



VILLAGE OF MOUNT PROSPECT
MONTHLY FINANCIAL REPORT

May 31, 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: JUNE 26, 2023

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE MONTH OF MAY 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 May 1, 2023, the beginning Cash and Cash Equivalents totaled \$95.9 million. During the month of May, the Village collected cash receipts totaling \$9.3 million. The investment income for the month totaled \$395,180. The payroll cost for the month was \$1.7 million, and accounts payable were paid in the amount of \$10.2 million. The inter-fund activity increased the cash position by \$9,984, while other disbursements totaled \$15,029. As of May 31, 2023, the Village's Cash and Cash Equivalents totaled \$103.9 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total Cash and Investments</u>
Balance at May 1, 2023	\$ 95,887,797	\$ 25,799,914	\$ 121,687,710
Cash receipts	9,318,822	-	9,318,822
Investment income	395,180	24,376	419,557
Transfers from investments to cash	-	(10,219,000)	(10,219,000)
Transfers to investments from cash	10,219,000	-	10,219,000
Interfund activity	9,984	-	9,984
Disbursements:			
Accounts payable	(10,211,298)	-	(10,211,298)
Payroll	(1,719,520)	-	(1,719,520)
Other	(15,029)	-	(15,029)
Balance at May 31, 2023	<u>\$ 103,884,935</u>	<u>\$ 15,605,290</u>	<u>\$ 119,490,225</u>

As of May 31, the Village has a total of \$15.6 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 \$119.5 million as of May 31, 2023.

The below table summarizes the Cash and Cash Equivalents by Fund type as of May 31, 2023.

Fund Details	Amount
General Fund	\$ 42,483,243
Special Revenue Funds	15,009,088
Debt Service Funds	2,288,817
Capital Projects Funds	13,796,388
Enterprise Funds	24,817,075
Internal Service Funds	5,490,324
Total Cash and Cash Equivalents	\$ 103,884,935

In addition to the funds summarized above, the Village of Mount Prospect has \$1,264,384 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 May 2023.

Revenue Category	Budget 2023	Actual YTD May -2023	% of Annual Budget	Actual 2023		
				Actual YTD May - 2022	Vs. Actual 2022	% Change
Property Taxes	22,078,821	10,793,984	48.9%	11,198,486	(404,502)	-3.6%
Other Taxes	14,144,500	3,330,034	23.5%	3,672,328	(342,293)	-9.3%
Intergovernmental Revenue	49,689,008	12,375,268	24.9%	12,619,735	(244,467)	-1.9%
Licenses, Permits & Fees	1,959,500	981,809	50.1%	2,287,787	(1,305,978)	-57.1%
Charges For Services	40,837,772	16,416,643	40.2%	15,156,504	1,260,139	8.3%
Fines & Forfeits	530,140	221,487	41.8%	435,507	(214,020)	-49.1%
Investment Income	278,266	1,989,479	715.0%	(164,280)	2,153,759	-1311.0%
Other Financing Sources	10,600,000	11,051	0.1%	11,080	(29)	+++
Other Revenue	2,166,550	1,034,363	47.7%	937,206	97,158	10.4%
Reimbursements	203,000	210,858	103.9%	118,192	92,666	78.4%
Total Revenues	142,487,557	47,364,977	33.2%	46,272,545	1,092,432	2.4%

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 June 2023 and later. Additionally, during the month of May 2023, the Village received the following revenues from the State, which relate to a period prior to May 2023. These amounts are distributed after the State administrative fee deductions of \$8,639.

Revenues	Original	Revenue		Amounts
	Revenue	Recognition	Received by	
	Month	Month	the Village	
State Sales Tax	Feb-23	May-23	May-23	2,481,990
Home Rule Sales Tax	Feb-23	May-23	May-23	482,632
Business District Tax	Feb-23	May-23	May-23	18,561
Auto Rental Tax	Feb-23	May-23	May-23	2,442
Telecom Tax	Feb-23	May-23	May-23	89,894
Total Revenues				\$ 3,075,519

The actual revenue received by the Village totaled \$47.3 million through May 2023. This amount represents 33.2 percent of the annual budget. The collected amount is tracking higher by \$1.1 million compared to the 2022 collection for the same period.

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 \$10.8 million in property taxes so far for the tax year 2022. Due to a shift in the due date for the first installment, the collection is trailing lower by \$404,502 or 3.6% compared to the previous year.

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 \$3.3 million, and it is trailing lower by \$342,293 or 9.3 percent compared to the previous year. Most of the revenue lines under Other Taxes are tracking higher compared to the previous year, except the real estate transfer tax. The YTD collection totals \$305,578, while at the same time last year, the real estate transfer tax totaled \$622,126. 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 remittance of the tax. The year-to-date collection totals \$12.4 million and is trending lower by \$244,467 or 1.9% compared to 2022 amounts. The below table summarizes the major taxes collected through May 2023.

Major State Taxes	FY 2023	FY 2022	2023 vs. 2022	FY 2022
State Sales Tax	5,165,214	4,641,398	523,816	11%
State Income Tax	4,343,315	4,858,157	(514,842)	-11%
State Use Tax	826,447	799,658	26,789	3%
State Motor Fuel Tax	738,843	673,542	65,300	10%
Video Gaming Tax	95,050	68,650	26,401	38%
Cannabis Education Fund	29,206	32,874	(3,668)	-11%
Municipal Cannabis Tax	10,610	6,625	3,985	60%
Total	11,208,686	11,080,905	127,780	1.2%

During May 2023, the Village collected \$1.4 million in income tax revenue, while during May 2022,

the Village had collected \$1.8 million in income tax revenue. It is still the early part of the year, and the Village has yet to collect major state sales tax belonging to the year 2023. The sales tax collection is trending higher by \$523,816 or 11 percent compared to the previous year.

Licenses & Permits: The Village has collected \$981,809 in License & Permit Fees through May 2023. The amount is trending lower by \$1,305,978 or 57.1% compared to last year’s collection at the same time, mainly due to the suspension of vehicle stickers. The Village had collected \$1,236,082 in vehicle sticker revenues by this time last year.

Charges for Services: The Village has received \$16.4 million in charges for services through May 2023. The amount represents 40.2% of the annual budgeted amount for the category and it is trending higher by \$1.3 million compared to last year’s collection at the same time, mainly due to the increased water/sewer and refuse rates.

Investment Income: The Village has earned \$2.0 million in investment income through May 2023. The Village is currently earning anywhere from 3.5% to 5.1% on its liquid investments. The Village’s investments are in compliance 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 unrealized loss in the investment values were booked, which are now reversed and booked as a realized investment income.

Other Categories: All other revenue categories have collectively generated \$1.5 million through May 2023. The amount mainly includes \$221,487 in fines and forfeitures, \$1,034,363 in other revenues, and \$210,858 in reimbursements.

c) Expenditures

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

Departments	Amended Budget 2023	Actual Expenditure YTD May 2023	% of Total Budget Used	Actual Expenditure YTD May 2022	Actual 2023 Vs. Actual 2022
10 Public Representation	624,596	202,974	32.5%	103,149	99,825
20 Village Administration	5,193,601	1,729,016	33.3%	1,530,264	198,752
30 Finance	2,501,247	823,028	32.9%	817,118	5,909
40 Community Development	4,784,744	1,685,995	35.2%	1,235,114	450,881
50 Human Services	1,954,711	546,368	28.0%	520,585	25,783
60 Police	22,458,993	8,493,278	37.8%	8,648,556	(155,279)
70 Fire	20,357,909	7,662,463	37.6%	8,020,341	(357,878)
80 Public Works	72,610,070	18,034,086	24.8%	14,387,632	3,646,453
00 Non-Departmental	36,839,135	13,419,345	36.4%	6,670,949	6,748,397
Total Expenditures	167,325,005	52,596,552	31.4%	41,933,709	10,662,843

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 May 2022	Actual 2023 Vs. Actual 2022
		Expenditure YTD May 2023	% of Total Budget Used		
Personnel	56,372,657	21,431,948	38.0%	21,642,379	(210,431)
Contractual Services	38,233,054	14,106,566	36.9%	12,584,316	1,522,250
Commodities & Supplies	2,604,185	1,035,925	39.8%	930,328	105,597
Capital Improvements	41,007,780	6,956,739	17.0%	4,535,553	2,421,186
Debt Service	9,037,425	2,149,698	23.8%	2,044,542	105,157
Other Expenditures	20,069,905	6,915,675	34.5%	196,591	6,719,084
Total Expenditures	167,325,005	52,596,552	15.5%	41,933,709	10,662,843

Personnel Costs: The year-to-date expenditures for Personnel Costs, including benefits, are \$21.4 million or 38.0 percent of the annual budget for the category. The amount is trending lower by \$210,431 compared to 2022. The overtime expense through May 2023 totals \$902,400, while at the same time last year, the overtime expense totaled \$866,971.

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 \$14.1 million, and it equates to 36.9 percent of the annual budgeted amount for the category. The expenditure amount is trending higher by \$1,522,250, mainly due to the inflationary and timing issues.

Supplies: The Village has spent \$1,035,925 in supplies through May 2023. The spending totals 39.8 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 \$105,597 compared to last year's amount at the same time. The amount for the year 2022 includes some timing issues with recognition, while the 2023 amount is incurred as expected.

Capital Improvements: The Village has \$41.0 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. 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 summer and are expected to conclude in the fall of 2023. Through May 2023, the Village has spent \$7.0 million 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 processes these debt service payments a few days prior to due dates and has sufficient funds on hand to execute the same. The Village has incurred and paid \$2,149,698 in interest expenditures through May 2023.

Other Expenditure: The Other Expenditure category includes all other expenditures not categorized above. The category includes \$17.9 million in interfund transfers and \$2.2 million in other expenditures. The YTD expenditure posted against this category totals \$6.9 million.

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.

Village of Mount Prospect
 Monthly Financial Report – May 2023

Items/Details	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Total
Revenues - Unaudited	22,813,049	1,747,061	1,671,385	6,384,258	9,632,101	4,819,709	24,254,514
Expenses - Unaudited	(10,700,346)	(1,984,080)	(4,548,458)	(7,102,276)	(5,880,180)	(10,938,438)	(30,453,432)
Net Monthly Surplus/(Deficit)	12,112,703	(237,019)	(2,877,072)	(718,019)	3,751,921	(6,118,729)	(6,198,918)

Ending Unrestricted Reserves	44,163,180	43,926,161	41,049,088	40,331,070	44,082,990	37,964,261	37,964,261
As % of General Fund Budget	58%	57%	54%	53%	58%	50%	50%

Unencumbered Cash Balance	30,091,800	37,191,814	37,892,747	39,920,051	43,682,356	37,775,360	37,775,360
As % of General Fund Budget	39%	49%	50%	52%	57%	49%	49%

(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 May 2023 is estimated at \$38.0 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. 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 an initial funding from the General Fund reserves. During May 2023, this planned transfer was executed and deposited in the Economic Emergency Fund. This balance was invested in June 2023 in a AAA rated I-prime account.

Economic Emergency Fund

The Village Board authorized 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 for the Economic Emergency Fund. This transfer was executed in May 2023. The below table summarizes the Economic Emergency Fund activities for the month.

Economic Emergency Fund	May-23
Revenues	6,500,000
Expenditures	-
Net Monthly Surplus/Deficit	6,500,000
Beginning Fund Balance	-
Ending Fund Balance	6,500,000

e) **Other Items:**

- a. During May 2023, the Village issued 108 real estate transfer tax stamps, of which 38 were exempt and 70 were non-exempt. During May 2023, the Village collected \$91,416 in real estate transfer taxes. The average selling price for real estate was \$435,229. At the same time last year (May 2022), the Village sold 152 transfer tax stamps, of which 45 were exempt and 107 were non-exempt. In the same month last year, the Village collected real estate transfer taxes of \$270,405 and the average selling price was \$377,345 (excluding a large value transaction). The year-to-date collection totals \$305,964, while at the same time last year, the collection totaled \$627,192.
- b. The Village concluded its annual audit in May 2022 and received its final audit report in early June 2023. The Village received the highest possible unqualified/clean opinion on its financial statements. The Village also won an award for Excellence in Finance Reporting from the Governmental Finance Officers' Association of US and Canada. The Village also became one of the 517 communities nationwide with a triple crown status. The Village Finance Department won the Budget Award, Financial Reporting Award and PAFR (Popular Financial Reporting Award). The Audit committee met on June 12, 2023, to review

the financial statement and the audit process with the Village's statutory auditors. The Audit Committee has accepted the audit report and will present the annual audit to the Village Board in July 2023.

- c. The Village has initiated its Capital Improvement Plan budget process in June 2023 and the Operating Budget is expected to kickoff at the end of June or early July.

Respectfully Submitted,
Amit Thakkar
Director of Finance