496
20 Village Administration	5,201,643	4,616,519	88.8%	4,017,123	599,396
30 Finance	2,300,407	2,259,875	98.2%	3,194,773	(934,898)
40 Community Development	4,434,367	3,324,211	75.0%	3,406,360	(82,149)
50 Human Services	1,861,388	1,312,169	70.5%	1,175,556	136,613
60 Police	20,901,459	19,310,269	92.4%	20,162,668	(852,399)
70 Fire	20,051,352	18,258,732	91.1%	17,663,052	595,680
80 Public Works	78,357,235	42,363,588	54.1%	38,689,452	3,674,136
00 Non-Departmental	28,078,460	23,871,254	85.0%	23,949,537	(78,283)
Total Expenditures	161,799,968	115,783,650	71.6%	112,716,059	3,067,591

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.

Departments	Amended Budget 2022	Actual Expenditure YTD Dec-2022	% of Total Budget Used	Actual Expenditure YTD Dec-2021	Actual 2022 Vs. Actual 2021
Personnel	53,462,957	50,607,088	94.7%	50,317,884	289,204
Contractual Services	35,184,902	33,864,300	96.2%	33,727,467	136,833
Commodities & Supplies	2,568,654	2,180,802	84.9%	1,901,517	279,284
Capital Improvements	49,952,349	14,241,069	28.5%	9,482,380	4,758,689
Debt Service	9,988,211	10,261,125	102.7%	9,807,675	453,449
Other Expenditures	10,642,895	4,629,266	43.5%	6,986,892	(2,357,626)
Total Expenditures	161,799,968	115,783,650	15.5%	112,223,816	3,559,833

Personnel Costs: The year-to-date expenditures for Personnel Costs, including benefits, are \$50.7 million or 94.7 percent of the annual budget. The amount is trending higher by \$289,204 compared to 2021. Due to the late payment of the second installment of property taxes, part of the pension levies and pertaining

expenditures will be recognized over the next two months and will be accrued back as a yearend adjustment for the fiscal year 2022. The overtime costs through December 2022 are \$2,494,151, while the overtime costs at the same time last year were \$2,800,229.

Services: - This category covers the majority 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 \$33.9 million, and the Village has spent 96.2 percent of the budgeted amount through December 2022. The Village is still processing yearend contractual service bills received after December 2022 and books are still open for December 2022. The final annual expenditure under this category is expected to be approximately 99.2 percent of the annual budgeted amount.

Supplies: The Village has spent \$2,180,802 in supplies through December 2022. The spending totals 84.9 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 Village is still processing supply bills received (for the year 2022) after December 2022 and books are still open for December 2022. The final annual expenditure under this category is expected to be approximately 92.0 percent of the annual budgeted amount.

Capital Improvements: The Village has \$49.9 million in approved capital improvement projects for the year 2022. The amount includes \$5.3 million worth of projects carried over from 2021. Through December 2022, the Village has initiated various approved capital projects and has paid \$14.2 million for Capital Improvement costs. Due to supply chain issues, many budgeted items, projects, and purchases were delayed for the year. The Village is expected to carry forward many projects to the fiscal year 2023 which will be paid out in FY 2023.

Debt Service: Per the established debt service schedules, the Village's bond payments are due on June 1 and December 1. The Village will be processing the debt service payment a few days prior to due dates and have sufficient funds on hand to execute the same. Through December 2022, the Village paid \$10,261,125 in debt service payments.

Other Expenditure: The Other Expenditure category includes all other expenditures not categorized above. For the period under review, this category totals \$4,629,266 against the budgeted amount of \$10.6 million. There are yearend adjustments and transfers expected to be posted against this category in approximately March 2023.

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.

Items/Details	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
Revenues - Unaudited	11,461,421	1,525,597	3,778,061	8,375,373	5,116,293	5,927,046	4,477,093	4,593,438	4,805,937	4,316,484	4,837,618	5,276,351	9,087,373	62,116,664
Expenses - Unaudited	(6,067,620)	(2,396,825)	(4,614,139)	(8,068,433)	(3,673,429)	(4,502,318)	(4,047,021)	(3,937,586)	(4,046,246)	(4,875,646)	(4,165,417)	(7,404,694)	(8,037,024)	(59,768,779)
Net Monthly Surplus/(Deficit)	5,393,801	(871,229)	(836,078)	306,940	1,442,864	1,424,728	430,072	655,852	759,691	(559,162)	672,201	(2,128,343)	1,050,348	2,347,885
Ending Unrestricted Reserves	30,752,940	29,881,711	29,045,633	29,352,573	30,795,437	32,220,165	32,650,237	33,306,089	34,065,780	33,506,618	34,178,820	32,050,477	33,100,825	33,100,825
As % of General Fund Budget	44%	43%	42%	42%	44%	47%	47%	48%	49%	48%	49%	46%	48%	48%
Unencumbered Cash Balance	18,594,723	21,493,028	24,276,279	29,245,698	30,687,808	32,113,414	32,545,937	33,180,854	33,966,192	33,406,988	34,152,083	32,025,774	33,149,913	33,149,913
As % of General Fund Budget	27%	31%	35%	42%	44%	46%	47%	48%	49%	48%	49%	46%	48%	48%

(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 December 2022 is estimated at \$33.2 million. Not all the revenues and expenditures for the fiscal year 2022 are recognized and the above amount will change as and when yearend accruals and adjustments are added to the same. The yearend fund balance amounts are expected to increase above 50% of the annual expenditures. It is important to note that the December 2021 fund balance includes three months of intergovernmental tax receivables from the State of Illinois totaling \$10.0 million. Additionally, there were

outstanding interfund receivables totaling \$1.8 million as of December 31, 2021. All these amounts were recognized per the GASB rules, but were not available to spend. These receivables were collected during the first quarter of 2022. The above analysis concludes that the Village is in great fiscal health and has achieved a great level of growth in its revenue base. The above amounts also exclude \$3.7 million in restricted/assigned fund balances as of the date of the report.

e) **Other Items:**

- a. During December 2022, the Village issued 105 real estate transfer tax stamps, of which 49 were exempt stamps and 56 were non-exempt. During December 2022, the Village collected \$90,588 in real estate transfer taxes. The average selling price for real estate was \$539,132. At the same time last year (December 2021), the Village sold 123 transfer tax stamps, of which 39 were exempt and 84 were non-exempt. In the same month last year, the Village collected real estate transfer taxes of \$304,236 and the average selling price was \$1,207,226. The overall YTD collection for the current year is \$1,572,426, while at the same time last year, it was \$1,497,535.
- b. Cook County Treasurer's Office recently release the Tax Increment Financing information. The Village's Prospect & Main TIF will have an annual increment totaling \$1,397,493. This is a decrease of \$114,736 or 7.6 percent from the immediate prior year, mainly due to a reduction in the equalization factor from year to year. Tax year 2020 (payable in 2021) had an equalization factor of 3.2234, which is reduced to 3.0027 for the tax year 2021 (payable in 2022).
- c. The most recent forecast released by Illinois Municipal League projects \$243.46 in per capita revenue from the State of Illinois for local municipal governments. The previous forecast issued in August 2022 was projecting a total per capita income of \$237.4. The new forecast is higher by \$6.06 per capita and the Village is expected to get an additional \$300,000 through income tax, use tax and motor fuel taxes (combined).

Respectfully Submitted,
Amit Thakkar
Director of Finance