

2020

VILLAGE OF  
**MOUNT PROSPECT, ILLINOIS**



**Popular Annual Financial Report**

For the Year Ended December 31, 2020

# Introduction

## *Letter from the Village Manager*

We are pleased to submit a summarized version of our Comprehensive Annual Financial Report, called PAFR or Popular Annual Financial Report. This report summarizes the financial activities that have taken place during the fiscal year 2020. The PAFR is not intended to replace the Village’s Comprehensive Annual Financial Report which may be found at the Village’s website by clicking [here](#). Instead, the PAFR is crafted to provide a simplified version of the Village’s financial activities, even for the audience without any finance or accounting background.

The presented financial information is abstracted from the audited financial statements for the fiscal year 2020 and conforms to generally accepted accounting principles (GAAP) and other applicable standards required by the Government Accounting Standard Board. The analysis presented in the PAFR provides a brief insight into the operating activities, capital projects, summarized financial data, and trends.

It is the Village’s priority to provide meaningful and transparent financial information and proactively work to enhance its financial reporting. We hope that the PAFR will provide a snapshot of the Village’s economic strengths, challenges and opportunities, and clean and unqualified audit opinion.

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**Michael J. Cassady,**  
**Village Manager**

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# About our Village

## Demographics/COVID-19 Update

### Snapshot

**Population**  
**55,127**

**Median Income**  
**\$73,652**

**Median Age**  
**39.6**

**Median Property Value**  
**\$321,700**

**Total Work Force Village-wide**  
**27,937**

The Village of Mount Prospect is proud to introduce the first Popular Annual Financial Report, published for residents. This report is meant to present the financial status of the Village in an easy-to-understand format, so the Village maintains a high level of transparency with both internal and external stakeholders. 2020 was unique due to the impacts that COVID-19 has had on many local governments. In Mount Prospect specifically, sales tax decreased due to the stay-at-home orders implemented throughout the country. However, Mount Prospect approaches the future optimistically with outperforming revenue and flexible, conservative budget policies in place that allow government employees to continue working, large construction projects to reach their conclusion, and pension plans for first responders to be funded far above average. All of this progress through a global pandemic highlights a successful contingency plan put in place to benefit all residents, staff, and visitors of Mount Prospect.



### Mission/Purpose Statement

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.

# 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, 2019 and December 31, 2020.

**Figures are  
presented in  
millions**

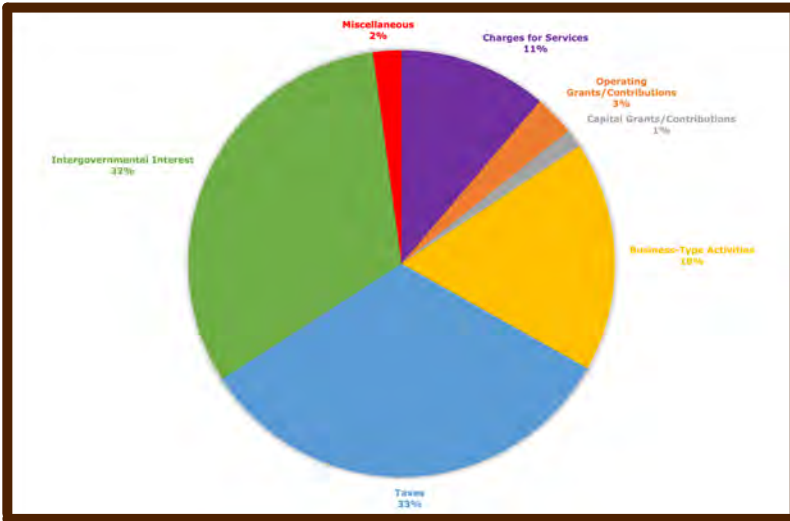
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and Other Assets	\$ 86.8	114.1	20.8	23.3	107.6	137.4
Capital Assets	111.0	88.1	39.8	38.4	150.8	126.5
Deferred Outflows of Resources	10.5	13.1	1.8	2.6	12.3	15.7
<b>Total Assets and Deferred Outflows</b>	<b>208.3</b>	<b>215.3</b>	<b>62.4</b>	<b>64.3</b>	<b>270.7</b>	<b>279.6</b>
<b>Liabilities</b>						
Current Liabilities	12.8	17.9	1.9	2.2	14.7	20.1
Noncurrent Assets	207.7	229.4	21.7	22.7	229.4	252.1
Deferred Inflows of Resources	46.1	35.4	0.9	0.3	47.0	35.7
<b>Total Liabilities and Deferred Inflows</b>	<b>266.6</b>	<b>282.7</b>	<b>24.5</b>	<b>25.2</b>	<b>291.1</b>	<b>307.9</b>
<b>Net Position</b>						
Investments in Capital Assets	26.5	31.6	20.6	33.2	47.1	64.8
Restricted	5.8	8.7	-	-	5.8	8.7
Unrestricted (Deficit)	(90.6)	(107.7)	17.3	5.9	(73.3)	(101.8)
<b>Total Net Position</b>	<b>(58.3)</b>	<b>(67.4)</b>	<b>37.9</b>	<b>39.1</b>	<b>(20.4)</b>	<b>(28.3)</b>

## Our Position:

The Village's combined net position for the primary government increased from a negative \$28.3 million to a negative \$20.4 million. The net increase of \$7.9 million is mainly attributable to intergovernmental revenues including income tax, use tax, ambulance billing fees and governmental grants, as well as reduced operating expenditures. Large contributors of expenses include the completion of the construction of the new Police and Fire headquarter buildings in 2020.

# Revenue and Expenditures

## Village Revenues



Revenues are monies earned or received by the Village from external sources such as taxes, fees for services, fines, grants, and other sources. The Comprehensive Annual Financial Report details all revenue earned in 2020.

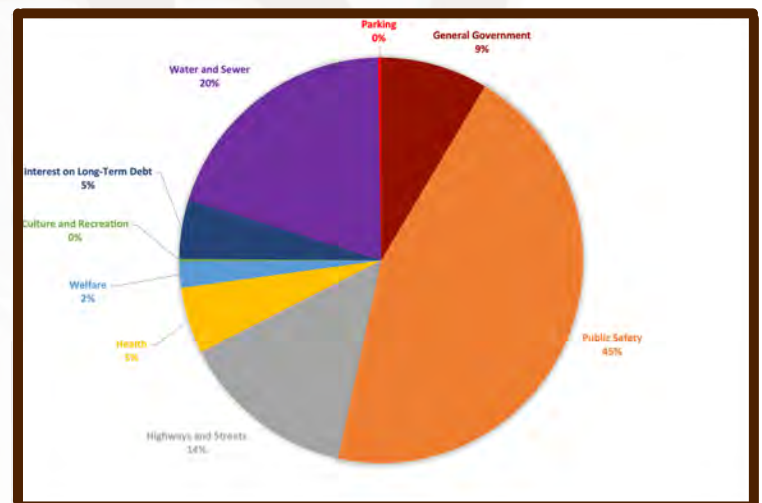
Due to the pandemic, the Village's sales tax and other locally collected taxes were impacted, but all the shortfalls from the state sales tax, home rule sales tax, and other locally collected taxes were offset by outperforming revenues including income tax, use tax, ambulance billing fees, and government grants.

### Figures from 2020 Comprehensive Financial Report

Charges for Services	\$ 10,843,974	Taxes	31,600,945
Operating Grants/ Contributions	2,962,935	Intergovernmental & Interest	30,803,051
Capital Grants/Contributions	1,348,000	Miscellaneous	2,123,895
Business-Type Activities	16,836,905	<b>Total Revenues</b>	<b>\$ 96,680,348</b>

## Village Expenditures

Government funds are used to account for basic functions of the Village. These include police, fire, public works, community development, and general government operations. Expenditures explain where the money goes; they may be used to pay for assets or goods and services obtained, regardless of when the expense is actually paid. Total expenditures of the Village of Mount Prospect are summarized below.



### Figures from 2020 Comprehensive Financial Report

General Government	\$ 7,778,670	Welfare	1,884,331	Parking	225,412
Public Safety	40,594,163	Culture & Recreation	181,061	<b>Total Expenditures</b>	<b>\$90,523,879</b>
Highways & Streets	12,769,508	Long-Term Debt	4,271,762		
Health	4,785,802	Water & Sewer	18,033,170		

For a comprehensive report on all Village revenues and expenditures, please see the [Village's Comprehensive Annual Financial Report](#).



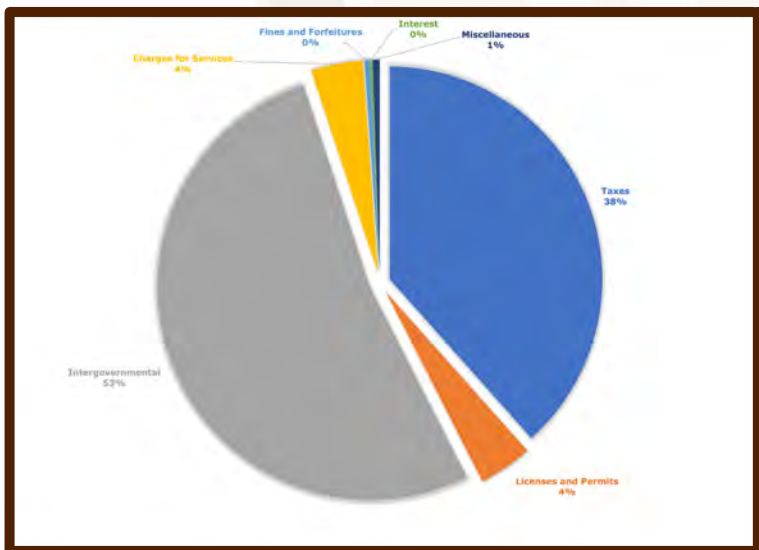
# General Fund

## Overview

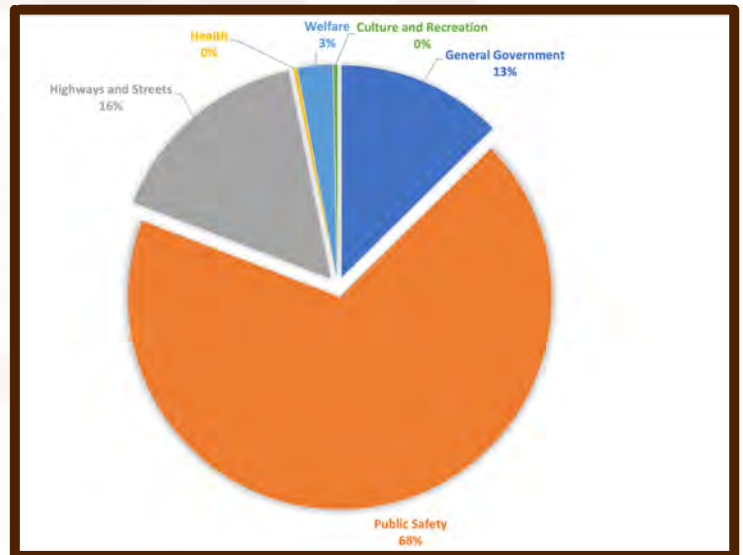


The General Fund of the Village supports the core services provided daily to residents. These include Police, Fire, Public Works, Community Development, Human Services, Finance and other essential services. The fund relies on taxes, service charges, licenses and permits, fines and forfeitures, interest and other funding sources to maintain its function. Village policy requires the Village to maintain 20% - 30% of the subsequent year's expenditures so there is an adequate reserve to prevent future risk. At the end of 2020, the General Fund fund balance finished the fiscal year at 32% due to outperforming revenues throughout the pandemic. Below is a representation of the revenues and expenditures of the General Fund throughout 2020, and which revenues outperformed and underperformed.

### Revenues



### Expenditures



#### Outperforming Revenues Compared to 2019

Income Tax	2.1%
Use Tax	25.0%
Charges for Services	23.7%
Ambulance Billing Fees	36.0%

#### Underperforming Revenues Compared to 2019

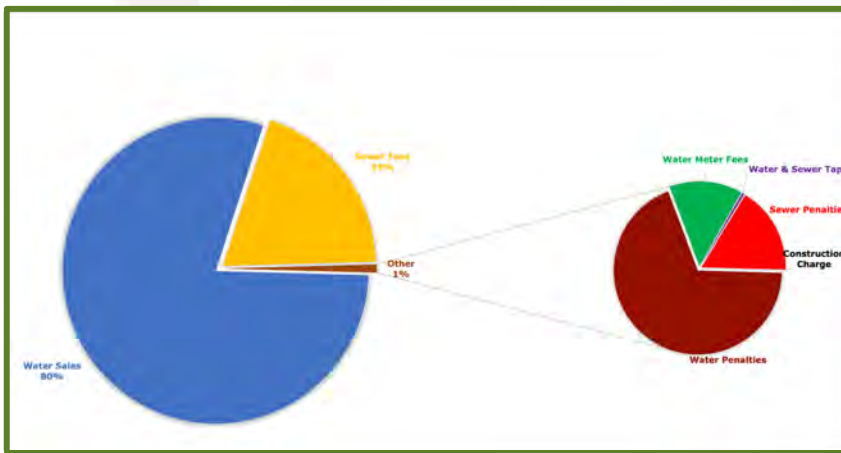
State Sales Tax	1.9%
Home Rule Sales Tax	10.2%
License, Permit, and Fees	6.2%

# Water & Sewer Fund

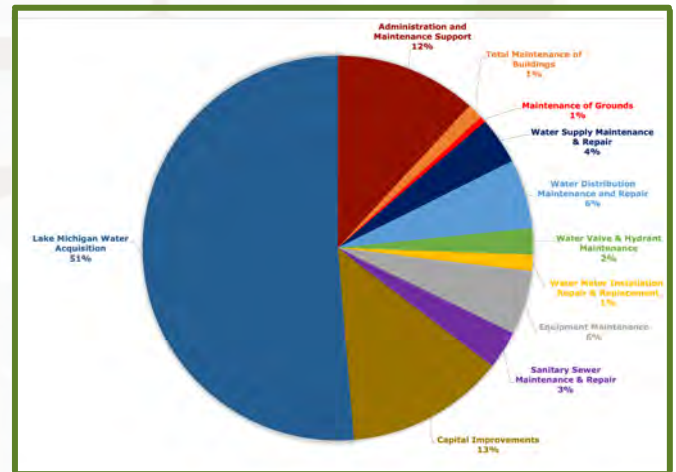
## Overview

The Village maintains one major enterprise fund, the Water and Sewer Fund, which is used to pay for the activities of the water and sewer operations. The Village operates sewerage lift and relief stations, wastewater collection systems, and the water distribution system. Displayed below are the revenues and expenditures of the Water & Sewer Fund. For exact figures pertaining to the Water & Sewer Fund's revenues and expenditures, please view the [Village's Comprehensive Annual Financial Report](#).

### Water & Sewer Fund Revenue

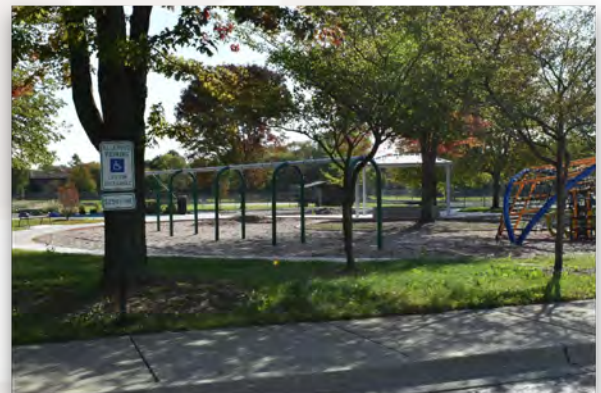


### Water & Sewer Fund Expenditures



## Levee 37 Project

The Village of Mount Prospect has completed the Levee 37 Project to improve infrastructure and assist in flood control. The location of this Levee is Burning Bush Trails.



The Village successfully secured \$1,300,000 in grant funding for the construction of storm water detention and associated storm mainline pipe upsizing in the Newton subdivision tributary to the Des Plaines River. The project was approved in FY 2019 and was significantly completed in FY 2020.



# Completed Projects

## *Police and Fire Construction*

The Police and Fire Construction projects were funded as capital projects. This capital project type fund was used to account for the resources and expenditures to construct the police and fire headquarters. Financing was provided primarily by general obligation bond proceeds. Total revenues for the year 2020 were \$0.1 million. The total construction expense for 2020 was \$13.6 million. The ending fund balance was \$44,134; it will be transferred to the Debt Service Fund in 2021, and the fund will be closed.

### **New Fire Station # 13**



### **New Police Headquarters**



The decision to relocate both Police and Fire headquarters ties back to a space needs study conducted in 2018 which determined that the existing Police section of the facility, built in 1993, was functionally inadequate due to space constraints, operational changes, accessibility, and the impact of technology.

Various options were considered for both departments as well as for the facility, and it was determined that relocating both headquarters made the most sense. For Police, it would allow them the space, accessibility and technological advances they needed. For the Fire Department, the move would allow for improved response times. It was also determined that relocating the Police and Fire facilities from the downtown site allowed for potential redevelopment of prime real estate that was within the Prospect and Main TIF District.

The total project budget of \$10,378,000 included the purchase of the land and existing building, design fees and soft costs, hard construction costs, project contingencies, and furniture and fixture purchases. The project was funded through bond sales completed in 2018 and was structured to have zero effect on future tax levies. This was due to a financing strategy developed by staff and financial consultants, which included refinancing old debt and using Village reserves and a moderate use of capitalized interest in the debt service repayment plan.



# Police & Fire Pension Plans

## Status and Goals



### Fire

#### Funding Status

2019	2020
64.9%	71.2%

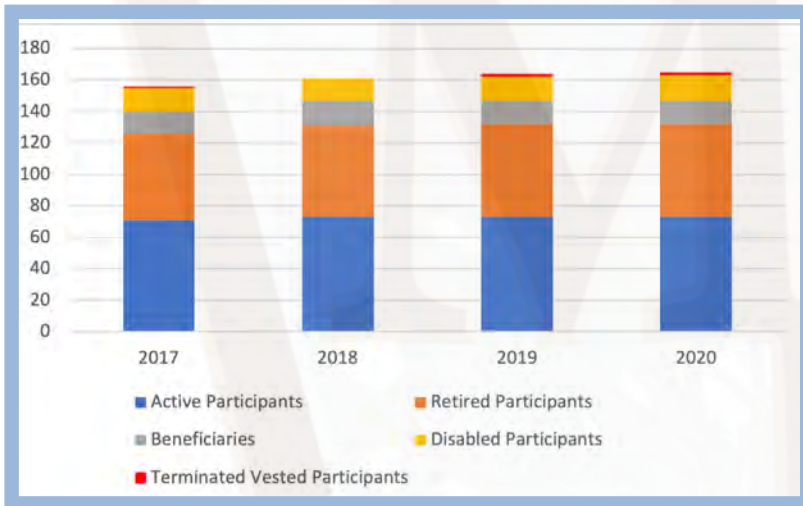


### Police

#### Funding Status

2019	2020
63.5%	69.9%

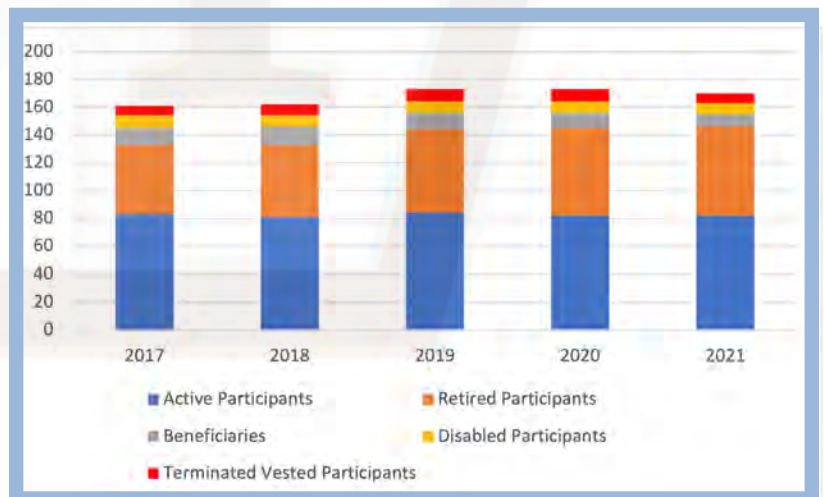
#### Participants in Fire Pension Plan



The Village's firefighters/paramedics participate in the Firefighters' Pension Employees Retirement System (FPERS). With participants in 2020 remaining consistent, the Fire Pension Fund's net position experienced growth in the last two years as a result of favorable investment earnings. The amount of the pension liability that is funded has grown from 64.9% to 71.2% between 2019 and 2020, respectively. The Village Plans to have the Plan 100% funded by 2040.

#### Participants in Police Pension

The Village's sworn Police Officers participate in the Police Pension Employees Retirement System (PPERS). With participants in 2020 remaining consistent, the Police Pension Fund's net position experienced growth in the last two years as a result of favorable investment earnings. The amount of the pension liability that is funded has grown from 63.5% to 69.9% between 2019 and 2020, respectively. The Village Plans to have the Plan 100% funded by 2040.



# Tax Analysis

## Overview

Property taxes in the Village of Mount Prospect have consistently been the largest tax revenue collected. This revenue is put toward the day-to-day functions of the Village. The next largest tax received is from sales, home rule and use taxes, followed by the per capita income taxes. The village also collects many local taxes such as food and beverage, hotel/motel, municipal motor fuel and real estate transfer tax. Each of these taxes help to lower the property tax that we need to levy each year.

## Taxes Collected by the Village

General Revenues	Amount
Property Tax	19,994,090
Utility Tax	3,025,210
Business District Tax	250,056
Home Rule Sales Tax	5,334,399
Food & Beverage Tax	1,185,824
Real Estate Transfer Tax	962,687
Municipal Motor Fuel Tax	584,989
Hotel/Motel Tax	134,353
Other Taxes	199,337
Intergovernmental - Unrestricted	
Income Tax	5,886,270
State Sales and Local Use Tax	24,214,948
Replacement Taxes	411,866
Charitable Games Tax	3,340

***For a full report of tax revenue collected on behalf of the Village, please view the Comprehensive Annual Financial Report***

# 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 receives the largest sum from property taxes, followed by culture and recreation, then the Village, County and other taxing bodies.



Education  
66.4%

Culture/Rec  
12.2%

County  
5.9%

Other  
5.0%



## Board of Trustees



**Mayor Paul Wm. Hoefert**

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phoefert@mountprospect.org



**Trustee Agostino S. Filippone**

Email:  
afilippone@mountprospect.org



**Trustee Terri Gens**

Email:  
tgens@mountprospect.org



**Trustee John J. Matuszak**

Email:  
jmatuszak@mountprospect.org



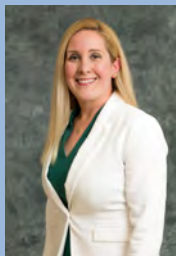
**Trustee Peggy Pissarreck**

Email:  
ppissarreck@mountprospect.org



**Trustee Richard F. Rogers**

Email:  
rrogers@mountprospect.org

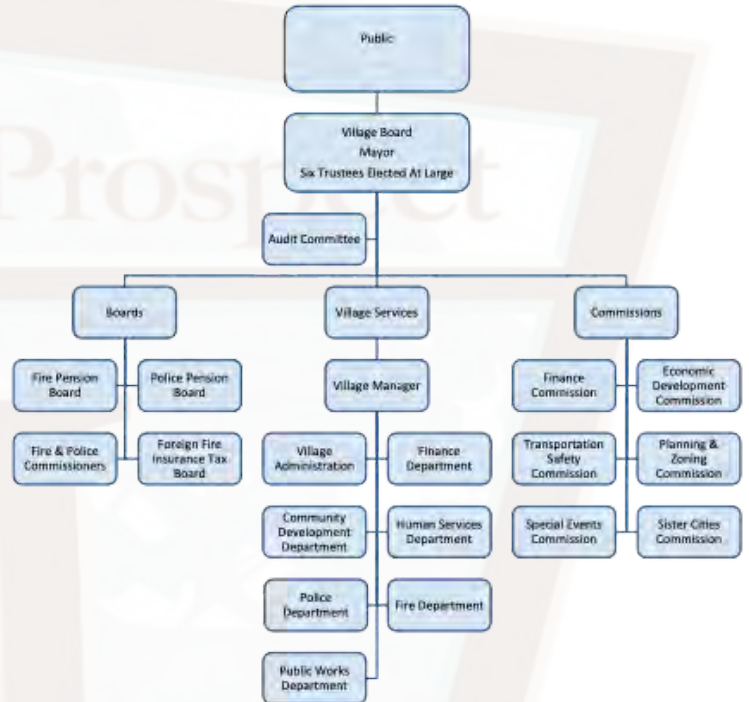


**Trustee Colleen E. Saccotelli**

Email:  
csaccotelli@mountprospect.org

# Contact us

## Organization Structure



### Village of Mount Prospect

Village Hall - 50 S Emerson St.  
Mount Prospect, IL 60056  
Information 847.392.6000