



VILLAGE OF MOUNT PROSPECT
MONTHLY FINANCIAL REPORT

February 28, 2023

Prepared By

Amit Thakkar, CPA
Director of Finance

TO: VILLAGE PRESIDENT, BOARD OF TRUSTEES, AND FINANCE COMMISSION

FROM: AMIT THAKKAR, DIRECTOR OF FINANCE

DATE: MARCH 24, 2023

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE MONTH OF FEBRUARY 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 February 1, 2023, the beginning Cash and Cash Equivalents totaled \$86.6 million. During the month of February, the Village collected cash receipts totaling \$8.1 million. The investment income for the month totaled \$248,701. The payroll cost for the month was \$1.8 million, and accounts payable were paid in the amount of \$5.2 million. The inter-fund activity increased the cash position by \$3,580, while other disbursements totaled \$13,341. As of February 28, 2023, the Village's Cash and Cash Equivalents totaled \$87.9 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

	Cash and Cash Equivalents	Investments	Total Cash and Investments
Balance at February 1, 2023	\$ 86,558,663	\$ 25,575,868	\$ 112,134,531
Cash receipts	8,090,207	-	8,090,207
Investment income	248,701	9,747	258,448
Transfers from investments to cash	-	-	-
Transfers to investments from cash	13,213	-	13,213
Interfund activity	(3,580)	-	(3,580)
Disbursements:			
Accounts payable	(5,206,848)	-	(5,206,848)
Payroll	(1,782,721)	-	(1,782,721)
Other	(13,341)	-	(13,341)
Balance at February 28, 2023	<u>\$ 87,904,293</u>	<u>\$ 25,585,615</u>	<u>\$ 113,489,908</u>

As of February 28, the Village has a total of \$25.6 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 \$113.5 million as of February 28, 2023.

The below table summarizes the Cash and Cash Equivalents by Fund type as of February 28, 2023.

Fund Details	Amount
General Fund	\$ 48,903,332
Special Revenue Funds	9,909,665
Debt Service Funds	954,228
Capital Projects Funds	13,140,884
Enterprise Funds	26,967,585
Internal Service Funds	13,614,215
Total Cash and Cash Equivalents	\$ 113,489,908

In addition to the funds summarized above, the Village of Mount Prospect has \$1,129,459 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 February 2023.

Revenue Category	Budget 2023	Actual YTD		% of Annual Budget	Actual 2023	
		Feb - 2023	Feb - 2022		Actual YTD Feb - 2022	Vs. Actual 2022
Property Taxes	22,078,821	-	-	0.0%	2,794,842	(2,794,842)
Other Taxes	13,743,156	523,970	-	3.8%	555,375	(31,406)
Intergovernmental Revenue	49,689,008	2,322,411	-	4.7%	2,293,233	29,178
Licenses, Permits & Fees	1,959,500	328,928	-	16.8%	669,471	(340,543)
Charges For Services	40,837,772	6,240,779	-	15.3%	5,819,273	421,506
Fines & Forfeits	530,140	76,776	-	14.5%	57,233	19,543
Investment Income	278,266	650,810	-	233.9%	(110,265)	761,075
Other Financing Sources	10,600,000	3,500	-	0.0%	10,002,566	(9,999,066)
Other Revenue	2,166,550	387,128	-	17.9%	364,599	22,529
Reimbursements	203,000	79,760	-	39.3%	30,110	49,650
Total Revenues	142,086,213	10,614,062	-	7.5%	22,476,437	(11,862,375)

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 March 2023 and later. Additionally, during the month of February 2023, the Village received the following revenues from the State, which relate to a period prior to February 2023. These amounts are distributed after the State administrative fee deductions of \$10,571.

Revenues	Original Revenue Month	Revenue Recognition Month	Received by the Village	Amounts
State Sales Tax	Nov-22	Dec-22	Feb-23	2,516,222
Home Rule Sales Tax	Nov-22	Dec-22	Feb-23	628,896
Business District Tax	Nov-22	Dec-22	Feb-23	25,903
Auto Rental Tax	Nov-22	Dec-22	Feb-23	5,020
Telecom Tax	Nov-22	Dec-22	Feb-23	83,240
Total Revenues				\$ 3,259,282

The actual revenue received by the Village totaled \$10.6 million during February 2023. This amount represents 7.5 percent of the annual budget. The collected amount is tracking lower by \$11.9 million compared to the 2022 collection for the same period. The Village issued bonds in early 2022 totaling \$10.0 million for water/sewer projects. There are no such bond issuances in FY 2023. The due date for the first installment of property tax shifted to April 2023, while the same was due in March during FY 2022. This resulted in a lower collection of property taxes in FY 2023, which is a timing issue and will resolve over the period of time.

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 not collected any property taxes so far for the tax year 2022. The Village will begin receiving the first installment of property tax in March 2023. The Village is expected to collect 55% of the budgeted property taxes by the end of April 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 February are reported in March or later. The YTD tax collection under this category totals \$523,970.

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 \$2.3 million and is trending higher by \$29,178 compared to 2022 amounts. The below table summarizes the major taxes collected through February 2023.

Major State Taxes	FY 2022	FY 2023
State Income Tax	1,740,502	1,682,747
State Use Tax	204,009	215,404
State Motor Fuel Tax	184,260	177,890
Video Gaming Tax	16,729	21,339
Cannabis Education Fund	7,897	7,193
Personal Property Replacement Tax	139,837	203,051
Total	2,293,233	2,307,624

It is still the early part of the year, and the Village has yet to collect state sales tax belonging to the year 2023. The sales tax revenue belonging to FY 2023 will be collected in April 2023 and later. So

far, the amounts collected seems promising and the Village is hopeful to collect an equal amount or more compared to last year in state shared revenues for the year 2023.

Licenses & Permits: The Village has collected \$328,928 in License & Permit Fees through February 2023. The amount is trending lower by \$340,543 compared to last year’s collection at the same time, mainly due to the suspension of vehicle stickers. The Village had collected \$368,852 in vehicle sticker revenues last year, which is \$0 this year.

Charges for Services: The Village has received \$6,240,779 in charges for services through February 2023. The amount represents 15.3% of the annual budgeted amount for the category and it is trending higher by \$421,506 compared to last year’s collection at the same time, mainly due to the increased water/sewer and refuse rates.

Other Categories: All other revenue categories have collectively generated \$1,197,974 through February 2023. The amount mainly includes \$650,810 in investment income, \$76,776 in fines and forfeitures, \$387,128 in other revenues, and \$79,760 in reimbursements.

c) Expenditures

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

Departments	Amended Budget 2023	Actual		Actual Expenditure YTD Feb 2022	Actual 2023 Vs. Actual 2022
		Expenditure YTD Feb 2023	% of Total Budget Used		
10 Public Representation	624,596	61,804	9.9%	20,278	41,526
20 Village Administration	5,193,601	580,754	11.2%	492,689	88,065
30 Finance	2,501,247	225,670	9.0%	235,073	(9,403)
40 Community Development	4,784,744	413,775	8.6%	464,554	(50,779)
50 Human Services	1,954,711	189,109	9.7%	176,925	12,184
60 Police	22,139,071	2,205,698	10.0%	2,550,286	(344,588)
70 Fire	20,147,909	1,888,982	9.4%	2,318,000	(429,018)
80 Public Works	59,613,439	3,602,683	6.0%	3,797,799	(195,116)
00 Non-Departmental	30,339,135	2,347,171	7.7%	2,262,194	84,977
Total Expenditures	147,298,453	11,515,645	7.8%	12,317,797	(802,152)

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 2023	Actual		Actual Expenditure YTD Jan 2022	Actual 2022 Vs. Actual 2021
		Expenditure YTD Jan 2023	% of Total Budget Used		
Personnel	56,094,705	5,590,947	10.0%	6,529,497	(938,550)
Contractual Services	38,233,054	5,231,673	13.7%	4,735,195	496,478
Commodities & Supplies	2,608,215	323,120	12.4%	244,262	78,858
Capital Improvements	27,773,749	344,260	1.2%	640,398	(296,138)
Debt Service	9,037,425	25,644	0.3%	24,074	1,570
Other Expenditures	13,551,305	-	0.0%	144,371	(144,371)
Total Expenditures	147,298,453	11,515,645	15.5%	12,317,797	(802,152)

Personnel Costs: The year-to-date expenditures for Personnel Costs, including benefits, are \$5.6 million or 10.0 percent of the annual budget for the category. The amount is trending lower by \$938,550 compared

to 2022, mainly due to timing issue with the delayed property tax (pension levy) payments. The overtime costs through February 2023 are \$304,036, while the overtime costs at the same time last year were \$359,412.

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 \$5.2 million, and the Village has spent 13.7 percent of the budgeted amount through February 2023. The expenditure amount is trending higher by \$496,478, mainly due to the timing issues.

Supplies: The Village has spent \$323,120 in supplies through February 2023. The spending totals 12.4 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 \$78,858 compared to last year's amount at the same time. The amount for year 2022 includes some timing issues with recognition, while the 2023 amount is incurred as expected.

Capital Improvements: The Village has \$27.7 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. With the approved budget amendment, the total budget for the year will be \$39.9 million (effective March 2023). Since it is the early part of the year, the Village has not yet started on big projects. Most of the projects will be started in the spring and are expected to be concluded in the fall of 2023. Through February 2023, the Village has spent \$344,260 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 will be processing the debt service payment a few days prior to due dates and has sufficient funds on hand to execute the same. There were no major debt service payments due through February 2023. The Village has incurred \$25,644 in interest expenditure through February 2023 for the Business District Fund.

Other Expenditure: The Other Expenditure category includes all other expenditures not categorized above. The category includes \$11.4 million in interfund transfers and \$2.2 million in other expenditures. There are no expenses posted against the budgeted amounts through February 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	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
Revenues - Unaudited	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	22,823,918	1,747,061	1,671,385
Expenses - Unaudited	(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)	(10,536,945)	(1,984,080)	(4,548,458)
Net Monthly Surplus/(Deficit)	306,940	1,442,864	1,424,728	430,072	655,852	759,691	(559,162)	672,201	(2,128,343)	12,286,973	(237,019)	(2,877,072)
Ending Unrestricted Reserves	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	44,337,450	44,100,431	41,223,358
As % of General Fund Budget	38%	40%	42%	43%	44%	45%	44%	45%	42%	58%	58%	54%
Unencumbered Cash Balance	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	30,265,201	37,365,215	38,066,148
As % of General Fund Budget	38%	40%	42%	43%	43%	44%	44%	45%	42%	40%	49%	50%

(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 February 2023 is estimated at \$41.2 million. Not all the 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. The Finance Department is working toward updating the Fund Balance policy. A presentation was made to the Finance Commission and the Finance Commission has supported the

changes to the Fund Balance Policy. The current fund balance target is 20 to 30 percent, which will be increased to 30 to 50 percent. The Finance Department will propose changes to the policy at the first quarter review meeting in April 2023. The above amounts also exclude \$3.7 million in restricted/assigned fund balances, as well as \$7.0 million received from the American Rescue Plan (restricted for the allocated items) as of the date of the report.

e) **Other Items:**

- a. During February 2023, the Village issued 74 real estate transfer tax stamps, of which 42 were exempt stamps and 32 were non-exempt. During February 2023, the Village collected \$30,783 in real estate transfer taxes. The average selling price for real estate was \$320,625. At the same time last year (February 2022), the Village sold 115 transfer tax stamps, of which 40 were exempt and 75 were non-exempt. In the same month last year, the Village collected real estate transfer taxes of \$92,619 and the average selling price was \$411,538.
- b. The Village has started working on its annual audit. The preliminary audit work was concluded in February 2023. The auditors also concluded a major portion of the field work in March 2023. The Village is expected to receive the final audit report in May 2023.

Respectfully Submitted,
Amit Thakkar
Director of Finance