

2021

VILLAGE OF
MOUNT PROSPECT, ILLINOIS



POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING DECEMBER 31, 2021



Introduction

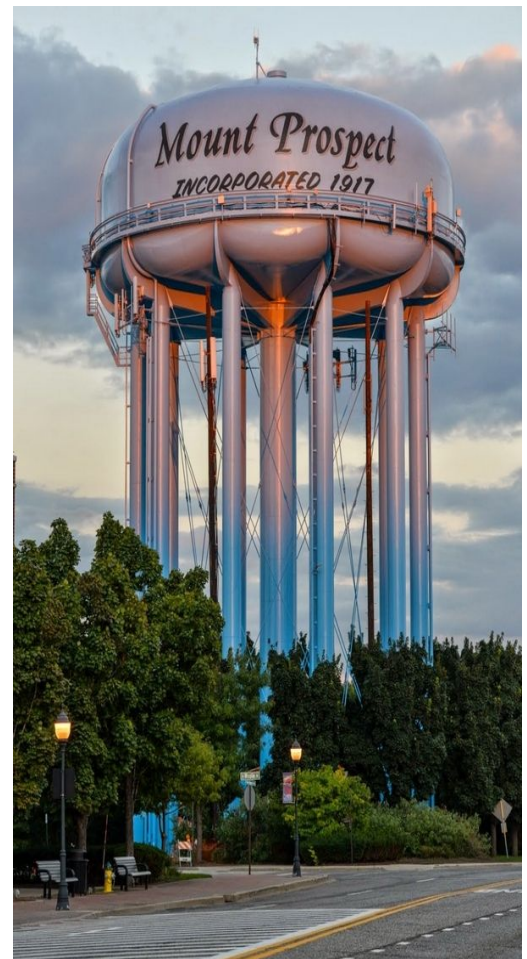
We are pleased to submit a summarized version of our Annual Comprehensive Financial Report, called PAFR or Popular Annual Financial Report. This report summarizes the financial activities that have taken place during the fiscal year 2021. The PAFR is not intended to replace the Village’s Annual Comprehensive 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 2021 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. The Village of Mount Prospect published its first PAFR for 2020 and won the prestigious award from the Government Finance Officers’ Association. I want to extend my appreciation and congratulations to our Finance Department for their excellent work with financial reporting and for earning the award for the 2020 PAFR.

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 a clean and unqualified audit opinion.

-Michael Cassady, Village Manager

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About The Village

Snapshot

Population: 56,852

Total Work Force: 28,053

Median Household Income: \$84,353

Per Capita Income: \$40,452

Homeowner Rate: 69.2%

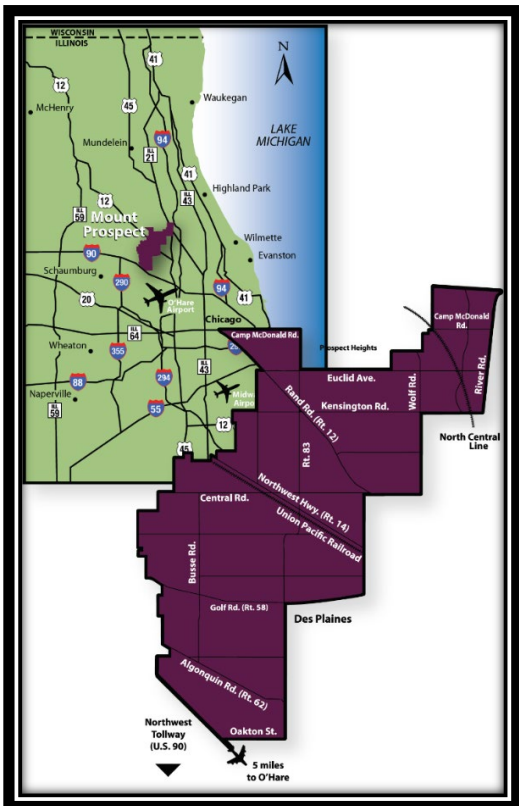
Unemployment Rate: 2.9%

Poverty Rate: 5.8%

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 and industrial real estate has a very low vacancy rate and, in spite of the pandemic, the Village revenues have performed consistently due to a strong and diversified tax base.



MISSION 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



**Figures are
presented
in millions**

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, 2020 and December 31, 2021, along with the percent change in each category. For a comprehensive report of the Village's net position, refer to the [Annual Comprehensive Financial Report](#).

	Governmental Activities			Business-Type Activities			Totals		
	2021	2020	% Change	2021	2020	% Change	2021	2020	% Change
Assets									
Current and Other Assets	103.3	86.8	19.0%	19.8	20.8	-4.8%	123.1	107.6	14.4%
Capital Assets	119.3	111.0	7.5%	48.3	39.8	21.4%	167.6	150.8	11.1%
Deferred Outflows of Resources	26.5	10.5	152.4%	1.5	1.8	-16.7%	28.0	12.3	127.6%
Total Assets and Deferred Outflows	249.1	208.3	19.6%	69.6	62.4	11.5%	318.7	270.7	17.7%
Liabilities									
Current Liabilities	12.1	12.8	-5.5%	2.2	1.9	15.8%	14.3	14.7	-2.7%
Noncurrent Liabilities	214.4	207.8	3.2%	20.3	21.7	-6.5%	234.7	229.5	2.3%
Deferred Inflows of Resources	52.4	46.1	13.7%	1.7	0.9	88.9%	54.1	47.0	15.1%
Total Liabilities and Deferred Inflows	278.9	266.7	4.6%	24.2	24.5	-1.2%	303.1	291.2	4.1%
Net Position									
Net Investment in Capital Assets	38.3	26.4	45.1%	29.7	20.5	44.9%	68.0	46.9	45.0%
Restricted	7.2	5.8	24.1%	-	-	-	7.2	5.8	24.1%
Unrestricted (Deficit)	(75.3)	(90.6)	16.9%	15.8	17.3	-8.7%	(59.5)	(73.3)	18.8%
Total Net Position	(29.8)	(58.4)	49.0%	45.5	37.8	20.4%	15.7	(20.6)	176.2%

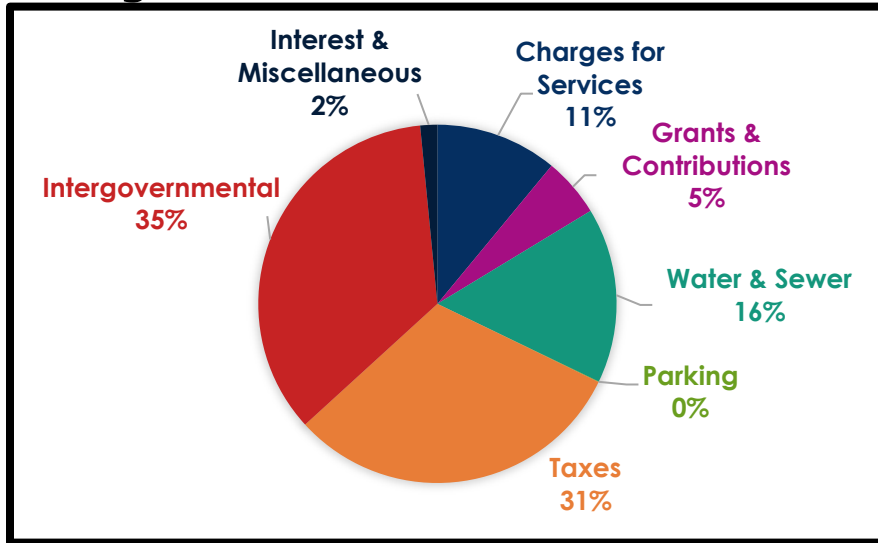
OUR POSITION:

The Village's combined net position for the primary government increased from a negative \$14.9 million, as restated, to a positive \$15.6 million. The net increase of \$30.6 million is mainly attributable to intergovernmental revenues including state sales tax, income tax, use tax, ambulance billing fees and government grants, as well as under budget performance by all the Village Departments. The net position for governmental activities is negative \$29.8 million, while the net position for the business-type activities is a positive \$45.5 million.

Revenues and Expenditures

Village Revenues

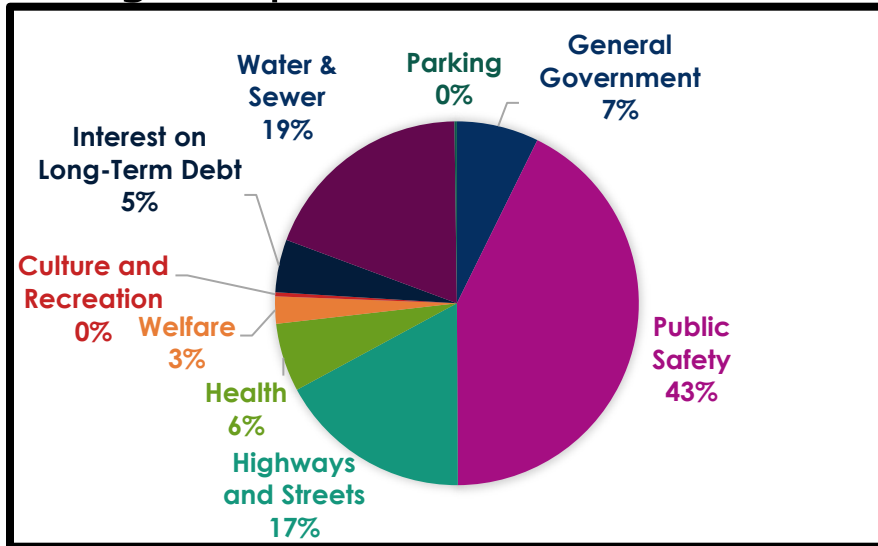
For a comprehensive report of Village revenues and expenditures, refer to the [Annual Comprehensive Financial Report](#).



Revenues are the monies received by the Village from taxes, fees, fines, grants, and other sources. In 2021, the Village had outperforming revenues in many areas including state sales tax, home rule sales tax, fines, and ambulance billing fees. A report of Village revenues in 2021 is provided.

Charges for Services	\$ 12,326,787	Taxes	34,781,161
Grants & Contributions	5,964,293	Intergovernmental	39,490,475
Water & Sewer	17,735,543	Interest & Miscellaneous	1,725,978
Parking	56,289	TOTAL REVENUES	\$112,080,526

Village Expenditures



Expenditures 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 general government operations. A report of Village expenditures in 2021 is provided.

General Government	\$ 5,947,477	Culture and Recreation	294,457
Public Safety	34,743,839	Interest on Long-Term Debt	3,826,832
Highways and Streets	14,011,139	Water & Sewer	15,584,057
Health	4,962,123	Parking	176,825
Welfare	1,969,068	TOTAL EXPENDITURES	\$81,515,817

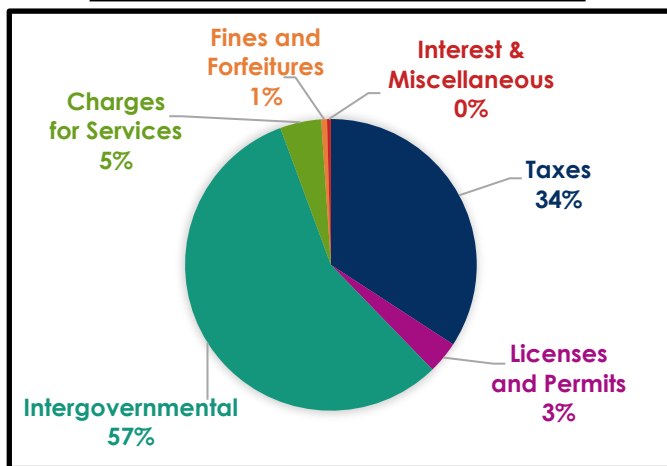
General Fund

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

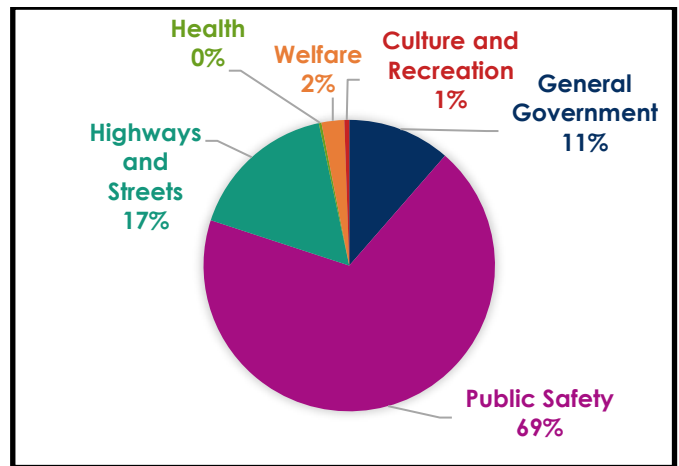


The General Fund is the Village's primary operating fund. It supports a majority of the day-to-day services delivered to its residences and businesses. The fund relies on taxes, service charges, licenses and permits, fines and forfeitures, interest, and other funding sources to maintain its function. There were multiple projects with intended execution in 2020 that were delayed to the year 2021 due to COVID-19, including a bike path project and street improvements. The fund balance of the General Fund saw an increase of \$8.7 million in 2021 from \$26.2 million to \$34.8 million. The final Village budget had anticipated an increase in the General Fund's fund balance of \$7.8 million; however, due to reduced operating expenditures and outperforming revenues, the increase in the fund balance was \$8.7 million. The total revenues of the General Fund for 2021 were \$69.1 million, while the total expenditures were \$60.4 million. Shown below is a percentage breakdown of revenue and expenditure sources for 2021.

General Fund Revenues



General Fund Expenditures



Outperforming and Underperforming Revenues Compared to 2020

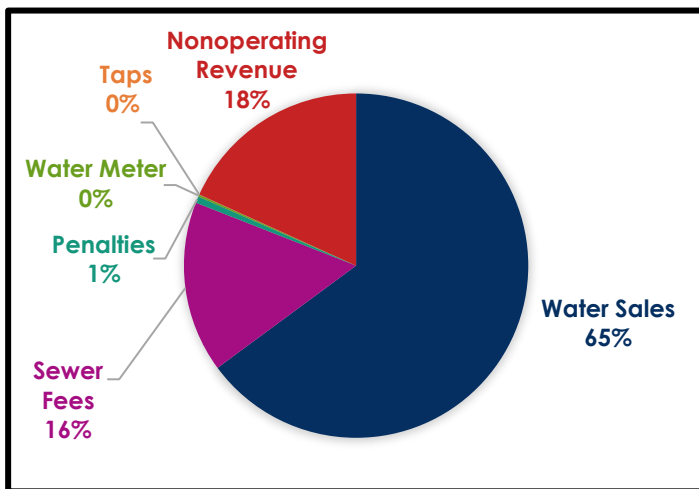
Income Tax	21.90%	↑	Home Rule Sales Tax	25.25%	↑
Licenses and Permits	2.50%	↑	Ambulance Billing Fees	39.30%	↑
Charges for Services	35.88%	↑	Use Tax	-2.26%	↓
State Sales Tax	33.04%	↑			

Water & Sewer Fund

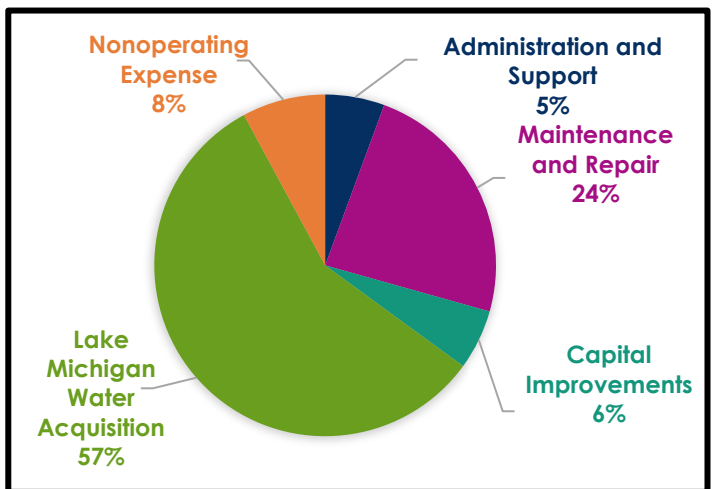
For a comprehensive report of the Village water & sewer fund, refer to the Village's [Annual Comprehensive Financial Report](#).

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. There were multiple projects with intended execution in 2020 that were delayed to the year 2021 due to COVID-19, including a deep well project and a lift station project. The total revenue of the Water and Sewer Fund for fiscal year 2021 was \$21.7 million, while the total expenditure was \$19.5 million. The net position for fiscal year 2021 was \$25.1 million, with a change of \$2.2 million from the restated 2020 balance. Displayed below is a percentage breakdown of the revenue and expenditure sources of the Water & Sewer Fund.

Water & Sewer Revenues



Water & Sewer Expenditures



Aspen Trails Stormwater Improvements

In 2021, Mount Prospect constructed a 17 acre-feet underground stormwater detention vault at Aspen Trails Park. This storage space reduces the level of street and structure flooding. By holding stormwater temporarily and then draining by gravity to the existing sewer system, this storage area allows pumps to “keep up” and prevent low-lying areas from flooding. This project was funded through the flood control construction fund.



Tax Analysis

Taxes Collected

Property taxes in the Village of Mount Prospect have consistently been the largest tax revenue collected. This revenue is put toward the daily operations 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.

Taxes	Amount
Property	\$ 20,516,214
Utility	\$ 3,053,871
Business District	\$ 290,877
Home Rule Sales	\$ 6,689,468
Food and Beverage	\$ 1,412,584
Real Estate Transfer	\$ 1,471,917
Municipal Motor Fuel	\$ 696,357
Hotel/Motel	\$ 326,276
Other Taxes	\$ 323,597
Intergovernmental- Unrestricted	
Income Taxes	\$ 7,175,489
State Sales and Local Use Tax	\$ 31,590,604
Replacement Taxes	\$ 723,067
Charitable Games Tax	\$ 1,315
Total	\$ 74,271,636

For a comprehensive report of the Village taxes, refer to the Village's [Annual Comprehensive 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, the County and other taxing bodies.



Education
66.4%

Culture/Rec
12.2%

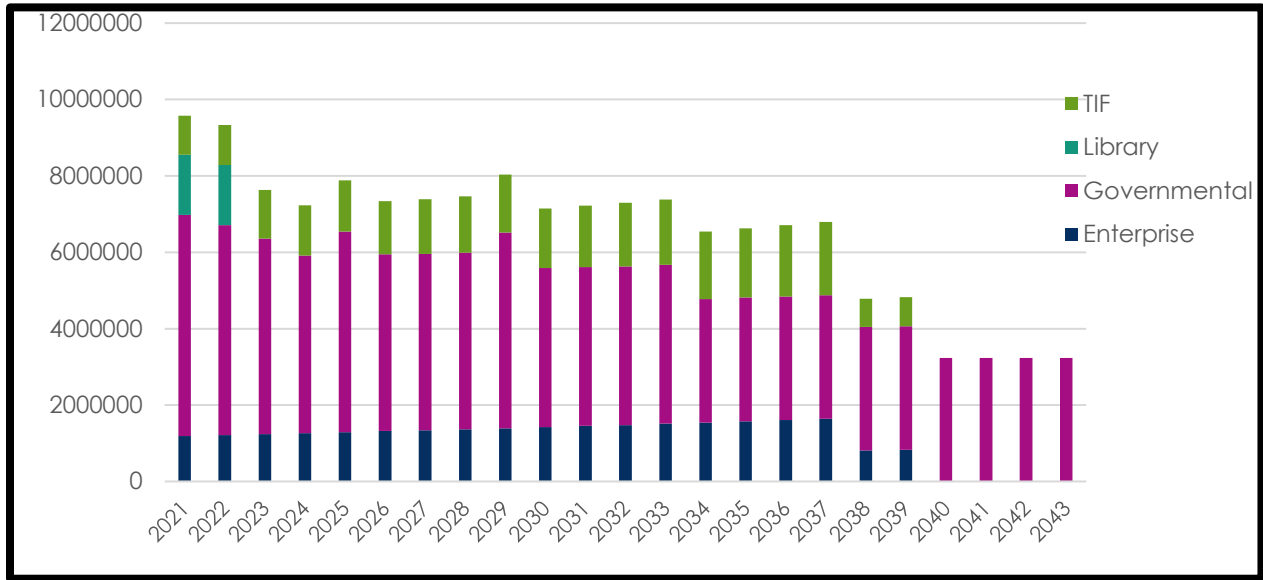
County
5.9%

Other
5.0%

Outstanding Debt Obligation

For a comprehensive report of the Village 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 2021 was \$9.5 million, and the total debt payment in 2022 will be \$7.6 million. The Village’s goal is to retire current debt by 2043.

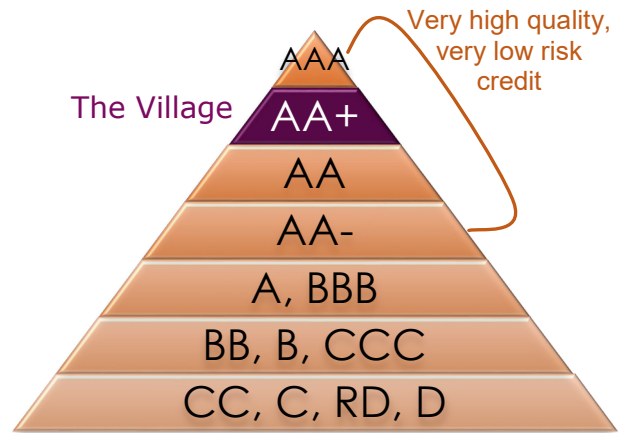


Categories of debt:

- **TIF** - Debt issued with the purpose of improving and developing the downtown area of Mount Prospect.
- **Library** - Debt issued on behalf of the Public Library. These funds were used primarily for remodeling. The current obligation will be fulfilled in 2022.
- **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.
- **Enterprise** - Debt issued in order to make improvements to the water and sewer systems in the Village.

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

Senior Housing Developments

- **Locations:** Mount Prospect Senior Living and The Kenzie
- Total of 56 assisted living apartments, 32 memory care units, and 74 independent living apartments



Other Housing Developments

- **Locations:** 20 West, 10 North, and Maple Street Lofts
- Total of \$158 million investment
- Total of 428 luxury apartments, 56 rowhomes, 5,000 sq. ft. of retail, and 15,000 sq. ft. of grocery



Cloud HQ

- Cloud HQ was approved for a 1.6 million square foot data center campus.
- Estimated EAV (taxable value of the property, minus exceptions) is \$100 million.
- The Village will generate over \$1 million in electric utility taxes, annually.



Police & Fire Pension Funds

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

PPERS (Police Pension Employees Retirement System)

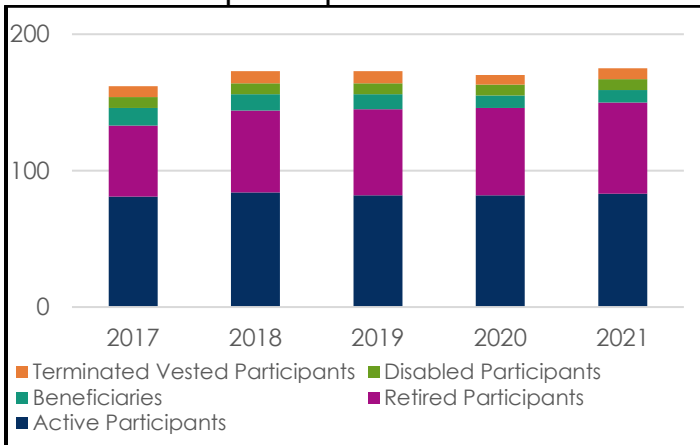
FPERS (Firefighters' Pension Employees Retirement System)

How do the PPERS and FPERS work?

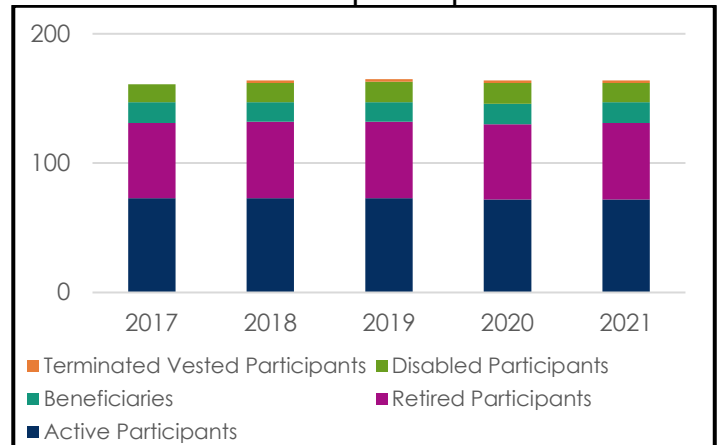
Each system functions for the benefit of the employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary and two elected police/fire employees (respectively) constitute the pension board. The participants are required to contribute 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 – 175 participants as of 2021



FPERS – 164 participants as of 2021



Police Funding Status

2020	2021
69.86%	68.08%

Fire Funding Status

2020	2021
71.20%	68.00%

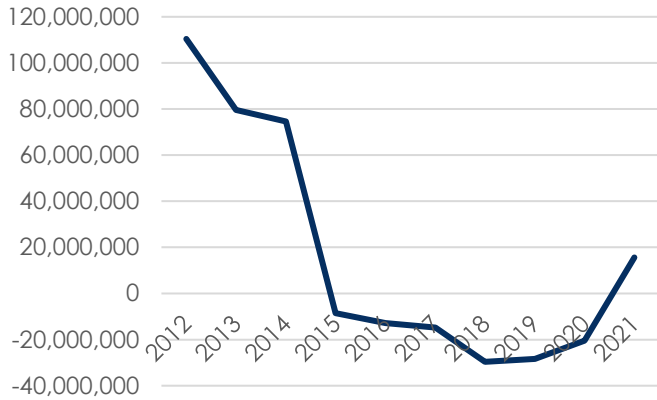
Why did the funding status decrease from 2020 to 2021?

The funding status of these systems is determined by actuarial valuations, which estimates the plans' financial position based on several factors. In 2021, two factors caused a decrease in funding status.

1. The **interest rate of the funds decreased** from 7.25% to 7.00% for the police fund and 7.13% for the fire fund. This means that the money invested in the funds will not be worth as much in the future.
2. The **mortality evaluation increased**, and both police and fire employees are expected to live 1.5 years longer than previously determined. Therefore, the funds will need to provide benefits for a longer period of time.

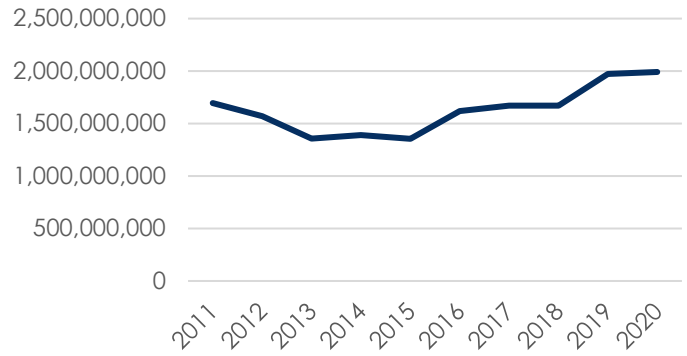
The Village Over the Years

Net Position



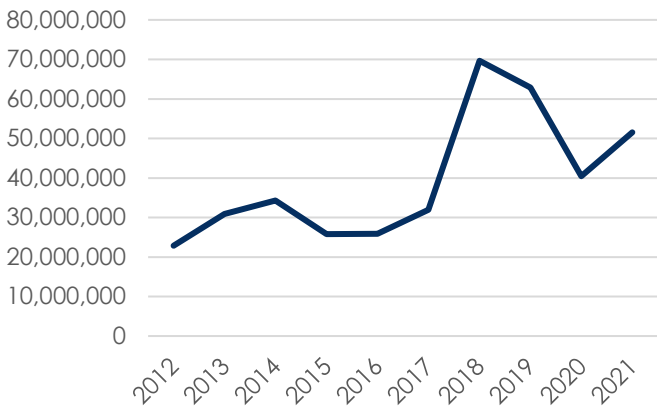
Major decreases in net position have occurred in 2013 and 2015 due primarily to the implantation of new GASB (Governmental Accounting Standards Board) reporting regulations. A small decrease in 2018 was due to beginning construction of the police & fire headquarters. Net Position has been increasing since 2019, reflecting the financial health of the Village.

Equalized Assessed Value (EAV)



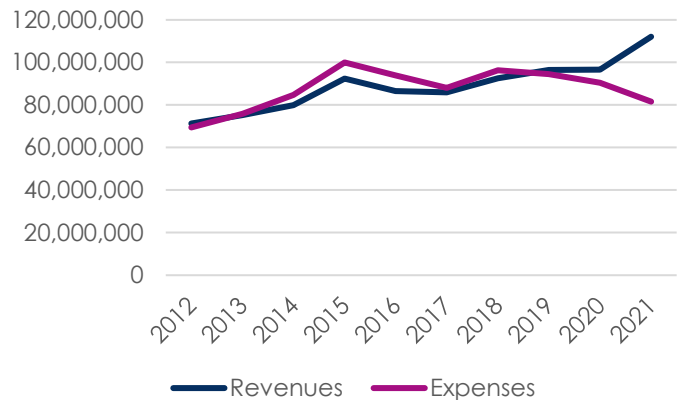
The equalized assessed value (EAV) is the total taxable value of property, minus exceptions. This value is an indicator of the economic health of the Village, and as such, the general positive trend since 2013 reflects the strong stance of Mount Prospect's economy. The EAV for tax year 2020 was \$1,991,342,982, which restores the Village to its 2008-2009 level.

General Fund Balance



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.

Total Revenues and Expenses



The total revenue and expenses over time have remained closely tied to each other, generally increasing and decreasing together. In 2021, a greater deviation occurred due to reduced expenditures and outperforming revenues.

Mayor and Board of Trustees



Mayor Paul Wm. Hoefert

Email:
phoefert@mountprospect.org



Trustee Agostino S. Filippone

Email:
afilippone@mountprospect.org



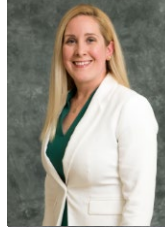
Trustee Richard F. Rogers

Email:
rrogers@mountprospect.org



Trustee Terri Gens

Email:
tgens@mountprospect.org



Trustee Colleen E. Saccotelli

Email:
csaccotelli@mountprospect.org



Trustee John J. Matuszak

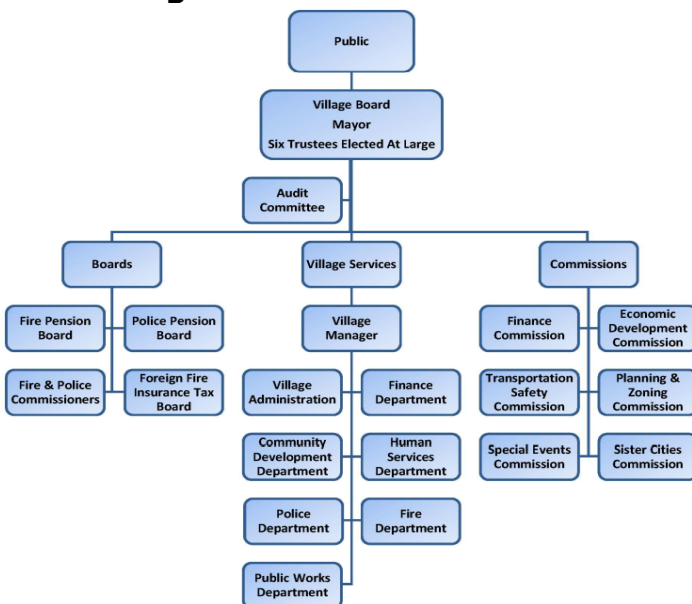
Email:
jmatuszak@mountprospect.org



Trustee Michael A Zadel

Email:
mzadel@mountprospect.org

Organizational Structure



Village of Mount Prospect
 Village Hall - 50 S Emerson St.
 Mount Prospect, IL 60056
 Information 847-392-6000