2023

VILLAGE OF MOUNT PROSPECT *ILLINOIS*

For the fiscal year ended December 31, 2023

Popular Annual Financial Report

Introduction

2023 POPULAR ANNUAL FINANCIAL REPORT

From the Village Manager…

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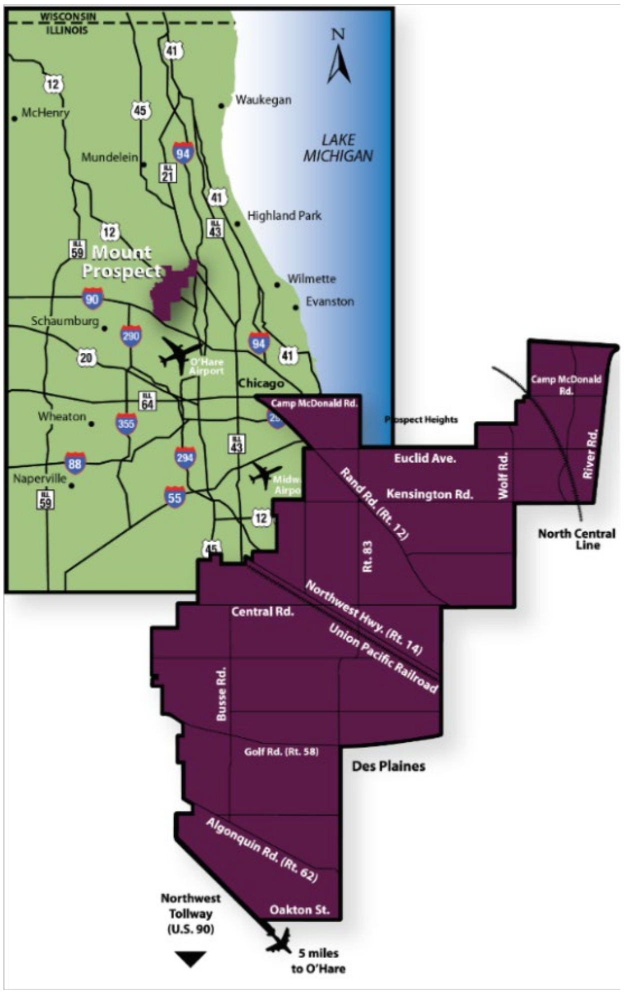
We are pleased to present a summarized version of the Annual Comprehensive Financial Report (ACFR), known as the Popular Annual Financial Report (PAFR). This document highlights the financial activities that took place during the fiscal year 2023. The PAFR is designed to complement, not replace, the Village's CAFR, which is available on the Village's website. The PAFR offers a simplified overview of the Village's financial activities, accessible to individuals without a financial or accounting background. The financial information in this report is derived from the audited financial statements for fiscal year 2023 and adheres to generally accepted accounting principles (GAAP) and standards set by the Government Accounting Standards Board.

The PAFR provides a concise analysis of operating activities, capital projects, summarized financial data, and trends. The Village began publishing the PAFR in 2020, and 2023 marks the fourth consecutive year. We are proud to have received the Government Finance Officers Association (GFOA) award for our PAFR in 2020, 2021, and 2022, and we will be applying for the 2023 award. The Village has also achieved Triple Crown status by winning all three GFOA awards: the Budget Award, the Certificate of Achievement for Excellence in Financial Reporting, and the PAFR award. I extend my sincere appreciation and congratulations to our Finance Department for their outstanding work in financial reporting and for achieving Triple Crown status.

Providing meaningful and transparent financial information remains a top priority for the Village. We hope the PAFR offers a clear snapshot of the Village's economic strengths, challenges, and opportunities, alongside a clean and unqualified audit opinion.

-Michael Cassady, Village Manager

About the Village

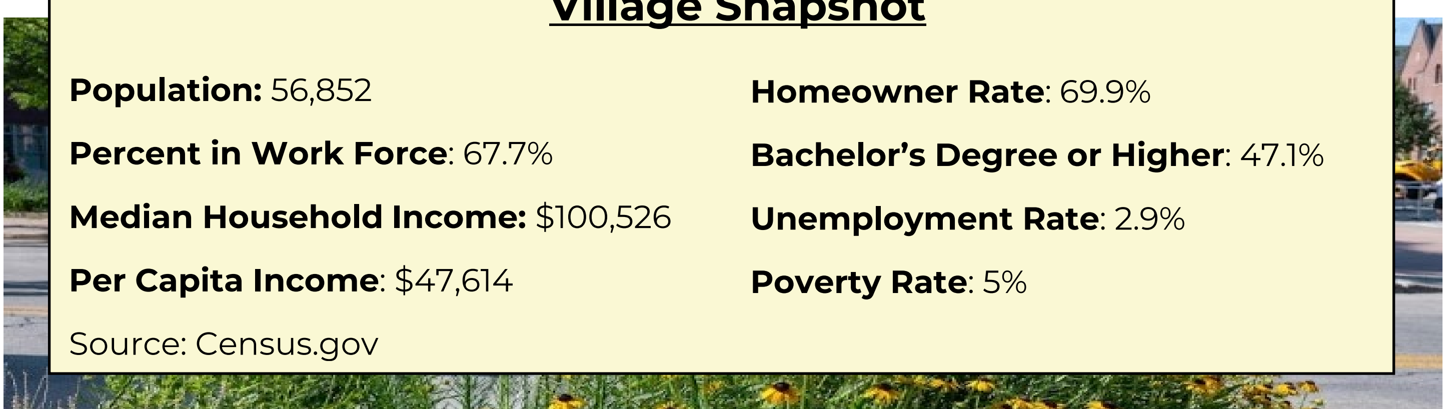


The Village of Mount Prospect was incorporated in 1917 and is located 23 miles northwest from downtown Chicago in Cook County. The Village currently has land area of 10.8 square miles.

The Village operates under the Council/Manager form of government. Policymaking and legislative authority are vested in the Village Board, which consists of a Mayor and six-member Board of Trustees. The Village Board is responsible for, among other things, passing ordinances, adopting the budget, appointing committee members and hiring the Village Manager. The Village Manager is responsible for carrying out the policies and ordinances of the Village Board, overseeing the day-to-day operations of the Village, and appointing the heads of the Village's departments.

The Village is strategically located in the middle of a thriving economic activity center for the Midwest region of our country. It is close to major interstate highways including I-90 and I-294, while its proximity to O'Hare International Airport makes the Village's location a prime spot. The Village's commercial & industrial real estate has a very low vacancy rate, and Village revenues have performed consistently due to a strong and diversified tax base.

The mission of the Village of Mount Prospect is to advance our community's collective quality of life and potential through adaptive leadership and leading-edge service delivery.



Village Snapshot

Population: 56,852

Percent in Work Force: 67.7%

Median Household Income: $100,526

Per Capita Income: $47,614

Homeowner Rate: 69.9%

Bachelor's Degree or Higher: 47.1%

Unemployment Rate: 2.9%

Poverty Rate: 5%

Source: Census.gov

Statement of Net Position

What is the Statement of Net Position?

The Statement of Net Position provides a picture of the Village's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Village's financial position is improving or deteriorating. Listed below is the Village of Mount Prospect's Statement of Net Position as of December 31, 2021, December 31, 2022, and December 31, 2023 along with the average percent change in each category. For a comprehensive report of the Village's net position, refer to the [Annual Comprehensive Financial Report].

Our Position...

The Village's combined net position in 2022 for the primary government increased from a positive $39.1 million, as restated, to a positive $67.1 million in 2023. The net increase of $28 million is mainly attributable to revenues including sales and use tax, interest income, licenses and permits, water and sewer, and government grants, as well as under budget performance by all the Village Departments. The net position for governmental activities is $10.8 million, while the net position for the business-type activities is $56.2 million.

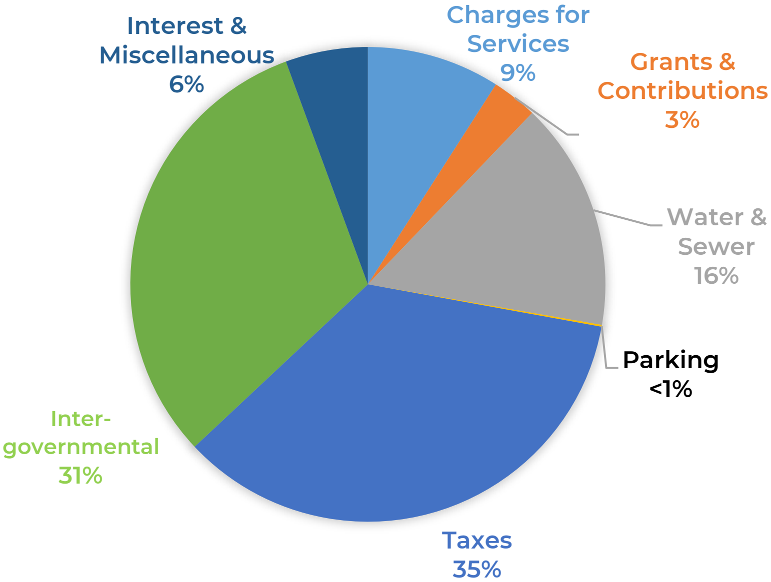
Figures are presented in millions	Govermental Activities				Business-Type Activities				Totals			
Assets	2023	2022	2021	Avg % Change	2023	2022	2021	Avg % Change	2023	2022	2021	Avg % Change
Current and Other Assets	145.7	133.1	103.3	19.16%	25.4	31.0	19.8	19.25%	171.1	164.2	123.1	18.79%
Capital Assets	124.4	118.7	119.3	2.15%	60.8	51.8	48.3	12.31%	185.1	170.5	167.6	5.15%
Deferred Outflows of Resources	37.5	42.7	26.5	24.48%	2.4	1.4	1.5	32.38%	39.9	44.1	28.0	23.99%
Total Assets and Deferred Outflows	307.6	294.5	249.1	11.34%	88.6	84.2	69.6	13.10%	396.1	378.8	318.7	11.71%
Liabilities												
Current Liablilites	20.1	19.4	12.1	31.97%	2.6	2.3	2.2	8.79%	22.7	21.7	14.3	28.18%
Noncurrent Liabilites	249.5	249.4	214.4	8.18%	29.2	28.9	20.3	21.70%	278.7	278.3	234.7	9.36%
Deferred Inflows of Resources	27.1	37.0	52.4	-28.07%	0.6	2.7	1.7	-9.48%	27.7	39.7	54.1	-28.42%
Total Liabilites and Deferred Inflows	296.7	305.8	278.9	3.33%	32.4	33.9	24.2	17.83%	329.1	339.7	303.1	4.48%
Net Position												
Net Investment in Capital Assets	51.2	42.4	38.3	15.73%	39.9	29.0	29.7	17.61%	91.2	71.4	68.0	16.37%
Restricted	17.6	8.8	7.2	61.11%	-	-	-	-	17.6	8.8	7.2	61.11%
Unrestricted (Deficit)	(58.0)	(62.4)	(75.3)	-12.09%	16.3	21.2	15.8	5.53%	(41.7)	(41.1)	(59.5)	-14.73%
Total Net Position	**10.8**	**(11.2)**	**(29.8)**	**-129.42%**	**56.2**	**50.2**	**45.5**	**11.14%**	**67.1**	**39.1**	**15.7**	**110.33%**

(Note: There may be some slight differences in totals due to rounding.)

Revenues and Expenses

For a comprehensive report of the Village revenues and expenses, refer to the [Annual Comprehensive Financial Report](#).

Village Revenues



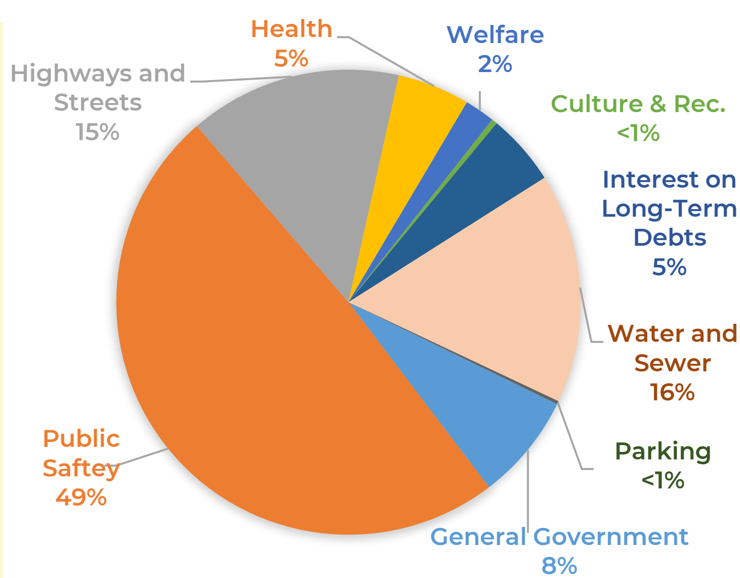
Revenues are the monies received by the Village from taxes, fees, fines, grants, and other sources. In 2023, the Village had outperforming revenues in many areas including interest payments, home rule sales tax, licenses, permits, and government grants.

Charges for Services	$12,013,604
Grants & Contributions	$4,100,373
Water & Sewer	$20,652,203
Parking	$165,621
Taxes	$46,590,810
Intergovernmental	$41,598,704
Interest & Misc.	$7,434,119
TOTAL REVENUE	**$132,555,434**

Expenses are monies spent by the Village in order to account for basic functions in the community. These include police, fire, public works, community development, and other general government operations.

General Government	$7,767,590
Public Safety	$51,279,223
Highways and Streets	$15,496,993
Health	$5,269,605
Welfare	$2,201,654
Culture and Recreation	$408,122
Interest on Long-term Debt	$5,221,510
Water & Sewer	$16,726,332
Parking	$231,287
TOTAL EXPENSES	**$104,602,316**

Village Expenses

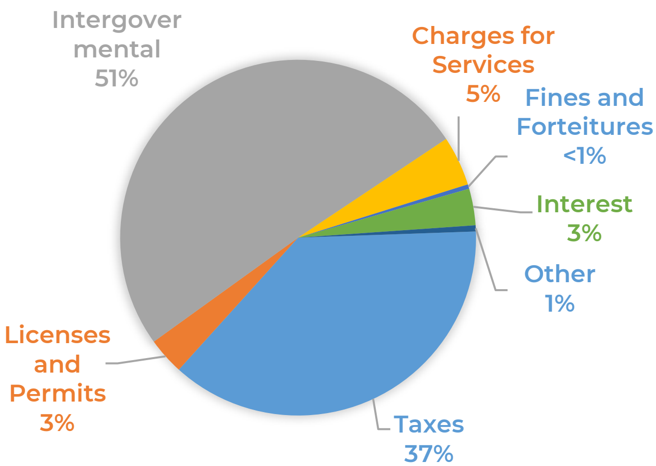


General Fund

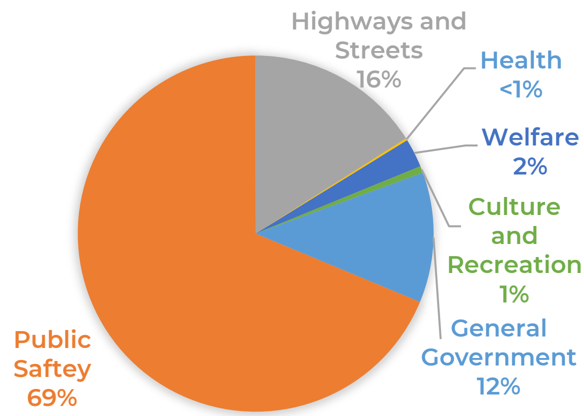
For a comprehensive report of the Village General Fund, refer to the [Annual Comprehensive Financial Report](#).

The General Fund is the Village's primary operating fund. It supports a majority of the day-to-day services delivered to its residences and businesses. The fund balance of the General Fund saw an increase of $4.3 million in 2023 from $48.2 million to $52.6 million. In 2023, the General Fund revenues came in over the approved 2023 budget. The Village earned $82.6 in General Fund revenues against the approved budget of $82.3. The total revenues of the General Fund for 2023 were $82.6 million, while the total expenses were $64 million. Transfers out to other funds totaled $14 million. The final Village budget had anticipated a decrease in the General Fund's fund balance of $2.5 million; however, due to under-budget expenditures and outperforming revenues, the increase in the fund balance was $4.3 million. Shown below is a percentage breakdown of revenue and expense sources for 2023.

General Fund Revenues



General Fund Expenses



What is intergovernmental revenue?

Intergovernmental revenues include sales tax, income tax, use tax, gaming tax, cannabis tax, personal property replacement tax and any federal or state grants that we receive.

Outperforming and Underperforming Revenues 2023 Compared to 2022

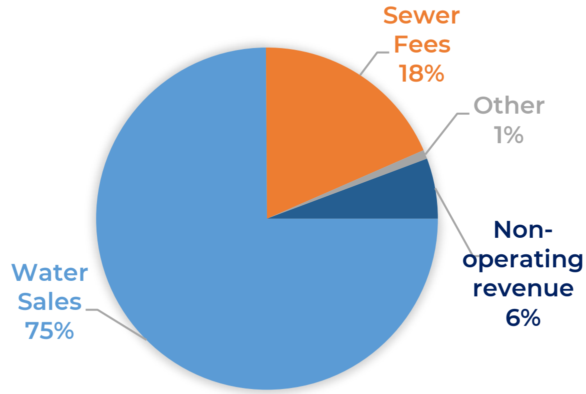
Licenses and Permits	8.33%	State Income Tax	-1.98%
Intergovernmental Grants	233.61%	Charges for Services	-5.11%
Interest Income	352.90%	Ambulance Billing Fees	-7.63%

Water & Sewer Fund

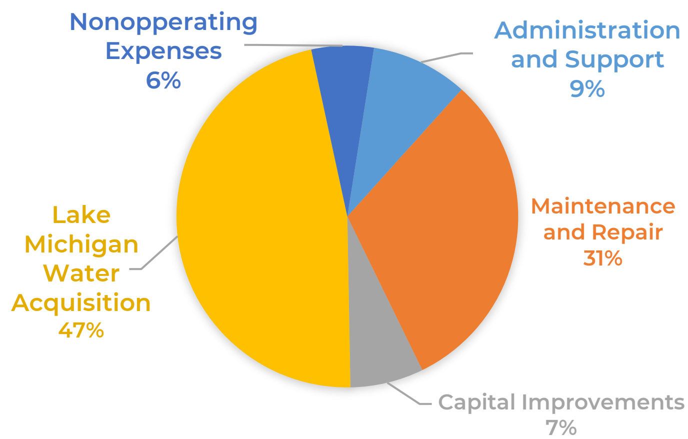
For a comprehensive report of the Village Water & Sewer Fund, refer to the [Annual Comprehensive Financial Report](#).

The Village maintains one major enterprise fund: the Water and Sewer Fund, which is used to account for the activities of water and sewer operations within the Village. The Village operates sewerage lift and relief stations, wastewater collection systems, and the water distribution system. The total revenue of the Water and Sewer Fund for fiscal year 2023 was $21.9 million, while the total expense was $15.7 million. The net position for fiscal year 2022 was $49.9 million, with a change of $6.07 million (after -$1 million in adjustments due to GAAP) from the 2022 balance. Displayed below is a percentage breakdown of the revenue and expense sources of the Water & Sewer Fund.

Water & Sewer Revenues



Water & Sewer Expenses



Did you know?

See more details about utility payments on this page of the Village website: Utility Payments

There are 4 ways to pay your utility bills!

Online Payment

One time or **reoccurring** payments!

For more information, please visit the following link: Village Utility Payment

Payment Kiosk

Pay via **cash, check, or credit/debit card**

Available 24/7

Location: Outside Village Hall by the elevator

Payment Dropbox

Pay via **check** or **money order**

Available 24/7

Location: Outside Village Hall front door, or North side of the parking deck

In-Person

Pay in-person at the Finance Department of Mount Prospect

Only available during **Finance Dept. Hours**

Location: 1st Floor of Village Hall

Tax Analysis

For a comprehensive report of the Village's taxes, refer to the [Annual Comprehensive Financial Report](#).

The largest tax revenues in Mount Prospect are from the state sales and local use tax, as well as property tax. Tax revenues are put toward the daily operations of the Village. The next largest tax revenues are home rule and per capita income taxes. The Village also collects other local taxes, such as food and beverage, hotel/motel, municipal motor fuel, and real estate transfer tax. Provided is the breakdown of taxes collected during the fiscal year 2023.

Taxes Collected

Taxes	Amount	
Property	$	25,928,457
Utility	$	2,909,732
Business District	$	304,261
Home Rule Sales	$	7,308,754
Food and Beverage	$	1,605,888
Real Estate Transfer	$	956,954
Municipal Motor Fuel	$	725,594
Hotel/Motel	$	343,142
Other Taxes	$	506,119
Intergovernmental - Unrestricted		
Income Taxes	$	9,080,365
State Sales and Local Use Tax	$	37,299,554
Replacement Taxes	$	1,215,719
Charitable Games Tax	$	3,066
Total:	**$**	**88,187,605**

Property Taxes

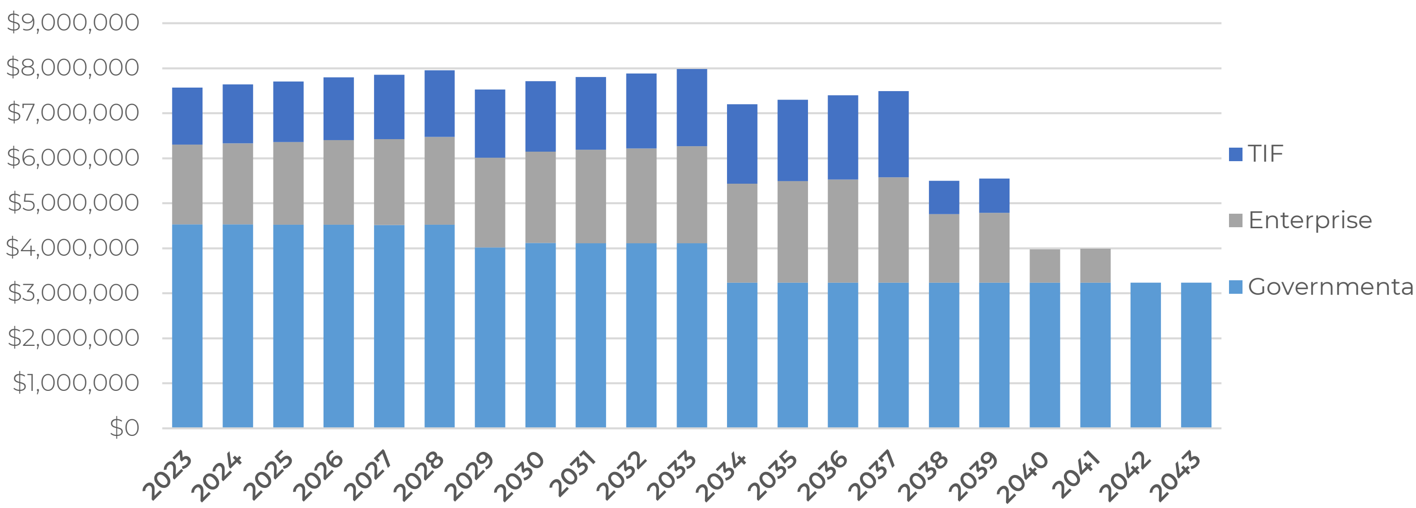
Property taxes are levied by December of each year by the passage of a Tax Levy Ordinance. Tax bills are prepared by Cook County and are payable in two installments, on or about March 1 and September 1 of the following year. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 2% of the tax levy, to reflect actual collection experience. Education accounts for the largest share at 66.6%. Culture and Recreation component includes MP Library and MP Park District. The Village share is estimated to be 10.3% of the total tax bill (see diagram below).

Outstanding Debt Obligation

For a comprehensive report of the Village's outstanding debt, refer to the [Annual Comprehensive Financial Report](#).

Debt Payoff Schedule

The chart below reflects a summary of the payments due for current outstanding debt. Payments each year are comprised of the principle and interest due. The total debt payment in 2023 was $7.57 million. The Village's goal is to retire current debt by 2043.

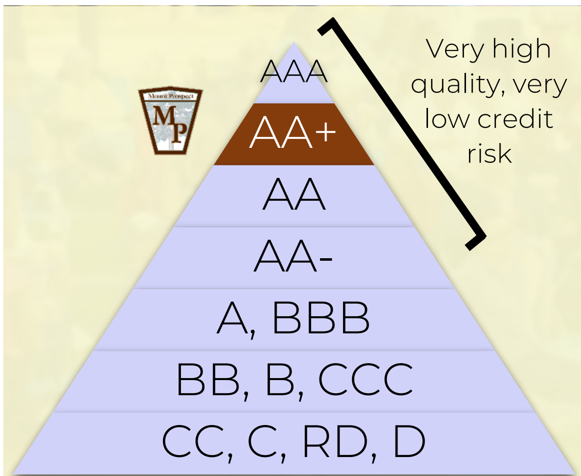


Categories of Debt

TIF
Debt issued with the purpose of improving and developing the downtown area of Mount Prospect.

Enterprise
Debt issued in order to make improvements to the water and sewer systems in the Village.

Governmental
Debt issued to fulfill general Village improvement needs. This debt had been utilized in activities such as flood control, street improvement, and the fire & police headquarter construction.



Standard and Poor's Rating

Standard and Poor's (S&P) is an organization that provides credit risk ratings for debt in public and private companies and governments. S&P has rated the Village debt at AA+. They stated that the Village's rating assignment reflects the Village's strong economy, very strong management with very strong budgetary flexibility and liquidity, and strong budgetary performance and institutional framework. The Village has maintained this rating since 2009.

Economic Development

Commercial Development

New Restaurants

Raising Cane's | *915 E. Rand Road*

Lady Dahlia Tequila Bar | *127 W. Prospect Avenue*

Whiskey Hill Brewery & Kitchen | *11 W. Prospect Avenue*

Salerno's Pizza and Catering | *33 W. Prospect Avenue*

The Prospect | *20 W. Northwest Hwy.*

MP Public House | *18 W. Busse Avenue*

Patina Wine Bar | *133 W Prospect Avenue*

And many more!

Goals for Commercial Corridors & Shopping Centers include...

- Encourage mixed-use **redevelopment of aging commercial centers** throughout the community
- Utilize incentives **to recruit targeted businesses**, such as matching façade and interior buildout grants to qualifying businesses
- Improve and expand the gateway signage, banner, and streetscape program to all major corridors to **strengthen the identity and character of the whole Village**
- Attract **new shops, food establishments, and pedestrian-oriented amenities** along Randhurst Village's main street that encourage customers to stroll, rather than shop and leave
- Facilitate traffic and pedestrian movements that **stimulate commercial activity**

Economic Development (cont.)

Downtown Development

New Apartment Buildings

The Dawson
235 E. Prospect Avenue
(65 units)

Prospect Place
1 W. Prospect Avenue
(80 units)

HQ Residences
112 E. Northwest Highway
(88 units)

Goals for downtown development include…

- Facilitate restaurant, retail, entertainment, and recreation development to create a "**destination**" for both residents and visitors;
- Increase density of residential uses to **support new and existing businesses**;
- **Improve occupancy** for older and smaller commercial spaces;
- Improve traffic flow, pedestrian crossings, and parking to **accommodate increased density and more intensive uses**;
- Support a cohesive built environment to facilitate walkability and **active use of space**
- Blend historic and contemporary architecture for a **unique atmosphere**

Industrial Development

Cloud HQ

- Cloud HQ was approved for a 1.8 million square foot data center campus.
- Cloud HQ's investment in Mount Prospect will be over $2.5 billion and will create up to 375 high-quality jobs in the community.

Stotan Industrial, LLC

- Plan to redevelop the former Comcast property at 350 N Wolf Road
- Stotan Industrial will construct a 100,000 square foot industrial warehouse

Police & Fire Pension Funds

For a comprehensive report of the Village Police and Fire Pensions, refer to the [Annual Comprehensive Financial Report](#).

PPERS - (Police Pension Employees Retirement System)

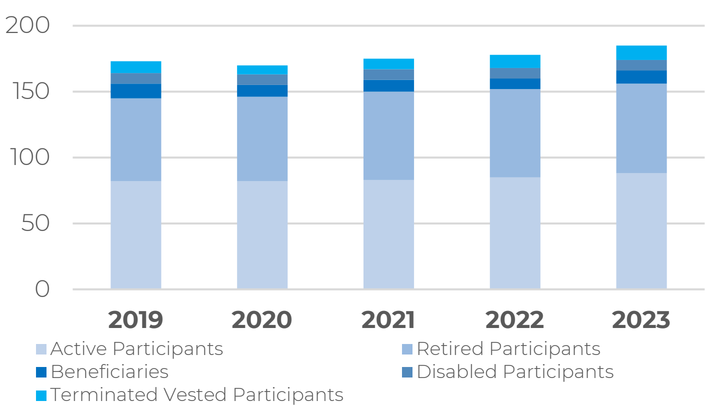
FPERS - (Firefighters' Pension Employees Retirement System)

How do the PPERS and FPERS work?

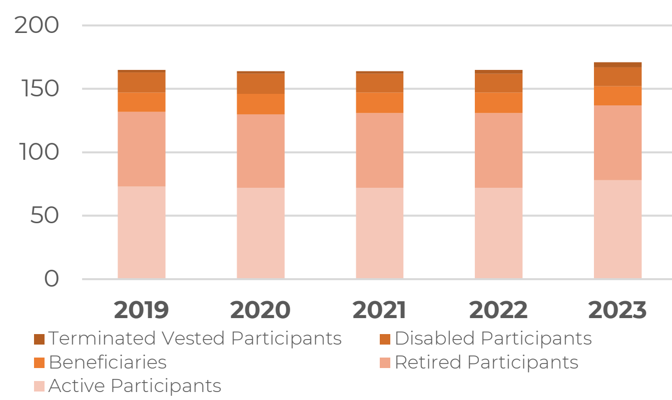
Each system functions for the benefit of their employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary, and two elected police/fire employees (respectively) constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS/FPERS costs based upon actuarial valuations.

Participants in the Retirement Plans:

PPERS - # of participants as of 2023



FPERS - # of participants as of 2023



Police Funding Status

2022	2023
54.25%	57.33%

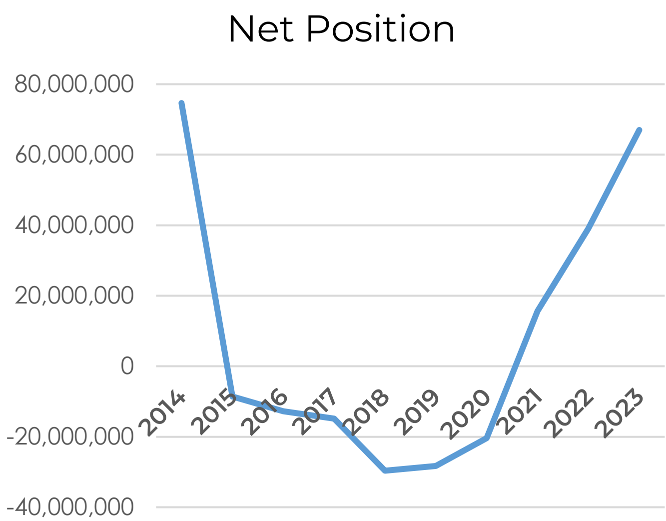
Fire Funding Status

2022	2023
54.62%	59.21%

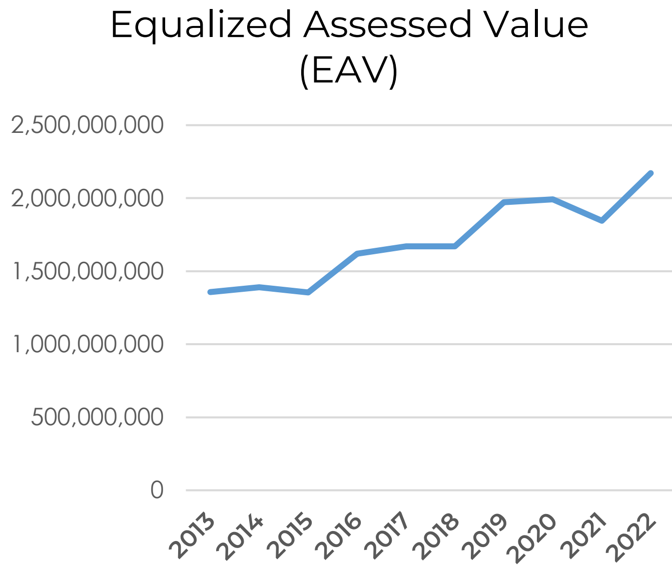
Why did the funding status increase from 2022 to 2023?

Recouped investment losses: In 2022, the Village's pension fund incurred a sizable amount in unrealized investment losses. 2023 was a good year, and both pension funds recouped some of the unrealized losses in investment values. The public safety pension fund reported net investment income of $20.6 million and a net change in the fiduciary position of $17.6 million.

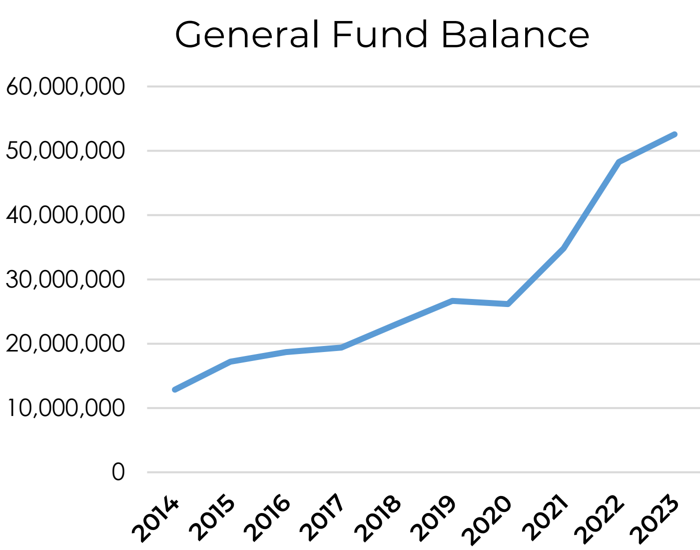
The Village over the Years



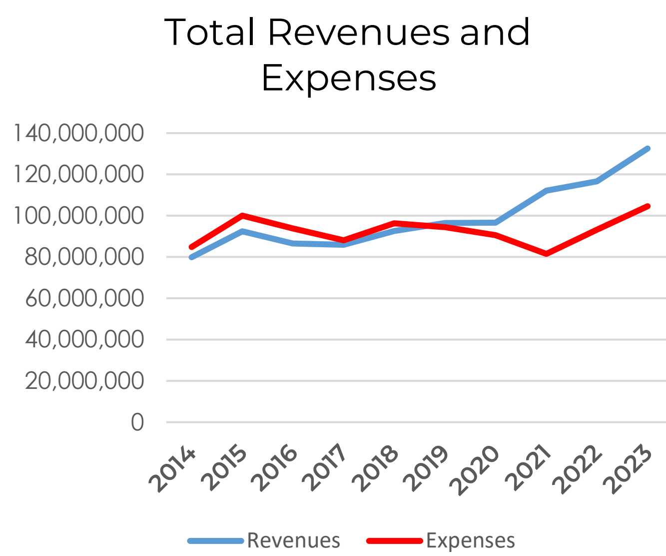
A major decrease in net position occurred in 2015 due primarily to the implantation of new GASB (Governmental Accounting Standards Board) reporting regulations. A small decrease in 2018 was due to beginning construction of the police & fire headquarters. Net Position has been increasing since 2019, reflecting the financial health of the Village.



The equalized assessed value (EAV) is the total taxable value of property, minus exceptions. This value is an indicator of the economic health of the Village, and as such, the general positive trend since 2013 reflects the strong stance of Mount Prospect's economy. The EAV for tax year 2022 was $2,171,527,212.



The General Fund balance continuously remains high enough to protect the Village in the event of any disaster. Therefore, if unforeseen events halt revenues of the Village, essential services such as the fire and police departments will remain active.

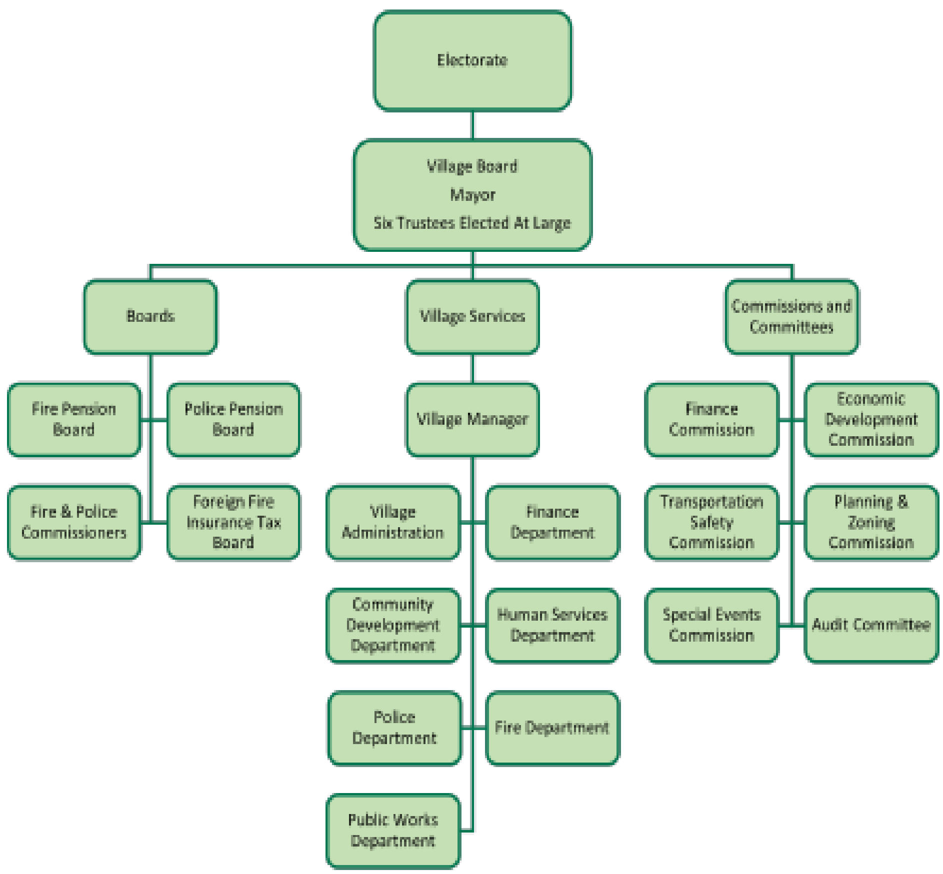


The total revenue and expenses over time have remained closely tied to each other, generally increasing and decreasing at the same rates. Since 2021, a greater deviation occurred due to reduced expenses and outperforming revenues.

Mayor and Board of Trustees

Mayor Paul Wm. Hoefert
Trustee Terri Gens
Trustee Colleen E. Saccotelli
Trustee Vincent J. Dante
Trustee William A. Grossi
Trustee Agostino S. Filippone
Trustee John J. Matuszak

Organizational Structure



Village of Mount Prospect

Village Hall - 50 S Emerson St.

Mount Prospect, IL 60056

Information: 847-392-6000

Glossary

Asset – Resources that the Village has, which have financial value. Examples include property, equipment, and cash.

Deferred Inflows of Resources – These are treated like liabilities in the Village's net position. They are handled in the same way that businesses would handle deferred revenue. These inflows may decrease the net position in this fiscal year; however, they may improve the Village's net position in the future.

Deferred Outflows of Resources – These are treated like assets in the Village's net position. Certain types of losses are reported as deferred outflows and are written off over time.

Enterprise Fund – A fund that intends to make a net profit. It is managed in a similar manner to private businesses. The Village maintains one major enterprise fund: the Water & Sewer fund.

Fiscal Year – The year as considered by a financial report, ending at a specific date. This report is for the fiscal year ending December 31, 2023. Therefore, the span of the fiscal year is January 1, 2023 – December 31, 2023.

Government Accounting Standards Board (GASB) – the organization that determines, updates, and enforces the generally accepted accounting principles (GAAP) for government bodies, including the Village of Mount Prospect.

Interest – The interest on a loan is the amount paid in addition to the initial amount borrowed. Interest payments are based on a rate charged on the initial loan amount.

Liability – Obligations that the Village has to other entities. Liabilities are the offset of assets, and they are settled by using assets or providing services. An example of a liability of the Village is our long-term debt.

Ordinance – a piece of legislation that sets a rule about how the Village's finances are enforced or reported.

Principle – The principle of a loan is the initial amount of money that is borrowed. A principle payment is an amount that is paid toward this principle. The sum of all principle payments is equal to the initial amount borrowed.

Tax Levy – The enforcement of a tax payment.

Taxable Value – The value of a property on which property tax amounts are calculated.