



2022

**VILLAGE OF
MOUNT PROSPECT
ILLINOIS**

For the fiscal
year ending
December 31, 2022

Popular Annual
Financial Report

Introduction

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 2022. The PAFR is not intended to replace the Village’s Annual Comprehensive Financial Report, which may be found on 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 2022 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 started publishing PAFR starting the year 2020, and the year 2022 marks the third consecutive year. The Village has won the GFOA award for its PAFR for 2020 and 2021 and will be applying for the 2022 PAFR award. The Village became a Triple Crown Winner, winning all three awards (Budget Award, Certificate of Achievement for Excellence in Financial Reporting, and PAFR award). I want to extend my appreciation and congratulations to our Finance Department for their excellent work on financial reporting and for earning the Triple Crown status.

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

Percent in Work Force: 67.6%

Median Household Income: \$92,477

Per Capita Income: \$43,389

Homeowner Rate: 69.8%

Bachelor's Degree or higher: 47.1%

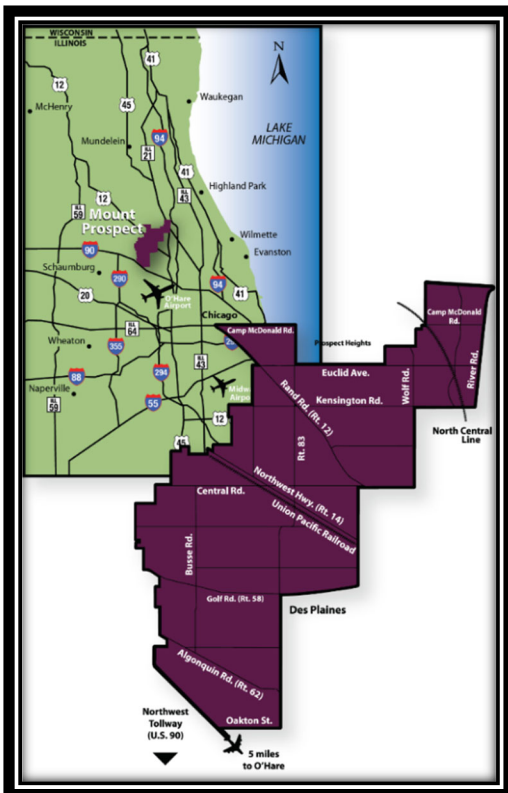
Unemployment Rate: 3.5%

Poverty Rate: 4.7%

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, 2021 and December 31, 2022, 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			
	2022	2021	2020	Avg % Change	2022	2021	2020	Avg % Change	2022	2021	2020	Avg % Change
Assets												
Current and Other Assets	133.1	103.3	86.8	23.9%	31.0	19.8	20.8	25.9%	164.1	123.1	107.6	23.9%
Capital Assets	118.7	119.3	111.0	3.5%	51.8	48.3	39.8	14.3%	170.5	167.6	150.8	6.4%
Deferred Outflows of Resources	42.7	26.5	10.5	106.8%	1.4	1.5	1.8	-11.7%	44.1	28.0	12.3	92.6%
Total Assets and Deferred Outflows	294.5	249.1	208.3	18.9%	84.2	69.6	62.4	16.3%	378.8	318.7	270.7	18.3%
Liabilities												
Current Liabilities	19.4	12.1	12.8	27.4%	2.3	2.2	1.9	10.2%	21.7	14.3	14.7	24.5%
Noncurrent Liabilities	249.4	214.4	207.8	9.8%	28.9	20.3	21.7	18.0%	278.3	234.7	229.5	10.4%
Deferred Inflows of Resources	37.0	52.4	46.1	-7.9%	2.7	1.7	0.9	73.9%	39.7	54.1	47.0	-5.8%
Total Liabilities and Deferred Inflows	305.8	278.9	266.7	7.1%	33.9	24.2	24.5	19.4%	339.7	303.1	291.2	8.1%
Net Position												
Net Investment in Capital Assets	42.4	38.3	26.4	27.9%	29.0	29.7	20.5	21.3%	71.4	68.0	46.9	25.0%
Restricted	8.8	7.2	5.8	23.2%	-	-	-	-	8.8	7.2	5.8	23.2%
Unrestricted (Deficit)	(62.2)	(75.3)	(90.6)	17.1%	21.2	15.8	17.3	12.8%	(41.2)	(59.5)	(73.3)	-24.8%
Total Net Position	(11.2)	(29.8)	(58.4)	55.7%	50.2	45.5	37.8	15.4%	39.0	15.7	(20.6)	162.3%

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

OUR POSITION:

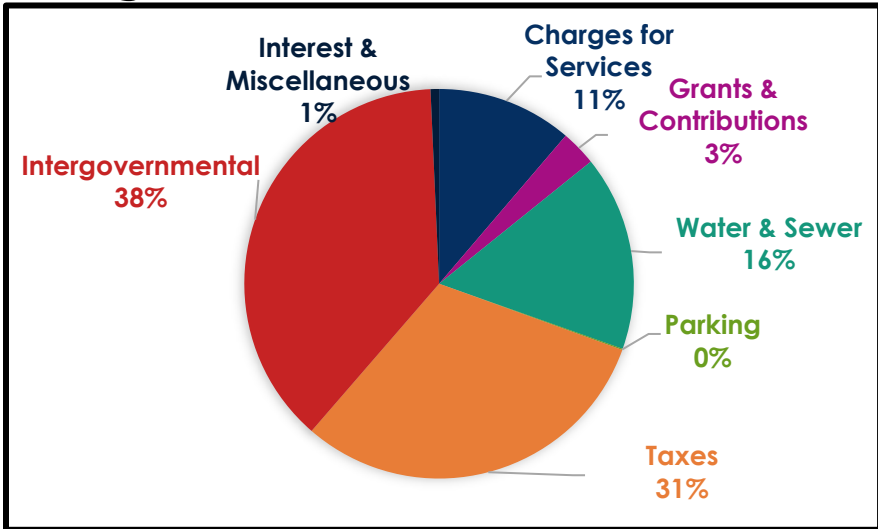
The Village's combined net position in 2021 for the primary government increased from a positive \$15.7 million, as restated, to a positive \$39.1 million in 2022. The net increase of \$23.4 million is mainly attributable to intergovernmental revenues including state sales tax, income tax, use tax, ambulance billing fees and government grants, as well as under budget performance by all the Village Departments. The net position for governmental activities is negative \$11.2 million, while the net position for the business-type activities is a positive \$50.2 million.

Revenues and Expenses

Village Revenues

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

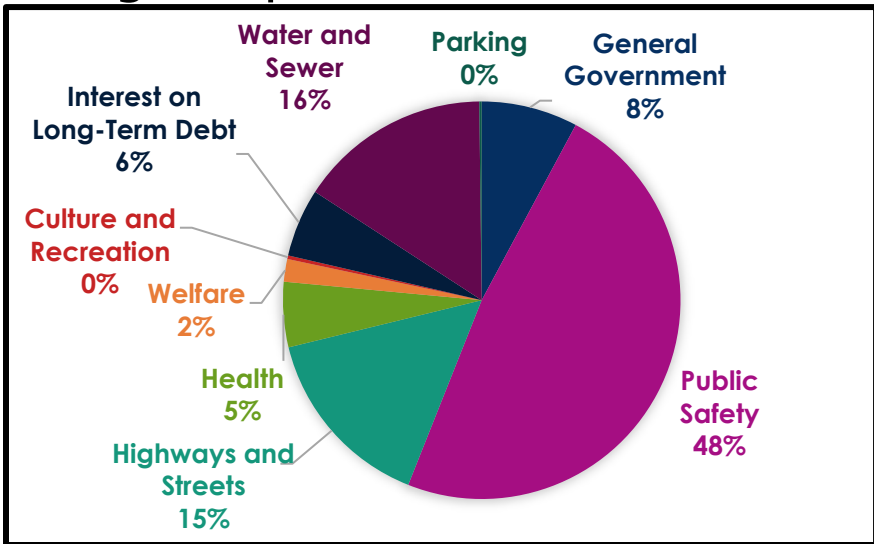
Revenues are the monies received by the Village from taxes, fees, fines, grants, and other sources. In 2022, the Village had outperforming revenues in many areas including income tax, home rule sales tax, charges for services, and ambulance billing fees. A report of Village revenues in 2022 is provided.



Charges for Services	13,132,731	Taxes	35,967,861
Grants & Contributions	3,450,503	Intergovernmental	44,245,393
Water & Sewer	18,904,331	Interest & Miscellaneous	827,872
Parking	115,000	TOTAL REVENUE	\$116,643,691

Village Expenses

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 general government operations. A report of Village expenses in 2022 is provided.



General Government	7,310,783	Culture and Recreation	272,844
Public Safety	44,926,770	Interest on Long-Term Debt	5,176,985
Highways and Streets	14,135,705	Water and Sewer	14,576,309
Health	4,941,948	Parking	180,252
Welfare	1,716,275	TOTAL EXPENSES	\$93,237,871

General Fund

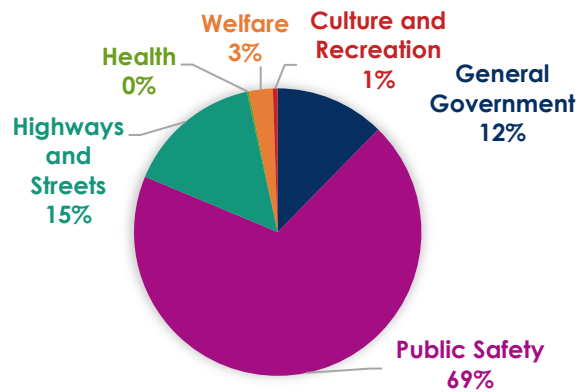
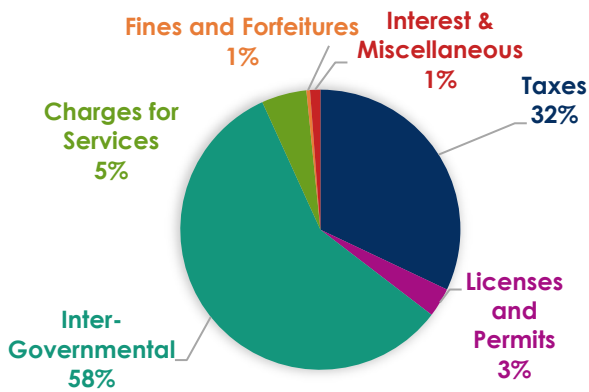
For a comprehensive report of the Village general fund, refer to the Village's [Annual Comprehensive Financial Report](#).



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. The fund balance of the General Fund saw an increase of \$13.4 million in 2022 from \$34.8 million to \$48.2 million. The final Village budget had anticipated an increase in the General Fund's fund balance of \$8.0 million; however, due to reduced operating expenses, the increase in the fund balance was \$13.4 million. The total revenues of the General Fund for 2022 were \$75.8 million, while the total expenses were \$57.7 million. Shown below is a percentage breakdown of revenue and expense sources for 2022.

General Fund Revenues

General Fund Expenses



Outperforming and Underperforming Revenues Compared to 2021

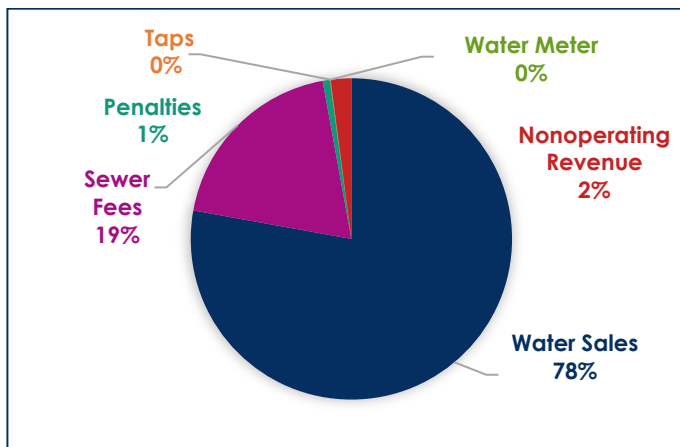
Income Tax	29.10%	↑	Home Rule Sales Tax	25.66%	↑
Licenses and Permits	4.31%	↑	Ambulance Billing Fees	30.93%	↑
Charges for Services	24.88%	↑	Food & Beverage Tax	15.35%	↑
State Sales Tax	5.83%	↑	Cell Tower Leases	-14.86%	↓

Water & Sewer Fund

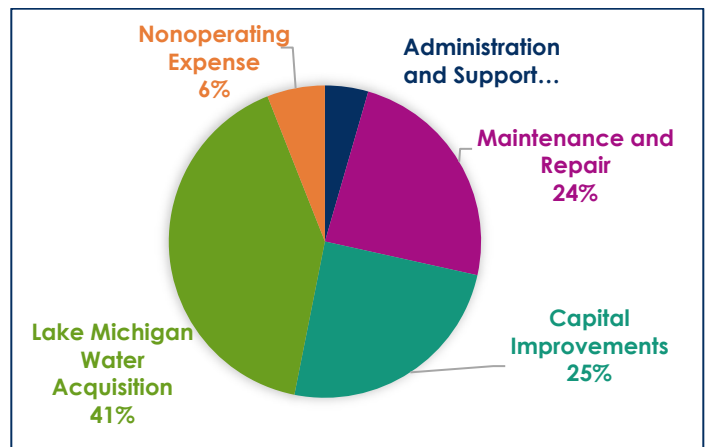
For a comprehensive report of the Village water & sewer fund, refer to the Village's [Annual Comprehensive Financial Report](#).

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. The total revenue of the Water and Sewer Fund for fiscal year 2022 was \$19.3 million, while the total expense was \$18.1 million. The net position for fiscal year 2022 was \$49.9 million, with a change of \$4.7 million (after \$3.5 million in adjustments due to GAAP) from the 2021 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?

There are 4 ways to pay your utility bills!

See more details about utility payments on this page of the Village website [Utility payments](#).

Online Payment

One-time, or **re-occurring** payments!

Link: [Village Utility Payment](#)

To **set up re-occurring** payments:

Establish a user profile and a preferred payment method

Payment Kiosk

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

Self-service kiosk **available 24/7**

Located: Outside village hall by the elevator

Payment Dropbox

Pay via **check or money order**

Dropboxes **available 24/7**

Locations: outside village hall front door, or north side of the parking deck by library book return

In-person

In-person at:

The Finance Department of **Village Hall**

Only available during **Finance Department Hours**

Tax Analysis

Taxes Collected

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.

Taxes	Amount
Property	\$ 20,412,679
Utility	\$ 3,215,723
Business District	\$ 307,733
Home Rule Sales	\$ 7,349,436
Food and Beverage	\$ 1,596,735
Real Estate Transfer	\$ 1,555,691
Municipal Motor Fuel	\$ 739,334
Hotel/Motel	\$ 339,183
Other Taxes	\$ 440,448
Intergovernmental- Unrestricted	
Income Taxes	\$ 9,263,878
State Sales and Local Use Tax	\$ 33,366,535
Replacement Taxes	\$ 1,461,578
Charitable Games Tax	\$ 2,955
Total	\$ 80,051,908

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 67.2%. 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 blue bubble below).

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

Property Taxes



Education
66.6%

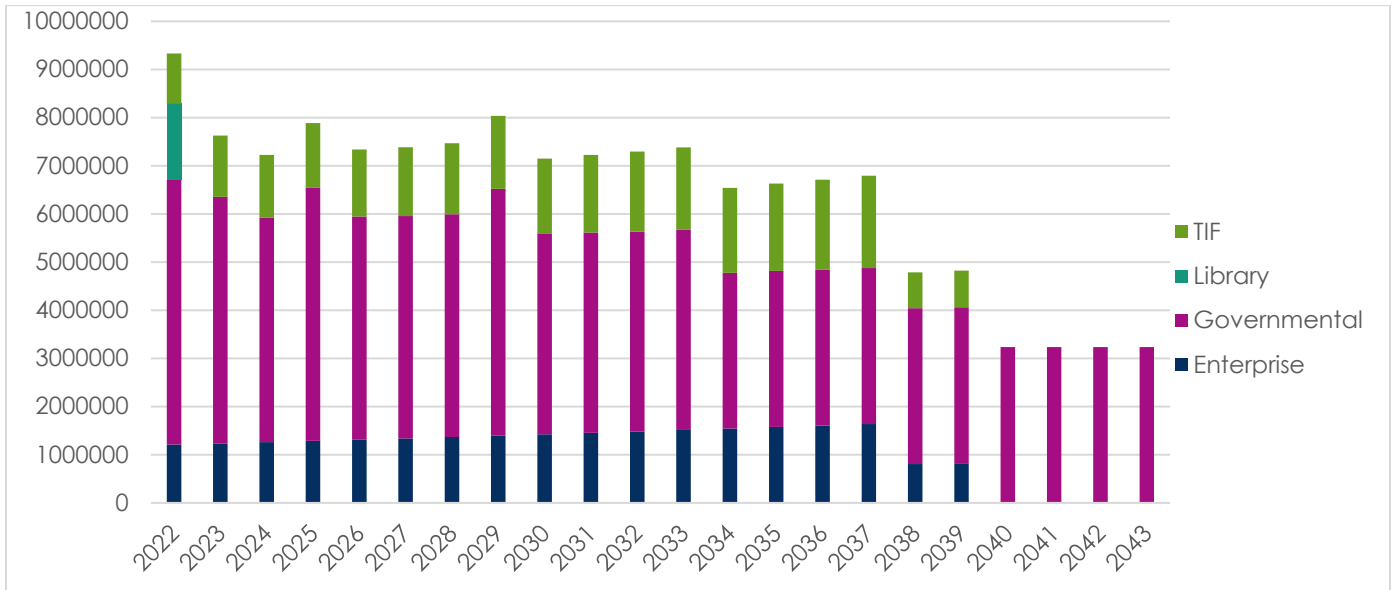
Culture/Rec
12.2%

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 2022 was \$9.90 million. The Village’s goal is to retire current debt by 2043.

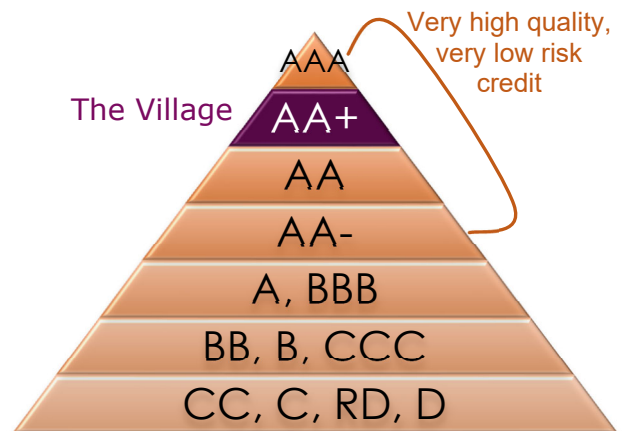


Categories of debt:

- **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 was 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 - Commercial

New Restaurants



Golf Factory

- The Village's first indoor-golf simulator
- 9 golf bays, a full-service bar, and a restaurant serving traditional American food
- Will be hosting leagues and tournaments



Goals for commercial corridors and 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 – Industrial

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 450 high-quality jobs in the community.
- The Village will generate \$1-2 million in electric utility taxes, annually.
- Cloud anticipates beginning construction of the first data center in Fall 2023



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
- The former site has been demolished and construction will begin in Summer 2023



Busse Road Industrial Warehouse Project

- Construction for this industrial warehouse is under way at 2240 S Busse Road
- World Courier, a pharmaceutical shipping company, signed a lease for 25,000 sqft
- Cartage Xperts, a transportation company, signed a lease for 45,000 sqft
- These leases constitute a total 87% of the 80,000 sqft warehouse building



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)

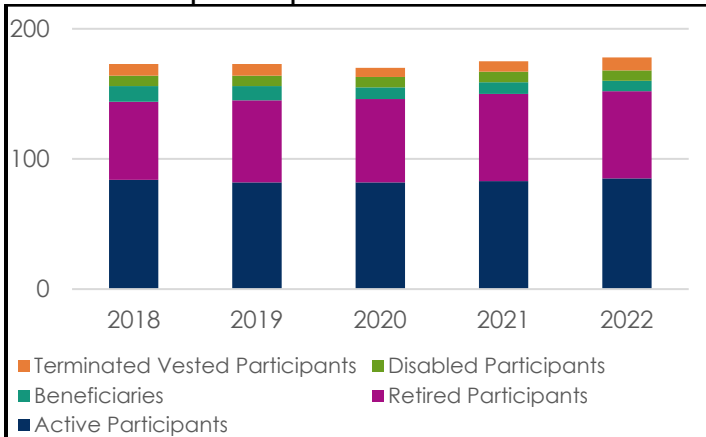
FPERS (Firefighters' Pension Employees Retirement System)

How do the PPERS and FPERS work?

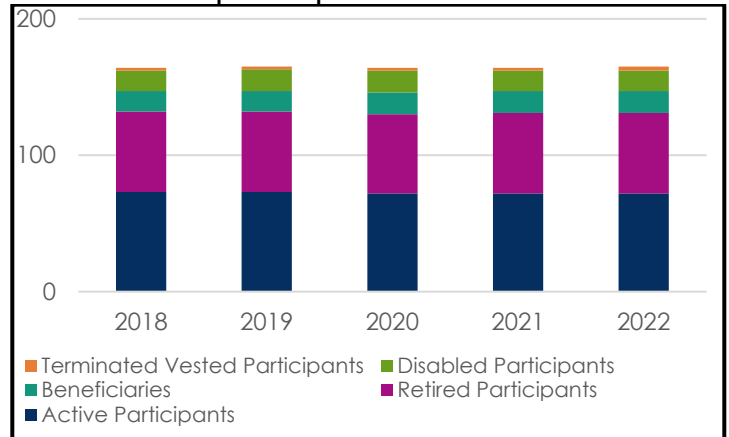
Each system functions for the benefit of the employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary, and two elected police/fire employees (respectively) constitute the pension board. The participants are required to contribute 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 – # participants as of 2022



FPERS – # participants as of 2022



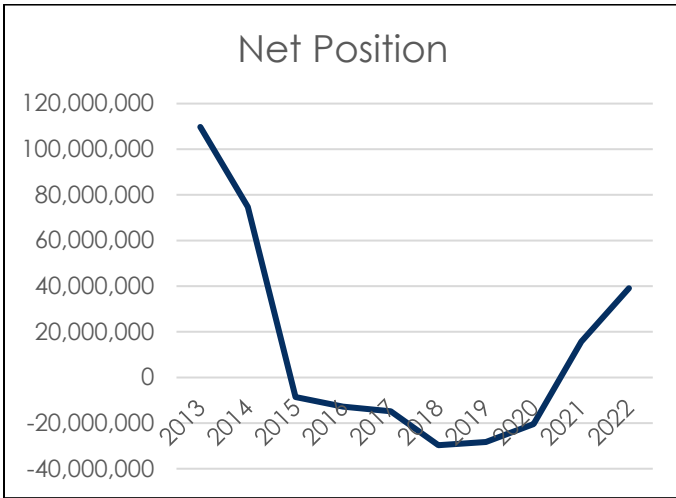
Police Funding Status	
2021	2022
68.08%	54.25%

Fire Funding Status	
2021	2022
68.00%	54.62%

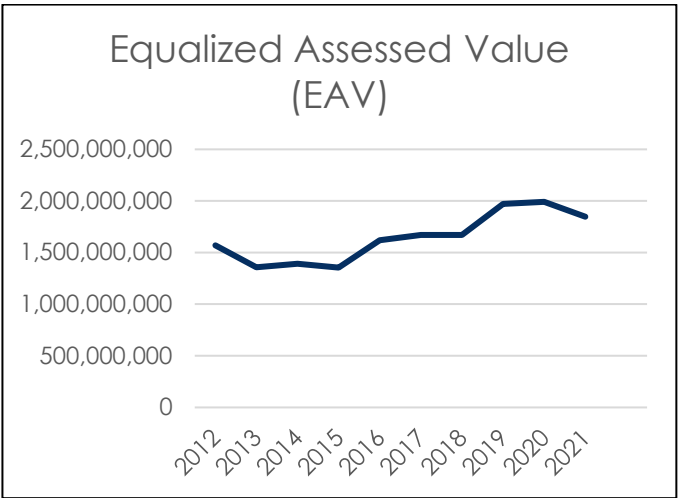
Why did the funding status decrease from 2021 to 2022?

- 1. Stock market investments at a low:** The value of the investments in this fund have decreased around 14% due to the low value of the equity market. As of 2022, these investments are controlled by the State of Illinois.
- 2. Decreased interest rate of the funds:** The interest rates of the police and fire pension funds decreased from 7.25% to 7.125% for fire and 6.8% for police. This means that the future value of the fund is lower than it was previously.

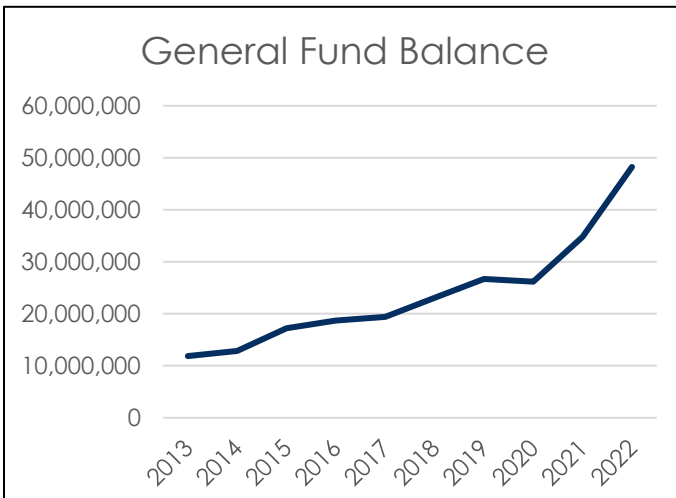
The Village Over the Years



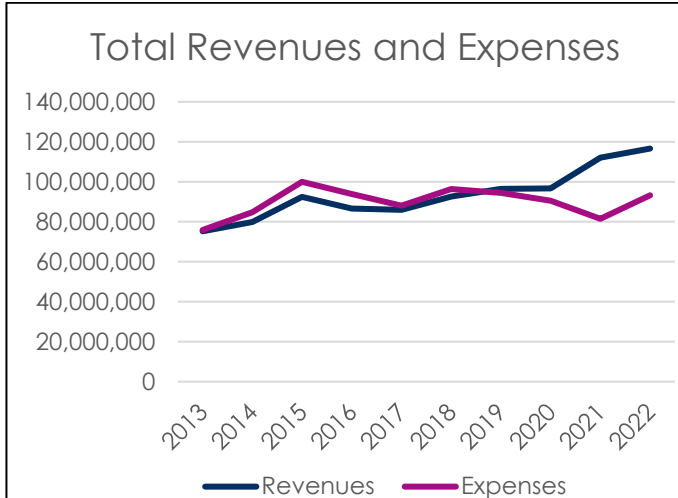
A major decrease in net position occurred in 2015 due primarily to the implantation of new GASB (Governmental Accounting Standards Board) reporting regulations. A small decrease in 2018 was due to beginning construction of the police & fire headquarters. Net Position has been increasing since 2019, reflecting 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 2021 was \$1,846,400,810.



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 together. In 2021 and 2022, a greater deviation occurred due to reduced expenses and outperforming revenues.

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, 2022. Therefore, the span of the fiscal year is January 1, 2022 – December 31, 2022.

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.

Mayor and Board of Trustees



Mayor Paul Wm. Hoefert

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Trustee John J. Matuszak

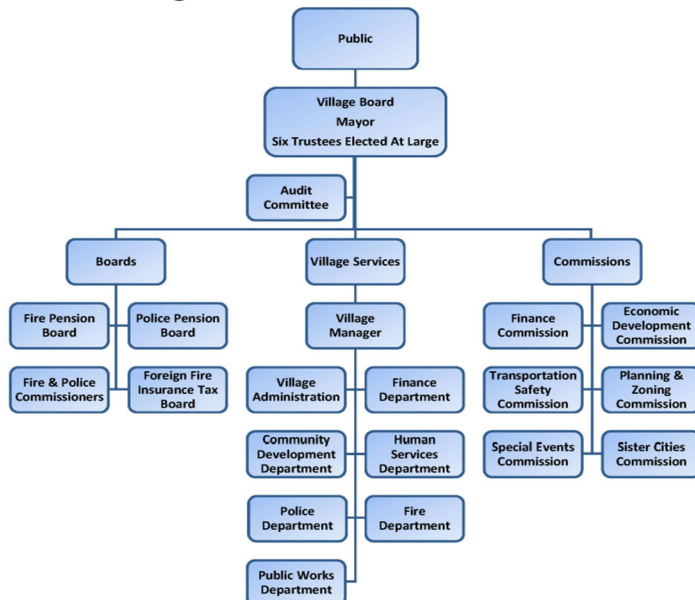
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Organizational Structure



Village of Mount Prospect
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 Mount Prospect, IL 60056
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