



VILLAGE OF MOUNT PROSPECT
MONTHLY FINANCIAL REPORT

September 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: OCTOBER 23, 2023

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE MONTH OF SEPTEMBER 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 September 1, 2023, the beginning Cash and Cash Equivalents totaled \$103.9 million. During the month of September, the Village collected cash receipts totaling \$8.3 million. The investment income for the month totaled \$451,964. The payroll cost for the month was \$1.8 million, and accounts payable were paid in the amount of \$8.6 million. The inter-fund activity increased the cash position by \$6,701, while other disbursements totaled \$17,628. As of September 30, 2023, the Village's Cash and Cash Equivalents totaled \$102.2 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

	Cash and Cash Equivalents	Investments	Total Cash and Investments
Balance at September 1, 2023	\$ 103,888,424	\$ 16,920,320	\$ 120,808,744
Cash receipts	8,298,154	-	8,298,154
Investment income	451,964	47,555	499,519
Transfers from investments to cash	-	-	-
Transfers to investments from cash	-	-	-
Interfund activity	6,701	-	6,701
Disbursements:			
Accounts payable	(8,619,915)	-	(8,619,915)
Payroll	(1,827,962)	-	(1,827,962)
Other	(17,628)	-	(17,628)
Balance at September 30, 2023	<u>\$ 102,179,738</u>	<u>\$ 16,967,875</u>	<u>\$ 119,147,613</u>

As of September 30, the Village has a total of \$16.9 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 \$119.1 million as of September 30, 2023.

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

Fund Details	Amount
General Fund	\$ 44,300,416
Special Revenue Funds	14,478,591
Debt Service Funds	2,492,311
Capital Projects Funds	12,826,852
Enterprise Funds	21,643,162
Internal Service Funds	6,438,405
Total Cash and Cash Equivalents	\$ 102,179,738

In addition to the funds summarized above, the Village of Mount Prospect has \$1,289,749 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 September 2023.

Revenue Category	Budget 2023	Actual YTD Sept -2023	% of Annual Budget	Actual 2023		
				Actual YTD Sept - 2022	Vs. Actual 2022	% Change
Property Taxes	22,393,921	11,374,561	50.8%	11,290,864	83,697	0.7%
Other Taxes	14,144,500	8,429,179	59.6%	9,049,360	(620,181)	-6.9%
Intergovernmental Revenue	49,689,008	28,941,640	58.2%	28,303,161	638,479	2.3%
Licenses, Permits & Fees	1,959,500	1,837,260	93.8%	2,913,491	(1,076,232)	-36.9%
Charges For Services	40,837,772	31,629,244	77.5%	28,690,776	2,938,468	10.2%
Fines & Forfeits	530,140	412,262	77.8%	762,452	(350,190)	-45.9%
Investment Income	278,266	3,958,352	1422.5%	125,057	3,833,295	3065.2%
Other Financing Sources	17,850,000	6,555,449	36.7%	12,702	6,542,747	51510.4%
Other Revenue	2,166,550	1,854,396	85.6%	1,966,520	(112,124)	-5.7%
Reimbursements	203,000	668,553	329.3%	277,026	391,527	141.3%
Total Revenues	150,052,657	95,660,895	63.8%	83,391,409	12,269,485	14.7%

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 October 2023 and later. Additionally, during the month of September 2023, the Village received the following revenues from the State, which relate to a period prior to September 2023. These amounts are distributed after the State administrative fee deductions of \$11,056.

Revenues	Original	Revenue		Amounts
	Revenue	Recognition	Received by	
	Month	Month	the Village	
State Sales Tax	Jun-23	Sep-23	Sep-23	2,996,556
Home Rule Sales Tax	Jun-23	Sep-23	Sep-23	661,982
Business District Tax	Jun-23	Sep-23	Sep-23	28,545
Auto Rental Tax	Jun-23	Sep-23	Sep-23	419
Telecom Tax	Jun-23	Sep-23	Sep-23	87,514
Total Revenues				\$ 3,775,016

The actual revenue received by the Village totaled \$95.7 million through September 2023. This amount represents 63.8 percent of the annual budget. The collected amount is tracking higher by \$12.3 million, or 14.7 percent compared to the 2022 collection for the same period, mainly because of an interfund transfer from the General Fund to the Economic Emergency Fund totaling \$6.5 million and outperforming investment income.

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 \$11.4 million in property taxes so far for the tax year 2022. The Village has received its primary 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 and that has resulted in a primary tax rate of 0.942%. The second installment of the property tax bills came out last week, with a due date of December 1, 2023. The Village is hoping to collect the second installment of the property taxes before the end of the 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 September are reported in October or later. The YTD tax collection under this category totals \$8.4 million, and it is trailing lower by \$620,181 or 6.9 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 real estate transfer tax collection totals \$606,389, while at the same time last year, the real estate transfer tax totaled \$1,190,626. 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 \$28.9 million and is trending higher by \$638,479 or 2.3 percent compared to 2023 amounts. The below table summarizes the major taxes collected through September 2023.

Major State Taxes	FY 2023	FY 2022	2023 vs. 2022	% Change
State Sales Tax	16,930,348	15,193,129	1,737,219	11.4%
State Income Tax	6,910,153	7,245,043	(334,890)	-4.6%
State Use Tax	1,509,490	1,526,664	(17,174)	-1.1%
State Motor Fuel Tax	1,571,531	1,406,926	164,605	11.7%
Video Gaming Tax	191,027	149,131	41,896	28.1%
Cannabis Education Fund	57,864	63,840	(5,975)	-9.4%
Municipal Cannabis Tax	37,696	22,664	15,032	66.3%
Total	27,208,109	25,607,397	1,600,712	6.3%

The above table reflects that the State Sales Tax and State Motor Fuel Tax are both trending higher by 11.4 percent and 11.7 percent, respectively. The State Sales Tax amount reflects the sales tax collected for the first six months of the year (January to June) and the amounts are encouraging. At the same time, the YTD Income Tax revenue reflects a decline of \$334,890, a decrease of 4.6 percent compared to the YTD 2022 amount.

Licenses & Permits: The Village has collected \$1.8 million in License & Permit Fees through September 2023. The amount is trending lower by \$1,076,231 or 36.9 percent compared to last year’s collection, mainly due to the suspension of vehicle stickers. The Village had collected \$1,300,562 in vehicle sticker revenues by this time last year.

Charges for Services: The Village has received \$31.6 million in charges for services through September 2023. The amount represents 77.5 percent of the annual budgeted amount for the category, and it is trending higher by \$2.9 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 \$3.95 million in investment income through September 2023. The Village is currently earning anywhere from 3.5% to 5.0% 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 \$9.5 million through September 2023. The amount mainly includes \$412,262 in fines and forfeitures, \$1.8 million in other revenues, \$668,553 in reimbursements, and \$6.6 million in in other financing sources/interfund transfers.

c) Expenditures

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

Village of Mount Prospect
 Monthly Financial Report – September 2023

Departments	Amended Budget 2023	Actual		Actual Expenditure YTD Sept 2022	Actual 2023 Vs. Actual 2022
		Expenditure YTD Sept 2023	% of Total Budget Used		
10 Public Representation	624,596	438,711	70.2%	315,956	122,756
20 Village Administration	5,438,601	3,342,470	61.5%	3,036,821	305,650
30 Finance	2,481,347	1,655,561	66.7%	1,485,699	169,862
40 Community Development	4,839,744	2,769,410	57.2%	2,499,779	269,632
50 Human Services	1,954,711	1,017,011	52.0%	994,394	22,617
60 Police	22,833,993	15,204,681	66.6%	14,106,018	1,098,663
70 Fire	20,735,011	13,555,806	65.4%	13,195,683	360,124
80 Public Works	72,630,070	39,710,487	54.7%	27,786,788	11,923,700
00 Non-Departmental	36,839,135	17,192,411	46.7%	10,153,138	7,039,273
Total Expenditures	168,377,207	94,886,550	56.4%	73,574,275	21,312,275

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		Actual Expenditure YTD Sept 2022	Actual 2023 Vs. Actual 2022
		Expenditure YTD Sept 2023	% of Total Budget Used		
Personnel	57,283,920	38,531,171	67.3%	36,541,314	1,989,857
Contractual Services	38,314,852	25,698,164	67.1%	24,345,189	1,352,975
Commodities & Supplies	2,619,374	1,666,147	63.6%	1,551,088	115,059
Capital Improvements	41,021,731	18,834,582	45.9%	8,127,149	10,707,433
Debt Service	9,037,425	2,528,685	28.0%	2,524,378	4,307
Other Expenditures	20,099,905	7,627,800	37.9%	485,156	7,142,645
Total Expenditures	168,377,207	94,886,550	56.4%	73,574,275	21,312,275

Personnel Costs: The year-to-date expenditures for Personnel Costs, including benefits, are \$38.5 million or 67.3 percent of the annual budget for the category. The amount is trending higher by \$2.0 million compared to 2022. The overtime expense through September 2023 totals \$1.9 million, while at the same time last year, the overtime expense totaled \$1.6 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 \$25.7 million, and it equates to 67.1 percent of the annual budgeted amount for the category. The expenditure amount is trending higher by \$1.4 million, mainly due to the inflationary and timing issues.

Supplies: The Village has spent \$1.7 million in supplies through September 2023. The spending totals 63.6 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 have the capacity to deal with short-term inflation impacts. The expenditures incurred are trending higher by \$115,059 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. The Consumer Price Index for All Urban Consumers (CPI-U) increased 3.7 percent over the last 12 months to an index level of 307.789 (1982-84=100). For the month, the index increased 0.2 percent prior to seasonal adjustment. With that, inflation seems to be leveling off to a normal level and staff is hopeful for a further reduction in coming months.

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. Many projects are currently in process and most of the projects are expected to conclude in the late fall of 2023. Through September 2023, the Village has spent \$18.8 million on capital improvement projects and it accounts for 45.9 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 prior to due dates and has sufficient funds on hand to execute the same. The Village has incurred and paid \$2.5 million in interest expenditures through September 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 \$7.6 million (including interfund transfers).

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-22	Q1-2023	Q2-2023	Jul-23	Aug-23	Sep-23	Total
Revenues - Unaudited	10,700,346	9,802,704	19,841,298	5,257,050	5,921,957	4,962,158	45,785,166
Expenses - Unaudited	(22,813,049)	(13,634,814)	(21,183,603)	(4,206,782)	(5,475,441)	(4,459,144)	(48,959,784)
Net Monthly Surplus/(Deficit)	(12,112,703)	(3,832,110)	(1,342,305)	1,050,268	446,515	503,014	(3,174,617)
Ending Unrestricted Reserves	44,163,180	40,331,070	38,988,765	40,039,034	40,485,549	40,988,563	40,988,563
As % of General Fund Budget	52%	48%	46%	47%	48%	48%	48%
Unencumbered Cash Balance	30,091,800	39,920,051	38,788,966	39,842,040	40,322,467	40,831,884	40,831,884
As % of General Fund Budget	36%	47%	46%	47%	48%	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 September 30, 2023, is estimated at \$41.0 million. 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 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. During the month of September, the Economic Emergency Fund earned interest income of \$28,482 and at the end of the month, the total fund balance is accounted at \$6,607,316.

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

e) **Other Items:**

- a. During September 2023, the Village issued 84 real estate transfer tax stamps, of which 37 were exempt and 47 were non-exempt. During September 2023, the Village collected \$49,401 in real estate transfer taxes. The average selling price for real estate was \$350,305. At the same time last year (September 2022), the Village sold 111 transfer tax stamps, of which 44 were exempt and 67 were non-exempt. In the same month last year, the Village collected real estate transfer taxes of \$80,460 and the average selling price was \$400,214 (excluding large commercial transactions). The YTD real estate transfer tax collection totals \$606,389, while at the same time last year, the real estate transfer tax totaled \$1,190,626. 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.
- b. The Village conducted a budget workshop with the Finance Commission on September 28, 2023. The Village also conducted a joint workshop with the Village Board and the Finance Commission on October 10, 2023. The first reading of the ordinance for the Budget, Levy and the abatements were concluded on October 17, 2023. The second reading of the ordinances, approval and public hearings pertaining to the Budget, Levy and Abatements will occur on November 7, 2023.

Respectfully Submitted,
 Amit Thakkar
 Director of Finance