VILLAGE OF MOUNT PROSPECT

MONTHLY FINANCIAL REPORT

September 30, 2024

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 29, 2024

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE MONTH OF SEPTEMBER 2024

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 and analytical information for the Village's 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, 2024, the beginning Cash and Cash Equivalents totaled $112.1 million. During the month, the Village collected cash receipts totaling $8.9 million. The investment income for the month totaled $459,264. The monthly payroll cost was $2.0 million, and accounts payable were paid in the amount of $7.7 million. The inter-fund activity increased the cash position by $11,428, while other disbursements totaled $23,875. During the month under review, investments totaling $1.2 million matured, and the Village invested $5.0 million from its liquid cash and cash equivalents in certain qualified long-term investments. As of September 30, 2024, the Village's Cash and Cash Equivalents totaled $107.8 million.

GOVERNMENTAL AND ENTERPRISE FUNDS

	Cash and Cash Equivalents	Investments	Total Cash and Investments
Balance at September 1, 2024	$ 112,051,162	$ 23,235,030	$ 135,286,192
Cash receipts	8,866,727	-	8,866,727
Investment income	459,264	70,610	529,874
Transfers from investments to cash	1,200,000	(1,200,000)	-
Transfers to investments from cash	(5,000,000)	5,000,000	-
Interfund activity	11,428	-	11,428
Disbursements:			
Accounts payable	(7,699,078)	-	(7,699,078)
Payroll	(2,028,126)	-	(2,028,126)
Other	(23,875)	-	(23,875)
Balance at September 30, 2024	$ 107,837,503	$ 27,105,640	$ 134,943,143

As of September 30, 2024, the Village has $27.1 million invested in long-term investments, including U.S. Treasury, AAA+ rated money-market funds, and FDIC-insured CDs. The Cash, Cash Equivalents, and Investments totaled $134.9 million as of September 30, 2024.

The table below summarizes the cash, cash equivalents, and investments by fund type as of September 30, 2024.

Fund Details		Amount
General Fund	$	55,356,941
Special Revenue Funds		28,737,076
Debt Service Funds		2,654,523
Capital Projects Funds		15,462,303
Enterprise Funds		15,505,959
Internal Service Funds		17,226,340
Total Cash and Cash Equivalents	$	134,943,143

In addition to the funds summarized above, the Village of Mount Prospect has $1,314,097 in escrow accounts under the umbrella of Other Trust and Agency Funds.

b) Revenues

The data below summarizes the revenue recognized by the Village through September 2024.

Revenue Category	Budget 2024	Actual YTD September 2024	% of Annual Budget	Actual YTD September 2023	Actual 2024 Vs. Actual 2023	% Change
Property Taxes	22,022,359	24,152,627	109.7%	11,374,561	12,778,066	112.3%
Other Taxes	14,689,000	8,766,255	59.7%	8,429,179	337,076	4.0%
Intergovernmental Revenue	57,179,236	29,603,336	51.8%	28,941,640	661,696	2.3%
Licenses, Permits & Fees	2,037,000	1,867,408	91.7%	1,837,260	30,148	1.6%
Charges For Services	42,255,770	31,350,352	74.2%	31,629,244	(278,893)	-0.9%
Fines & Forfeits	470,955	437,284	92.9%	412,262	25,022	6.1%
Investment Income	1,818,245	5,130,889	282.2%	3,958,352	1,172,537	29.6%
Other Financing Sources	21,279,000	8,505,059	40.0%	6,555,449	1,949,610	29.7%
Other Revenue	2,854,944	3,267,161	114.4%	1,854,396	1,412,765	76.2%
Reimbursements	337,000	722,067	214.3%	668,553	53,514	8.0%
Total Revenues	**164,943,509**	**113,802,436**	**69.0%**	**95,660,895**	**18,141,542**	**19.0%**

The above amounts do not represent all the revenues to be recognized for the period under review. Certain state taxes, such as sales tax, home rule sales tax, and a few other taxes, will be received by the Village in October 2024 and later. Additionally, during September 2024, the Village received the following revenues from the State, which relate to a period prior to September 2024. These amounts are distributed after the State administrative fee deductions of $11,185.

Revenues	Original Revenue Month	Revenue Recognition Month	Received by the Village	Amounts
State Sales Tax	Jun-24	Sep-24	Sep-24	2,902,841
Home Rule Sales Tax	Jun-24	Sep-24	Sep-24	669,152
Business District Tax	Jun-24	Sep-24	Sep-24	27,450
Auto Rental Tax	Jun-24	Sep-24	Sep-24	3,090
Telecom Tax	Jun-24	Sep-24	Sep-24	86,991
Total Revenues				**$ 3,689,524**

The actual revenue recognized by the Village totaled $113.8 million through September 2024, representing 69.0 percent of the annual budget. The overall recognized revenues are trending higher compared to the 2024 collection for the same period, except for the charges for services. The revenue collection is on track with an overall expected annual revenue cycle.

Property Taxes: The Village's total levy for the year is $19,469,004. The total property tax budget, including TIF increments, is $22.0 million. The Village collected $24.2 million in property taxes through September 2024. The property taxes are due in two installments, one in March and one in August. This year, the Village received its second installment on time from Cook County Treasurer's Office. Last year, the County significantly delayed the second installment. The collected property taxes include higher-than-expected TIF increments for the Prospect & Main TIF district.

Other Taxes: The category of Other Taxes includes all the taxes enacted per local ordinances, including Home Rule Sales Tax, Hotel/Motel, Food and Beverage, Municipal Motor Fuel Tax, Utility Taxes, etc. As the State collects some of these taxes, there is a three-month lag between the actual sales and the tax remittance. In addition, all the local economic activities for September are reported in October or later. The YTD tax collection under this category totals $8.8 million, an increase of $337,076 or 4.0 percent compared to last year's collection. The Village collected $1,270,925 in Food & Beverage Taxes and $841,687 in Real Estate Transfer Taxes through September 2024. The same was $1,152,286 and $606,389 last year, respectively. The Food & Beverage Tax reflects an increase of 10.3 percent over last year's collection, while the Real Estate Transfer Tax reflects an increase of 38.8 percent over last year's collection.

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 tax remittance. The Village recognized $29.6 million in intergovernmental revenues through September 2024. The amount does not represent the total revenues to be recognized during the month, as significant revenues will be reported and collected after September 2024. The overall recognized revenues are trending higher by $661,696 compared to the amount recognized last year for the same period. Overall, the YTD state taxes collected are trending higher by $1.5 million or 5.5 percent compared to the 2024 collection for the same period. Due to the recent legislative changes, some portions of the State Use Tax are now collected as the State Sales Tax (from out-of-state online retailers). This shift is responsible for a reduction in the State Use Tax. The State sales tax reflects actual sales tax accrued from January through June, collected with a three-month lag between April and September. The State income tax revenue is recognized on a cash basis in the month of receipt and represents a 7.9 percent growth compared to the 2023 collections.

Major State Taxes	FY 2024	FY 2023	2024 vs. 2023	% Change
State Sales Tax	17,841,623	16,930,348	911,275	5.4%
State Income Tax	7,456,364	6,910,153	546,211	7.9%
State Motor Fuel Tax	1,644,116	1,571,531	72,585	4.6%
State Use Tax	1,427,342	1,509,490	(82,148)	-5.4%
Video Gaming Tax	221,615	191,027	30,588	16.0%
Cannabis Education Fund	62,213	57,864	4,349	7.5%
Municipal Cannabis Tax	44,491	37,696	6,795	18.0%
Total	28,697,764	27,208,109	1,489,654	5.5%

Licenses & Permits: The Village collected $1.9 million in license and permit fees through

September 2024. This amount is trending higher by $30,148, or 1.6 percent, compared to last year's collection.

	FY 2024	FY 2023	2024 vs. 2023	% Change
Business Licenses & Permits	647,151	602,481	44,670	7.4%
Liquor Licenses	190,700	176,860	13,840	7.8%
Business Licenses	160,158	150,819	9,339	6.2%
Contractor Licenses	124,600	109,000	15,600	14.3%
Gaming Terminal Fees	100,000	90,000	10,000	11.1%
Alarm Licenses	42,113	43,791	(1,679)	-3.8%
Elevator Licenses	25,980	25,860	120	0.5%
Utility Permit Fee	3,000	5,850	(2,850)	-48.7%
Gaming Applications	600	300	300	100.0%
Nonbusiness Licenses & Permits	1,220,257	1,234,779	(14,522)	-1.2%
Building Permit	888,302	795,265	93,037	11.7%
Landlord/Rental Permit	311,825	303,085	8,740	2.9%
Village Impact Fees	20,130	136,160	(116,030)	-85.2%
Total Licenses & Permit Fees	1,867,408	1,837,260	30,148	1.6%

Charges for Services: The Village collected $31.4 million in charges for services through September 2024. The amount represents 74.2 percent of the annual budget for the category, and it is trending lower by $278,893, or 0.9 percent, compared to last year's collection. This is mainly due to reduced Ground Emergency Medical Transport collections (ambulance fees) compared to the previous year. The reduction appears to be a timing issue from the Federal Government and is expected to be resolved before the end of the current fiscal year.

Investment Income: The Village earned $5.1 million in investment income through September 2024, which represents 282.2 percent of the category's annual budget. The recognized revenue is trending higher by $1.2 million, or 29.6 percent, compared to last year's amount.

Other Categories: All other revenue categories have collectively generated $12.9 million through September 2024. The amount mainly includes $437,284 in fines and forfeitures, $3.3 million in other revenues, $722,067 in reimbursements, and $8.5 million in Other Finance Sources (inter-fund transfers).

c) <u>Expenditures</u>

The data below recaps the expenditures incurred through September 2024.

Departments	Amended Budget 2024	Actual Expenditure YTD September	% of Total Budget Used	Actual Expenditure YTD September 2023	Actual 2024 Vs. Actual 2023	% Change
10 Public Representation	708,940	521,863	73.6%	438,711	83,151	19.0%
20 Village Administration	6,206,145	3,526,881	56.8%	3,342,470	184,410	5.5%
30 Finance	2,574,094	2,243,221	87.1%	1,655,561	587,660	35.5%
40 Community Development	5,428,453	3,052,748	56.2%	2,769,410	283,338	10.2%
50 Human Services	1,902,802	1,111,565	58.4%	1,017,011	94,554	9.3%
60 Police	25,156,755	19,184,757	76.3%	15,204,681	3,980,076	26.2%
70 Fire	24,802,876	17,871,248	72.1%	13,555,806	4,315,442	31.8%
80 Public Works	79,218,309	46,082,866	58.2%	39,710,487	6,372,378	16.0%
00 Non-Departmental	42,177,797	20,189,868	47.9%	17,192,411	2,997,457	17.4%
Total Expenditures	**188,176,171**	**113,785,016**	**60.5%**	**94,886,550**	**18,898,467**	**19.9%**

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 2024	Actual Expenditure YTD September 2024	% of Total Budget Used	Actual Expenditure YTD September 2023	Actual 2024 Vs. Actual 2023	% Change
Personnel	60,983,765	46,604,716	76.4%	38,531,171	8,073,545	21.0%
Contractual Services	40,366,506	28,310,158	70.1%	25,698,164	2,611,994	10.2%
Commodities & Supplies	2,686,860	1,661,276	61.8%	1,666,147	(4,871)	-0.3%
Capital Improvements	49,840,850	23,517,079	47.2%	18,834,582	4,682,497	24.9%
Debt Service	9,392,309	2,504,245	26.7%	2,528,685	(24,440)	-1.0%
Other Expenditures	24,905,881	11,187,542	44.9%	7,627,800	3,559,742	46.7%
Total Expenditures	**188,176,171**	**113,785,016**	**60.5%**	**94,886,550**	**18,898,467**	**19.9%**

Personnel Costs: The year-to-date expenditures for Personnel Costs, including benefits, are $46.6 million, or 76.4 percent of the annual budget for the category. The amount is trending higher by $8.1 million compared to last year's amount, mainly due to early recognition of pension contribution for the year and cost-of-living adjustments for wages. The Village received the second installment of property tax earlier than last year, resulting in a higher portion of pension levy revenue. The exact amount is also recognized as pension contributions to the Police and Fire Pension Funds, resulting in higher reported personnel costs compared to the last year. The overtime expense through September 2024 totaled $2.4 million, while at the same time last year, it totaled $1.9 million.

Contractual Services: This category covers most contractual services, including some large line items, such as JAWA water purchases, budgeted and grant-funded engineering studies, and other contracts. The Village incurred $28.3 million in contractual services, equating to 70.1 percent of the annual budgeted amount for the category. The expenditure amount is trending higher by $2.6 million, mainly due to inflationary and timing issues.

Supplies: Through September 2024, the Village spent $1.6 million on supplies, which totaled 61.8 percent of the annual budget. The commodities and supplies are on track as expected and are in line with the reported expenditures for the last year.

Capital Improvements: The Village initially had $36.0 million in approved capital improvement projects for 2024. In March 2024, the Village Board approved a budget amendment to carry over $13.8 million in unfinished projects from 2023 to 2024. The Village has spent $23.5 million on capital improvement projects through September 2024. The Village conducts major projects during the summer and concludes most projects in the fall and early winter.

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 before due dates and keeps sufficient funds to execute them. The Village has paid $2.5 million in debt service expenditures through September 2024.

Other Expenditure: The Other Expenditure category includes expenditures not categorized above. The budget for this category includes $21.3 million in inter-fund transfers and $3.6 million in other expenditures. The Village has incurred $11.2 in expenditures under this category through July 2024. The expenditures include $8.5 million in inter-fund transfers and $2.7 million in other expenditures.

d) Fund Balance Analysis:

The fund balance is an essential tool to check the fiscal health of any governmental organization. The data below summarizes the Village's monthly unassigned/unrestricted general fund reserves. The fund balance data is unaudited.

Items/Details	FY 2023	Q1-2024	Q2-2024	Jul-24	Aug-24	Sep-24	YTD 2024
Revenues - Unaudited	82,613,435	15,388,050	16,837,235	8,945,461	9,616,648	5,267,858	56,055,251
Expenses - Unaudited	(78,299,452)	(17,405,144)	(14,280,967)	(15,076,477)	(7,734,650)	(5,007,413)	(59,504,652)
Net Monthly Surplus/(Deficit)	**4,313,983**	**(2,017,095)**	**2,556,268**	**(6,131,016)**	**1,881,998**	**260,444**	**(3,449,401)**
Ending Unrestricted Reserves	**43,700,864**	**41,683,769**	**44,240,037**	**38,109,021**	**39,991,019**	**40,251,463**	**40,251,463**
As % of General Fund Budget	48%	45%	48%	42%	44%	44%	44%
Unencumbered Cash Balance	**32,347,539**	**41,683,769**	**44,240,037**	**38,109,021**	**39,991,019**	**40,251,463**	**40,251,463**
As % of General Fund Budget	35%	45%	48%	42%	44%	44%	44%

(Unaudited and Subject to Change)

The above fund balance analysis is not audited and is subject to change. As of September 30, 2024, the unrestricted fund balance is estimated at $40.3 million, which equates to 44 percent of the annual budget. 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. The yearend accruals and adjustments will further improve the ending restricted fund balance. In 2023, the Village revised its Fund Balance Policy, and the new target is set to maintain the fund balance between 30 and 50 percent. Besides that, an Economic Emergency Fund was established in 2023, and a transfer of $6.5 million was executed as initial funding from the General Fund reserves. The Village funded the second installment of $6.5 million for the Economic Emergency Fund in July 2024 from the 2023 audited surplus (General Fund), resulting in a reduction in the overall fund balance in July 2024. During September 2024, the financial activities resulted in a net surplus of $260,444 for the General Fund. The year-to-date financial activities have resulted in a deficit of $3.4 million. The overall fund balance is expected to increase between October and December.

Economic Emergency Fund

The Village Board authorized the 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. This transfer was executed in May 2023 and invested in June 2023 in a AAA-rated I-prime account. The table below summarizes the Economic Emergency Fund activities for the month. During July 2024, the Village funded the second installment of $6.5 million. Also, the Economic Emergency Fund earned an interest income of $56,861 during September 2024. As of September 30, 2024, the Economic Emergency Fund reported an ending fund balance of $13.5 million, which comprises $13.0 million in the Village Contributions from the General Fund and $531,098 in the interest income.

Economic Emergency Fund	Q2-2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	Jul-24	Aug-24	Sep-24	Total (Since
Funding from the General Fund	6,500,000	-	-	-	-	6,500,000	-	-	13,000,000
Interest Income	21,524	85,792	88,374	87,879	88,401	44,015	58,253	56,861	531,098
	6,521,524	85,792	88,374	87,879	88,401	6,544,015	58,253	56,861	13,531,098
Expenditures	-	-	-	-	-	-	-	-	-
Net Monthly Surplus/Deficit	**6,521,524**	**85,792**	**88,374**	**87,879**	**88,401**	**6,544,015**	**58,253**	**56,861**	**13,531,098**
Beginning Fund Balance	**-**	**6,521,524**	**6,607,316**	**6,695,690**	**6,783,570**	**6,871,970**	**13,415,985**	**13,474,238**	**-**
Ending Fund Balance	**6,521,524**	**6,607,316**	**6,695,690**	**6,783,570**	**6,871,970**	**13,415,985**	**13,474,238**	**13,531,098**	**13,531,098**

e) **Other Items:**

a. During September 2024, the Village issued 93 real estate transfer tax stamps, of which 34 were exempt and 59 were non-exempt. During the month under review, the Village collected $90,861 in real estate transfer taxes. The average selling price for real estate was $513,282. At the same time last year (September 2023), the Village sold 84 transfer tax stamps, of which 37 were exempt and 47 were non-exempt. In the same month last year, the Village collected real estate transfer tax totaling $49,401, and the average selling price was $350,305.

b. The Village presented its 2025 budget to the Finance Commission on September 26, 2024, and the Village Board on October 8, 2024. The first reading of the levy, budget, and abatement ordinances was on October 15, 2024. The public hearing, second reading, and final approval of these ordinances will be on November 6, 2024.

Respectfully Submitted,
Amit Thakkar
Director of Finance