

Village of Mount Prospect, Illinois



*Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2006*

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2006

Prepared by Finance Department

David O. Erb
Director of Finance

Carol L. Widmer
Deputy Director of Finance

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MAYOR
Irvana K. Wilks

TRUSTEES
Timothy J. Corcoran
Paul Wm. Hoefert
Arlene A. Juracek
A. John Korn
Richard M. Lohrstorfer
Michael A. Zadel



VILLAGE MANAGER
Michael E. Janonis

VILLAGE CLERK
M. Lisa Angell

Phone: 847/392-6000
Fax: 847/392-6022
TDD: 847/392-6064
www.mountprospect.org

Village of Mount Prospect

50 South Emerson Street, Mount Prospect, Illinois 60056

June 29, 2007

The Honorable Irvana K. Wilks, Village President
Members of the Board of Trustees
Village Manager Michael E. Janonis, and
Citizens of the Village of Mount Prospect, Illinois

The Comprehensive Annual Financial Report of the Village of Mount Prospect, Illinois for the fiscal year ended December 31, 2006 is submitted herewith. The report consists of management's representations concerning the finances of the Village of Mount Prospect. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Village.

To provide a reasonable basis for making these representations, management of the Village has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Village of Mount Prospect's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Village's comprehensive framework on internal controls had been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The Village has implemented GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis - for state and local governments, including infrastructure reporting. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village of Mount Prospect for the year ended December 31, 2006, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon their audit that there was a reasonable basis for rendering an unqualified opinion that the Village's financial statements for the fiscal year ended December 31, 2006 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Village's MD&A can be found immediately following the report of the independent auditors.

Profile of the Village of Mount Prospect

The Village of Mount Prospect, a home rule community as defined by the Illinois Constitution, was incorporated February 3, 1917 and is located 22 miles northwest from downtown Chicago in Cook County. The Village currently has land area of 10.3 square miles and a population of 56,265.

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 and Village Attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Village Board, for overseeing the day-to-day operations of the Village, and for appointing the heads of the Village's departments. The Board is elected on a non-partisan basis. Board members are elected to four-year staggered terms with three Board members elected every two years. The Mayor is elected to a four-year term. The Mayor and Village Trustees are elected at large.

The Village provides a full range of services including police, fire, public works (including water and sewer), human services, finance, community development and television services.

The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit their budget requests to the Finance Director by mid-August each year. Revenue estimates are completed by the Finance Department in preparation for departmental budget reviews with the Village Manager and Finance Director in early September. Initial budget requests are compiled by the end of September when a proposed budget is prepared and delivered to the Village Board and Finance Commission. The proposed budget is also made available for public inspection in the Village Clerk's Office and at the Mount Prospect Library. A series of meetings are held with the Finance Commission in October along with hearings before the Village Board at two (2) Committee of the Whole meetings in late October and early November. The Village Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than December 31st of each year, the close of the Village's previous budget year. The budget is prepared by fund and by department. Budget amendments require approval of the Village Board. Budget-to-actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Corporate Fund and major special revenue funds, this comparison is presented in the required supplementary information. For governmental funds, other than the General Corporate Fund, with appropriated annual budgets, this comparison is presented in the non-major governmental fund subsection of this report.

Major Initiatives

The Village staff, following directives of the Village Board and the Village Manager, have been involved in a variety of projects throughout the year; projects which reflect the Village's commitment to ensuring that its citizens are able to live and work in an enviable environment. The most significant of these projects are discussed below:

- Capital infrastructure improvements continued to focus on on-going initiatives and critical system improvements. In 2006, 5.2 miles of local streets were resurfaced. A multi-year program to repair and rehabilitate some 260,000 lineal feet of combined sewer was continued in 2006. Over 22,000 linear feet of combined sewers were rehabilitated utilizing the cured-in-place-pipe (CIPP) method. In addition, a 1.1 acre retention pond in the Kensington Business Center was drained and completely rehabilitated as part of a continuing effort to maintain the capacity of the Village's stormwater management systems. Routine maintenance and spot repair of other infrastructure systems also took place throughout the year.
- Redevelopment of our emerging downtown remains a high priority. After a series of meetings with other local taxing bodies in 2006, the Village expanded the boundaries of the downtown tax increment finance district and extended the TIF for an additional 13 years. The properties commonly known as Chase Bank (southwest corner of Emerson and Busse) and Central Plaza

(northwest corner of Central and Route 83) were added. The Community Development Department assisted in the coordination and implementation of additional redevelopment efforts within the Village's downtown, including the construction of "The Emerson" condominium/retail development and the "Founders Row" town homes.

- A new Residential Solid Waste Program was introduced to the community. The new program included distribution of over 27,000 wheeled refuse and recycling carts to the single and multi-family homes with curbside collection service. The carts facilitate a fully automated collection process which should help limit worker injuries, speed collections and hold down costs. Refuse collection services are provided through contract with a private hauler.
- While the Village avoided any significant "unexpected" events in 2006, the discovery of the Emerald Ash Borer (EAB) in several Chicagoland communities marks the start of what could be a long and expensive effort to protect and/or remove some 4,400 Ash trees in Mount Prospect parkways. At this time no assistance is forthcoming from State or Federal levels of government. The Village anticipates building into its next five-year capital improvement plan (2008-2012) monies to address this issue.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village operates.

Local economy. Although there has been a slow down in the housing market, the Village continues to experience a rebound in the local economy. There are a number of factors that influence the economy of a specific community and various measures are used to gauge the economic outlook. Perhaps four of the most objective measures are the level of retail sales, the employment level of the community, income levels in the community and building activity. In Illinois, sales taxes are allocated based upon the point-of-sale, and accordingly represent the sales in the community. Total sales tax receipts in the calendar year ended December 31, 2006 were \$8,824,103, compared to \$8,101,017 for the previous year, an increase of 8.9%. Since the Village's portion of sales tax receipts is based on a 1% tax rate, these receipts represent total retail sales of approximately \$882 million for 2006. The Village is optimistic that retail sales will continue a trend of steady growth over the next few years as economic development efforts begin to come on line.

Mount Prospect's average unemployment rate for 2006 of 2.5% was significantly lower than the 4.5% state average. Mount Prospect's median family income, \$67,262 as of the 2000 Census, was 25% higher than the norms for Cook County and 21% higher than the median for the State of Illinois. The Village continues to realize the benefits of extraordinary economic growth over the past ten years. During 2006 the Village realized commercial and industrial construction valued at \$25 million and residential construction valued at \$29 million.

In a suburban setting where it is often difficult to distinguish the boundaries of one community from a neighboring community, the economic activity of the "region" is a major influence on the economies of the individual communities. The Village of Mount Prospect is located on the eastern edge of the "Golden Corridor" which extends along Interstate 90 from O'Hare Airport to Elgin, a stretch of approximately 25 miles. Along this corridor can be found the corporate headquarters of such corporations as Sears and Motorola. The corridor is also home to regional headquarters for such corporations as AT&T and Siemens. The Corridor will continue to grow, as thousands of acres remain available for development on its far western edge.

Long-term financial planning. In 2003, the Village conducted its first long-range financial planning workshop. The workshop was held in response to the slowing economy and its impact to the Village's financial condition. The goal of the workshop was to put the Village's financial condition back on firm ground in such a manner as to not overburden residents and businesses from a tax standpoint or reduce

the scope and quality of municipal services that would jeopardize the livability and curb appeal of the community. The goal of the workshop was accomplished through a series of revenue enhancements, budget cuts and the planned drawdown of fund balance. A second long-range financial planning workshop was held in March 2004. A third workshop held in September 2005 introduced additional revenue enhancements and outlined budget limitations that provide for a balanced budget through 2007. The next financial planning was held in March 2007.

Another tool in managing the long-range finances of the Village is the Five-Year Capital Improvement Plan. This plan outlines the major capital expenditure/project initiatives of the Village over the next five years and identifies funding sources. Over the next five years (2007-2011), it is anticipated that the Village will spend approximately \$48.6 million in water and sewer, flood control, street, public building, equipment and other miscellaneous capital projects.

Cash management policies and practices. Cash temporarily idle during the year in the Village's operating funds was invested in short-term notes and bills, the Illinois State Treasurer's Pool (Illinois Fund), the Metropolitan Investment Fund (IMET), LaSalle Money Market accounts and various certificates of deposit. The maturities of the investments vary from being immediately accessible (Illinois Funds) to approximately six months (CDs) to 2 to 3 years (IMET). The average yield of these investments was approximately 5.2%. The Police Pension and Fire Pension Funds are managed by their respective boards. For the fiscal year from January 1 – December 31, 2006, the rates of return for the two pension funds were 9.2% and 8.0% respectively. Typically, the two pension fund's returns are higher than the Village because the Pension funds can invest in longer-term securities and in equities.

Risk management. The Village participates in two public entity risk pools to protect against casualty and health risk losses, the Intergovernmental Personnel Benefit Cooperative (IPBC) and the High-level Excess Liability Pool (HELP). IPBC insures health, accident and life claims while HELP provides coverage for first party property losses and third party liability claims. Health claims are self-insured up to \$20,000 at which point coverage is picked up by IPBC. The Village also self-insures first party property losses, third party liability claims and worker's compensation claims. The Village self-insures up to \$2,000,000 for property and liability claims and \$400,000 for worker's compensation claims. Next, the Village purchases commercial coverage for claims between the self-insured max and \$1,000,000 for worker's compensation claims (statutory limit). For property and liability claims exceeding \$2,000,000, the Village is a member of the High-level Excess Liability Pool (HELP) that provides coverage up to \$12,000,000. Public Officials and Fiduciary Liability coverage is purchased separately in the commercial market.

In addition, various control techniques, including safety training for certain high-risk personnel (police, fire, public works) and other Village employees are in place to minimize accident-related losses.

Pension and other post-employment benefits. The Village sponsors single-employer defined benefit pension plans for its police officers and firefighters. Each year, an independent actuary engaged by the Village and the pension plans calculates the amount of the annual contribution that the Village must make to each respective pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Village fully funds each year's annual required contribution to the respective pension plans as determined by the actuary. As a result of the Village's conservative funding policy, the Village has succeeded as of January 1, 2006 of funding 74.1% of the Police Pension and 76.4% of the Firefighter's Pension actuarial accrued liabilities. The remaining unfunded liability is being systematically funded through June 30, 2033 as part of the annual required contribution calculated by the actuary.

The Village also provides pension benefits for its nonpublic safety employees. These benefits are provided through a statewide plan managed by the Illinois Municipal Retirement Fund (IMRF). The Village has no obligation in connection with employee benefits offered through this plan beyond its contractual payments to IMRF.

Additional information on the Village's pension arrangements can be found in Note 13 in the financial statements.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Mount Prospect for its comprehensive annual financial report for the year ended December 31, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Village of Mount Prospect has received a Certificate of Achievement for the past 23 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for evaluation.

In addition, the Village of Mount Prospect also received the Government Finance Officers Association's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning on January 1, 2006 and ending December 31, 2006. In order to qualify for the Distinguished Budget Presentation Award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This is the fourteenth consecutive year the Village has received this award. The Village is awaiting word as to whether it received the Budget Award for its 2007 Budget document.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express special appreciation to Deputy Director of Finance Carol Widmer, Accounting Supervisor Lynn Jarog and Accountants Judy Chen and Tricia Schraeder who contributed greatly to its preparation. Additionally, I would like to acknowledge the Mayor, the Board of Trustees, and the Village Manager for their leadership and support in planning and conducting the financial affairs of the Village in a responsible and progressive manner.

Respectfully submitted,



David O. Erb
Director of Finance

VILLAGE OF MOUNT PROSPECT, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2006

LEGISLATIVE

Mayor

Irvana K. Wilks

Timothy J. Corcoran

Michaele W. Skowron

Paul W. Hoefert

A. John Korn

Richard M. Lohrstorfer

Michael A. Zadel

ADMINISTRATIVE

Michael E. Janonis, Village Manager

David Strahl, Assistant Village Manager

David O. Erb, Director of Finance/Treasurer

William J. Cooney, Jr., Director of Community Development

Nancy M. Morgan, Director of Human Resources

Michael J. Figolah, Fire Chief

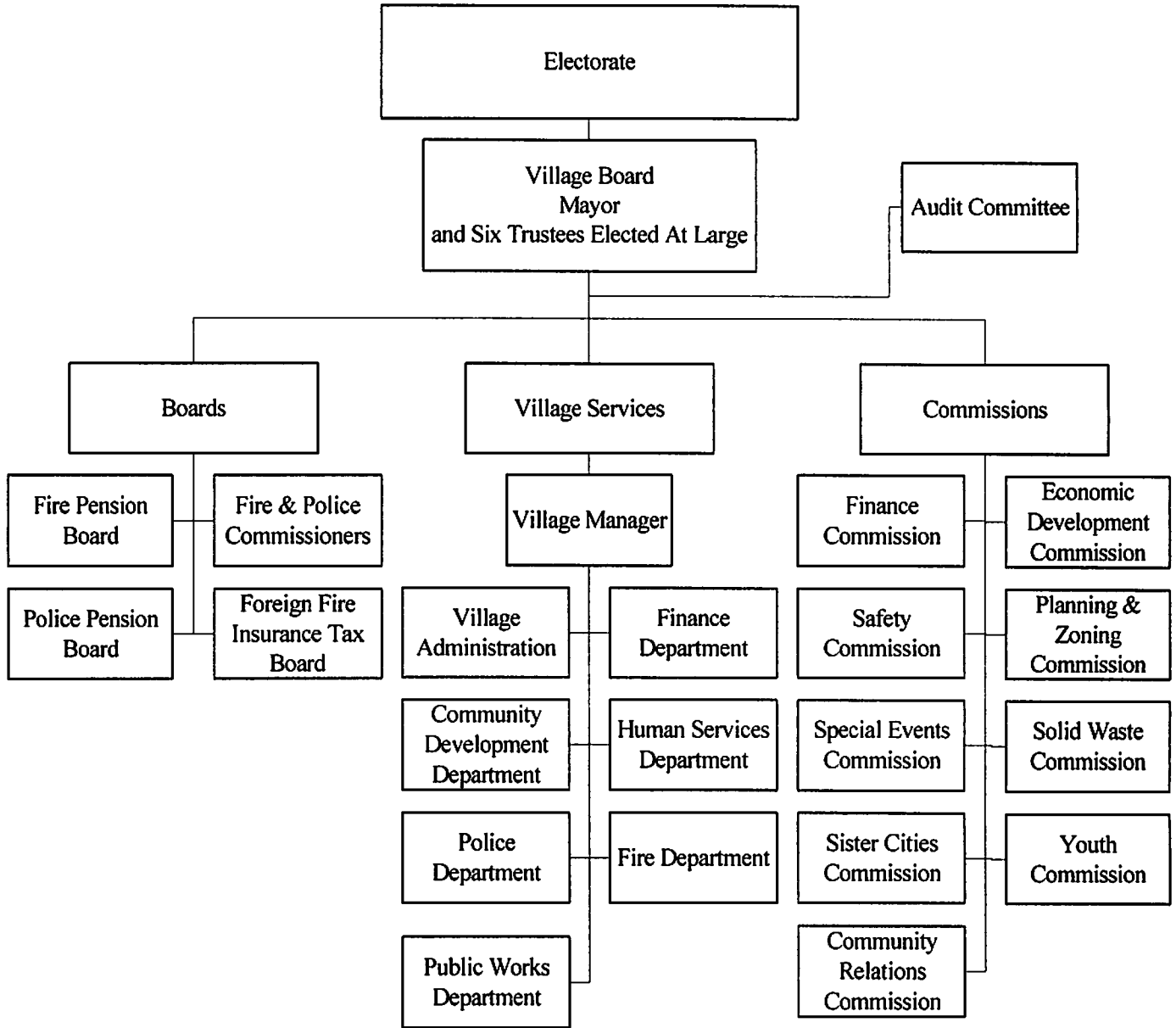
Richard T. Eddington, Police Chief

Glen R. Andler, Director of Public Works

M. Lisa Angell, Village Clerk

VILLAGE OF MOUNT PROSPECT

Organizational Structure



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Mount Prospect
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



998 Corporate Boulevard • Aurora, IL 60502

Members of American Institute of
Certified Public Accountants &
Illinois CPA Society

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Board of Trustees
Village of Mount Prospect
Mount Prospect, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Mount Prospect, Illinois, as of and for the year ended December 31, 2006, which collectively comprise the Village of Mount Prospect, Illinois' basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village of Mount Prospect, Illinois' nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the Village of Mount Prospect, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

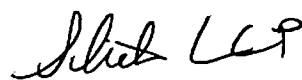
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Mount Prospect, Illinois, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund of the Village of Mount Prospect, Illinois, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2007 on our consideration of Village of Mount Prospect, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mount Prospect, Illinois' financial statements. The individual fund schedules and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund schedules and supplemental data have been subjected to the auditing procedures applied in the audit of the basic, combining, and individual fund financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements and each of the combining and individual fund financial statements taken as a whole.

The introductory and statistical information listed in the table of contents was not audited by us, and accordingly, we do not express an opinion thereon.



Aurora, Illinois
June 12, 2007

VILLAGE OF MOUNT PROSPECT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

For Fiscal Year Ended December 31, 2006

The Village of Mount Prospect (the "Village") Management's Discussion and Analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page i), and the Village's financial statements (beginning on page 3).

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

The primary focus of local governmental financial statements has been to summarize fund type information on a current financial resource basis. This approach has been modified by Governmental Accounting Standards Board (GASB) Statement No. 34. As a result, the Village's financial statements now present two kinds of statements, each with a different snapshot of the Village's finances. The new financial statement's focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

Government-Wide Financial Statements

The government-wide financial statements (see pages 3-5) are designed to be corporate-like in that all of the governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") found on page 3 is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see pages 4-5) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The governmental activities reflect the Village's basic services, including police, fire, public works, and administration. Property taxes, the shared state sales and income tax and local utility taxes finance the majority of these services. The business-type activities reflect private sector type operations (water, sewer, and parking operations), where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on major funds rather than (the previous model's) fund types.

The Governmental Major Fund (pages 6-9) presentation is organized on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Police and Firefighters Pension Funds). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the Business-type Activities column on the Proprietary Fund Financial Statements (see pages 10-13) is the same as the Business-type column on the Government-Wide Financial Statement, the Governmental Major Funds total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 7 and 9). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the government-wide statements).

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – i.e. roads, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. This new statement requires that these assets be valued and reported within the Governmental Activities column of the Government-wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Village of Mount Prospect has chosen to depreciate assets over their useful life. If a road project is considered maintenance - a recurring cost that does not extend the road's original useful life or expand its capacity - the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Assets

The Village's combined net assets for the Primary Government (which is the Village's bottom line) as of December 31, 2006 were \$71.9 million. This is an increase of \$5.6 million from 2005. Net assets of the Village's governmental activities were \$47.4 million, an increase of \$4.7 million. The Village's unrestricted net assets for governmental activities, the part that can be used to finance day-to-day operations, were \$18.5 million up \$4.8 million from the 2005 unrestricted net asset total of \$13.7 million.

Table 1 reflects the condensed Statement of Net Assets. For more detailed information see the Statement of Net Assets found on page 3. Table 2 focuses on the changes in net assets of the governmental and business-type activities.

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(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 1
Statement of Net Assets
as of December 31, 2006 (In millions)

| | <u>Governmental</u> <u>Activities</u> | | <u>Business-type</u> <u>Activities</u> | | <u>Total</u> | |
|--|--|----------------|---|----------------|----------------|----------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Current and other assets | \$ 47.1 | \$ 41.2 | \$ 7.3 | \$ 7.1 | \$ 54.4 | \$ 48.3 |
| Capital assets | <u>46.7</u> | <u>48.1</u> | <u>18.3</u> | <u>17.8</u> | <u>65.0</u> | <u>65.9</u> |
| Total assets | \$ 93.8 | \$ 89.3 | \$ 25.6 | \$ 24.9 | \$ 119.4 | \$ 114.2 |
| Current liabilities | \$ 22.3 | \$ 19.3 | \$ 0.9 | \$ 1.1 | \$ 23.2 | \$ 20.4 |
| Noncurrent liabilities | <u>24.1</u> | <u>27.3</u> | <u>0.2</u> | <u>0.2</u> | <u>24.3</u> | <u>27.5</u> |
| Total liabilities | \$ 46.4 | \$ 46.6 | \$ 1.1 | \$ 1.3 | \$ 47.5 | \$ 47.9 |
| Net Assets | | | | | | |
| Invested in capital assets, net of related debt | \$ 24.7 | \$ 24.2 | \$ 18.3 | \$ 17.8 | \$ 43.0 | \$ 42.0 |
| Restricted net assets | 4.2 | 4.8 | - | - | 4.2 | 4.8 |
| Unrestricted net assets | <u>18.5</u> | <u>13.7</u> | <u>6.2</u> | <u>5.8</u> | <u>24.7</u> | <u>19.5</u> |
| Total net assets | <u>\$ 47.4</u> | <u>\$ 42.7</u> | <u>\$ 24.5</u> | <u>\$ 23.6</u> | <u>\$ 71.9</u> | <u>\$ 66.3</u> |

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net results of activities - which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for capital - which will increase current assets and long-term debt.

Spending borrowed proceeds on new capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of nonborrowed current assets on new capital - which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.

Principal payment on debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Reduction of capital assets through depreciation - which will reduce capital assets and invested in capital assets, net of debt.

Current Year Impacts

The Village's \$5.6 million increase of combined net assets was the result of the governmental activities net assets increasing \$4.7 million and the business-type activities net assets increasing by \$0.9 million. The governmental activities total assets increased by \$4.5 million and the governmental activities total liabilities decreased by \$0.2 million. The total assets increase of \$4.5 million in governmental activities was the result of an increase of \$5.9 million in current and other assets and a decrease of \$1.4 million in capital assets. The \$5.9 million increase in current assets was due to an increase in cash and investments of \$4.2 million, an increase in receivables of \$0.8 million and an increase in other assets of \$0.7 million. Several Governmental Funds experienced budget surpluses in 2006 as a result of higher than expected revenues. The total assets increase of \$0.7 million in business-type activities was due to an increase in cash of \$0.1 million, an increase in capital assets of \$0.5 million and an increase in utility receivables of \$0.1 million from customers.

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The decrease in total liabilities of \$0.2 million for the governmental activities was due to an increase in the accounts payable of \$0.6 million, an increase in deferred property taxes of \$0.5 million and a decrease in liabilities related to debt service of \$2.3 million. Liabilities for debt service were reduced according to the payment schedule of the various bonds. Changes in the other categories resulted in the timing related to the normal course of operations.

Liabilities for business-type activities decreased slightly from \$1.3 million to \$1.1 million. This was due to a decrease in accounts payable of \$0.2 million.

Changes in Net Assets

The Village's combined change in net assets for the primary government in 2006 was an increase of \$5.8 million. Activities for the governmental saw an increase in net assets of \$5.0 million versus \$6.3 million in 2005, while activities for the business-type funds saw an increase in net assets of \$0.8 million in 2006 versus a decrease of \$0.1 million in 2005. The combined change in net assets in the prior year was \$5.8 million. The following chart lists the revenues and expenses for the current fiscal year. There also was a prior period adjustment due to the restatement of assets in the governmental funds.

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(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 2
Changes in Net Assets
as of December 31, 2006 (in millions)

| | <u>Governmental</u> | | <u>Business-type</u> | | <u>Total</u> | |
|-----------------------------|---------------------|----------------|----------------------|-----------------|----------------|----------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for service | \$ 7.3 | \$ 6.1 | \$ 8.7 | \$ 7.6 | \$ 16.0 | \$ 13.7 |
| Operating grants | 0.5 | 0.6 | - | - | 0.5 | 0.6 |
| Capital grants | 2.1 | 1.9 | - | - | 2.1 | 1.9 |
| General revenues | | | | | | |
| Property taxes | 15.2 | 13.8 | 1.5 | 1.5 | 16.7 | 15.3 |
| Sales taxes | 12.7 | 11.9 | - | - | 12.7 | 11.9 |
| Income taxes | 4.6 | 4.2 | - | - | 4.6 | 4.2 |
| Telecommunication taxes | 2.5 | 2.8 | - | - | 2.5 | 2.8 |
| Other taxes | 4.9 | 5.3 | - | - | 4.9 | 5.3 |
| Investment income | 0.9 | 0.4 | 0.2 | 0.1 | 1.1 | 0.5 |
| Contributions | - | - | - | - | - | - |
| Other | 0.1 | 0.1 | - | - | 0.1 | 0.1 |
| Total revenue | <u>\$ 50.8</u> | <u>\$ 47.1</u> | <u>\$ 10.4</u> | <u>\$ 9.2</u> | <u>\$ 61.2</u> | <u>\$ 56.3</u> |
| Expenses | | | | | | |
| General government | \$ 5.1 | \$ 3.1 | \$ - | \$ - | \$ 5.1 | \$ 3.1 |
| Public safety | 23.3 | 21.7 | - | - | 23.3 | 21.7 |
| Highways and streets | 10.9 | 9.4 | - | - | 10.9 | 9.4 |
| Health | 3.9 | 3.6 | - | - | 3.9 | 3.6 |
| Welfare | 1.3 | 1.5 | - | - | 1.3 | 1.5 |
| Culture and recreation | 0.3 | 0.2 | - | - | 0.3 | 0.2 |
| Interest | 1.4 | 1.3 | - | - | 1.4 | 1.3 |
| Water and sewer | - | - | 9.2 | 8.9 | 9.2 | 8.9 |
| Parking | - | - | 0.4 | 0.4 | 0.4 | 0.4 |
| Total expenses | <u>\$ 46.2</u> | <u>\$ 40.8</u> | <u>\$ 9.6</u> | <u>\$ 9.3</u> | <u>\$ 55.8</u> | <u>\$ 50.1</u> |
| Prior Period Adjustment | 0.4 | - | - | - | 0.4 | - |
| Change in net assets | <u>\$ 5.0</u> | <u>\$ 6.3</u> | <u>\$ 0.8</u> | <u>\$ (0.1)</u> | <u>\$ 5.8</u> | <u>\$ 6.2</u> |

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

(See independent auditor's report.)

Normal Impacts

There are eight basic impacts on revenues and expenses and are reflected below.

Revenues:

Economic condition - This can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/decrease in Village approved rates - While certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, sewer, licenses and fees, home rule sales tax, utility taxes, etc.).

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) - Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market impacts on investment income - The Village's investment portfolio is managed using a short-term average maturity and the market condition may cause investment income to fluctuate less than alternative longer-term options.

Expenses:

Introduction of new programs - Within the functional expense categories (Public Safety, Public Works, General Government, etc.) individual programs may be added or deleted to meet changing community needs or unfunded mandates from other governmental levels.

Increasing authorized personnel - Changes in service demand may cause the Village Board to increase/decrease authorized staffing levels. Staffing costs (salary and related benefits) represent approximately 80% of the Village's General Fund operating costs.

Salary increases (annual adjustments and merit) - The ability to attract and retain human and intellectual resources requires the Village to strive for a competitive salary range position in the marketplace. In addition, the Village has 3 separate bargaining units representing various segments of the employee population.

Inflation - While overall inflation appears to be reasonably low, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some specific areas may experience unusually high price increases.

CURRENT YEAR IMPACTS

Governmental Activities

Revenue:

Total revenues for the Village's Governmental Activities for 2006 were \$50.8 million.

Property taxes are the largest revenue source for governmental activities accounting for \$15.2 million or an increase of \$1.4 million from the prior year. This revenue has historically been the most stable source for the Village. Sales tax was the second highest revenue source with \$12.7 million in revenue. This was an increase of \$0.8 million from the prior year. The increase in sales tax was due to new retailers that opened during 2006 and a general improving economy. The sales tax consists of a 1% state portion and .75% local home-rule portion. Revenues from charges for services increased \$1.2 million from \$6.1 million in 2005 to \$7.3 million in 2006. This was due to a direct bill to residents for refuse collection that was implemented during 2006. The Income Tax increased \$0.4 million as state shared revenues saw a rebound from the economic downturn that began at the end of 2000.

The steadily rising interest rates available in the financial market have resulted in investment earnings growing in 2006. This revenue increased \$0.5 million from the prior year. The rate of return on investments was 5.2% in 2006 versus 3.0% in 2005. The Village's strategy for investing surplus funds has not changed.

(See independent auditor's report.)

Expenses:

Total expenses for the Village's Governmental Activities for 2006 were \$46.2 million.

Public Safety, which includes Police and Fire, accounts for the largest portion of governmental expenses. Total Public Safety expenses in 2006 were \$23.3 million versus \$21.7 million in 2005. Expenses for Highways and Streets, which are made up of the public works divisions (excluding water and sewer) is the second largest category of governmental expenses totaling \$10.9 million an increase of \$1.5 million from the prior year. The increase is primarily due to street improvement costs and other capital projects as well as increases to the refuse collection program.

Business-Type Activities

Revenues:

Total revenues for the Village's Business-Type Activities for 2006 were \$10.4 million.

Business-type activities in the Village consist of Water and Sewer Operations and Parking Operations. Charges for service accounts for almost the entire amount of revenue for business-type activities. Of the \$8.7 million generated in 2006, \$6.5 million is from water sales, \$0.7 million is from sewer fees, \$0.2 million is from parking operations and the balance is from various penalties, tap and meter fees. For 2005, water sales accounted for \$6.5 million and sewer fees were \$0.7 million. The Water and Sewer Fund also receives special service area taxes in the amount of \$1.5 million. This amount is unchanged from the prior year. These taxes support the delivery of Lake Michigan Water to Village residents that are connected to the Village's water system.

Expenses:

Total expenses for the Village's Business-Type Activities for 2006 were \$9.6 million.

Of the total expenses for business-type activities, \$9.2 million is attributable to Water and Sewer while \$0.4 million is attributable to parking. \$3.6 million in water fund expenses was for the acquisition of water through the Northwest Suburban Municipal Joint Action Water Agency (JAWA). Of the \$8.9 million in expenses for 2005, \$3.3 million was again attributable to the acquisition of water through JAWA.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

At December 31, 2006, the governmental funds (as presented on the balance sheet on page 6) reported a combined fund balance of \$19.4 million. This is an increase of \$2.2 million from 2005. Of the total fund balance of \$19.4 million, \$15.1 million is unreserved indicating availability for continuing Village services, which is an increase of \$3.2 million or 27% from 2005. The large increase is a result of revenues coming in higher than expected while holding expenses below the budgeted amount. Actual expenditures for the Village's general fund typically come in 1-2% under budget each year. Reserved fund balance of \$4.4 million for the governmental funds in 2006 included \$3.0 million for capital outlay, \$0.5 million for street improvements and, \$0.5 million for debt service.

Major Governmental Funds

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 increased by \$1.3 million in 2006 from \$10.5 million to \$11.8 million. In 2006, General Fund revenues exceeded the final budget by \$3 million while expense came in \$.6 under budget. The final Village budget had anticipated an increase in the General Fund fund balance of \$.4 million.

(See independent auditor's report.)

General Fund Budgeting Highlights

During 2006, the Village amended the budget three times. Typically, the Village amends the budget in the first six months of the year and again right before the end of the budget year. The third amendment for 2006 was done to ensure the Village budget was in compliance with GAAP in relation to its pension contributions. Table 3 below reflects the original and revised budget and the actual revenues and expenses for the General Fund. More information can be found in the schedule of revenues, expenditures and changes in fund balance on page 56.

Table 3
General Fund Budgetary Changes
Calendar Year 2006 (in millions)

| | <u>Original</u> <u>Budget</u> | <u>Revised</u> <u>Budget</u> | <u>Actual</u> |
|---|----------------------------------|---------------------------------|----------------|
| Revenues and Other Financing Sources | | | |
| Property Taxes | \$ 7.1 | \$ 9.5 | \$ 9.6 |
| Intergovernmental | \$ 15.2 | \$ 15.6 | \$ 15.9 |
| Other | 11.9 | 12.2 | 12.1 |
| Sale of Capital Assets | - | - | - |
| Total Revenues | <u>\$ 34.2</u> | <u>\$ 37.3</u> | <u>\$ 37.6</u> |
| Expenditures and Transfers | | | |
| Expenses | \$ 33.1 | \$ 35.7 | \$ 35.1 |
| Transfers | <u>0.3</u> | <u>1.2</u> | <u>1.2</u> |
| Total Expenditures and Transfers | <u>\$ 33.4</u> | <u>\$ 36.9</u> | <u>\$ 36.3</u> |
| Change in Fund Balance | <u>\$ 0.8</u> | <u>\$ 0.4</u> | <u>\$ 1.3</u> |

Capital Assets

At the end of 2006, the Village had a combined total of \$65.0 million invested in a broad range of capital assets including village facilities, roads, bridges, water/sewer lines and machinery and equipment (see Table 4 below). The following reconciliation summarizes the changes in Capital Assets which are presented in detail beginning on page 32 of the notes.

Table 4
Capital Assets at Year End
Net of Depreciation (in millions)

| | <u>Governmental</u> <u>Activities</u> | | <u>Business-type</u> <u>Activities</u> | | <u>Total Primary</u> <u>Government</u> | |
|-------------------------------|--|----------------|---|----------------|---|----------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Land (including right-of-way) | \$ 8.4 | \$ 8.3 | \$ 0.2 | \$ 0.2 | \$ 8.6 | \$ 8.5 |
| Buildings & Improvements | 23.1 | 23.8 | 2.2 | 2.0 | 25.3 | 25.8 |
| Machinery & Equipment | 4.2 | 4.5 | 1.4 | 1.7 | 5.6 | 6.2 |
| Infrastructure | 11.0 | 11.5 | 14.5 | 13.9 | 25.5 | 25.4 |
| Water & Sewer | - | - | - | - | - | - |
| Total Capital Assets | <u>\$ 46.7</u> | <u>\$ 48.1</u> | <u>\$ 18.3</u> | <u>\$ 17.8</u> | <u>\$ 65.0</u> | <u>\$ 65.9</u> |

This amount represents a net decrease (including additions and deletions) of \$.9 million from 2005.
(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 5
 Change in Capital Assets (in millions)

| | Governmental Activities | Business-type Activities | Total |
|-------------------|----------------------------|-----------------------------|----------------|
| Beginning Balance | \$ 48.1 | \$ 17.8 | \$ 65.9 |
| Additions | | | |
| Depreciable | 1.1 | 1.0 | 2.1 |
| Non-Depreciable | - | - | - |
| Retirements | | | |
| Depreciable | (0.4) | (0.2) | (0.6) |
| Non-Depreciable | - | - | - |
| Depreciation | (2.5) | (0.5) | (3.0) |
| Retirement | 0.4 | 0.2 | 0.6 |
| Ending Balance | <u>\$ 46.7</u> | <u>\$ 18.3</u> | <u>\$ 65.0</u> |

This year's major additions to the capital assets include the following (in millions):

Governmental Activities

Vehicle Replacement - \$0.5 million
 Pistol Range Renovation - \$0.1 million

Business-type Activities

Combined Sewer Replacement - \$0.5 million

More detailed information on capital asset activity can be found in Note 4 of the notes to the financial statements beginning on page 32.

Debt Outstanding

The Village of Mount Prospect had total long-term debt and loans payable of \$27.9 million as of December 31, 2006. Long-term debt is comprised of general obligation debt, compensated absences to employees and loans payable. For more detail see Notes to Financial Statements Note #6.

During the year, \$2.2 million of general obligation debt was retired; \$5.5 million in loans payable was retired while compensated absences increased by \$360,705. In addition, the net pension obligation decreased \$834. The Village did not issue any new debt during 2006 although; \$10 million in advance refunding general obligation bonds were issued for its component unit, Mount Prospect Public Library.

The Village of Mount Prospect maintains an Aa3 rating from Moody's Investor Services. As a home rule authority, the Village of Mount Prospect does not have a legal debt limit. The Village has no immediate plans to issue additional bonds.

More detailed information on long-term debt activity can be found in Note 6 of the notes to the financial statements beginning on page 36.

(See independent auditor's report.)

Economic Factor's and Next Year's Budget

Sales taxes, both state shared and home-rule portions, local utility taxes and the Village's share of the state income tax make up a majority of the portion of General Fund revenues. During 2006, the local economy continued to improve. Sales taxes were up 8.9% from the prior year. This is the third consecutive year this revenue has increased since a downward trend was noticed beginning in 2000. Income taxes were up 9.7% from the prior year. This is reflective of the lower unemployment rates at the state level and rising corporate income. The telecommunication tax was down 12% from the prior year. Increases to most all other revenues were seen during 2006. Although revenues have started to climb, they are still well short of the high points realized in 2000. We expect revenues to continue to trend upward for 2007.

The Village's average unemployment rate for 2006 was 2.5%. This is below both the state unemployment rate of 4.5% and the national rate of 5.1%. The Village's unemployment rate decreased by 140 basis points from the prior year.

The 2007 budget shows the total budget decreasing 6.8% from the amended 2006 budget and totals \$76,572,098. Much of the decrease is due to redevelopment efforts in the downtown TIF district. The 2007 budget for downtown redevelopment is \$1.8 million while the 2006 budget was \$6.2 million.

Request for Information

This financial report is designed to provide a general overview of the Village of Mount Prospect's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to David O. Erb, Director of Finance/Treasurer, Village of Mount Prospect, 50 South Emerson, Mount Prospect, Illinois 60056.

(See independent auditor's report.)

BASIC FINANCIAL STATEMENTS

VILLAGE OF MOUNT PROSPECT, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2006

| | Primary Government | | | Component |
|---|----------------------------|-----------------------------|----------------------|--|
| | Governmental Activities | Business-Type Activities | Total | Unit Mount Prospect Public Library |
| ASSETS | | | | |
| Cash and investments | \$ 25,826,788 | \$ 3,982,083 | \$ 29,808,871 | \$ 4,484,981 |
| Cash held with paying agent | 405,000 | - | 405,000 | - |
| Receivables, net of allowance where applicable | | | | |
| Property taxes | 13,241,740 | 1,515,464 | 14,757,204 | 7,734,000 |
| Other taxes | 1,888,664 | - | 1,888,664 | - |
| Accrued interest | 181,533 | 33,516 | 215,049 | 2,473 |
| Utility customers | - | 1,102,641 | 1,102,641 | - |
| Miscellaneous | 594,914 | 9,954 | 604,868 | 454 |
| Prepaid expenses | 208,023 | - | 208,023 | - |
| Inventory | 358,648 | 173,597 | 532,245 | - |
| Due from other governments | 3,394,151 | - | 3,394,151 | 14,378 |
| Due to/from other funds | 106,000 | (106,000) | - | - |
| Restricted assets | | | | |
| Deposits - insurance | 753,546 | - | 753,546 | - |
| Deposits with joint venture | - | 584,178 | 584,178 | - |
| Deferred charges | 114,383 | - | 114,383 | 133,359 |
| Net pension asset | 96,951 | - | 96,951 | - |
| Capital assets not being depreciated | 8,353,547 | 201,304 | 8,554,851 | 677,552 |
| Capital assets being depreciated (net of accumulated depreciation) | 38,323,911 | 18,120,041 | 56,443,952 | 17,532,813 |
| Total assets | 93,847,799 | 25,616,778 | 119,464,577 | 30,580,010 |
| LIABILITIES | | | | |
| Accounts payable | 1,593,372 | 825,060 | 2,418,432 | 32,216 |
| Accrued payroll | 648,548 | 74,021 | 722,569 | 89,353 |
| Accrued interest payable | 492,274 | - | 492,274 | 84,683 |
| Claims payable | 1,863,426 | - | 1,863,426 | - |
| Due to fiduciary funds | 165,357 | - | 165,357 | - |
| Deferred property taxes | 13,241,740 | - | 13,241,740 | 7,734,000 |
| Other deferred revenue | 663,838 | 30,965 | 694,803 | - |
| Noncurrent liabilities | | | | |
| Due within one year | 3,648,659 | 9,633 | 3,658,292 | 778,392 |
| Due in more than one year | 24,108,026 | 183,036 | 24,291,062 | 17,840,913 |
| Total liabilities | 46,425,240 | 1,122,715 | 47,547,955 | 26,559,557 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 24,671,547 | 18,321,345 | 42,992,892 | (739,635) |
| Restricted for | | | | |
| Debt service | 465,990 | - | 465,990 | 643,955 |
| Highways and streets | 537,303 | - | 537,303 | - |
| Public safety | 212,732 | - | 212,732 | - |
| Capital outlay | 2,980,993 | - | 2,980,993 | 593,972 |
| Working cash | - | - | - | 1,936,906 |
| Unrestricted | 18,553,994 | 6,172,718 | 24,726,712 | 1,585,255 |
| TOTAL NET ASSETS | \$ 47,422,559 | \$ 24,494,063 | \$ 71,916,622 | \$ 4,020,453 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

| | Program Revenues | | | |
|---------------------------------|----------------------|-------------------------|---------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants | Capital Grants |
| FUNCTIONS/PROGRAMS | | | | |
| PRIMARY GOVERNMENT | | | | |
| Governmental Activities | | | | |
| General government | \$ 5,110,605 | \$ 4,750,937 | \$ - | \$ - |
| Public safety | 23,336,436 | 2,096,875 | 193,055 | 28,740 |
| Highways and streets | 10,888,397 | 176,019 | - | 2,077,948 |
| Health | 3,863,140 | - | - | - |
| Welfare | 1,344,516 | 241,113 | 320,648 | - |
| Culture and recreation | 272,826 | 47,801 | - | - |
| Interest | 1,360,081 | - | - | - |
| Total governmental activities | 46,176,001 | 7,312,745 | 513,703 | 2,106,688 |
| Business-Type Activities | | | | |
| Water and sewer | 9,200,271 | 8,506,767 | - | - |
| Parking | 409,041 | 207,085 | - | - |
| Total business-type activities | 9,609,312 | 8,713,852 | - | - |
| TOTAL PRIMARY GOVERNMENT | \$ 55,785,313 | \$ 16,026,597 | \$ 513,703 | \$ 2,106,688 |
| COMPONENT UNIT | | | | |
| Mount Prospect Public Library | \$ 7,257,244 | \$ 93,453 | \$ 69,290 | \$ 14,866 |

| | Net (Expense) Revenue and Change in Net Assets | | | |
|--|--|--------------------------|---------------|-------------------------------|
| | Primary Government | | | Component Unit |
| | Governmental Activities | Business-Type Activities | Total | Mount Prospect Public Library |
| | | | | |
| | \$ (359,668) | \$ - | \$ (359,668) | \$ - |
| | (21,017,766) | - | (21,017,766) | - |
| | (8,634,430) | - | (8,634,430) | - |
| | (3,863,140) | - | (3,863,140) | - |
| | (782,755) | - | (782,755) | - |
| | (225,025) | - | (225,025) | - |
| | (1,360,081) | - | (1,360,081) | - |
| | (36,242,865) | - | (36,242,865) | - |
| | - | (693,504) | (693,504) | - |
| | - | (201,956) | (201,956) | - |
| | - | (895,460) | (895,460) | - |
| | (36,242,865) | (895,460) | (37,138,325) | - |
| | - | - | - | (7,079,635) |
| General Revenues | | | | |
| Taxes | | | | |
| Property | 15,183,214 | 1,527,407 | 16,710,621 | 7,324,264 |
| Food and beverage | 621,240 | - | 621,240 | - |
| Real estate transfer | 1,082,498 | - | 1,082,498 | - |
| Utility | 1,888,004 | - | 1,888,004 | - |
| State use | 731,530 | - | 731,530 | - |
| Replacement | 334,006 | - | 334,006 | 49,087 |
| Other | 273,245 | - | 273,245 | - |
| Intergovernmental shared taxes, unrestricted | | | | |
| Sales | 12,720,614 | - | 12,720,614 | - |
| Income | 4,606,804 | - | 4,606,804 | - |
| Telecommunications | 2,471,590 | - | 2,471,590 | - |
| Investment income | 908,782 | 217,235 | 1,126,017 | 264,309 |
| Miscellaneous | 101,242 | - | 101,242 | 24,512 |
| Transfers | 10,433 | (10,433) | - | - |
| Contributions | - | - | - | 26,132 |
| Total | 40,933,202 | 1,734,209 | 42,667,411 | 7,688,304 |
| CHANGE IN NET ASSETS | 4,690,337 | 838,749 | 5,529,086 | 608,669 |
| NET ASSETS, JANUARY 1 | 42,369,159 | 23,655,314 | 66,024,473 | 3,411,784 |
| Prior period adjustment | 363,063 | - | 363,063 | - |
| NET ASSETS, JANUARY 1, RESTATED | 42,732,222 | 23,655,314 | 66,387,536 | 3,411,784 |
| NET ASSETS, DECEMBER 31 | \$ 47,422,559 | \$ 24,494,063 | \$ 71,916,622 | \$ 4,020,453 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2006

| | General | Refuse Disposal | Debt Service | Nonmajor Governmental | Total Governmental |
|--|----------------------|---------------------|---------------------|--------------------------|-----------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 7,038,324 | \$ 1,795,604 | \$ 556,087 | \$ 6,363,674 | \$ 15,753,689 |
| Cash held with paying agent | - | - | 405,000 | - | 405,000 |
| Receivables (net, where applicable, of allowances for uncollectibles) | | | | | |
| Property taxes | 9,979,918 | 1,967,063 | 1,294,759 | - | 13,241,740 |
| Other taxes | 1,215,146 | - | 336,759 | 336,759 | 1,888,664 |
| Accrued interest | 55,485 | 9,583 | 598 | 45,754 | 111,420 |
| Other | 167,477 | 214,780 | - | 151,862 | 534,119 |
| Due from other funds | 1,746,404 | - | - | - | 1,746,404 |
| Due from other governments | 2,763,050 | - | - | 631,101 | 3,394,151 |
| Inventories | 2,205 | 47,829 | - | - | 50,034 |
| Prepaid items | 71,324 | 88,261 | - | - | 159,585 |
| TOTAL ASSETS | \$ 23,039,333 | \$ 4,123,120 | \$ 2,593,203 | \$ 7,529,150 | \$ 37,284,806 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 382,346 | \$ 168,695 | \$ 1,050 | \$ 971,560 | \$ 1,523,651 |
| Accrued payroll | 609,970 | 6,585 | - | 1,328 | 617,883 |
| Due to other funds | - | - | 831,404 | 809,000 | 1,640,404 |
| Due to fiduciary funds | 165,357 | - | - | - | 165,357 |
| Deferred property taxes | 9,979,918 | 1,967,063 | 1,294,759 | - | 13,241,740 |
| Deferred revenues | 94,674 | - | - | 569,164 | 663,838 |
| Total liabilities | 11,232,265 | 2,142,343 | 2,127,213 | 2,351,052 | 17,852,873 |
| FUND BALANCES | | | | | |
| Reserved for inventory | 2,205 | 47,829 | - | - | 50,034 |
| Reserved for prepaid items | 71,324 | 88,261 | - | - | 159,585 |
| Reserved for debt service | - | - | 465,990 | - | 465,990 |
| Reserved for street improvements | - | - | - | 537,303 | 537,303 |
| Reserved for public safety | - | - | - | 212,732 | 212,732 |
| Reserved for capital outlay | - | - | - | 2,980,993 | 2,980,993 |
| Unreserved | | | | | |
| Undesignated for General Fund | 11,733,539 | - | - | - | 11,733,539 |
| Undesignated for Special Revenue Funds | - | 1,844,687 | - | - | 1,844,687 |
| Undesignated for Capital Projects Funds | - | - | - | 1,447,070 | 1,447,070 |
| Total fund balances | 11,807,068 | 1,980,777 | 465,990 | 5,178,098 | 19,431,933 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 23,039,333 | \$ 4,123,120 | \$ 2,593,203 | \$ 7,529,150 | \$ 37,284,806 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

December 31, 2006

| | |
|---|-----------------------------|
| FUND BALANCES OF GOVERNMENTAL FUNDS | \$ 19,431,933 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | 46,677,458 |
| Less internal service funds included below | (3,931,604) |
| The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds | 96,951 |
| The unamortized bond discount is not a current financial resource and, therefore, is not reported in governmental funds | 68,717 |
| The unamortized bond issuance cost is not a current financial resource and, therefore, is not reported in the governmental funds | 45,666 |
| Interest payable is not due and payable in the current period and, therefore, not reported in the governmental funds | (492,274) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds | |
| General obligation bonds payable | (19,110,764) |
| IEPA loans payable | (4,760,147) |
| Installment contracts payable | (705,000) |
| Compensated absences payable | (2,663,222) |
| Less internal service funds included below | 158,603 |
| Net pension obligation | (517,552) |
| The net assets of the internal service funds are included in the governmental activities in the statement of net assets | <u>13,123,794</u> |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 47,422,559</u></u> |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2006

| | General | Refuse Disposal | Debt Service | Nonmajor Governmental | Total Governmental |
|--|----------------------|---------------------|-------------------|--------------------------|-----------------------|
| REVENUES | | | | | |
| Property taxes | \$ 9,648,141 | \$ 1,928,480 | \$ 2,333,401 | \$ 3,080,580 | \$ 16,990,602 |
| Other taxes | 6,240,957 | - | 1,298,837 | - | 7,539,794 |
| Licenses, permits, and fees | 3,216,982 | - | - | - | 3,216,982 |
| Intergovernmental | 15,872,105 | - | - | 2,090,996 | 17,963,101 |
| Charges for services | 1,186,990 | 2,039,084 | - | - | 3,226,074 |
| Fines and forfeits | 521,473 | - | - | - | 521,473 |
| Investment income | 474,141 | 68,288 | 70,437 | 295,916 | 908,782 |
| Miscellaneous | 412,583 | 10,590 | - | 65,924 | 489,097 |
| Total revenues | 37,573,372 | 4,046,442 | 3,702,675 | 5,533,416 | 50,855,905 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 4,901,739 | - | - | - | 4,901,739 |
| Public safety | 23,167,054 | - | - | 38,463 | 23,205,517 |
| Highways and streets | 5,506,275 | - | - | 2,049,300 | 7,555,575 |
| Health | 121,031 | 3,752,449 | - | - | 3,873,480 |
| Welfare | 1,045,607 | - | - | 320,760 | 1,366,367 |
| Culture and recreation | 333,148 | - | - | - | 333,148 |
| Capital outlay | - | - | - | 3,470,144 | 3,470,144 |
| Debt service | | | | | |
| Principal retirement | - | - | 2,605,399 | - | 2,605,399 |
| Interest and fiscal charges | - | - | 1,228,477 | 35,887 | 1,264,364 |
| Total expenditures | 35,074,854 | 3,752,449 | 3,833,876 | 5,914,554 | 48,575,733 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,498,518 | 293,993 | (131,201) | (381,138) | 2,280,172 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | 315,000 | 1,029,953 | 1,344,953 |
| Transfers (out) | (1,207,827) | - | (137,126) | (41,531) | (1,386,484) |
| Total other financing sources (uses) | (1,207,827) | - | 177,874 | 988,422 | (41,531) |
| NET CHANGE IN FUND BALANCES | 1,290,691 | 293,993 | 46,673 | 607,284 | 2,238,641 |
| FUND BALANCES, JANUARY 1 | 10,516,377 | 1,686,784 | 419,317 | 4,570,814 | 17,193,292 |
| FUND BALANCES, DECEMBER 31 | \$ 11,807,068 | \$ 1,980,777 | \$ 465,990 | \$ 5,178,098 | \$ 19,431,933 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

| | |
|--|---------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 2,238,641 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities | 629,496 |
| The loss on disposal of capital assets is shown as an increase of expense on the statement of activities | (3,000) |
| Depreciation in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | (2,483,715) |
| Less internal service funds included below | 870,496 |
| The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities | 2,716,201 |
| The accretion of capital appreciation bonds is not reported in governmental funds but is reported as an increase in interest expense on the statement of activities | (32,312) |
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | |
| Increase in accrued interest payable | (167,095) |
| Amortization of discount | (4,273) |
| Amortization of issuance costs | (2,839) |
| Increase in compensated absences | (360,705) |
| Less internal service funds included below | 10,066 |
| Increase in net pension obligation | 834 |
| Increase in net pension asset | 21,807 |
| The change in net assets of certain activities of internal service funds is reported with governmental activities | <u>1,256,735</u> |
| CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$ 4,690,337</u> |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

December 31, 2006

| | Business-Type Activities | | | Governmental |
|--|--------------------------|------------------------|----------------------|----------------------|
| | Water and Sewer | Nonmajor Enterprise | Total | Internal Service |
| CURRENT ASSETS | | | | |
| Cash and investments | \$ 3,911,189 | \$ 70,894 | \$ 3,982,083 | \$ 10,073,099 |
| Receivables | | | | |
| Property taxes | 1,515,464 | - | 1,515,464 | - |
| Accrued interest | 33,516 | - | 33,516 | 70,113 |
| Accounts - billed | 555,412 | - | 555,412 | - |
| Accounts - unbilled | 547,229 | - | 547,229 | - |
| Other | 6,429 | 3,525 | 9,954 | 60,795 |
| Inventories | 173,597 | - | 173,597 | 308,614 |
| Prepaid expenses | - | - | - | 48,438 |
| Total current assets | 6,742,836 | 74,419 | 6,817,255 | 10,561,059 |
| NONCURRENT ASSETS | | | | |
| Deposits - insurance | - | - | - | 753,546 |
| Deposit with joint venture | 584,178 | - | 584,178 | - |
| Subtotal noncurrent assets | 584,178 | - | 584,178 | 753,546 |
| CAPITAL ASSETS | | | | |
| Capital assets not being depreciated | 12,037 | 189,267 | 201,304 | - |
| Capital assets being depreciated, cost | 45,512,071 | 523,053 | 46,035,124 | 10,495,409 |
| Accumulated depreciation | (27,458,605) | (456,478) | (27,915,083) | (6,563,805) |
| Net capital assets | 18,065,503 | 255,842 | 18,321,345 | 3,931,604 |
| Total noncurrent assets | 18,649,681 | 255,842 | 18,905,523 | 4,685,150 |
| Total assets | 25,392,517 | 330,261 | 25,722,778 | 15,246,209 |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 818,522 | 6,538 | 825,060 | 69,721 |
| Accrued payroll | 72,166 | 1,855 | 74,021 | 30,665 |
| Claims payable | - | - | - | 1,863,426 |
| Deferred revenue | - | 30,965 | 30,965 | - |
| Due to other funds | - | 106,000 | 106,000 | - |
| Compensated absences payable | 9,633 | - | 9,633 | 7,930 |
| Total current liabilities | 900,321 | 145,358 | 1,045,679 | 1,971,742 |
| LONG-TERM LIABILITIES | | | | |
| Compensated absences payable | 183,036 | - | 183,036 | 150,673 |
| Total long-term liabilities | 183,036 | - | 183,036 | 150,673 |
| Total liabilities | 1,083,357 | 145,358 | 1,228,715 | 2,122,415 |
| NET ASSETS | | | | |
| Invested in capital assets | 18,065,503 | 255,842 | 18,321,345 | 3,931,604 |
| Unrestricted | 6,243,657 | (70,939) | 6,172,718 | 9,192,190 |
| TOTAL NET ASSETS | \$ 24,309,160 | \$ 184,903 | \$ 24,494,063 | \$ 13,123,794 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the Year Ended December 31, 2006

| | Business-Type Activities | | | Governmental |
|---|--------------------------|------------------------|----------------------|----------------------|
| | Water and Sewer | Nonmajor Enterprise | Total | Internal Service |
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Billings | \$ 7,567,301 | \$ - | \$ 7,567,301 | \$ - |
| Water and sewer taps | 57,373 | - | 57,373 | - |
| Parking fees | - | 196,652 | 196,652 | - |
| Internal services | - | - | - | 8,886,416 |
| Other | 885,663 | - | 885,663 | - |
| Total operating revenues | 8,510,337 | 196,652 | 8,706,989 | 8,886,416 |
| OPERATING EXPENSES | | | | |
| Administration and maintenance | 8,712,797 | 395,255 | 9,108,052 | 1,694,566 |
| Insurance and claims | - | - | - | 5,542,415 |
| Depreciation | 487,474 | 13,786 | 501,260 | 870,496 |
| Total operating expenses | 9,200,271 | 409,041 | 9,609,312 | 8,107,477 |
| OPERATING INCOME (LOSS) | (689,934) | (212,389) | (902,323) | 778,939 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Property taxes | 1,527,407 | - | 1,527,407 | - |
| Investment income | 185,377 | 8,211 | 193,588 | 375,082 |
| JAWA investment income | 23,647 | - | 23,647 | - |
| Gain (loss) on disposal of capital assets | (3,570) | 10,433 | 6,863 | 50,750 |
| Total nonoperating revenues (expenses) | 1,732,861 | 18,644 | 1,751,505 | 425,832 |
| NET INCOME (LOSS) BEFORE TRANSFERS | 1,042,927 | (193,745) | 849,182 | 1,204,771 |
| TRANSFERS | | | | |
| Transfers in | - | - | - | 51,964 |
| Transfers (out) | - | (10,433) | (10,433) | - |
| Total transfers | - | (10,433) | (10,433) | 51,964 |
| CHANGE IN NET ASSETS | 1,042,927 | (204,178) | 838,749 | 1,256,735 |
| NET ASSETS, JANUARY 1 | 23,266,233 | 389,081 | 23,655,314 | 11,867,059 |
| NET ASSETS, DECEMBER 31 | \$ 24,309,160 | \$ 184,903 | \$ 24,494,063 | \$ 13,123,794 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2006

| | Business-Type Activities | | | Governmental |
|---|--------------------------|------------------------|---------------------|-----------------------------------|
| | Water and Sewer | Nonmajor Enterprise | Total | Activities Internal Service |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 8,386,592 | \$ 203,327 | \$ 8,589,919 | \$ - |
| Receipts from miscellaneous revenues | 36,972 | - | 36,972 | 1,019,757 |
| Payments to suppliers | (6,570,966) | (347,321) | (6,918,287) | (6,489,503) |
| Payments to employees | (2,308,090) | (59,195) | (2,367,285) | (876,351) |
| Net cash from operating activities | (455,492) | (203,189) | (658,681) | (6,346,097) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Property taxes | 1,527,407 | - | 1,527,407 | 51,964 |
| Due from other funds | - | 120,423 | 120,423 | - |
| Due to other funds | - | (112,423) | (112,423) | - |
| Interfund transfers | - | (10,433) | (10,433) | - |
| Net cash from noncapital financing activities | 1,527,407 | (2,433) | 1,524,974 | 51,964 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Sale of capital assets | - | 10,433 | 10,433 | 103,871 |
| Acquisition of capital assets | (1,087,272) | - | (1,087,272) | (478,898) |
| Net cash from capital and related financing activities | (1,087,272) | 10,433 | (1,076,839) | (375,027) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Sale of investments | 2,478,705 | 208,385 | 2,687,090 | 500,000 |
| Purchase of investments | - | - | - | (963,220) |
| Interest | 162,964 | 8,211 | 171,175 | 240,893 |
| Net cash from investing activities | 2,641,669 | 216,596 | 2,858,265 | (222,327) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 2,626,312 | 21,407 | 2,647,719 | (6,891,487) |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | 1,284,877 | 49,487 | 1,334,364 | 1,259,234 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | \$ 3,911,189 | \$ 70,894 | \$ 3,982,083 | \$ (5,632,253) |

(This statement is continued on the following page.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended December 31, 2006

| | Business-Type Activities | | | Governmental |
|--|--------------------------|------------------------|---------------------|-----------------------------------|
| | Water and Sewer | Nonmajor Enterprise | Total | Activities Internal Service |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ (689,934) | \$ (212,389) | \$ (902,323) | \$ 778,939 |
| Adjustments to reconcile operating income (loss) to net cash from operating activities | | | | |
| Depreciation | 487,474 | 13,786 | 501,260 | 870,496 |
| Changes in assets and liabilities | | | | |
| Receivables | (112,683) | (3,525) | (116,208) | (49,086) |
| Inventories | 27,144 | - | 27,144 | 29,633 |
| Prepaid expenses | - | - | - | (3,121) |
| Deposits | (23,647) | - | (23,647) | (501,298) |
| Accounts payable | (137,837) | (5,948) | (143,785) | (25,813) |
| Accrued payroll and compensated absences | (6,009) | (5,313) | (11,322) | 16,861 |
| Deferred revenues | - | 10,200 | 10,200 | - |
| Claims payable | - | - | - | 354,865 |
| NET CASH FROM OPERATING ACTIVITIES | \$ (455,492) | \$ (203,189) | \$ (658,681) | \$ 1,471,476 |
| CASH AND INVESTMENTS | | | | |
| Cash and cash equivalents | \$ 3,911,189 | \$ 70,894 | \$ 3,982,083 | \$ 2,185,320 |
| Investments | - | - | - | 7,887,779 |
| TOTAL CASH AND INVESTMENTS | \$ 3,911,189 | \$ 70,894 | \$ 3,982,083 | \$ 10,073,099 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

December 31, 2006

| | Pension Trust | Agency |
|--|-----------------------------|---------------------|
| ASSETS | | |
| Cash and short-term investments | \$ 2,894,605 | \$ 1,711,374 |
| Investments | | |
| U.S. Government and agency obligations | 36,624,207 | - |
| Mutual funds | 37,495,539 | - |
| Municipal bonds | 2,759,954 | - |
| Receivables | | |
| Accrued interest | 347,800 | - |
| Due from other funds | 165,025 | 332 |
| Prepays | 569 | - |
| | <u>80,287,699</u> | <u>\$ 1,711,706</u> |
| LIABILITIES | | |
| Accounts payable | 36,167 | \$ - |
| Deposits payable | - | 1,671,357 |
| Other liabilities | - | 3,951 |
| Due to library | - | 19,568 |
| Due to bondholders | - | 16,830 |
| | <u>36,167</u> | <u>\$ 1,711,706</u> |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | <u><u>\$ 80,251,532</u></u> | |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Year Ended December 31, 2006

| | |
|--|-----------------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 2,484,717 |
| Participants | <u>1,210,386</u> |
| Total contributions | <u>3,695,103</u> |
| Investment income | |
| Net appreciation in | |
| fair value of investments | 4,572,853 |
| Interest earned | 1,601,575 |
| Less investment expenses | <u>(169,880)</u> |
| Net investment income | <u>6,004,548</u> |
| Total additions | <u>9,699,651</u> |
| DEDUCTIONS | |
| Contractual services | 1,773 |
| Pension benefits and refunds | <u>4,822,304</u> |
| Total deductions | <u>4,824,077</u> |
| NET INCREASE | 4,875,574 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | |
| January 1 | <u>75,375,958</u> |
| December 31 | <u><u>\$ 80,251,532</u></u> |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Mount Prospect, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles (GAAP)), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village is a municipal corporation governed by an elected mayor and a six-member board of trustees. As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component units.

The Village's financial statements include two pension trust funds.

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these 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 employees constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees, and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund.

Firefighters' Pension Employees Retirement System

The Village's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these 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 fire employees constitute the pension board. The Village and FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System (Continued)

Although it possesses many of the characteristics of a legally separate government, the FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's firefighters and because of the fiduciary nature of such activities. The FPERS is reported as a pension trust fund.

Discretely Presented Component Unit

Mount Prospect Public Library (the Library)

The Library has a separate Board which annually determines its budget and resulting tax levy. Upon approval of the Village, the levy is submitted to the County. All debt of the Library is secured by the full faith and credit of the Village. The Library, while servicing the general population of the Village, does not provide services entirely to the Village. Because the Library possesses the characteristics of a legally separate government and does not service the primary government, the Library is being reported as a discrete presentation.

Complete financial statements for the Library may be obtained at the following address: 10 South Emerson Street, Mount Prospect, Illinois 60056.

b. Fund Accounting

The Village uses funds to report on its financial position, changes in its financial position, and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes pension trust funds and agency funds which are generally used to account for assets that the Village holds in a fiduciary capacity or on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Refuse Disposal Fund is a special revenue fund used to account for the revenues and expenditures associated with providing solid waste collection services. Financing is provided by property taxes, user fees, and recycling income.

The Debt Service Fund is used to account for the servicing of general long-term debt not being financed by proprietary funds.

The Village reports the following major proprietary fund:

The Water and Sewer Fund accounts for the activities of the water and sewer operations. The Village operates the sewerage treatment plant, sewerage pumping stations and collection systems, and the water distribution system.

The Village reports the following internal service funds:

Internal Service Funds account for operations that provide services to other departments or agencies of the Village, or to other governments, on a cost-reimbursement basis. The Computer Replacement Fund accounts for the acquisition of Village computer hardware. Financing is being provided by charges to various Village funds. The Risk Management Fund accounts for the servicing and payment of claims for liability, property, casualty coverage, workers' compensation, and medical benefits. Financing is being provided by charges to the various Village funds. The Vehicle Replacement Fund accounts for the acquisition and depreciation of Village vehicles. Financing is being provided by charges to the General, Water and Sewer, Parking System Revenue, and Refuse Disposal Funds. The Vehicle Maintenance Fund accounts for the maintenance and repair of all Village vehicles except Fire Department vehicles. Financing is being provided by charges to various Village funds.

The Village reports the following fiduciary funds:

The Village reports Pension Trust Funds as fiduciary funds to account for the Police Pension Fund and Firefighter's Pension Fund. The Village reports the following agency funds - Escrow Deposit, Flexcomp Escrow, Special Service Area, and Library Bonds Escrow as fiduciary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds use the accrual basis of accounting but do not have a measurement focus. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Nonoperating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, usually 60 days, except for sales tax and telecommunication tax which use 90 days. The Village recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Sales taxes owed to the state at year end, franchise taxes, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the Village also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

The Village reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” or “earned” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

For purposes of the statement of cash flows, the Village's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

f. Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of December 31, 2006 for debt and equity securities. Mutual funds, investment funds, and insurance separate accounts are valued at contract value as of December 31, 2006.

g. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, if any, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

h. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

i. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Restricted (Noncurrent) Assets

Certain deposits of the Water and Sewer Fund are recorded as restricted assets because their use is restricted by an intergovernmental agreement with the Northwest Suburban Municipal Joint Action Water Agency. Also, certain deposits of the Risk Management Fund are recorded as restricted assets because their use is restricted by an agreement with the various third-party administrators.

k. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 (\$3,000 for the component unit), except for infrastructure for which the cost is \$25,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs, including street overlays, that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|----------------------------|---------|
| Buildings and improvements | 10 - 50 |
| Machinery and equipment | 10 - 15 |
| Vehicles | 3 - 15 |
| Infrastructure | 25 - 75 |

l. Compensated Absences

Vested or accumulated vacation and sick leave are reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation and sick leave of proprietary funds and governmental activities are recorded as an expense and liability of those funds as the benefits accrue to employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Rebatable Arbitrage

The Village reports rebatable arbitrage as a reduction of revenue. Where applicable, any liability for rebatable arbitrage is reported in the fund in which the excess interest income was recorded.

n. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs and gains (losses) on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and gains (losses) on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

o. Fund Balances/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village's net assets are restricted as a result of enabling legislation adopted by the Village. Invested in capital assets, net of related debt, represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

p. Interfund Transactions

Interfund services are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. GASB Pronouncements

The Village has elected with respect to enterprise funds, under the provisions of GASB Statement 20, titled “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*,” to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

2. DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Each fund’s portion of this pool is displayed on the financial statements as “cash and investments”. In addition, investments are separately held by several of the Village’s funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

a. Village Deposits and Investments

The Village’s investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value), and Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET’s share price, the price for which the investment could be sold. The Village’s investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments (Continued)

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, legality, safety of principal, liquidity, and rate of return.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village’s deposits may not be returned to it. The Village’s investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Village, an independent third-party or the Federal Reserve Bank of Chicago.

Investments

The following table presents the investments and maturities of the Village’s debt securities as of December 31, 2006:

| Investment Type | Fair Value | Investment Maturities in Years | | | |
|---------------------------------------|---------------------|--------------------------------|-------------|-------------|-----------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| Illinois Funds | \$ 4,158,857 | \$ 4,158,857 | \$ - | \$ - | \$ - |
| Illinois GCI Funds | 1,645,807 | 1,645,807 | - | - | - |
| Illinois Metropolitan Investment Fund | 3,612,707 | 3,612,707 | - | - | - |
| TOTAL | \$ 9,417,371 | \$ 9,417,371 | \$ - | \$ - | \$ - |

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Village limits its exposure to credit risk by primarily investing in external investment pools. Illinois Funds, Illinois GCI Funds and IMET are rated AAA.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments (Continued)

Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by an independent third-party custodian and evidenced by safekeeping receipts and a written custodial agreement. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy requires diversification of investments to avoid unreasonable risk. No financial institution shall hold more than 20% of the Village's investment portfolio, exclusive of any securities held in safekeeping; Illinois Funds shall not exceed 40% of the investment portfolio; and IMET shall not exceed 10% of the investment portfolio. At December 31, 2006, Illinois Funds exceeded 40% of total investments (44%) and IMET exceeded 10% of total investments (38%).

b. Police Pension Fund Deposits and Investments

The Police Pension Fund's investment policy authorizes the Police Pension Fund to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, interest bearing obligations of the U.S. Treasury and U.S. Agencies, interest bearing bonds of the State of Illinois or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. Agencies, separate accounts managed by life insurance companies, Mutual Funds, common and preferred stock, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value), and IMET, a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments (Continued)

It is the policy of the Police Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Police Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, risk aversion, rate of return, and liquidity.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund’s deposits may not be returned to it. The Police Pension Fund’s investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the an independent third-party or the Federal Reserve Bank, and evidenced by safekeeping receipts.

Investments

The following table presents the investments and maturities of the Police Pension Fund’s debt securities as of December 31, 2006:

| Investment Type | Fair Value | Investment Maturities in Years | | | |
|----------------------|----------------------|--------------------------------|---------------------|---------------------|---------------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury Bonds | \$ 2,149,118 | \$ - | \$ 1,011,796 | \$ 540,210 | \$ 597,112 |
| U.S. Treasury Notes | 1,579,419 | - | 1,384,435 | 194,984 | - |
| U.S. Treasury Strips | 2,360,376 | - | - | 712,918 | 1,647,458 |
| FHLB | 3,741,885 | - | 2,860,731 | 881,154 | - |
| FHLMC | 1,675,952 | - | 1,231,988 | 275,788 | 168,176 |
| FNMA | 5,272,700 | - | 2,033,199 | 379,074 | 2,860,427 |
| GNMA | 568,399 | - | - | 126,019 | 442,380 |
| Municipal Bonds | 1,377,494 | 347,695 | 566,923 | 152,219 | 310,657 |
| Illinois Funds | 211,657 | 211,657 | - | - | - |
| Illinois GCI Funds | 770,166 | 770,166 | - | - | - |
| TOTAL | \$ 19,707,166 | \$ 1,329,518 | \$ 9,089,072 | \$ 3,262,366 | \$ 6,026,210 |

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Police Pension Fund limits its exposure to credit risk by primarily investing U.S Treasury Obligations and other obligations which are rated AA or better by a national rating agency. The FHLB, FHLMC, FNMA, GNMA, Municipal Bonds, Illinois Funds, and Illinois GCI Funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by a third-party custodian and evidenced by safekeeping receipts. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of its investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. No financial institution, except any securities custodians of the Police Pension Fund, shall hold more than 10% of the Police Pension Fund's portfolio at any time. Neither shall the Illinois Funds hold more than 10% of the Police Pension Fund's portfolio at any time. Monies deposited in a financial institution shall not exceed 5% of the institution's capital stock, surplus, and undivided profits. At December 31, 2006, FHLB securities exceeded 5% of the Fund's total investments (9%), and FNMA securities exceeded 5% of total investments (13%).

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Fund Deposits and Investments

The Firefighters' Pension Fund's investment policy authorizes the Firefighters' Pension Fund to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value), and IMET, a non-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

It is the policy of the Firefighters' Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Firefighters' Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, risk aversion, liquidity, and return on investment.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Firefighters' Pension Fund's deposits may not be returned to it. The Firefighters' Pension Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance at an amount not less than 110% of the fair market value at the funds secured, with the collateral held by an independent third-party or the Federal Reserve Bank, and evidenced by safekeeping receipts.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Fund Deposits and Investments (Continued)

Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2006:

| Investment Type | Fair Value | Investment Maturities in Years | | | |
|----------------------|----------------------|--------------------------------|---------------------|---------------------|---------------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| U.S. Treasury Bonds | \$ 2,408,101 | \$ - | \$ 1,069,155 | \$ 599,645 | \$ 739,301 |
| U.S. Treasury Notes | 1,480,712 | - | 1,285,728 | 194,984 | - |
| U.S. Treasury Strips | 3,064,388 | - | 754,908 | 625,480 | 1,684,000 |
| FHLB | 4,174,136 | 491,095 | 2,703,981 | 979,060 | - |
| FHLMC | 1,475,895 | - | 971,515 | 300,375 | 204,005 |
| FNMA | 5,911,989 | - | 2,282,776 | 456,300 | 3,172,913 |
| GNMA | 761,139 | - | - | 157,523 | 603,616 |
| Municipal Bonds | 1,382,461 | 347,695 | 571,891 | 152,219 | 310,656 |
| Illinois Funds | 241,119 | 241,119 | - | - | - |
| Illinois GCI Funds | 1,660,126 | 1,660,126 | - | - | - |
| | <u>\$ 22,560,066</u> | <u>\$ 2,740,035</u> | <u>\$ 9,639,954</u> | <u>\$ 3,465,586</u> | <u>\$ 6,714,491</u> |

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Firefighters' Pension Fund limits its exposure to credit risk by primarily investing U.S. Treasury Obligations and other Obligations which are rated AA or better by a national rating agency. The FHLB, FHLMC, FNMA, GNMA, Municipal Bonds, Illinois Funds, and Illinois GCI Funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund's requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by a third-party custodian and evidenced by safekeeping receipts. Illinois Funds and IMET are not subject to custodial credit risk.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Plan Deposits and Investments (Continued)

Investments (Continued)

Concentration of credit risk is the risk that the Firefighters' Pension Fund has a high percentage of its investments invested in one type of investment. The Firefighters' Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. No financial institution, except any securities custodians of the Firefighters' Pension Fund, shall hold more than 10% of the Firefighters' Pension Fund's portfolio at any time. Neither shall the Illinois Funds hold more than 10% of the Firefighters' Pension Fund's portfolio at any time. Monies deposited in a financial institution shall not exceed 5% of the institution's capital stock, surplus, and undivided profits. At December 31, 2006, FHLB securities exceeded 5% of the Firefighters' Pension Fund's total investments (10%), and FNMA securities exceeded 5% of total investments (15%).

3. RECEIVABLES

Property taxes for 2006 attach as an enforceable lien on January 1, 2006 on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2007 and August 1, 2007 and are payable in two installments, on or about March 1, 2007 and September 1, 2007. 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. Since the 2006 levy is intended to fund the 2007 fiscal year, the levy has been recorded as a receivable and deferred revenue.

The following receivables are included in Due from Other Governments on the Statement of Net Assets:

GOVERNMENTAL ACTIVITIES

| | |
|----------------|---------------------|
| Sales tax | \$ 2,371,707 |
| Income tax | 282,519 |
| Local use tax | 61,628 |
| Motor fuel tax | 145,568 |
| Grants | 485,533 |
| Court fines | 47,196 |
| | <hr/> |
| TOTAL | <u>\$ 3,394,151</u> |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

Primary Government

| | Balances January 1 Restated* | Additions | Retirements | Balances December 31 |
|---|------------------------------------|----------------|-------------|-------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land (including rights-of-way) | \$ 8,301,586 | \$ 51,961 | \$ - | \$ 8,353,547 |
| Total capital assets not being depreciated | 8,301,586 | 51,961 | - | 8,353,547 |
| Capital assets being depreciated | | | | |
| Buildings | 27,429,229 | - | - | 27,429,229 |
| Improvements other than buildings | 1,473,999 | 62,101 | - | 1,536,100 |
| Vehicles | 10,172,647 | 478,898 | 352,257 | 10,299,288 |
| Machinery and equipment | 578,090 | 136,802 | 20,000 | 694,892 |
| Infrastructure | 46,431,745 | 378,632 | 59,108 | 46,751,269 |
| Total capital assets being depreciated | 86,085,710 | 1,056,433 | 431,365 | 86,710,778 |
| Less accumulated depreciation for | | | | |
| Buildings | 4,836,832 | 681,168 | - | 5,518,000 |
| Improvements other than buildings | 244,349 | 80,010 | - | 324,359 |
| Vehicles | 5,876,601 | 857,347 | 299,135 | 6,434,813 |
| Machinery and equipment | 354,532 | 51,247 | 17,000 | 388,779 |
| Infrastructure | 34,966,080 | 813,943 | 59,107 | 35,720,916 |
| Total accumulated depreciation | 46,278,394 | 2,483,715 | 375,242 | 48,386,867 |
| Total capital assets being depreciated, net | 39,807,316 | (1,427,282) | 56,123 | 38,323,911 |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | | | | |
| | \$ 48,108,902 | \$ (1,375,321) | \$ 56,123 | \$ 46,677,458 |

* The Village performed a complete inventory of its general capital assets and performed a recalculation of some of its infrastructure on the southern portion of the Village. As a result, capital assets has been restated by \$363,063.

Depreciation expense was charged to functions/programs of the governmental activities as follows:

| | |
|--------------------------------|---------------------|
| GOVERNMENTAL ACTIVITIES | |
| General government | \$ 448,518 |
| Public safety | 726,925 |
| Highways and streets | 1,296,358 |
| Health and welfare | 2,486 |
| Culture and recreation | 9,428 |
| TOTAL | \$ 2,483,715 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

| | Balances January 1 Restated* | Additions | Retirements | Balances December 31 |
|---|------------------------------------|-------------------|-----------------|-------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 204,874 | \$ - | \$ 3,570 | \$ 201,304 |
| Total capital assets not being depreciated | 204,874 | - | 3,570 | 201,304 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 4,710,447 | 124,600 | - | 4,835,047 |
| Equipment | 3,225,054 | - | 64,225 | 3,160,829 |
| Infrastructure | 37,288,409 | 855,028 | 104,189 | 38,039,248 |
| Total capital assets being depreciated | 45,223,910 | 979,628 | 168,414 | 46,035,124 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | 2,540,500 | 96,883 | 46,100 | 2,591,283 |
| Equipment | 1,630,065 | 134,765 | 18,125 | 1,746,705 |
| Infrastructure | 23,411,671 | 269,613 | 104,189 | 23,577,095 |
| Total accumulated depreciation | 27,582,236 | 501,261 | 168,414 | 27,915,083 |
| Total capital assets being depreciated, net | 17,641,674 | 478,367 | - | 18,120,041 |
| BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET | \$ 17,846,548 | \$ 478,367 | \$ 3,570 | \$ 18,321,345 |

* Beginning balances were restated by asset type due to reclassification of assets, but the asset balances in total were not restated.

Component Unit

| | Balances January 1 | Additions | Retirements | Balances December 31 |
|--|-----------------------|-----------|-------------|-------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land and land improvements | \$ 677,552 | \$ - | \$ - | \$ 677,552 |
| Total capital assets not being depreciated | 677,552 | - | - | 677,552 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 17,543,076 | - | - | 17,543,076 |
| Equipment | 811,759 | 10,060 | 8,165 | 813,654 |
| Books | 5,526,741 | 383,636 | 158,996 | 5,751,381 |
| Total capital assets being depreciated | 23,881,576 | 393,696 | 167,161 | 24,108,111 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Component Unit (Continued)

| | Balances January 1 | Additions | Retirements | Balances December 31 |
|--|-----------------------|---------------|-------------|-------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| (Continued) | | | | |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | \$ 947,303 | \$ 438,577 | \$ - | \$ 1,385,880 |
| Equipment | 255,550 | 132,561 | 8,165 | 379,946 |
| Books | 4,601,869 | 366,599 | 158,996 | 4,809,473 |
| Total accumulated depreciation | 5,804,722 | 937,737 | 167,161 | 6,575,298 |
| Total capital assets being depreciated, net | 18,076,854 | (544,041) | - | 17,532,813 |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | | | | |
| | \$ 18,754,406 | \$ (544,041) | \$ - | \$ 18,210,365 |

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES

Culture and recreation \$ 937,736

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. These risks along with medical claims for employees and retirees are provided for through a limited self-insurance program. The Village is self-insured for the first \$25,000 for property claims, \$20,000 per employee for medical claims, \$2,000,000 for liability claims, \$2,000,000 for errors and omissions, and \$400,000 for workers' compensation claims. Commercial insurance is carried for amounts in excess of the self-insured amounts. There has been no significant reduction in coverage in any program from coverage in the prior year. For all programs, settlement amounts have not exceeded insurance coverage for the current or three prior years. The Village's self-insurance activities are reported in the Risk Management Fund which is an internal service fund.

Premiums are paid into the Risk Management Fund by the departments of the General Fund and other funds based upon historical cost estimates. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Reported liabilities are actuarially determined and include an amount for claims that have been incurred but not reported. The total claims liability as of December 31 was \$1,863,426.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. RISK MANAGEMENT (Continued)

A reconciliation of claims liability for the current year and that of the preceding year follows:

| | Auto | Workers' Compensation | General Liability | Totals |
|------------------------|----------|--------------------------|----------------------|--------------|
| UNPAID CLAIMS, | | | | |
| DECEMBER 31, 2004 | \$ 1,800 | \$ 1,389,544 | \$ 236,472 | \$ 1,627,816 |
| Claims incurred - 2005 | 948 | 369,216 | 12,289 | 382,453 |
| Claims payments - 2005 | (2,748) | (388,895) | (110,072) | (501,715) |
| UNPAID CLAIMS, | | | | |
| DECEMBER 31, 2005 | - | 1,369,865 | 138,696 | 1,508,561 |
| Claims incurred - 2006 | 18,546 | 1,251,335 | 4,253 | 1,274,134 |
| Claims payments - 2006 | (18,546) | (842,144) | (58,579) | (919,269) |
| UNPAID CLAIMS, | | | | |
| DECEMBER 31, 2006 | \$ - | \$ 1,779,056 | \$ 84,370 | \$ 1,863,426 |

High-Level Excess Liability Pool (HELP)

The Village participates in the High-Level Excess Liability Pool (HELP). HELP is a public entity risk pool established by certain municipalities in Illinois to provide excess liability coverage (\$12,000,000 of coverage after a \$2,000,000 self-insurance retention). The Village's payments to HELP are displayed on the financial statements as expenditures/expenses in appropriate funds.

HELP was organized on April 1, 1987 with the initial agreement extended to April 30, 2008. The purpose of HELP is to act as a joint self-insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the members and other parties included within the scope of coverage of HELP.

HELP is governed by a Board of Directors which consists of one appointed representative from each member municipality. Each director has an equal vote. The officers of HELP are appointed by the Board of Directors. The Board of Directors determines the general policy of HELP; makes all appropriations; approves contracts; adopts resolutions providing for the issuance of debt by HELP; adopts bylaws, rules, and regulations; and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the bylaws.

5. RISK MANAGEMENT (Continued)

High-Level Excess Liability Pool (HELP) (Continued)

The Village does not exercise any control over the activities of HELP beyond its representation on the Board of Directors.

The Village of Elk Grove Village, Illinois (the initial Host Member) issued \$5,000,000 of general obligation bonds in 1987 to provide initial funding for HELP. The bond proceeds were put into escrow. An intergovernmental agreement among HELP, the Village of Elk Grove Village, and the Members provided that HELP and its Members were obligated to the Village of Elk Grove Village for payment of principal and interest on the bonds until such bonds were retired. Additionally, each Member was liable for its proportionate share of any default by other Members. The obligations of HELP and its Members are unconditional. The bonds were paid in full as of April 30, 1997.

Intergovernmental Personnel Benefit Cooperative (IPBC)

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental and nonprofit public service entities.

The IPBC receives, processes and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers: a Benefit Administrator and a Treasurer. The Village does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

6. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Installment Contracts

The Village entered into several installment contracts with the Illinois Environmental Protection Agency to provide funds for the construction of flood control projects and acquiring a parking lot.

c. Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended December 31, 2006:

Primary Government

| | Debt Retired by | Balances January 1 | Additions | Reductions | Balances December 31 | Current Portion at December 31 |
|--|--------------------|-----------------------|-----------|------------|-------------------------|--------------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | |
| \$334,271 Capital Appreciation Bonds, Series 1987A dated June 1, 1987, due in annual installments of \$37,760 to \$121,000 plus interest at 6.80% to 7.30% through January 1, 2007. (1) | Debt Service | \$ 509,452 | \$ 32,312 | \$ 151,000 | \$ 390,764 | \$ 390,764 |
| \$2,400,000 General Obligation Bonds, Series 1996A dated March 1, 1996, due in annual installments of \$170,000 to \$315,000 plus interest at 4.10% to 4.30% through December 1, 2006. | Debt Service | 205,000 | - | 205,000 | - | - |
| \$2,915,000 General Obligation Bonds, Series 1998A dated April 1, 1998, due in annual installments of \$45,000 to \$915,000 plus interest at 4.00% to 4.30% through December 1, 2007. | Debt Service | 125,000 | - | 60,000 | 65,000 | 65,000 |
| \$1,060,000 General Obligation Bonds, Series 1998C dated December 1, 1998, due in annual installments of \$95,000 to \$145,000 plus interest at 5.375% to 5.50% through December 1, 2007 (2). | Debt Service | 285,000 | - | 140,000 | 145,000 | 145,000 |
| \$5,550,000 General Obligation Bonds, Series 1999 dated March 1, 1999, due in annual installments of \$215,000 to \$1,655,000 plus interest at 5.75% to 6.00% through August 1, 2007 (2). | Debt Service | 3,080,000 | - | 655,000 | 2,425,000 | 770,000 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities (Continued)

Primary Government (Continued)

| | Debt Retired by | Balances January 1 | Additions | Reductions | Balances December 31 | Current Portion at December 31 |
|--|--------------------|-----------------------|-----------|------------|-------------------------|--------------------------------------|
| GOVERNMENTAL ACTIVITIES (Continued) | | | | | | |
| \$2,165,000 General Obligation Bonds, Series 2000 dated June 15, 2000, due in annual installments of \$180,000 to \$950,000 plus interest at 5.15% through December 1, 2008. | Debt Service | \$ 1,985,000 | \$ - | \$ 390,000 | \$ 1,595,000 | \$ 645,000 |
| \$5,000,000 General Obligation Bonds, Series 2001 dated October 1, 2001, due in annual installments of \$145,000 to \$370,000 plus interest at 4.25% to 4.60% through December 1, 2021. | Debt Service | 4,310,000 | - | 195,000 | 4,115,000 | 200,000 |
| \$12,235,000 General Obligation Bonds, Series 2003, due in semi- annual installments from \$440,000 to \$880,000 plus interest at 3.25% to 4.75% through December 1, 2022. | Debt Service | 10,840,000 | - | 465,000 | 10,375,000 | 480,000 |
| Total bonds | | 21,339,452 | 32,312 | 2,261,000 | 19,110,764 | 2,695,764 |
| \$3,695,354 IEPA Flood Loan Contract L17-0744, due in annual installments plus interest at 3.36% through May 1, 2014. | Debt Service | 1,882,963 | - | 194,861 | 1,688,102 | 201,464 |
| \$558,474 IEPA Flood Loan Contract L17-0856, due in annual installments plus interest at 3.36% through July 12, 2013. | Debt Service | 273,613 | - | 30,348 | 243,265 | 31,377 |
| \$1,711,672 IEPA Flood Loan Contract L17-0857, due in annual installments plus interest at 3.36% through December 10, 2014. | Debt Service | 927,677 | - | 89,880 | 837,797 | 92,925 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities (Continued)

Primary Government (Continued)

| | Debt Retired by | Balances January 1 | Additions | Reductions | Balances December 31 | Current Portion at December 31 |
|---|---------------------------|-----------------------|-----------|------------|-------------------------|--------------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | |
| (Continued) | | | | | | |
| \$1,209,842 IEPA Flood Loan Contract L17-0855, due in annual installments plus interest at 2.89% through November 1, 2017. | Debt Service | \$ 813,943 | \$ - | \$ 57,643 | \$ 756,300 | \$ 59,321 |
| \$1,547,950 IEPA Flood Loan Contract L17-1087, due in annual installments plus interest of 2.625% through June 3, 2019. | Debt Service | 1,317,152 | - | 82,469 | 1,234,683 | 84,647 |
| Total IEPA flood loan installment contracts | | 5,215,348 | - | 455,201 | 4,760,147 | 469,734 |
| \$705,000 installment contract, due in annual installments (beginning September 1, 2007) of \$350,000 to \$355,000 plus a variable interest through September 1, 2008. LIBOR rate at issuance on September 1, 2004 was 3.07%. | Capital Projects | 705,000 | - | - | 705,000 | 350,000 |
| Total capital project installment contracts | | 705,000 | - | - | 705,000 | 350,000 |
| Compensated absences | General | 2,153,980 | 458,338 | 107,699 | 2,504,619 | 125,231 |
| Compensated absences | Internal Service | 148,537 | 17,493 | 7,427 | 158,603 | 7,930 |
| Total compensated absences | | 2,302,517 | 475,831 | 115,126 | 2,663,222 | 133,161 |
| Net pension obligation | Employer Contributions | 518,386 | 1,216,606 | 1,217,440 | 517,552 | - |
| Total governmental activities | | 30,080,703 | 1,724,749 | 4,048,767 | 27,756,685 | 3,648,659 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities (Continued)

Primary Government (Continued)

| | Debt Retired by | Balances January 1 | Additions | Reductions/ Refundings | Balances December 31 | Current Portion at December 31 |
|---------------------------------|--------------------|-----------------------|---------------------|---------------------------|-------------------------|--------------------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | | |
| Compensated absences | Water and Sewer | \$ 176,016 | \$ 25,454 | \$ 8,801 | \$ 192,669 | \$ 9,633 |
| Total business-type activities | | 176,016 | 25,454 | 8,801 | 192,669 | 9,633 |
| TOTAL | | \$ 30,256,719 | \$ 1,750,203 | \$ 4,057,568 | \$ 27,949,354 | \$ 3,658,292 |

(1) The Series 1987A Bonds are Capital Appreciation Bonds. The balance as of December 31 includes a total of \$291,304 in accreted value since the bonds were issued.

(2) These bonds are being retired with Tax Incremental Financing District revenues.

Component Unit

| | Fund Debt Retired By | Balances January 1 | Additions | Reductions | Balances December 31 | Current Portion at December 31 |
|--|----------------------------|-----------------------|---------------------|----------------------|-------------------------|--------------------------------------|
| \$20,500,000 General Obligation Bonds, Series 2002 dated June 1, 2002, due in semi-annual installments of \$185,000 to \$1,670,000 plus interest at 4.00% to 5.00% through December 1, 2022. | Debt Service | \$ 19,010,000 | \$ - | \$ 10,060,000 | \$ 8,950,000 | \$ 700,000 |
| \$10,000,000 General Obligation Library Refunding Bonds, Series 2006 dated December 15, 2006, due in annual installments of \$45,000 to \$1,655,000 plus interest at 3.50% to 4.10% through December 1, 2022. | Debt Service | - | 10,000,000 | - | 10,000,000 | 55,000 |
| Unamortized loss on refunding | | - | (486,641) | - | (486,641) | - |
| Compensated absences | General | 150,918 | 27,666 | 22,638 | 155,946 | 23,392 |
| TOTAL | | \$ 19,160,918 | \$ 9,541,025 | \$ 10,082,638 | \$ 18,619,305 | \$ 778,392 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

d. Debt Service Requirements to Maturity

Primary Government

Annual debt service requirements to maturity are as follows:

| Fiscal Year Ending December 31 | General Obligation Bonds | |
|--------------------------------------|--------------------------------|---------------------|
| | Principal | Interest |
| 2007 | \$ 2,695,764 | \$ 1,158,712 |
| 2008 | 3,310,000 | 749,706 |
| 2009 | 725,000 | 571,097 |
| 2010 | 755,000 | 538,661 |
| 2011 | 785,000 | 510,548 |
| 2012 | 815,000 | 479,935 |
| 2013 | 850,000 | 446,722 |
| 2014 | 885,000 | 411,830 |
| 2015 | 925,000 | 375,215 |
| 2016 | 965,000 | 336,008 |
| 2017 | 1,005,000 | 294,110 |
| 2018 | 1,050,000 | 249,455 |
| 2019 | 1,100,000 | 201,885 |
| 2020 | 1,155,000 | 152,050 |
| 2021 | 1,210,000 | 98,720 |
| 2022 | 880,000 | 41,800 |
| TOTAL | \$ 19,110,764 | \$ 6,616,454 |

| Fiscal Year Ending December 31 | Installment Contracts | | | |
|--------------------------------------|-----------------------|-------------------|-----------------------|------------------|
| | IEPA | | Installment Contracts | |
| | Principal | Interest | Principal | Interest |
| 2007 | \$ 469,734 | \$ 143,620 | \$ 350,000 | \$ 16,271 |
| 2008 | 484,735 | 128,619 | 355,000 | 5,449 |
| 2009 | 500,219 | 113,135 | - | - |
| 2010 | 516,203 | 97,152 | - | - |
| 2011 | 532,701 | 80,653 | - | - |
| 2012 | 549,732 | 63,622 | - | - |
| 2013 | 567,312 | 46,043 | - | - |
| 2014 | 417,587 | 28,225 | - | - |
| 2015 | 178,912 | 18,346 | - | - |
| 2016 | 183,840 | 13,418 | - | - |
| 2017 | 188,904 | 8,355 | - | - |
| 2018 | 112,771 | 3,734 | - | - |
| 2019 | 57,497 | 755 | - | - |
| TOTAL | \$ 4,760,147 | \$ 745,677 | \$ 705,000 | \$ 21,720 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

d. Debt Service Requirements to Maturity (Continued)

Component Unit

| Fiscal Year Ending December 31 | General Obligation Bonds | |
|--------------------------------------|-----------------------------|--------------|
| | Principal | Interest |
| 2007 | \$ 755,000 | \$ 781,167 |
| 2008 | 775,000 | 766,621 |
| 2009 | 895,000 | 734,934 |
| 2010 | 935,000 | 697,178 |
| 2011 | 965,000 | 1,125,609 |
| 2012 | 1,015,000 | 613,578 |
| 2013 | 1,050,000 | 568,340 |
| 2014 | 1,105,000 | 521,528 |
| 2015 | 1,150,000 | 470,930 |
| 2016 | 1,305,000 | 416,855 |
| 2017 | 1,360,000 | 358,265 |
| 2018 | 1,410,000 | 305,905 |
| 2019 | 1,465,000 | 250,915 |
| 2020 | 1,525,000 | 193,048 |
| 2021 | 1,585,000 | 132,048 |
| 2022 | 1,655,000 | 67,855 |
| TOTAL | \$ 18,950,000 | \$ 8,004,773 |

e. Legal Debt Margin

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property . . . (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: . . . indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum . . . shall not be included in the foregoing percentage amounts.”

To date the General Assembly has set no limits for home rule municipalities.

6. LONG-TERM DEBT (Continued)

f. Advance Refunding - Component Unit

During fiscal year 2006, the Village issued \$10,000,000 General Obligation Library Refunding Bonds, Series 2006. Of the proceeds, \$9,866,641 has been deposited in an irrevocable trust to provide for future debt service payments on \$9,380,000 of the General Obligation Library Bonds, Series 2002. As a result, the refunded portion of the bonds are considered defeased and the escrowed assets and liability for the bonds have been removed from these financial statements.

The Village advance refunded these bonds to reduce its total debt service by approximately \$518,239 and to provide for an economic gain of approximately \$384,361.

The defeased bonds still outstanding totaled \$9,380,000 at December 31, 2006.

7. MOUNT PROSPECT PUBLIC LIBRARY FINANCING AGREEMENT

Long-Term Financing from Primary Government

The Village entered into an agreement with the Mount Prospect Public Library (the Library) on May 21, 2002 for the financing of the renovation of the existing public library. The Village agreed to issue general obligation bonds in the amount of \$20,500,000. The Library assumed full responsibility for the repayment of the bonds, inclusive of principal and interest and all costs associated with the bond issue as well as construction of the project. The liability (\$8,950,000 of 2002 bonds and \$10,000,000 of 2006 refunding bonds at December 31, 2006) for the bonds has been displayed on the Library's financial statements. In the event of a default by the Library, the Village is obligated to pay the principal and interest on the bonds.

The Library will remit to the Village all monies received from taxes collected for payment of principal and interest on a semi-annual basis. Payments are due May 1 and November 1 of each year. The Library has agreed to remit to the Village a balloon payment on November 1, 2021 in an amount sufficient to cover the December 1, 2021 principal and interest payments, the June 1, 2022 interest payment, and the December 1, 2022 principal and interest payment.

The Library is responsible for all costs associated with the bond issue such as attorney fees, bond counsel fees, and underwriter fees. Payments made to the Village are reported as a debt service expenditure on the Library's governmental fund financial statements and a reduction of the liability in the Library's General Long-Term Debt on the government-wide financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. CONTRACTUAL COMMITMENTS

a. High-Level Excess Liability Pool (HELP)

The Village has committed to purchase excess liability insurance from the HELP, a public entity risk pool for certain Illinois municipalities through April 30, 2008.

Annual payments to HELP are based on a formula utilizing miles of streets, number of vehicles, total revenues, and full-time equivalents. The Village paid \$142,193 to HELP in 2006. For 2007, the Village estimates it will pay \$150,158.

b. Solid Waste Agency of Northern Cook County (SWANCC)

Annual payments to SWANCC are based on estimated tonnage of waste transported to SWANCC. It is assumed that there will be no material changes in deliveries to SWANCC. For 2007 - 2022, the Village estimates it will pay \$1,186,651 annually.

9. INTERFUND ACTIVITY

Due From/To Other Funds

Primary Government

| Receivable Fund | Payable Fund | Amount |
|-----------------------|------------------------------|---------------------|
| General | Debt Service | \$ 703,404 |
| | Motor Fuel Tax | 809,000 |
| | Series 1996A Capital Project | 29,000 |
| | Series 2000 Capital Project | 64,000 |
| | Series 2002B Capital Project | 35,000 |
| | Village Parking System | 106,000 |
| | | <u>1,746,404</u> |
| Fiduciary | | |
| Police Pension | General | 89,761 |
| Firefighters' Pension | General | 75,264 |
| Flexcomp Escrow | General | 332 |
| | | <u>165,357</u> |
| TOTAL | | <u>\$ 1,911,761</u> |

The purpose of the significant Due From/To Other Funds is as follows:

- \$703,404 due to the General Fund from the Debt Service Fund. This was due to a shortfall in funds available to pay principal and interest due on IEPA Flood Control Loans. Repayment is expected by December 31, 2007.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. INTERFUND ACTIVITY (Continued)

Due From/To Other Funds (Continued)

- \$809,000 due to the General Fund from the Motor Fuel Tax Fund. This was due to a shortfall in the Motor Fuel Tax Fund. Repayment is expected by December 31, 2007.
- \$64,000 due to the General Fund from the Series 2000 Capital Project Fund. This was due to a shortfall in funds available to pay principal and interest due on the Flood Control Series 2000 bond issue. Repayment is expected by December 31, 2007.
- \$106,000 due to the General Fund from the Parking System Revenue Fund. This was an operating loan to help fund the operations of the Village Parking System Fund. Repayment is expected by December 31, 2007.
- \$89,761 due to the Police Pension Fund from the General Fund. This is a property tax distribution for the Village's portion of its pension contribution not made before December 31, 2006. This is expected to be paid in 2007.
- \$75,264 due to the Fire Pension Fund from the General Fund. This is a property tax distribution for the Village's portion of its pension contribution not made before December 31, 2006. This is expected to be paid in 2007.

Interfund Transfers during the year ended December 31, 2006 consisted of the following:

Primary Government

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------------|---------------------|----------------------|
| General | \$ - | \$ 1,207,827 |
| Foreign Fire Insurance | 44,202 | - |
| Debt Service | 315,000 | 137,126 |
| Capital Improvement | - | 41,531 |
| Downtown Redevelopment Construction | 16,513 | - |
| Street Improvement Construction | 120,613 | - |
| Series 2003 Capital Projects | 848,625 | - |
| Enterprise | | |
| Parking System Revenue | - | 10,433 |
| Internal Service | 51,964 | - |
| | <hr/> | <hr/> |
| TOTAL | \$ 1,396,917 | \$ 1,396,917 |

9. INTERFUND ACTIVITY (Continued)

Due From/To Other Funds (Continued)

The purposes of the significant Interfund Transfers are as follows:

- \$1,207,827 transferred from the General Fund to the Foreign Fire Insurance Fund, the Debt Service Fund and the Series 2003 Capital Projects Fund. The transfer was allocated in the following manner: \$44,202 to create the Foreign Fire Insurance Board Fund; \$315,000 to the Debt Service Fund to pay principal and interest on the Series 2003 Village Hall bond issue; and \$848,625 to the Series 2003 Capital Projects Fund to close this fund.
- \$137,126 transferred from the Debt Service Fund to the Downtown Redevelopment Construction Fund and the Street Improvement Construction Fund. The transfer was allocated in the following manner: \$16,513 to the Downtown Redevelopment Construction Fund and \$120,613 transferred to the Street Improvement Construction Fund.

10. CONTINGENT LIABILITIES

a. Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

11. JOINT VENTURES

a. Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of SWANCC which consists of twenty-three municipalities. SWANCC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. SWANCC is empowered to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members.

SWANCC is governed by a board of directors which consists of the mayor or president from each member municipality. Each director has an equal vote. The officers of SWANCC are appointed by the board of directors. The board of directors determines the general policy of SWANCC, makes all appropriations, approves contracts, provides for the issuance of debt, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements for SWANCC can be obtained from the Agency's administrative office at 2700 Patriot Boulevard, Suite 110, Glenview, Illinois 60026.

SWANCC's outstanding bonds are revenue obligations. They are limited obligations of SWANCC with a claim for payment solely from and secured by a pledge of the revenues of the system and amounts in various funds and accounts established by SWANCC resolutions. The bonds are not the debt of any member. The SWANCC has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste; (2) all income derived from the investment of monies; and (3) all income, fees, service charges and all grants, rents and receipts derived by SWANCC from the ownership and operation of the system. SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC has entered into solid waste disposal contracts with the member municipalities. The contracts are irrevocable and may not be terminated or amended except as provided for in the contract. Each member is obligated, on a "take or pay" basis, to deliver a minimum amount of solid waste to the system. The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under the contract. The contract does not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the contract, the Village made payments totaling \$1,222,466 to SWANCC in 2006. The payments have been recorded in the Municipal Waste System Fund. The Village does not have an equity interest in SWANCC at December 31, 2006.

11. JOINT VENTURES (Continued)

b. Northwest Suburban Municipal Joint Action Water Agency (JAWA)

Description of Joint Venture

The Village is a member of JAWA which consists of seven municipalities. JAWA is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. JAWA is empowered to plan, construct, improve, extend, acquire, finance, operate, and maintain a water supply system to serve its members and other potential water purchasers.

JAWA is governed by a board of directors which consist of one elected official from each member municipality. Each director has an equal vote. The officers of JAWA are appointed by the board of directors. The board of directors determines the general policy of JAWA, makes all appropriations, approves contracts for sale or purchase of water, provides for the issuance of debt, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements can be obtained from the Northwest Suburban Municipal Joint Action Water Agency, 903 Brantwood Avenue, Elk Grove Village, Illinois 60007.

Revenues of the system consist of (1) all receipts derived from the Water Supply Agreements or any other contract for the supply of water; (2) all income derived from the investment of monies; and (3) all income, fees, water service charges and all grants, rents, and receipts derived by JAWA from the ownership and operation of the system and the sale of water. JAWA covenants to establish fees and charges sufficient to provide revenues to meet all its obligations.

JAWA has entered into water supply agreements with the seven member municipalities for a term of forty years, extending to 2022. The agreements are irrevocable and may not be terminated or amended except as provided for in the General Resolution. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual quantity of water.

JAWA has entered into an agreement with the City of Chicago (the City) under which the City has agreed to sell quantities of Lake Michigan water sufficient to meet the projected water needs of the members through the year 2020.

The obligation of the Village to make payments required by this agreement is payable from the Village's Water and Sewer Fund.

In accordance with the joint venture agreement, the Village remitted \$3,413,105 to JAWA for 2006. The Village does not have an equity interest in JAWA at December 31, 2006. The amounts on deposit with JAWA represent amounts held for security for debt service.

12. POSTEMPLOYMENT BENEFITS

The Village offers post-retirement health care benefits in accordance with Illinois Compiled Statutes and the personnel policy manual of the Village. All employees who are eligible to receive a monthly pension benefit from one of the Village's pension plans are eligible to purchase post-retirement health care benefits. Qualified dependents of eligible retirees may also continue to be covered by the Village's plan.

Retirees who choose to be covered by the Village's plan are required to pay the entire cost of a premium based on the experience of active and retired members. As of year end, 91 retirees or qualified dependents were covered by the plan. Participants paid the entire cost of \$614,210 which is included in health insurance expense in the internal service fund. The Village finances the plan on a pay-as-you-go basis.

13. EMPLOYEE RETIREMENT SYSTEMS

a. Plan Descriptions

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the coverage of its own employees in IMRF, as specified by statute; for 2006 the rate was 10.03%.

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 - Article 5/3) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At December 31, 2006, the Police Pension Plan membership consisted of:

| | |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 52 |
| Current employees | |
| Vested | 53 |
| Nonvested | 30 |
| | <hr/> |
| TOTAL | <u>135</u> |

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% simple interest annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary, and the administrative costs. Effective July 1, 1993, the Village has until 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended December 31, 2006, the Village's contribution was 22.04% of covered payroll.

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40 - Article 5/4) and may be amended only by the Illinois legislature. The Village accounts for the Firefighters' Pension Plan as a pension trust fund. At December 31, 2006, the Firefighters' Pension Plan membership consisted of:

| | |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 59 |
| Current employees | |
| Vested | 42 |
| Nonvested | 26 |
| | <hr/> |
| TOTAL | <u>127</u> |

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary.

Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% annually thereafter.

Covered employees are required to contribute 9.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary, and the administrative costs. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended December 31, 2006, the Village's contribution was 25.55% of covered payroll.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which the employee services are performed.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

There are no significant investments (other than U.S Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for either the Police or the Firefighters' Pension Plans. Information for the IMRF is not available.

Administrative Costs

Administrative costs for both the Police Pension Plan and the Firefighters' Pension Plan are financed primarily through investment earnings.

c. Annual Pension Cost

| | Illinois Municipal Retirement | Police Pension | Firefighters' Pension |
|--------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Actuarial valuation date | December 31, 2004 | December 31, 2005 | December 31, 2005 |
| Actuarial cost method | Entry-age Normal | Entry-age Normal | Entry-age Normal |
| Asset valuation method | 5 Year Smoothed Market | Market | Market |
| Amortization method | Level Percentage of Payroll | Level Percentage of Payroll | Level Percentage of Payroll |
| Amortization period | 26 Years, Closed | 28 Years, Closed | 28 Years, Closed |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

| | Illinois Municipal Retirement | Police Pension | Firefighters' Pension |
|--|-------------------------------------|---------------------------------|---------------------------------|
| Significant actuarial assumptions | | | |
| a) Rate of return on present and future assets | 7.50% Compounded Annually | 8.00% Compounded Annually | 8.00% Compounded Annually |
| b) Projected salary increase - attributable to inflation | 4.00% Compounded Annually | 5.50% Compounded Annually | 5.50% Compounded Annually |
| c) Additional projected salary increases - seniority/merit | .40 to 11.60% | 1.00% | 1.00% |
| d.) Post-retirement benefit increases | 3.00% | 3.00% | 3.00% |

d. Net Pension Obligation (Asset)

The Village's annual pension cost and net pension obligation (asset) to the Police Pension and Firefighters' Pension Plans for the year ended December 31, 2005 (most current information available) were as follows:

| | Police Pension | Firefighters' Pension |
|---|--------------------|--------------------------|
| Annual required contributions | \$ 1,077,645 | \$ 1,175,135 |
| Interest on net pension obligation | (6,012) | 41,471 |
| Adjustment to annual required contribution | 3,612 | (24,918) |
| Annual pension cost | 1,075,245 | 1,191,688 |
| Contributions made | 1,097,052 | 1,192,522 |
| Increase (decrease) in net pension obligation (asset) | (21,807) | (834) |
| Net pension obligation (asset) beginning of year | (75,144) | 518,386 |
| NET PENSION OBLIGATION (ASSET) | | |
| END OF YEAR | \$ (96,951) | \$ 517,552 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

e. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

| | Fiscal Year | Illinois Municipal Retirement | Police Pension | Firefighters' Pension |
|-------------------------------|-------------|-------------------------------|----------------|-----------------------|
| Annual pension cost (APC) | 2004 | \$ 884,435 | \$ 1,060,478 | \$ 1,076,306 |
| | 2005 | 1,047,777 | 1,075,245 | 1,191,688 |
| | 2006 | 1,273,108 | N/A | N/A |
| Actual contribution | 2004 | \$ 884,435 | \$ 1,067,223 | \$ 1,070,044 |
| | 2005 | 1,047,777 | 1,097,052 | 1,192,522 |
| | 2006 | 1,273,108 | 1,290,012 | 1,194,705 |
| Percentage of APC contributed | 2004 | 100.00% | 100.64% | 99.42% |
| | 2005 | 100.00 | 102.03 | 100.07 |
| | 2006 | 100.00 | N/A | N/A |
| NPO (asset) | 2004 | \$ - | \$ (68,399) | \$ 512,123 |
| | 2005 | - | (75,144) | 518,386 |
| | 2006 | - | (96,951) | 517,552 |

14. PENSION TRUST FUNDS

a. Schedule of Net Assets as of December 31, 2006.

| | Police Pension | Firefighters' Pension | Total |
|--|----------------|-----------------------|---------------|
| ASSETS | | | |
| Cash and short-term investments | \$ 987,847 | \$ 1,906,758 | \$ 2,894,605 |
| Investments | | | |
| U.S. government and agency obligations | 17,347,847 | 19,276,360 | 36,624,207 |
| Mutual funds | 20,127,916 | 17,367,623 | 37,495,539 |
| Municipal bonds | 1,377,493 | 1,382,461 | 2,759,954 |
| Receivables | | | |
| Accrued interest | 167,447 | 180,353 | 347,800 |
| Due from other funds | 89,761 | 75,264 | 165,025 |
| Prepays | 569 | - | 569 |
| Total assets | 40,098,880 | 40,188,819 | 80,287,699 |
| LIABILITIES | | | |
| Accounts payable | 14,233 | 21,934 | 36,167 |
| Total liabilities | 14,233 | 21,934 | 36,167 |
| NET ASSETS | \$ 40,084,647 | \$ 40,166,885 | \$ 80,251,532 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. PENSION TRUST FUNDS (Continued)

b. Schedule of Changes in Net Assets for the year ended December 31, 2006.

| | Police Pension | Firefighters' Pension | Total |
|--|-------------------|--------------------------|---------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 1,290,012 | \$ 1,194,705 | \$ 2,484,717 |
| Employee | 679,066 | 531,320 | 1,210,386 |
| Total contributions | 1,969,078 | 1,726,025 | 3,695,103 |
| INVESTMENT INCOME | | | |
| Net appreciation in fair value of investments | 2,482,790 | 2,090,063 | 4,572,853 |
| Interest income | 767,595 | 833,980 | 1,601,575 |
| Less investment expense | (85,094) | (84,786) | (169,880) |
| Net investment income | 3,165,291 | 2,839,257 | 6,004,548 |
| Total additions | 5,134,369 | 4,565,282 | 9,699,651 |
| DEDUCTIONS | | | |
| Administrative | 1,550 | 223 | 1,773 |
| Pension benefits and refunds | 2,332,708 | 2,489,596 | 4,822,304 |
| Total deductions | 2,334,258 | 2,489,819 | 4,824,077 |
| NET INCREASE | 2,800,111 | 2,075,463 | 4,875,574 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | |
| January 1 | 37,284,536 | 38,091,422 | 75,375,958 |
| December 31 | \$ 40,084,647 | \$ 40,166,885 | \$ 80,251,532 |

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|--|--------------------|--------------------|----------------------|
| REVENUES | | | |
| Property taxes | \$ 7,136,332 | \$ 9,541,804 | \$ 9,648,141 |
| Other taxes | 6,296,500 | 6,466,500 | 6,240,957 |
| Licenses, permits, and fees | 2,858,750 | 3,109,750 | 3,216,982 |
| Intergovernmental | 15,152,490 | 15,635,490 | 15,872,105 |
| Charges for services | 1,517,817 | 1,183,817 | 1,186,990 |
| Fines and forfeits | 523,000 | 533,000 | 521,473 |
| Investment income | 204,700 | 459,700 | 474,141 |
| Miscellaneous | 471,587 | 377,272 | 412,583 |
| Total revenues | 34,161,176 | 37,307,333 | 37,573,372 |
| EXPENDITURES | | | |
| General government | 4,770,084 | 4,870,184 | 4,901,739 |
| Public safety | 21,036,632 | 23,518,005 | 23,167,054 |
| Highways and streets | 5,770,062 | 5,770,062 | 5,506,275 |
| Health | 124,170 | 124,170 | 121,031 |
| Welfare | 1,042,546 | 1,070,312 | 1,045,607 |
| Culture and recreation | 338,828 | 347,828 | 333,148 |
| Total expenditures | 33,082,322 | 35,700,561 | 35,074,854 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,078,854 | 1,606,772 | 2,498,518 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (out) | (315,000) | (1,207,827) | (1,207,827) |
| Total other financing sources (uses) | (315,000) | (1,207,827) | (1,207,827) |
| NET CHANGE IN FUND BALANCE | \$ 763,854 | \$ 398,945 | 1,290,691 |
| FUND BALANCE, JANUARY 1 | | | 10,516,377 |
| FUND BALANCE, DECEMBER 31 | | | \$ 11,807,068 |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REFUSE DISPOSAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|------------------------------|--------------------|-------------------|---------------------|
| REVENUES | | | |
| Taxes | | | |
| Property taxes - current | \$ 1,910,472 | \$ 1,935,472 | \$ 1,928,480 |
| Charges for services | | | |
| Multi-family service charges | 1,019,025 | 1,019,025 | 983,584 |
| Multi-family service charges | 763,880 | 735,880 | 735,712 |
| Multi-family penalties | 4,000 | 14,000 | 18,947 |
| Multi-family penalties | 15,000 | 35,000 | 40,326 |
| Refuse stickers | 275,450 | 275,450 | 258,790 |
| Recycling bins | - | - | 1,725 |
| Investment income | 45,000 | 68,000 | 68,288 |
| Miscellaneous | | | |
| Other | 1,000 | 11,000 | 10,590 |
| | <u>4,033,827</u> | <u>4,093,827</u> | <u>4,046,442</u> |
| Total revenues | | | |
| EXPENDITURES | | | |
| Health | | | |
| Refuse disposal division | | | |
| Personal services | 212,298 | 212,298 | 214,644 |
| Employee benefits | 70,041 | 70,041 | 70,578 |
| Other employee costs | 1,735 | 1,735 | - |
| Contractual services | 3,638,977 | 3,648,977 | 3,439,726 |
| Utilities | 575 | 575 | 336 |
| Insurance | 7,827 | 7,827 | 7,827 |
| Commodities | 18,790 | 18,790 | 19,338 |
| | <u>3,950,243</u> | <u>3,960,243</u> | <u>3,752,449</u> |
| Total expenditures | | | |
| NET CHANGE IN FUND BALANCE | <u>\$ 83,584</u> | <u>\$ 133,584</u> | 293,993 |
| FUND BALANCE, JANUARY 1 | | | <u>1,686,784</u> |
| FUND BALANCE, DECEMBER 31 | | | <u>\$ 1,980,777</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2006

| Actuarial Valuation Date December 31 | (1) Actuarial Value of Assets | (2) Actuarial Liability (AAL) Entry-Age | (3) Funded Ratio (1) / (2) | (4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1) | (5) Covered Payroll | UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5) |
|---|--|---|-------------------------------------|---|---------------------------|--|
| 2001 | \$ 27,131,116 | \$ 23,575,786 | 115.08% | \$ (3,555,330) | \$ 9,884,074 | (35.97%) |
| 2002 | 26,441,272 | 25,125,005 | 105.24% | (1,316,267) | 10,298,359 | (12.78%) |
| 2003 | 27,283,944 | 27,111,540 | 100.64% | (172,404) | 10,495,272 | (1.64%) |
| 2004 | 28,882,805 | 31,666,212 | 91.21% | 2,783,407 | 11,792,465 | 23.60% |
| 2005 | 29,606,790 | 31,861,477 | 92.92% | 2,254,687 | 12,211,858 | 18.46% |
| 2006 | 32,733,827 | 33,826,473 | 96.77% | 1,092,646 | 12,689,232 | 8.61% |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2006

| Actuarial Valuation Date January 1 | (1) Actuarial Value of Assets | (2) Actuarial Liability (AAL) Entry-Age | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Covered Payroll | UAAL As a Percentage of Covered Payroll (4) / (5) |
|---|--|---|-------------------------------------|---|---------------------------|--|
| 2001 | \$ 31,121,189 | \$ 35,835,766 | 86.84% | \$ 4,714,577 | \$ 4,736,788 | 99.53% |
| 2002 | 31,396,220 | 38,213,704 | 82.16% | 6,817,484 | 4,878,007 | 139.76% |
| 2003 | 30,916,536 | 41,058,866 | 75.30% | 10,142,330 | 5,197,828 | 195.13% |
| 2004 | 33,520,535 | 43,278,648 | 77.45% | 9,758,113 | 5,432,721 | 179.62% |
| 2005 | 35,616,429 | 47,837,706 | 74.45% | 12,221,277 | 5,648,744 | 216.35% |
| 2006 | 37,284,535 | 50,333,889 | 74.07% | 13,049,354 | 6,049,971 | 215.69% |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION FUND

December 31, 2006

| Actuarial Valuation Date January 1 | (1) Actuarial Value of Assets | (2) Actuarial Liability (AAL) Entry-Age | (3) Funded Ratio (1) / (2) | (4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1) | (5) Covered Payroll | UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5) |
|---|--|---|-------------------------------------|---|---------------------------|--|
| 2001 | \$ 32,486,604 | \$ 37,613,473 | 86.37% | \$ 5,126,869 | \$ 4,133,880 | 124.02% |
| 2002 | 33,085,014 | 39,140,700 | 84.53% | 6,055,686 | 4,434,809 | 136.55% |
| 2003 | 33,182,657 | 41,445,957 | 80.06% | 8,263,300 | 4,609,373 | 179.27% |
| 2004 | 35,111,866 | 44,537,550 | 78.84% | 9,425,684 | 4,820,164 | 195.55% |
| 2005 | 36,729,420 | 46,613,979 | 78.79% | 9,884,559 | 4,964,231 | 199.12% |
| 2006 | 38,091,422 | 49,825,274 | 76.45% | 11,733,852 | 5,095,147 | 230.29% |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2006

| <u>Fiscal Year</u> | <u>Employer Contributions</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage Contributed</u> |
|------------------------|-----------------------------------|---|-----------------------------------|
| 2001 | \$ 547,578 | \$ 547,578 | 100.00% |
| 2002 | 452,098 | 452,098 | 100.00% |
| 2003 | 513,219 | 513,219 | 100.00% |
| 2004 | 884,435 | 884,435 | 100.00% |
| 2005 | 1,047,777 | 1,047,777 | 100.00% |
| 2006 | 1,273,108 | 1,273,108 | 100.00% |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 POLICE PENSION FUND

December 31, 2006

| Fiscal Year | Employer Contributions | Annual Required Contribution (ARC) | Percentage Contributed |
|----------------|---------------------------|---|---------------------------|
| 2001 | \$ 697,764 | \$ 708,906 | 98.43% |
| 2002 | 752,529 | 746,579 | 101.10% |
| 2003 | 863,179 | 876,000 | 98.54% |
| 2004 | 1,067,223 | 1,062,739 | 100.42% |
| 2005 | 1,097,052 | 1,077,645 | 101.80% |
| 2006 | 1,290,012 | N/A | N/A |

N/A - Not available

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FIREFIGHTERS' PENSION FUND

December 31, 2006

| Fiscal Year | Employer Contributions | Annual Required Contribution (ARC) | Percentage Contributed |
|----------------|---------------------------|---|---------------------------|
| 2001 | \$ 739,386 | \$ 751,108 | 98.44% |
| 2002 | 831,159 | 826,905 | 98.50% |
| 2003 | 912,528 | 925,943 | 98.55% |
| 2004 | 1,070,044 | 1,059,381 | 101.01% |
| 2005 | 1,192,522 | 1,175,135 | 101.48% |
| 2006 | 1,194,705 | N/A | N/A |

N/A - Not available

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2006

1. BUDGETS

All departments of the Village submit requests for appropriation to the Village Manager so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, enterprise, internal service, and pension trust funds. All annual appropriations lapse at fiscal year end.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The Village Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, budget amendments were approved by the Village Board. The budget figures included in this report reflect all budget amendments made during the year.

2. EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures/expenses (exclusive of depreciation and amortization) over budget for the fiscal year:

| Fund | Excess |
|-----------------------|--------|
| Debt Service | \$ 299 |
| Police Pension | 18,977 |
| Firefighters' Pension | 53,854 |

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

General Fund

General Fund - to account for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund

Debt Service Fund - to accumulate monies for payment of principal and interest on general obligation bonds.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|--|--------------------|------------------|------------------|
| PROPERTY TAXES | | | |
| Property taxes - general | \$ 7,136,332 | \$ 7,136,332 | \$ 7,206,224 |
| Property taxes - police pension | - | 1,246,455 | 1,271,512 |
| Property taxes - fire pension | - | 1,159,017 | 1,170,405 |
| Total property taxes | 7,136,332 | 9,541,804 | 9,648,141 |
| OTHER TAXES | | | |
| Auto rental tax | 12,000 | 12,000 | 16,313 |
| Food and beverage tax | 591,700 | 621,700 | 621,240 |
| Road and bridge taxes | 73,900 | 73,900 | 79,210 |
| Real estate transfer tax | 1,075,000 | 1,075,000 | 1,082,498 |
| Hotel/motel tax | 50,000 | 50,000 | 65,136 |
| Electronics game tax | 25,000 | 25,000 | 16,965 |
| Telecommunications tax | 2,626,000 | 2,626,000 | 2,471,590 |
| Gas utility tax | 696,400 | 806,400 | 735,146 |
| Electric utility tax | 1,146,500 | 1,176,500 | 1,152,859 |
| Total other taxes | 6,296,500 | 6,466,500 | 6,240,957 |
| LICENSES, PERMITS, AND FEES | | | |
| Vehicle license fees | 1,365,000 | 1,365,000 | 1,379,430 |
| Liquor licenses | 126,000 | 126,000 | 126,744 |
| Business licenses | 160,000 | 160,000 | 158,306 |
| Contractor licenses | 47,000 | 47,000 | 45,158 |
| Alarm licenses | 15,000 | 15,000 | 15,850 |
| Building permit fees | 400,000 | 510,000 | 598,447 |
| Electrical permit fees | 60,000 | 60,000 | 47,058 |
| Plumbing permit fees | 40,000 | 50,000 | 54,697 |
| Permit penalties | 4,000 | 4,000 | 4,400 |
| Reinspection fees | 13,000 | 43,000 | 55,448 |
| Vacant structure registration fees | - | 5,000 | 4,250 |
| Truck rental fees | 2,000 | 2,000 | 1,350 |
| Nuisance abatement fees | - | - | 598 |
| Plan examination fees | 20,000 | 20,000 | 23,485 |
| Street opening fees | 2,000 | 2,000 | 1,800 |
| Elevator inspections | 22,750 | 22,750 | 18,200 |
| Public improvement inspections | 40,000 | 76,000 | 75,973 |
| Fees - board of appeals | 12,000 | 12,000 | 11,200 |
| False alarm fees | 20,000 | 20,000 | 17,920 |
| Landlord/tenant fees | 170,000 | 170,000 | 168,539 |
| Cable TV franchise | 340,000 | 400,000 | 408,129 |
| Total licenses, permits, and fees | 2,858,750 | 3,109,750 | 3,216,982 |
| INTERGOVERNMENTAL | | | |
| State income tax | 4,000,665 | 4,450,665 | 4,606,804 |
| State sales tax | 8,862,500 | 8,862,500 | 8,824,103 |
| Home rule sales tax | 1,304,750 | 1,304,750 | 1,298,837 |
| State use tax | 626,100 | 626,100 | 731,530 |
| Charitable games tax | 1,500 | 1,500 | 2,719 |
| Replacement taxes | 318,275 | 318,275 | 332,738 |
| Replacement taxes - road and bridge | 5,000 | 5,000 | 1,269 |
| Grant - ILEC police training | 7,500 | 7,500 | 4,040 |
| Grant - State fire training | 2,000 | 2,000 | 6,748 |
| Grant - tobacco enforcement | 5,700 | 5,700 | 5,390 |

(This schedule is continued on the following page.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|---------------------------------|----------------------|----------------------|----------------------|
| INTERGOVERNMENTAL (Continued) | | | |
| Grant - body armor | \$ 15,000 | \$ 15,000 | \$ 12,561 |
| Grant - other | 3,500 | 36,500 | 45,366 |
| Total intergovernmental | <u>15,152,490</u> | <u>15,635,490</u> | <u>15,872,105</u> |
| CHARGES FOR SERVICES | | | |
| Water and sewer service charge | 412,065 | 412,065 | 412,065 |
| Parking service charge | 35,360 | 35,360 | 33,003 |
| Maintenance of state highways | 68,200 | 68,200 | 70,109 |
| Ambulance transport fees | 783,000 | 423,000 | 411,453 |
| Forest river rural FPD | 33,000 | 41,000 | 53,517 |
| Cable programming fees | 37,856 | 37,856 | 38,720 |
| Special detail revenue | 20,000 | 20,000 | 9,907 |
| Fire training revenue | 10,000 | 28,000 | 37,020 |
| Lease payments | 118,336 | 118,336 | 121,196 |
| Total charges for services | <u>1,517,817</u> | <u>1,183,817</u> | <u>1,186,990</u> |
| FINES AND FORFEITS | | | |
| Fines - local | 260,000 | 260,000 | 242,578 |
| Fines - local ordinances | 5,000 | 5,000 | 10,995 |
| Fines - circuit court | 210,000 | 210,000 | 196,440 |
| Fines - parental responsibility | 3,000 | 3,000 | 4,050 |
| Forfeited escrow funds | 45,000 | 55,000 | 67,410 |
| Total fines and forfeits | <u>523,000</u> | <u>533,000</u> | <u>521,473</u> |
| INVESTMENT INCOME | | | |
| Investment income | 182,700 | 407,700 | 412,805 |
| Interest - escrow funds | 22,000 | 52,000 | 61,336 |
| Total investment income | <u>204,700</u> | <u>459,700</u> | <u>474,141</u> |
| MISCELLANEOUS | | | |
| Home delivered meals | 30,000 | 30,000 | 23,742 |
| Reimburse - H/S Youth officer | 66,273 | 66,273 | 67,192 |
| Shared cost - sidewalk | 32,400 | 22,400 | 20,060 |
| Shared cost - tree replacement | 51,674 | 31,674 | 29,263 |
| Reimburse - Village property | 20,000 | 35,000 | 35,372 |
| Reimburse - Westbrook officer | 79,315 | - | - |
| Other reimbursements | 5,000 | 30,000 | 28,674 |
| Senior center revenue | 48,925 | 38,925 | 48,506 |
| Fire and police reports | 8,000 | 8,000 | 8,243 |
| Animal release fees | 1,000 | 1,000 | 1,165 |
| Subpoena fees | 3,000 | 3,000 | 4,389 |
| IDB revenue | - | 10,000 | 10,000 |
| Other revenue | 126,000 | 101,000 | 135,977 |
| Total miscellaneous | <u>471,587</u> | <u>377,272</u> | <u>412,583</u> |
| TOTAL REVENUES | <u>\$ 34,161,176</u> | <u>\$ 37,307,333</u> | <u>\$ 37,573,372</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|--|----------------------|----------------------|----------------------|
| GENERAL GOVERNMENT | | | |
| Public representation division | \$ 118,893 | \$ 118,893 | \$ 116,278 |
| Village manager's office | 2,049,512 | 2,072,012 | 2,110,668 |
| Television services division | 164,551 | 169,351 | 174,164 |
| Village clerk's office | 192,826 | 203,826 | 195,420 |
| Finance department | 1,636,761 | 1,679,561 | 1,676,743 |
| Community development - administration | 551,932 | 570,932 | 584,857 |
| Benefit payments | 55,609 | 55,609 | 43,609 |
| Total general government | 4,770,084 | 4,870,184 | 4,901,739 |
| PUBLIC SAFETY | | | |
| Community development - code enforcement | 786,878 | 804,878 | 758,010 |
| Police department | 11,527,328 | 12,801,784 | 12,478,295 |
| Fire and emergency protection department | 8,722,426 | 9,911,343 | 9,930,749 |
| Total public safety | 21,036,632 | 23,518,005 | 23,167,054 |
| HIGHWAYS AND STREETS | | | |
| Public works department | 5,770,062 | 5,770,062 | 5,506,275 |
| HEALTH | | | |
| Community development - health | 124,170 | 124,170 | 121,031 |
| WELFARE | | | |
| Human services department | 731,373 | 747,561 | 728,013 |
| Community development - housing | 311,173 | 322,751 | 317,594 |
| Total welfare | 1,042,546 | 1,070,312 | 1,045,607 |
| CULTURE AND RECREATION | | | |
| Community and civic services | 338,828 | 347,828 | 333,148 |
| TOTAL EXPENDITURES | \$ 33,082,322 | \$ 35,700,561 | \$ 35,074,854 |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|---------------------------------|--------------------|-----------------|----------------|
| GENERAL GOVERNMENT | | | |
| Public representation division | | | |
| Mayor and board of trustees | | | |
| Personal services | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Employee benefits | 3,413 | 3,413 | 2,765 |
| Other employee costs | 2,000 | 2,000 | 2 |
| Contractual services | 66,668 | 66,668 | 67,388 |
| Utilities | 500 | 500 | 413 |
| Commodities and supplies | 5,000 | 5,000 | 4,772 |
| | <u>102,581</u> | <u>102,581</u> | <u>100,340</u> |
| Advisory boards and commissions | | | |
| Personal services | 10,077 | 10,077 | 10,087 |
| Employee benefits | 3,535 | 3,535 | 3,534 |
| Contractual services | 2,100 | 2,100 | 1,903 |
| Commodities and supplies | 600 | 600 | 414 |
| | <u>16,312</u> | <u>16,312</u> | <u>15,938</u> |
| | <u>118,893</u> | <u>118,893</u> | <u>116,278</u> |
| Village manager's office | | | |
| Administration and support | | | |
| Personal services | 353,015 | 353,015 | 354,245 |
| Employee benefits | 89,794 | 89,794 | 89,107 |
| Other employee costs | 9,000 | 12,500 | 12,654 |
| Contractual services | 8,010 | 7,510 | 6,939 |
| Utilities | 4,285 | 3,185 | 2,903 |
| Commodities and supplies | 3,650 | 4,150 | 4,291 |
| Capital expenditures | 300 | 1,400 | 1,379 |
| | <u>468,054</u> | <u>471,554</u> | <u>471,518</u> |
| Legal services | | | |
| Contractual services | <u>340,000</u> | <u>362,500</u> | <u>440,866</u> |
| Personnel management/training | | | |
| Personal services | 160,952 | 160,952 | 156,532 |
| Employee benefits | 53,317 | 53,317 | 51,483 |
| Other employee costs | 27,700 | 14,700 | 12,407 |
| Contractual services | 30,730 | 39,230 | 46,141 |
| Commodities and supplies | 1,350 | 2,350 | 2,236 |
| Capital expenditures | 300 | 300 | - |
| | <u>274,349</u> | <u>270,849</u> | <u>268,799</u> |
| Management information systems | | | |
| Personal services | 233,838 | 233,838 | 241,771 |
| Employee benefits | 88,094 | 88,094 | 88,993 |
| Other employee costs | 6,000 | 6,000 | 4,836 |
| Contractual services | 450,194 | 462,194 | 431,712 |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|--|--------------------|------------------|------------------|
| GENERAL GOVERNMENT (Continued) | | | |
| Village manager's office (Continued) | | | |
| Management information systems (Continued) | | | |
| Utilities | \$ 3,200 | \$ 3,200 | \$ 2,661 |
| Commodities and supplies | 3,900 | 3,900 | 4,679 |
| Capital expenditures | 42,000 | 30,000 | 29,127 |
| Total management information systems | <u>827,226</u> | <u>827,226</u> | <u>803,779</u> |
| Public information | | | |
| Personal services | 49,059 | 49,059 | 49,400 |
| Employee benefits | 20,354 | 20,354 | 20,261 |
| Other employee costs | 2,250 | 2,850 | 2,421 |
| Contractual services | 65,500 | 64,900 | 51,535 |
| Utilities | 520 | 520 | 190 |
| Commodities and supplies | 2,200 | 2,200 | 1,899 |
| Total public information | <u>139,883</u> | <u>139,883</u> | <u>125,706</u> |
| Total Village Manager's office | <u>2,049,512</u> | <u>2,072,012</u> | <u>2,110,668</u> |
| Television services division | | | |
| Personal services | 98,168 | 98,168 | 102,212 |
| Employee benefits | 39,576 | 39,576 | 39,937 |
| Other employee costs | 2,650 | 2,150 | 555 |
| Contractual services | 9,357 | 10,857 | 12,123 |
| Utilities | 1,500 | 2,000 | 1,864 |
| Commodities and supplies | 4,800 | 6,050 | 7,578 |
| Capital expenditures | 8,500 | 10,550 | 9,895 |
| Total television services division | <u>164,551</u> | <u>169,351</u> | <u>174,164</u> |
| Village clerk's office | | | |
| Administration and support | | | |
| Personal services | 107,135 | 107,135 | 112,008 |
| Employee benefits | 42,329 | 42,329 | 42,927 |
| Other employee costs | 2,812 | 2,812 | 1,940 |
| Contractual services | 33,635 | 41,635 | 29,182 |
| Utilities | 1,600 | 1,600 | 1,525 |
| Commodities and supplies | 5,315 | 8,315 | 7,838 |
| Total Village Clerk's office | <u>192,826</u> | <u>203,826</u> | <u>195,420</u> |
| Finance department | | | |
| Administration and support | | | |
| Personal services | 134,135 | 134,135 | 136,567 |
| Employee benefits | 40,340 | 40,340 | 40,517 |
| Other employee costs | 8,255 | 10,255 | 10,369 |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|--|--------------------|------------------|------------------|
| GENERAL GOVERNMENT (Continued) | | | |
| Finance department (Continued) | | | |
| Administration and support (Continued) | | | |
| Contractual services | \$ 21,395 | \$ 57,395 | \$ 56,981 |
| Utilities | 5,400 | 5,400 | 5,096 |
| Commodities and supplies | 13,175 | 13,175 | 16,050 |
| Capital expenditures | 5,000 | 9,800 | 9,800 |
| Total administration and support | <u>227,700</u> | <u>270,500</u> | <u>275,380</u> |
| Accounting | | | |
| Personal services | 298,994 | 298,994 | 302,929 |
| Employee benefits | 122,657 | 122,657 | 122,979 |
| Contractual services | 5,025 | 5,025 | 5,349 |
| Commodities and supplies | 2,000 | 2,000 | 3,092 |
| Total accounting | <u>428,676</u> | <u>428,676</u> | <u>434,349</u> |
| Insurance | | | |
| Personal services | 50,765 | 50,765 | 50,995 |
| Employee benefits | 17,430 | 17,430 | 17,348 |
| Insurance | 477,622 | 477,622 | 477,625 |
| Total insurance | <u>545,817</u> | <u>545,817</u> | <u>545,968</u> |
| Customer service | | | |
| Personal services | 240,245 | 240,245 | 241,699 |
| Employee benefits | 92,016 | 92,016 | 91,609 |
| Contractual services | 45,725 | 45,725 | 44,895 |
| Commodities and supplies | 8,550 | 8,550 | 9,460 |
| Total customer service | <u>386,536</u> | <u>386,536</u> | <u>387,663</u> |
| Cash management | | | |
| Personal services | 35,882 | 35,882 | 23,516 |
| Employee benefits | 12,150 | 12,150 | 9,867 |
| Total cash management | <u>48,032</u> | <u>48,032</u> | <u>33,383</u> |
| Total finance department | <u>1,636,761</u> | <u>1,679,561</u> | <u>1,676,743</u> |
| Community development - administration | | | |
| Administration and support | | | |
| Personal services | 163,348 | 163,348 | 164,418 |
| Employee benefits | 47,788 | 47,788 | 46,940 |
| Other employee costs | 3,436 | 2,949 | 2,911 |
| Utilities | 2,876 | 2,876 | 2,117 |
| Commodities and supplies | 555 | 555 | 830 |
| Total administration and support | <u>218,003</u> | <u>217,516</u> | <u>217,216</u> |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|--|--------------------|------------------|------------------|
| GENERAL GOVERNMENT (Continued) | | | |
| Community development - administration (Continued) | | | |
| Planning and zoning | | | |
| Personal services | \$ 158,012 | \$ 158,012 | \$ 165,833 |
| Employee benefits | 60,095 | 60,095 | 61,008 |
| Other employee costs | 5,800 | 6,912 | 6,634 |
| Contractual services | 18,673 | 18,673 | 24,333 |
| Utilities | 2,472 | 2,472 | 1,799 |
| Commodities and supplies | 2,743 | 4,743 | 5,981 |
| Total planning and zoning | <u>247,795</u> | <u>250,907</u> | <u>265,588</u> |
| Economic development | | | |
| Personal services | 50,416 | 50,416 | 50,567 |
| Employee benefits | 14,468 | 14,468 | 14,412 |
| Other employee costs | 1,250 | 625 | 625 |
| Contractual services | 20,000 | 37,000 | 36,449 |
| Total economic development | <u>86,134</u> | <u>102,509</u> | <u>102,053</u> |
| Total community development - administration | <u>551,932</u> | <u>570,932</u> | <u>584,857</u> |
| Benefit payments | | | |
| Contractual services | 55,609 | 55,609 | 43,609 |
| Total benefit payments | <u>55,609</u> | <u>55,609</u> | <u>43,609</u> |
| Total general government | <u>4,770,084</u> | <u>4,870,184</u> | <u>4,901,739</u> |
| PUBLIC SAFETY | | | |
| Community development - code enforcement | | | |
| Building inspections | | | |
| Personal services | 482,159 | 482,159 | 447,464 |
| Employee benefits | 210,304 | 210,304 | 202,747 |
| Other employee costs | 12,150 | 12,150 | 12,266 |
| Contractual services | 66,122 | 84,122 | 78,881 |
| Utilities | 7,856 | 7,856 | 7,809 |
| Commodities and supplies | 8,287 | 8,287 | 8,843 |
| Total community development - code enforcement | <u>786,878</u> | <u>804,878</u> | <u>758,010</u> |
| Police department | | | |
| Administration and support | | | |
| Personal services | 962,543 | 962,543 | 864,483 |
| Employee benefits | 365,015 | 1,611,471 | 1,632,737 |
| Other employee costs | 120,985 | 120,985 | 132,255 |
| Contractual services | 94,000 | 92,700 | 77,869 |
| Utilities | 47,400 | 47,400 | 40,766 |
| Commodities and supplies | 18,573 | 18,573 | 19,436 |
| Capital expenditures | 1,400 | 1,400 | 1,884 |
| Total administration and support | <u>1,609,916</u> | <u>2,855,072</u> | <u>2,769,430</u> |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|--|--------------------|-------------------|-------------------|
| PUBLIC SAFETY (Continued) | | | |
| Police department (Continued) | | | |
| Patrol and traffic enforcement | | | |
| Personal services | \$ 6,000,231 | \$ 6,028,231 | \$ 5,863,391 |
| Employee benefits | 1,115,665 | 1,115,665 | 1,104,960 |
| Contractual services | 563,940 | 560,240 | 537,727 |
| Commodities and supplies | 90,200 | 95,500 | 91,344 |
| Capital expenditures | 29,100 | 28,800 | 28,129 |
| Total patrol and traffic enforcement | <u>7,799,136</u> | <u>7,828,436</u> | <u>7,625,551</u> |
| Crime prevention and public services | | | |
| Personal services | 209,563 | 209,563 | 208,055 |
| Employee benefits | 23,648 | 23,648 | 23,457 |
| Other employee costs | 5,000 | 5,000 | 3,176 |
| Contractual services | 2,400 | 2,400 | 1,572 |
| Commodities and supplies | 8,550 | 8,550 | 7,156 |
| Total crime prevention and public services | <u>249,161</u> | <u>249,161</u> | <u>243,416</u> |
| Investigative and juvenile | | | |
| Personal services | 984,183 | 984,183 | 987,068 |
| Employee benefits | 169,722 | 169,722 | 168,849 |
| Contractual services | 24,110 | 24,110 | 21,154 |
| Commodities and supplies | 4,575 | 4,575 | 5,110 |
| Total investigative and juvenile | <u>1,182,590</u> | <u>1,182,590</u> | <u>1,182,181</u> |
| Crossing guards | | | |
| Personal services | 26,166 | 26,166 | 23,973 |
| Employee benefits | 2,001 | 2,001 | 1,834 |
| Commodities and supplies | 150 | 150 | 90 |
| Total crossing guards | <u>28,317</u> | <u>28,317</u> | <u>25,897</u> |
| Equipment maintenance | | | |
| Contractual services | 635,308 | 629,108 | 607,462 |
| Commodities and supplies | 11,950 | 18,150 | 21,035 |
| Capital expenditures | 10,950 | 10,950 | 3,323 |
| Total equipment maintenance | <u>658,208</u> | <u>658,208</u> | <u>631,820</u> |
| Total police department | <u>11,527,328</u> | <u>12,801,784</u> | <u>12,478,295</u> |
| Fire and emergency protection department | | | |
| Administration and support | | | |
| Personal services | 547,919 | 563,919 | 539,850 |
| Employee benefits | 262,567 | 1,421,584 | 1,428,411 |
| Other employee costs | 61,770 | 61,770 | 57,988 |
| Contractual services | 49,900 | 63,800 | 63,282 |
| Commodities and supplies | 8,300 | 8,300 | 9,841 |
| Capital expenditures | 9,590 | 9,590 | 9,112 |
| Total administration and support | <u>940,046</u> | <u>2,128,963</u> | <u>2,108,484</u> |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|---|--------------------|------------------|------------------|
| PUBLIC SAFETY (Continued) | | | |
| Fire and emergency protection department (Continued) | | | |
| Fire department operations | | | |
| Personal services | \$ 5,517,039 | \$ 5,517,039 | \$ 5,565,654 |
| Employee benefits | 869,601 | 869,601 | 866,850 |
| Other employee costs | 37,900 | 41,380 | 37,923 |
| Contractual services | 164,250 | 138,950 | 141,378 |
| Commodities and supplies | 18,375 | 25,875 | 17,240 |
| Capital expenditures | 63,830 | 71,330 | 76,542 |
| Total fire department operations | 6,670,995 | 6,664,175 | 6,705,587 |
| Fire training academy | | | |
| Personal services | 9,000 | 9,000 | 1,280 |
| Employee benefits | 131 | 131 | 41 |
| Commodities and supplies | 4,200 | 4,200 | 12,245 |
| Total fire training academy | 13,331 | 13,331 | 13,566 |
| Fire prevention | | | |
| Personal services | 367,007 | 367,007 | 356,277 |
| Employee benefits | 134,515 | 134,515 | 131,802 |
| Other employee costs | 6,740 | 6,740 | 6,684 |
| Contractual services | 1,800 | 1,800 | 1,770 |
| Commodities and supplies | 8,010 | 8,010 | 7,804 |
| Capital expenditures | 750 | 750 | 446 |
| Total fire prevention | 518,822 | 518,822 | 504,783 |
| Communications | | | |
| Contractual services | 14,500 | 14,500 | 11,054 |
| Utilities | 42,500 | 42,500 | 42,958 |
| Commodities and supplies | 300 | 300 | 134 |
| Capital expenditures | 5,500 | 5,500 | 5,282 |
| Total communications | 62,800 | 62,800 | 59,428 |
| Equipment maintenance | | | |
| Personal services | 117,833 | 117,833 | 117,694 |
| Employee benefits | 44,143 | 44,143 | 43,684 |
| Other employee costs | 1,030 | 1,030 | 1,377 |
| Contractual services | 248,991 | 248,991 | 246,431 |
| Commodities and supplies | 59,760 | 59,760 | 74,020 |
| Capital expenditures | 500 | 500 | 499 |
| Total equipment maintenance | 472,257 | 472,257 | 483,705 |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|--|--------------------|-------------------|-------------------|
| PUBLIC SAFETY (Continued) | | | |
| Fire and emergency protection department (Continued) | | | |
| Emergency preparedness | | | |
| Other employee costs | \$ 1,030 | \$ 1,030 | \$ 325 |
| Contractual services | 5,300 | 11,300 | 11,266 |
| Commodities and supplies | 5,965 | 5,965 | 9,970 |
| Total emergency preparedness | <u>12,295</u> | <u>18,295</u> | <u>21,561</u> |
| Paid on call | | | |
| Personal services | 20,300 | 20,300 | 20,806 |
| Employee benefits | 1,855 | 1,855 | 1,164 |
| Other employee costs | 8,725 | 9,545 | 10,668 |
| Capital expenditures | 1,000 | 1,000 | 997 |
| Total paid on call | <u>31,880</u> | <u>32,700</u> | <u>33,635</u> |
| Total fire and emergency protection department | <u>8,722,426</u> | <u>9,911,343</u> | <u>9,930,749</u> |
| Total public safety | <u>21,036,632</u> | <u>23,518,005</u> | <u>23,167,054</u> |
| HIGHWAYS AND STREETS | | | |
| Public works department | | | |
| Administration and support | | | |
| Personal services | 237,711 | 237,711 | 234,194 |
| Employee benefits | 130,504 | 130,504 | 128,989 |
| Other employee costs | 28,660 | 28,660 | 27,128 |
| Contractual services | 754,403 | 759,403 | 757,635 |
| Utilities | 18,040 | 18,040 | 14,788 |
| Commodities and supplies | 10,240 | 13,740 | 14,660 |
| Capital expenditures | 1,650 | 1,650 | 1,650 |
| Total administration and support | <u>1,181,208</u> | <u>1,189,708</u> | <u>1,179,044</u> |
| Street division | | | |
| Administration | | | |
| Personal services | 130,452 | 130,452 | 111,927 |
| Employee benefits | 34,279 | 34,279 | 30,945 |
| Total administration | <u>164,731</u> | <u>164,731</u> | <u>142,872</u> |
| Maintenance - public buildings | | | |
| Personal services | 358,917 | 358,917 | 359,652 |
| Employee benefits | 116,132 | 116,132 | 115,799 |
| Contractual services | 273,895 | 267,895 | 243,194 |
| Utilities | 102,900 | 80,900 | 74,760 |
| Commodities and supplies | 76,565 | 93,565 | 109,351 |
| Total maintenance - public buildings | <u>928,409</u> | <u>917,409</u> | <u>902,756</u> |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|---|--------------------|-----------------|------------|
| HIGHWAYS AND STREETS (Continued) | | | |
| Public works department (Continued) | | | |
| Street division (Continued) | | | |
| Street maintenance | | | |
| Personal services | \$ 163,375 | \$ 163,375 | \$ 164,185 |
| Employee benefits | 47,529 | 47,529 | 47,447 |
| Contractual services | 20,238 | 20,238 | 20,212 |
| Commodities and supplies | 16,975 | 18,625 | 21,006 |
| Infrastructure | 120,000 | 118,350 | 121,533 |
| Total street maintenance | 368,117 | 368,117 | 374,383 |
| Snow removal | | | |
| Personal services | 181,105 | 181,105 | 181,602 |
| Employee benefits | 48,393 | 48,393 | 48,255 |
| Contractual services | 44,495 | 44,495 | 36,102 |
| Commodities and supplies | 7,790 | 7,790 | 9,236 |
| Capital expenditures | 8,000 | 8,000 | 7,830 |
| Total snow removal | 289,783 | 289,783 | 283,025 |
| Storm sewer/basin maintenance | | | |
| Personal services | 117,687 | 117,687 | 108,023 |
| Employee benefits | 40,685 | 40,685 | 38,772 |
| Contractual services | 10,830 | 10,830 | 11,130 |
| Commodities and supplies | 6,825 | 6,825 | 6,824 |
| Total storm sewer/basin maintenance | 176,027 | 176,027 | 164,749 |
| Maintenance of state highways | | | |
| Personal services | 22,037 | 22,037 | 20,133 |
| Employee benefits | 7,408 | 7,408 | 7,304 |
| Contractual services | 16,639 | 16,639 | 16,102 |
| Commodities and supplies | 21,926 | 21,926 | 21,638 |
| Total maintenance of state highways | 68,010 | 68,010 | 65,177 |
| Traffic sign maintenance | | | |
| Personal services | 72,600 | 72,600 | 72,830 |
| Employee benefits | 23,913 | 23,913 | 23,857 |
| Commodities and supplies | 19,405 | 19,405 | 19,476 |
| Total traffic sign maintenance | 115,918 | 115,918 | 116,163 |
| Total street division | 2,110,995 | 2,099,995 | 2,049,125 |
| Forestry division | | | |
| Administration and support | | | |
| Personal services | 158,969 | 158,969 | 150,375 |
| Employee benefits | 50,946 | 50,946 | 49,552 |
| Total administration and support | 209,915 | 209,915 | 199,927 |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|---|--------------------|------------------|------------------|
| HIGHWAYS AND STREETS (Continued) | | | |
| Public works department (Continued) | | | |
| Forestry division (Continued) | | | |
| Maintenance of grounds | | | |
| Personal services | \$ 236,513 | \$ 236,513 | \$ 233,370 |
| Employee benefits | 74,681 | 74,681 | 74,142 |
| Contractual services | 134,515 | 137,236 | 119,108 |
| Commodities and supplies | 6,645 | 6,645 | 6,746 |
| Capital expenditures | 25,300 | 25,300 | 14,300 |
| | <u>477,654</u> | <u>480,375</u> | <u>447,666</u> |
| Forestry program | | | |
| Personal services | 261,111 | 261,111 | 258,091 |
| Employee benefits | 90,055 | 90,055 | 88,559 |
| Other employee costs | 3,455 | 3,455 | 2,968 |
| Contractual services | 411,515 | 408,794 | 296,444 |
| Commodities and supplies | 10,095 | 10,095 | 12,772 |
| | <u>776,231</u> | <u>773,510</u> | <u>658,834</u> |
| Public grounds beautification | | | |
| Personal services | 23,016 | 23,016 | 23,132 |
| Employee benefits | 7,586 | 7,586 | 7,547 |
| Contractual services | 13,080 | 13,080 | 13,080 |
| Commodities and supplies | 35,180 | 35,180 | 34,276 |
| | <u>78,862</u> | <u>78,862</u> | <u>78,035</u> |
| Total forestry division | <u>1,542,662</u> | <u>1,542,662</u> | <u>1,384,462</u> |
| Engineering division | | | |
| Engineering services | | | |
| Personal services | 505,331 | 505,331 | 495,767 |
| Employee benefits | 165,256 | 165,256 | 162,776 |
| Other employee costs | 5,235 | 5,485 | 5,368 |
| Contractual services | 56,189 | 58,439 | 53,888 |
| Commodities and supplies | 6,625 | 6,625 | 4,150 |
| Capital expenditures | 2,060 | 2,060 | 490 |
| | <u>740,696</u> | <u>743,196</u> | <u>722,439</u> |
| Traffic control and street lighting | | | |
| Personal services | 81,075 | 81,075 | 78,963 |
| Employee benefits | 27,186 | 27,186 | 27,020 |
| Contractual services | 4,240 | 4,240 | 2,370 |
| Utilities | 66,000 | 66,000 | 43,452 |
| Commodities and supplies | 16,000 | 16,000 | 19,400 |
| | <u>194,501</u> | <u>194,501</u> | <u>171,205</u> |
| Total engineering division | <u>935,197</u> | <u>937,697</u> | <u>893,644</u> |
| Total highways and streets | <u>5,770,062</u> | <u>5,770,062</u> | <u>5,506,275</u> |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|---|--------------------|-----------------|----------------|
| HEALTH | | | |
| Community development - health | | | |
| Health inspections | | | |
| Personal services | \$ 73,705 | \$ 73,705 | \$ 72,808 |
| Employee benefits | 29,386 | 29,386 | 29,043 |
| Other employee costs | 987 | 987 | 656 |
| Contractual services | 16,980 | 16,980 | 15,563 |
| Utilities | 1,843 | 1,843 | 1,064 |
| Commodities and supplies | 1,269 | 1,269 | 1,897 |
| Total health | 124,170 | 124,170 | 121,031 |
| WELFARE | | | |
| Human services department | | | |
| Administration and support | | | |
| Personal services | 108,000 | 122,000 | 117,907 |
| Employee benefits | 34,096 | 34,096 | 33,242 |
| Other employee costs | 1,600 | 1,600 | 1,227 |
| Contractual services | 14,785 | 14,785 | 13,689 |
| Utilities | 8,000 | 8,000 | 6,790 |
| Commodities and supplies | 4,230 | 4,918 | 5,729 |
| Capital expenditures | 1,000 | 1,000 | 993 |
| Total administration and support | 171,711 | 186,399 | 179,577 |
| Social services | | | |
| Personal services | 242,190 | 242,190 | 243,292 |
| Employee benefits | 86,729 | 86,729 | 85,980 |
| Other employee costs | 1,650 | 1,650 | 1,317 |
| Commodities and supplies | 1,000 | 2,500 | 2,467 |
| Total social services | 331,569 | 333,069 | 333,056 |
| Nursing/health services | | | |
| Personal services | 93,048 | 93,048 | 98,880 |
| Employee benefits | 33,829 | 33,829 | 34,547 |
| Other employee costs | 500 | 500 | 281 |
| Contractual services | 29,700 | 29,700 | 21,819 |
| Commodities and supplies | 26,750 | 26,750 | 24,716 |
| Total nursing/health services | 183,827 | 183,827 | 180,243 |
| Senior center programs | | | |
| Personal services | 23,495 | 23,495 | 16,295 |
| Employee benefits | 7,871 | 7,871 | 6,895 |
| Contractual services | 12,000 | 12,000 | 11,403 |
| Commodities and supplies | 900 | 900 | 544 |
| Total senior center programs | 44,266 | 44,266 | 35,137 |
| Total human services department | 731,373 | 747,561 | 728,013 |

(This schedule is continued on the following page.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended December 31, 2006

| | Original Budget | Final Budget | Actual |
|--|-----------------------------|-----------------------------|-----------------------------|
| WELFARE (Continued) | | | |
| Community development - housing | | | |
| Housing inspections | | | |
| Personal services | \$ 207,393 | \$ 207,393 | \$ 204,269 |
| Employee benefits | 70,368 | 81,946 | 80,444 |
| Other employee costs | 4,037 | 4,037 | 4,176 |
| Contractual services | 23,747 | 23,747 | 22,505 |
| Utilities | 2,968 | 2,968 | 2,471 |
| Commodities and supplies | 2,660 | 2,660 | 3,729 |
| Total community development - housing | <u>311,173</u> | <u>322,751</u> | <u>317,594</u> |
| Total welfare | <u>1,042,546</u> | <u>1,070,312</u> | <u>1,045,607</u> |
| CULTURE AND RECREATION | | | |
| Community and civic services | | | |
| Community groups and miscellaneous | | | |
| Contractual services | 113,500 | 122,500 | 123,351 |
| Other expenditures | 10,000 | 10,000 | 8,010 |
| Total community groups and miscellaneous | <u>123,500</u> | <u>132,500</u> | <u>131,361</u> |
| 4th of July and civic events | | | |
| Personal services | 77,100 | 77,100 | 73,475 |
| Employee benefits | 13,633 | 13,633 | 8,789 |
| Contractual services | 28,300 | 28,300 | 27,954 |
| Commodities and supplies | 13,500 | 13,500 | 13,911 |
| Total 4th of July and civic events | <u>132,533</u> | <u>132,533</u> | <u>124,129</u> |
| Holiday decorations | | | |
| Personal services | 7,202 | 7,202 | 2,512 |
| Employee benefits | 2,441 | 2,441 | 1,937 |
| Contractual services | 55,340 | 55,340 | 55,204 |
| Utilities | - | - | 410 |
| Commodities and supplies | 15,020 | 15,020 | 15,050 |
| Total holiday decorations | <u>80,003</u> | <u>80,003</u> | <u>75,113</u> |
| Blood donor program | | | |
| Personal services | 1,850 | 1,850 | 1,843 |
| Employee benefits | 142 | 142 | 141 |
| Commodities and supplies | 800 | 800 | 561 |
| Total blood donor program | <u>2,792</u> | <u>2,792</u> | <u>2,545</u> |
| Total culture and recreation | <u>338,828</u> | <u>347,828</u> | <u>333,148</u> |
| TOTAL EXPENDITURES | <u><u>\$ 33,082,322</u></u> | <u><u>\$ 35,700,561</u></u> | <u><u>\$ 35,074,854</u></u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

MAJOR DEBT SERVICE FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|-------------------|-------------------|
| REVENUES | | |
| Property taxes | \$ 2,425,105 | \$ 2,333,401 |
| Other taxes | 1,304,697 | 1,298,837 |
| Investment income | 54,950 | 70,437 |
| Total revenues | 3,784,752 | 3,702,675 |
| EXPENDITURES | | |
| Debt service | | |
| Principal retirement | 2,605,398 | 2,605,399 |
| Interest and fiscal charges | 1,228,179 | 1,228,477 |
| Total expenditures | 3,833,577 | 3,833,876 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (48,825) | (131,201) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 315,000 | 315,000 |
| Transfers (out) | (120,613) | (137,126) |
| Total other financing sources (uses) | 194,387 | 177,874 |
| NET CHANGE IN FUND BALANCE | \$ 145,562 | 46,673 |
| FUND BALANCE, JANUARY 1 | | 419,317 |
| FUND BALANCE, DECEMBER 31 | | \$ 465,990 |

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Motor Fuel Tax Fund - to account for the activities involved with street maintenance and construction. Financing is provided by the Village's share of State gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

Community Development Block Grant (CDBG) Fund - to account for the revenue and expenditures associated with the CDBG. The grant is provided by the U.S. Department of Housing and Urban Development to develop urban communities by expanding economic opportunities and providing decent housing and a suitable living environment. The beneficiaries of the CDBG Program must be individuals with low and/or moderate incomes.

Local Law Enforcement Block Grant (LLEBG) Fund - to account for revenues and expenditures associated with the LLEBG. The grant is provided by the U.S. Department of Justice for the purpose of reducing crime and improving public safety.

Asset Seizure Fund - to account for the revenues and expenditures associated with the asset seizure program the Village participates in. Funds received are restricted for use in the fight against drugs.

DEA Shared Funds Fund - to account for the revenues and expenditures associated with the Federal DEA Shared Funds Program. The use of funds is restricted for use in the fight against drugs.

DUI Fines Fund - to account for revenues and expenditures associated with the Cook County DUI fine program. Use of the funds is restricted to the fight against drunk driving.

Foreign Fire Insurance Fund - to account for revenues derived from the Foreign Fire Insurance Tax and disbursement of these funds for the benefit, use and maintenance related to the Fire Department.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Nonmajor Capital Projects Funds

Capital Improvement Fund - to account for the resources to provide for certain capital improvements and the replacement of Village equipment. Financing is being provided by developer contributions, transfers from other funds, interest income, and the sale of property.

Downtown Redevelopment Construction Fund - to account for the resources to acquire property and construct certain improvements in the Downtown Redevelopment Tax Incremental Financing District No. 1. Financing is being provided by the sale of general obligation, the sale of property, and the incremental property taxes. Other monies are being provided by rental income and interest income.

Flood Control Construction Fund - to account for the resources to implement flood control projects throughout the Village. Financing is being provided by the sale of general obligation bonds, grants, interest income, and by installment loans from the Illinois Environmental Protection Agency (IEPA).

Street Improvement Construction Fund - to account for the resources to reconstruct Village streets. Financing is being provided by the sale of general obligation bonds, various taxes, licenses, permits, fees, and interest income.

Series 2003 Capital Projects Fund - to account for the use of bond proceeds issued to construct a portion of the new village hall and multi-deck parking structure.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2006

| | Special Revenue | | | | | |
|--|---------------------|---|---|------------------|------------------------|------------------|
| | Motor Fuel Tax | Community Development Block Grant | Local Law Enforcement Block Grant | Asset Seizure | DEA Shared Funds | DUI Fines |
| ASSETS | | | | | | |
| Cash and investments | \$ 1,309,836 | \$ 19,713 | \$ 739 | \$ 74,769 | \$ 49,493 | \$ 36,464 |
| Receivables | | | | | | |
| Other taxes | - | - | - | - | - | - |
| Accrued interest | 5,583 | - | - | - | - | - |
| Other | 1,903 | 95,458 | - | - | - | - |
| Due from other governments | 145,568 | 485,533 | - | - | - | - |
| TOTAL ASSETS | \$ 1,462,890 | \$ 600,704 | \$ 739 | \$ 74,769 | \$ 49,493 | \$ 36,464 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 116,587 | \$ 30,788 | \$ - | \$ - | \$ - | \$ 690 |
| Accrued payroll | - | 1,328 | - | - | - | - |
| Due to other funds | 809,000 | - | - | - | - | - |
| Deferred revenues | - | 568,588 | 576 | - | - | - |
| Total liabilities | 925,587 | 600,704 | 576 | - | - | 690 |
| FUND BALANCES | | | | | | |
| Reserved for street improvements | 537,303 | - | - | - | - | - |
| Reserved for public safety | - | - | 163 | 74,769 | 49,493 | 35,774 |
| Reserved for capital outlay | - | - | - | - | - | - |
| Unreserved for capital projects funds | - | - | - | - | - | - |
| Total fund balances | 537,303 | - | 163 | 74,769 | 49,493 | 35,774 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,462,890 | \$ 600,704 | \$ 739 | \$ 74,769 | \$ 49,493 | \$ 36,464 |

| Special Revenue | | Capital Projects | | | | | |
|------------------------------|------------------------|---|----------------------------------|---------------------------------------|------------------------------------|--|---------------------|
| Foreign Fire Insurance | Capital Improvement | Downtown Redevelopment Construction | Flood Control Construction | Street Improvement Construction | Series 2003 Capital Projects | | Totals |
| \$ 55,436 | \$ 978,254 | \$ 1,669,807 | \$ 621,015 | \$ 1,548,148 | \$ - | | \$ 6,363,674 |
| - | - | - | - | 336,759 | - | | 336,759 |
| - | 7,890 | 15,009 | 5,382 | 11,890 | - | | 45,754 |
| - | - | 20,691 | - | 33,810 | - | | 151,862 |
| - | - | - | - | - | - | | 631,101 |
| <u>\$ 55,436</u> | <u>\$ 986,144</u> | <u>\$ 1,705,507</u> | <u>\$ 626,397</u> | <u>\$ 1,930,607</u> | <u>\$ -</u> | | <u>\$ 7,529,150</u> |
| | | | | | | | |
| \$ 2,903 | \$ 60,456 | \$ 258,437 | \$ - | \$ 501,699 | \$ - | | \$ 971,560 |
| - | - | - | - | - | - | | 1,328 |
| - | - | - | - | - | - | | 809,000 |
| - | - | - | - | - | - | | 569,164 |
| <u>2,903</u> | <u>60,456</u> | <u>258,437</u> | <u>-</u> | <u>501,699</u> | <u>-</u> | | <u>2,351,052</u> |
| | | | | | | | |
| - | - | - | - | - | - | | 537,303 |
| 52,533 | - | - | - | - | - | | 212,732 |
| - | 925,688 | - | 626,397 | 1,428,908 | - | | 2,980,993 |
| - | - | 1,447,070 | - | - | - | | 1,447,070 |
| <u>52,533</u> | <u>925,688</u> | <u>1,447,070</u> | <u>626,397</u> | <u>1,428,908</u> | <u>-</u> | | <u>5,178,098</u> |
| | | | | | | | |
| <u>\$ 55,436</u> | <u>\$ 986,144</u> | <u>\$ 1,705,507</u> | <u>\$ 626,397</u> | <u>\$ 1,930,607</u> | <u>\$ -</u> | | <u>\$ 7,529,150</u> |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2006

| | Special Revenue | | | | | |
|--|-------------------|---|---|------------------|------------------------|------------------|
| | Motor Fuel Tax | Community Development Block Grant | Local Law Enforcement Block Grant | Asset Seizure | DEA Shared Funds | DUI Fines |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 1,647,423 | 283,900 | - | 11,983 | - | 19,690 |
| Investment income | 54,409 | 112 | - | 3,055 | 1,559 | 833 |
| Miscellaneous | 19,776 | 36,748 | - | - | - | - |
| Total revenues | 1,721,608 | 320,760 | - | 15,038 | 1,559 | 20,523 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Public safety | - | - | - | - | 5,629 | 1,957 |
| Highways and streets | 2,049,300 | - | - | - | - | - |
| Welfare | - | 320,760 | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Total expenditures | 2,049,300 | 320,760 | - | - | 5,629 | 1,957 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (327,692) | - | - | 15,038 | (4,070) | 18,566 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers (out) | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | (327,692) | - | - | 15,038 | (4,070) | 18,566 |
| FUND BALANCES (DEFICIT), JANUARY 1 | 864,995 | - | 163 | 59,731 | 53,563 | 17,208 |
| FUND BALANCES, DECEMBER 31 | \$ 537,303 | \$ - | \$ 163 | \$ 74,769 | \$ 49,493 | \$ 35,774 |

| Special Revenue | | Capital Projects | | | | | |
|------------------------------|------------------------|---|----------------------------------|---------------------------------------|------------------------------------|--|--------------|
| Foreign Fire Insurance | Capital Improvement | Downtown Redevelopment Construction | Flood Control Construction | Street Improvement Construction | Series 2003 Capital Projects | | Totals |
| \$ 38,307 | \$ - | \$ 1,193,983 | \$ - | \$ 1,848,290 | \$ - | | \$ 3,080,580 |
| - | 128,000 | - | - | - | - | | 2,090,996 |
| 901 | 71,470 | 68,098 | 36,795 | 58,684 | - | | 295,916 |
| - | 9,400 | - | - | - | - | | 65,924 |
| 39,208 | 208,870 | 1,262,081 | 36,795 | 1,906,974 | - | | 5,533,416 |
| 30,877 | - | - | - | - | - | | 38,463 |
| - | - | - | - | - | - | | 2,049,300 |
| - | - | - | - | - | - | | 320,760 |
| - | 998,637 | 805,876 | 299,860 | 1,365,771 | - | | 3,470,144 |
| - | - | 35,887 | - | - | - | | 35,887 |
| 30,877 | 998,637 | 841,763 | 299,860 | 1,365,771 | - | | 5,914,554 |
| 8,331 | (789,767) | 420,318 | (263,065) | 541,203 | - | | (381,138) |
| 44,202 | - | 16,513 | - | 120,613 | 848,625 | | 1,029,953 |
| - | (41,531) | - | - | - | - | | (41,531) |
| 44,202 | (41,531) | 16,513 | - | 120,613 | 848,625 | | 988,422 |
| 52,533 | (831,298) | 436,831 | (263,065) | 661,816 | 848,625 | | 607,284 |
| - | 1,756,986 | 1,010,239 | 889,462 | 767,092 | (848,625) | | 4,570,814 |
| \$ 52,533 | \$ 925,688 | \$ 1,447,070 | \$ 626,397 | \$ 1,428,908 | \$ - | | \$ 5,178,098 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|-----------------------------------|---------------------|-------------------|
| REVENUES | | |
| Intergovernmental | | |
| Motor fuel tax allotments | \$ 1,625,115 | \$ 1,647,423 |
| Investment income | 48,100 | 54,409 |
| Miscellaneous | | |
| Project reimbursements | 9,000 | 19,776 |
| | <u>1,682,215</u> | <u>1,721,608</u> |
| Total revenues | 1,682,215 | 1,721,608 |
| EXPENDITURES | | |
| Highways and streets | | |
| Street division | 2,538,717 | 2,049,300 |
| | <u>2,538,717</u> | <u>2,049,300</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (856,502)</u> | (327,692) |
| FUND BALANCE, JANUARY 1 | | <u>864,995</u> |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 537,303</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|---------------------------------|---------------------|---------------------|
| HIGHWAYS AND STREETS | | |
| Public works department | | |
| Street division | | |
| Street maintenance | | |
| Contractual services | \$ 93,730 | \$ 87,182 |
| Snow removal | | |
| Commodities and supplies | 122,950 | 105,047 |
| Traffic control/street lighting | | |
| Contractual services | 111,885 | 80,077 |
| Utilities | 99,270 | 103,922 |
| Infrastructure | 219,610 | 219,610 |
| Street improvement projects | | |
| Contractual services | 3,000 | - |
| Infrastructure | 1,888,272 | 1,453,462 |
| TOTAL EXPENDITURES | \$ 2,538,717 | \$ 2,049,300 |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|----------------------------|---------------------|----------------|
| REVENUES | | |
| Intergovernmental | | |
| Grant - CDBG | \$ 449,317 | \$ 283,900 |
| Investment income | - | 112 |
| Miscellaneous | | |
| Project income | 50,000 | 36,748 |
| | <u>499,317</u> | <u>320,760</u> |
| Total revenues | 499,317 | 320,760 |
| EXPENDITURES | | |
| Welfare | | |
| Administration | 76,000 | 72,711 |
| Community programs | 160,385 | 133,155 |
| Neighborhood improvements | 225,000 | 1,156 |
| Residential rehabilitation | 229,815 | 113,738 |
| | <u>691,200</u> | <u>320,760</u> |
| Total expenditures | 691,200 | 320,760 |
| NET CHANGE IN FUND BALANCE | <u>\$ (191,883)</u> | - |
| FUND BALANCE, JANUARY 1 | | <u>-</u> |
| FUND BALANCE, DECEMBER 31 | | <u>\$ -</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|--------------------------|--------------------------|
| WELFARE | | |
| Community development - administration | | |
| Administration and support | | |
| Personal services | \$ 47,545 | \$ 45,757 |
| Employee benefits | 23,619 | 23,200 |
| Other employee costs | 1,000 | 334 |
| Contractual services | 2,915 | 2,534 |
| Commodities and supplies | 921 | 886 |
| | <u>76,000</u> | <u>72,711</u> |
| Community programs | | |
| Contractual services | 160,385 | 133,155 |
| | <u>160,385</u> | <u>133,155</u> |
| Neighborhood improvements | | |
| Capital expenditures | 225,000 | 1,156 |
| | <u>225,000</u> | <u>1,156</u> |
| Residential rehabilitation | | |
| Personal services | 2,815 | 2,476 |
| Other expenditures | 227,000 | 111,262 |
| | <u>229,815</u> | <u>113,738</u> |
| Total residential rehabilitation | <u>229,815</u> | <u>113,738</u> |
| TOTAL EXPENDITURES | <u><u>\$ 691,200</u></u> | <u><u>\$ 320,760</u></u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|---|-----------------|---------------|
| REVENUES | | |
| Intergovernmental Grant - LLEBG | \$ 1,000 | \$ - |
| EXPENDITURES | | |
| Public safety Patrol and traffic enforcement Capital expenditures | 1,000 | - |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | - |
| FUND BALANCE, JANUARY 1 | | <u>163</u> |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 163</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ASSET SEIZURE FUND

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|----------------------------|-----------------|------------------|
| REVENUES | | |
| Intergovernmental | | |
| Seized assets | \$ 9,100 | \$ 11,983 |
| Investment income | 1,000 | 3,055 |
| | | |
| Total revenues | 10,100 | 15,038 |
| EXPENDITURES | | |
| Public safety | | |
| Capital expenditures | 1,100 | - |
| | | |
| NET CHANGE IN FUND BALANCE | <u>\$ 9,000</u> | 15,038 |
| FUND BALANCE, JANUARY 1 | | <u>59,731</u> |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 74,769</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 DEA SHARED FUNDS FUND

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

| | <u>Final Budget</u> | <u>Actual</u> |
|-----------------------------------|-------------------------|------------------|
| REVENUES | | |
| Intergovernmental | | |
| DEA shared funds | \$ 1,000 | \$ - |
| Investment income | 1,500 | 1,559 |
| | | |
| Total revenues | 2,500 | 1,559 |
| EXPENDITURES | | |
| Public safety | | |
| Capital expenditures | 10,000 | 5,629 |
| | | |
| NET CHANGE IN FUND BALANCE | <u>\$ (7,500)</u> | (4,070) |
| FUND BALANCE, JANUARY 1 | | <u>53,563</u> |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 49,493</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 DUI FINES FUND

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|-----------------------------------|------------------|------------------|
| REVENUES | | |
| Intergovernmental | | |
| DUI fines | \$ 23,100 | \$ 19,690 |
| Investment income | 200 | 833 |
| | | |
| Total revenues | 23,300 | 20,523 |
| EXPENDITURES | | |
| Public safety | | |
| Patrol and traffic enforcement | | |
| Capital expenditures | 2,000 | 1,957 |
| | | |
| NET CHANGE IN FUND BALANCE | \$ 21,300 | 18,566 |
| FUND BALANCE, JANUARY 1 | | 17,208 |
| FUND BALANCE, DECEMBER 31 | | \$ 35,774 |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOREIGN FIRE INSURANCE FUND

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|------------------|------------------|
| REVENUES | | |
| Taxes | | |
| Foreign fire insurance tax | \$ 38,307 | \$ 38,307 |
| Investment income | 1,000 | 901 |
| | <hr/> | |
| Total revenues | 39,307 | 39,208 |
| | <hr/> | |
| EXPENDITURES | | |
| Public safety | | |
| Contractual services | 3,000 | 2,074 |
| Commodities and supplies | 30,000 | 2,903 |
| Equipment | - | 25,900 |
| | <hr/> | |
| Total expenditures | 33,000 | 30,877 |
| | <hr/> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 6,307 | 8,331 |
| | <hr/> | |
| OTHER FINANCING SOURCES | | |
| Transfer in | 44,202 | 44,202 |
| | <hr/> | |
| NET CHANGE IN FUND BALANCE | \$ 50,509 | 52,533 |
| | <hr/> | |
| FUND BALANCE, JANUARY 1 | | - |
| | | <hr/> |
| FUND BALANCE, DECEMBER 31 | | \$ 52,533 |
| | | <hr/> <hr/> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND

NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|-----------------------|-------------------|
| REVENUES | | |
| Intergovernmental | | |
| Grants | \$ 128,000 | \$ 128,000 |
| Investment income | 70,000 | 71,470 |
| Miscellaneous | | |
| Donations | 14,500 | 9,400 |
| Other reimbursements | 8,126 | - |
| | <u>220,626</u> | <u>208,870</u> |
| Total revenues | | |
| EXPENDITURES | | |
| Capital outlay | | |
| Village facilities | 288,000 | 76,243 |
| Equipment | 696,500 | 548,929 |
| Public improvements | 54,360 | 4,360 |
| Infrastructure | 620,041 | 369,105 |
| | <u>1,658,901</u> | <u>998,637</u> |
| Total expenditures | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(1,438,275)</u> | <u>(789,767)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfer (out) | - | (41,531) |
| | <u>-</u> | <u>(41,531)</u> |
| Total other financing sources (uses) | | |
| NET CHANGE IN FUND BALANCE | <u>\$ (1,438,275)</u> | (831,298) |
| FUND BALANCE, JANUARY 1 | | <u>1,756,986</u> |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 925,688</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 CAPITAL IMPROVEMENT FUND

NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|-----------------------------|---------------------|-------------------|
| CAPITAL OUTLAY | | |
| Village facilities | | |
| Other public buildings | \$ 150,000 | \$ 37,143 |
| Other building improvements | 38,000 | - |
| Space needs study | 100,000 | 39,100 |
| Total village facilities | 288,000 | 76,243 |
| Equipment | | |
| Other equipment | 696,500 | 548,929 |
| Total equipment | 696,500 | 548,929 |
| Public improvements | | |
| Corridor improvements | 54,360 | 4,360 |
| Infrastructure | | |
| Traffic improvements study | 255,000 | 149,559 |
| Parking lot improvements | 180,000 | 178,910 |
| Sidewalk construction | 30,000 | 11,596 |
| Residential street lights | 29,041 | 29,040 |
| Wolf Road - engineering | 54,000 | - |
| Wolf Road - construction | 72,000 | - |
| Total infrastructure | 620,041 | 369,105 |
| TOTAL EXPENDITURES | \$ 1,658,901 | \$ 998,637 |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT CONSTRUCTION FUND

NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|---------------------|---------------------|
| REVENUES | | |
| Other taxes | | |
| Tax increment | \$ 1,367,911 | \$ 1,193,983 |
| Investment income | 65,000 | 68,098 |
| Total revenues | <u>1,432,911</u> | <u>1,262,081</u> |
| EXPENDITURES | | |
| Capital outlay | | |
| Public improvements | | |
| Contractual services | 348,896 | 392,800 |
| Public improvements | 4,966,186 | 277,883 |
| Infrastructure | 710,000 | 135,193 |
| Debt service | | |
| Interest and fiscal charges | 36,644 | 35,887 |
| Total expenditures | <u>6,061,726</u> | <u>841,763</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(4,628,815)</u> | <u>420,318</u> |
| OTHER FINANCING SOURCES | | |
| Transfers in | 16,513 | 16,513 |
| Bond issuance | 3,800,000 | - |
| Total other financing sources | <u>3,816,513</u> | <u>16,513</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (812,302)</u> | 436,831 |
| FUND BALANCE, JANUARY 1 | | <u>1,010,239</u> |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 1,447,070</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT CONSTRUCTION FUND

NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|------------------------------|---------------------|-------------------|
| CAPITAL OUTLAY | | |
| Public improvements | | |
| Contractual services | | |
| Audit services | \$ 800 | \$ 800 |
| Legal costs | 100,000 | - |
| Relocation | - | 14,977 |
| Other professional services | 40,000 | 52,142 |
| Incentive | 208,096 | 324,881 |
| Total contractual services | 348,896 | 392,800 |
| Public improvements | | |
| Property acquisition | 3,050,000 | 3,571 |
| Demolition | 250,000 | 118,742 |
| Site clean-up | 250,000 | - |
| infrastructure | 250,000 | - |
| NWE sales tax rebate | 166,186 | 155,570 |
| Interior buildout | 500,000 | - |
| Facade program | 500,000 | - |
| Total public improvements | 4,966,186 | 277,883 |
| Infrastructure | | |
| Downtown streetscape program | 700,000 | 126,013 |
| Brick sidewalk | 10,000 | 9,180 |
| Total infrastructure | 710,000 | 135,193 |
| DEBT SERVICE | | |
| Interest and fiscal charges | 36,644 | 35,887 |
| Total debt service | 36,644 | 35,887 |
| TOTAL EXPENDITURES | \$ 6,061,726 | \$ 841,763 |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FLOOD CONTROL CONSTRUCTION FUND

NONMAJOR CAPITAL PROJECTS FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|----------------------------|---------------------|-------------------|
| REVENUES | | |
| Investment income | \$ 36,000 | \$ 36,795 |
| EXPENDITURES | | |
| Capital outlay | | |
| Public improvements | | |
| Infrastructure | 522,538 | 298,075 |
| Other | 5,000 | 1,785 |
| Total expenditures | 527,538 | 299,860 |
| NET CHANGE IN FUND BALANCE | <u>\$ (491,538)</u> | (263,065) |
| FUND BALANCE, JANUARY 1 | | <u>889,462</u> |
| FUND BALANCE, DECEMBER 31 | | <u>\$ 626,397</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FLOOD CONTROL CONSTRUCTION FUND
 NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|-----------------------------|-------------------|-------------------|
| CAPITAL OUTLAY | | |
| Public improvements | | |
| Infrastructure | | |
| Creek bank stabilization | \$ 79,378 | \$ 76,786 |
| Creek tree trimming | 25,000 | 23,468 |
| Detention pond improvements | 195,622 | 195,621 |
| Levee 37 | 222,538 | 2,200 |
| Total infrastructure | 522,538 | 298,075 |
| Other | | |
| Residential reimbursements | 5,000 | 1,785 |
| TOTAL EXPENDITURES | \$ 527,538 | \$ 299,860 |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 STREET IMPROVEMENT CONSTRUCTION FUND

NONMAJOR CAPITAL PROJECTS FUNDS

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|-------------------|---------------------|
| REVENUES | | |
| Other taxes | | |
| Food and beverage tax | \$ 133,805 | \$ 133,805 |
| Home rule sales tax | 1,304,750 | 1,298,837 |
| Municipal motor fuel tax | 300,450 | 415,648 |
| Investment income | 55,450 | 58,684 |
| | | |
| Total revenues | 1,794,455 | 1,906,974 |
| EXPENDITURES | | |
| Capital outlay | | |
| Infrastructure | | |
| Street reconstruction | 1,597,657 | 1,365,771 |
| | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 196,798 | 541,203 |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 120,613 | 120,613 |
| | | |
| NET CHANGE IN FUND BALANCE | \$ 317,411 | 661,816 |
| FUND BALANCE, JANUARY 1 | | 767,092 |
| FUND BALANCE, DECEMBER 31 | | \$ 1,428,908 |

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATER AND SEWER FUND

MAJOR ENTERPRISE FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|---|------------------|------------------|
| ADMINISTRATION AND MAINTENANCE | | |
| Administration and support | | |
| Personal services | \$ 440,224 | \$ 422,876 |
| Employee benefits | 181,904 | 172,163 |
| Other employee costs | 32,990 | 27,580 |
| Contractual services | 547,202 | 521,905 |
| Utilities | 71,405 | 46,343 |
| Insurance | 282,929 | 282,929 |
| Commodities and supplies | 14,780 | 14,310 |
| Capital expenditures | 7,950 | 7,586 |
| Total administration and support | <u>1,579,384</u> | <u>1,495,692</u> |
| Maintenance of buildings | | |
| Personal services | 114,875 | 115,104 |
| Employee benefits | 43,703 | 43,451 |
| Contractual services | 23,180 | 18,270 |
| Utilities | 12,000 | 8,326 |
| Commodities and supplies | 1,030 | 902 |
| Total maintenance of buildings | <u>194,788</u> | <u>186,053</u> |
| Maintenance of grounds | | |
| Personal services | 55,029 | 52,008 |
| Employee benefits | 13,558 | 13,182 |
| Contractual services | 14,000 | 12,967 |
| Commodities and supplies | 4,855 | 4,432 |
| Total maintenance of grounds | <u>87,442</u> | <u>82,589</u> |
| Water supply maintenance and repair | | |
| Personal services | 302,021 | 292,706 |
| Employee benefits | 103,728 | 102,253 |
| Contractual services | 97,580 | 44,166 |
| Utilities | 80,250 | 63,982 |
| Commodities and supplies | 17,900 | 22,028 |
| Capital expenditures | 242,800 | 25,764 |
| Total water supply maintenance and repair | <u>844,279</u> | <u>550,899</u> |

(This schedule is continued on the following pages.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
 WATER AND SEWER FUND

MAJOR ENTERPRISE FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|---|-----------------|----------------|
| ADMINISTRATION AND MAINTENANCE (Continued) | | |
| Water distribution maintenance and repair | | |
| Personal services | \$ 305,757 | \$ 285,236 |
| Employee benefits | 98,563 | 94,552 |
| Contractual services | 193,400 | 158,342 |
| Commodities and supplies | 65,230 | 73,973 |
| Capital expenditures | 1,235 | - |
| Total water distribution maintenance and repair | <u>664,185</u> | <u>612,103</u> |
| Water valve and hydrant maintenance | | |
| Personal services | 195,382 | 194,196 |
| Employee benefits | 69,639 | 69,282 |
| Contractual services | 3,955 | 3,328 |
| Commodities and supplies | 51,065 | 51,951 |
| Total water valve and hydrant maintenance | <u>320,041</u> | <u>318,757</u> |
| Water meter installation, repair, and replacement | | |
| Personal services | 155,176 | 147,174 |
| Employee benefits | 51,182 | 49,817 |
| Contractual services | 72,065 | 59,825 |
| Commodities and supplies | 4,160 | 2,081 |
| Capital expenditures | 47,500 | 62,378 |
| Total water meter installation, repair, and replacement | <u>330,083</u> | <u>321,275</u> |
| Equipment maintenance | | |
| Contractual services | <u>664,756</u> | <u>664,756</u> |
| Sanitary sewer maintenance and repair | | |
| Personal services | 182,738 | 160,527 |
| Employee benefits | 63,901 | 59,975 |
| Contractual services | 208,547 | 189,688 |
| Commodities and supplies | 20,390 | 20,432 |
| Total sanitary sewer maintenance and repair | <u>475,576</u> | <u>430,622</u> |

(This schedule is continued on the following page.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
 WATER AND SEWER FUND

MAJOR ENTERPRISE FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|---|----------------------------|----------------------------|
| ADMINISTRATION AND MAINTENANCE (Continued) | | |
| Water system improvements | | |
| Contractual services | \$ 314,150 | \$ 354,603 |
| Capital expenditures | 1,530,723 | 1,261,971 |
| Less capital expenditures capitalized | <u>(979,628)</u> | <u>(979,628)</u> |
| Total water system improvements | <u>865,245</u> | <u>636,946</u> |
| Lake Michigan water acquisition | | |
| Contractual services | <u>3,504,200</u> | <u>3,413,105</u> |
| Total Lake Michigan water acquisition | <u>3,504,200</u> | <u>3,413,105</u> |
| Total administration and maintenance | 9,529,979 | 8,712,797 |
| Depreciation | <u>-</u> | <u>487,474</u> |
| TOTAL OPERATING EXPENSES | <u><u>\$ 9,529,979</u></u> | <u><u>\$ 9,200,271</u></u> |

(See independent auditor's report.)

NONMAJOR ENTERPRISE FUNDS

Parking System Revenue Fund - to account for the provision of public parking services with fees shared with the commuter railroad. All activities are accounted for including administration, operations, maintenance, and collection.

Village Parking System - to account for the provision of Village-owned public parking services including the Village Hall parking deck and leased commuter spaces. All activities are accounted for including administration, operations, maintenance, financing, and related debt service, and billing and collection.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

December 31, 2006

| | Parking System Revenue | Village Parking System | Total |
|--|------------------------------|------------------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and investments | \$ 3,415 | \$ 67,479 | \$ 70,894 |
| Accounts receivable | - | 3,525 | 3,525 |
| Total current assets | 3,415 | 71,004 | 74,419 |
| CAPITAL ASSETS | | | |
| Capital assets not being depreciated | - | 189,267 | 189,267 |
| Capital assets being depreciated, cost | 195,012 | 328,041 | 523,053 |
| Accumulated depreciation | (174,936) | (281,542) | (456,478) |
| Net capital assets | 20,076 | 235,766 | 255,842 |
| Total assets | 23,491 | 306,770 | 330,261 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 6,125 | 413 | 6,538 |
| Accrued payroll | 1,140 | 715 | 1,855 |
| Deferred revenue | 14,517 | 16,448 | 30,965 |
| Due to other funds | 106,000 | - | 106,000 |
| Total current liabilities | 127,782 | 17,576 | 145,358 |
| NET ASSETS | | | |
| Invested in capital assets | 20,076 | 235,766 | 255,842 |
| Unrestricted | (124,367) | 53,428 | (70,939) |
| TOTAL NET ASSETS | \$ (104,291) | \$ 289,194 | \$ 184,903 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGE IN NET ASSETS - BUDGET AND ACTUAL

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2006

| | Parking System Revenue | | Village Parking System | |
|---|---------------------------|---------------------|---------------------------|-------------------|
| | Final Budget | Actual | Final Budget | Actual |
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Parking fees | | | | |
| Rental fees | \$ - | \$ - | \$ 7,416 | \$ 4,525 |
| Parking fees - Lot A | 53,000 | 55,885 | - | - |
| Parking fees - Lot C | 55,000 | 45,565 | - | - |
| Parking fees - Lot D | - | - | 90,000 | 84,159 |
| Parking permits | - | - | 240 | 240 |
| Space rent - Wille Street lot | - | - | 4,000 | 6,278 |
| Total operating revenues | <u>108,000</u> | <u>101,450</u> | <u>101,656</u> | <u>95,202</u> |
| OPERATING EXPENSES | | | | |
| Administration, maintenance, and improvements | 263,065 | 262,754 | 152,798 | 132,501 |
| Depreciation | - | 6,983 | - | 6,803 |
| Total operating expenses | <u>263,065</u> | <u>269,737</u> | <u>152,798</u> | <u>139,304</u> |
| OPERATING INCOME (LOSS) | <u>(155,065)</u> | <u>(168,287)</u> | <u>(51,142)</u> | <u>(44,102)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 1,000 | 1,758 | 1,100 | 6,453 |
| Gain on disposal of capital assets | - | 10,433 | - | - |
| Total nonoperating revenues (expenses) | <u>1,000</u> | <u>12,191</u> | <u>1,100</u> | <u>6,453</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS | <u>(154,065)</u> | <u>(156,096)</u> | <u>(50,042)</u> | <u>(37,649)</u> |
| TRANSFERS (OUT) | <u>-</u> | <u>(10,433)</u> | <u>-</u> | <u>-</u> |
| CHANGE IN NET ASSETS | <u>\$ (154,065)</u> | <u>(166,529)</u> | <u>\$ (50,042)</u> | <u>(37,649)</u> |
| NET ASSETS, JANUARY 1 | | <u>62,238</u> | | <u>326,843</u> |
| NET ASSETS, DECEMBER 31 | | <u>\$ (104,291)</u> | | <u>\$ 289,194</u> |

| Total Final Budget | Total Actual |
|-----------------------|-------------------|
| \$ 7,416 | \$ 4,525 |
| 53,000 | 55,885 |
| 55,000 | 45,565 |
| 90,000 | 84,159 |
| 240 | 240 |
| 4,000 | 6,278 |
| <u>209,656</u> | <u>196,652</u> |
| 415,863 | 395,255 |
| - | 13,786 |
| <u>415,863</u> | <u>409,041</u> |
| <u>(206,207)</u> | <u>(212,389)</u> |
| 2,100 | 8,211 |
| - | 10,433 |
| <u>2,100</u> | <u>18,644</u> |
| (204,107) | (193,745) |
| - | (10,433) |
| <u>\$ (204,107)</u> | <u>(204,178)</u> |
| | <u>389,081</u> |
| | <u>\$ 184,903</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended December 31, 2006

| | Parking System Revenue | Village Parking System | Total |
|---|------------------------------|------------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 106,040 | \$ 97,287 | \$ 203,327 |
| Payments to suppliers | (231,282) | (116,039) | (347,321) |
| Payments to employees | (31,810) | (27,385) | (59,195) |
| Net cash from operating activities | <u>(157,052)</u> | <u>(46,137)</u> | <u>(203,189)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Due from other funds | 120,423 | - | 120,423 |
| Due to other funds | - | (112,423) | (112,423) |
| Interfund transfers | (10,433) | - | (10,433) |
| Net cash from noncapital financing activities | <u>109,990</u> | <u>(112,423)</u> | <u>(2,433)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Sale of capital assets | 10,433 | - | 10,433 |
| Net cash from capital and related financing activities | <u>10,433</u> | <u>-</u> | <u>10,433</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Sale of investments | - | 208,385 | 208,385 |
| Interest | 1,758 | 6,453 | 8,211 |
| Net cash from investing activities | <u>1,758</u> | <u>214,838</u> | <u>216,596</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (34,871) | 56,278 | 21,407 |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | 38,286 | 11,201 | 49,487 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | <u>\$ 3,415</u> | <u>\$ 67,479</u> | <u>\$ 70,894</u> |

(This statement is continued on the following page.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS (Continued)

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2006

| | Parking System Revenue | Village Parking System | Total |
|--|------------------------------|------------------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ (168,287) | \$ (44,102) | \$ (212,389) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities | | | |
| Depreciation | 6,983 | 6,803 | 13,786 |
| Changes in assets and liabilities | | | |
| Accounts receivable | - | (3,525) | (3,525) |
| Accounts payable | 1,816 | (7,764) | (5,948) |
| Accrued payroll and compensated absences | (2,154) | (3,159) | (5,313) |
| Deferred revenues | 4,590 | 5,610 | 10,200 |
| NET CASH FROM OPERATING ACTIVITIES | \$ (157,052) | \$ (46,137) | \$ (203,189) |
| CASH AND INVESTMENTS | | | |
| Cash and cash equivalents | \$ 3,415 | \$ 67,479 | \$ 70,894 |
| TOTAL CASH AND INVESTMENTS | \$ 3,415 | \$ 67,479 | \$ 70,894 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2006

| | Parking System Revenue | | Village Parking System | | Total Final Budget | Total Actual |
|--|---------------------------|------------|---------------------------|------------|-----------------------|-----------------|
| | Final Budget | Actual | Final Budget | Actual | | |
| ADMINISTRATION, MAINTENANCE, AND IMPROVEMENTS | | | | | | |
| Personal services | \$ 18,361 | \$ 19,930 | \$ 27,542 | \$ 12,404 | \$ 45,903 | \$ 32,334 |
| Employee benefits | 9,084 | 9,726 | 14,204 | 11,822 | 23,288 | 21,548 |
| Contractual services | 84,908 | 82,351 | 83,714 | 82,527 | 168,622 | 164,878 |
| Utilities | 6,305 | 6,696 | - | - | 6,305 | 6,696 |
| Insurance | 8,107 | 8,107 | 12,158 | 12,158 | 20,265 | 20,265 |
| Commodities and supplies | 6,845 | 6,489 | - | 515 | 6,845 | 7,004 |
| Capital expenditures | 129,455 | 129,455 | 15,180 | 13,075 | 144,635 | 142,530 |
| Total administration, maintenance, and improvements | 263,065 | 262,754 | 152,798 | 132,501 | 415,863 | 395,255 |
| Depreciation | - | 6,983 | - | 6,803 | - | 13,786 |
| TOTAL OPERATING EXPENSES | \$ 263,065 | \$ 269,737 | \$ 152,798 | \$ 139,304 | \$ 415,863 | \$ 409,041 |

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

Computer Replacement Fund - to account for the acquisition of Village computer hardware. Financing is being provided by charges to various Village funds.

Risk Management Fund - to account for the servicing and payment of claims for liability, property, casualty coverage, workers' compensation, and medical benefits. Financing is being provided by charges to the various Village funds.

Vehicle Replacement Fund - to account for the acquisition and depreciation of Village vehicles. Financing is being provided by charges to the General, Water and Sewer, Parking System Revenue, and Refuse Disposal Funds.

Vehicle Maintenance Fund - to account for the maintenance and repair of all Village vehicles except Fire Department vehicles. Financing is being provided by charges to various Village funds.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

December 31, 2006

| | Computer Replacement | Risk Management | Vehicle Replacement | Vehicle Maintenance | Total |
|--|-------------------------|---------------------|------------------------|------------------------|----------------------|
| CURRENT ASSETS | | | | | |
| Cash and investments | \$ 697,324 | \$ 2,734,471 | \$ 6,204,282 | \$ 437,022 | \$ 10,073,099 |
| Receivables | | | | | |
| Accrued interest | 4,552 | 22,048 | 39,837 | 3,676 | 70,113 |
| Other | - | 51,472 | - | 9,323 | 60,795 |
| Inventories | - | - | - | 308,614 | 308,614 |
| Prepaid expenses | - | 48,438 | - | - | 48,438 |
| Total current assets | 701,876 | 2,856,429 | 6,244,119 | 758,635 | 10,561,059 |
| NON CURRENT ASSETS | | | | | |
| Deposits - insurance | - | 753,546 | - | - | 753,546 |
| CAPITAL ASSETS | | | | | |
| Capital assets being depreciated, cost | - | - | 10,299,289 | 196,120 | 10,495,409 |
| Accumulated depreciation | - | - | (6,434,814) | (128,991) | (6,563,805) |
| Net capital assets | - | - | 3,864,475 | 67,129 | 3,931,604 |
| Total assets | 701,876 | 3,609,975 | 10,108,594 | 825,764 | 15,246,209 |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | 191 | 30,024 | 23,385 | 16,121 | 69,721 |
| Accrued payroll | - | - | - | 30,665 | 30,665 |
| Claims payable | - | 1,863,426 | - | - | 1,863,426 |
| Compensated absences payable | - | - | - | 7,930 | 7,930 |
| Total current liabilities | 191 | 1,893,450 | 23,385 | 54,716 | 1,971,742 |
| LONG-TERM LIABILITIES | | | | | |
| Compensated absences payable | - | - | - | 150,673 | 150,673 |
| Total long-term liabilities | - | - | - | 150,673 | 150,673 |
| Total liabilities | 191 | 1,893,450 | 23,385 | 205,389 | 2,122,415 |
| NET ASSETS | | | | | |
| Invested in capital assets | - | - | 3,864,475 | 67,129 | 3,931,604 |
| Unrestricted | 701,685 | 1,716,525 | 6,220,734 | 553,246 | 9,192,190 |
| TOTAL NET ASSETS | \$ 701,685 | \$ 1,716,525 | \$ 10,085,209 | \$ 620,375 | \$ 13,123,794 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2006

| | Computer Replacement | Risk Management | Vehicle Replacement | Vehicle Maintenance | Total |
|---|-------------------------|--------------------|------------------------|------------------------|---------------|
| OPERATING REVENUES | | | | | |
| Charges for services | | | | | |
| General Fund | \$ 146,178 | \$ 4,068,526 | \$ 697,434 | \$ 929,340 | \$ 5,841,478 |
| Refuse Disposal Fund | 467 | 40,322 | - | - | 40,789 |
| Community Development Block Grant Fund | - | 11,650 | - | - | 11,650 |
| Water and Sewer Fund | 7,937 | 603,735 | 186,867 | 477,889 | 1,276,428 |
| Parking Fund | - | 35,416 | 11,112 | 29,629 | 76,157 |
| Vehicle Maintenance Fund | 1,867 | 112,944 | - | - | 114,811 |
| Library | - | 454,172 | - | - | 454,172 |
| Contributions | | | | | |
| Employee | - | 284,072 | - | - | 284,072 |
| Retiree | - | 614,210 | - | - | 614,210 |
| Flexcomp | - | 4,497 | - | - | 4,497 |
| Miscellaneous | | | | | |
| Reimbursements | - | 167,153 | - | - | 167,153 |
| Other | - | - | - | 999 | 999 |
| Total operating revenues | 156,449 | 6,396,697 | 895,413 | 1,437,857 | 8,886,416 |
| OPERATING EXPENSES | | | | | |
| Administration and maintenance | 142,297 | 123,920 | - | 1,428,349 | 1,694,566 |
| Insurance and claims | - | 5,542,415 | - | - | 5,542,415 |
| Depreciation | - | - | 857,347 | 13,149 | 870,496 |
| Total operating expenses | 142,297 | 5,666,335 | 857,347 | 1,441,498 | 8,107,477 |
| OPERATING INCOME (LOSS) | 14,152 | 730,362 | 38,066 | (3,641) | 778,939 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 31,594 | 103,406 | 220,769 | 19,313 | 375,082 |
| Gain on disposal of capital assets | - | - | 50,750 | - | 50,750 |
| Total nonoperating revenues (expenses) | 31,594 | 103,406 | 271,519 | 19,313 | 425,832 |
| NET INCOME BEFORE TRANSFERS | 45,746 | 833,768 | 309,585 | 15,672 | 1,204,771 |
| TRANSFER IN | - | - | 51,964 | - | 51,964 |
| CHANGE IN NET ASSETS | 45,746 | 833,768 | 361,549 | 15,672 | 1,256,735 |
| NET ASSETS, JANUARY 1 | 655,939 | 882,757 | 9,723,660 | 604,703 | 11,867,059 |
| NET ASSETS, DECEMBER 31 | \$ 701,685 | \$ 1,716,525 | \$ 10,085,209 | \$ 620,375 | \$ 13,123,794 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2006

| | Computer Replacement | Risk Management | Vehicle Replacement | Vehicle Maintenance | Total |
|---|-------------------------|--------------------|------------------------|------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from interfund services | \$ 156,449 | \$ 5,326,765 | \$ 897,185 | \$ 1,437,174 | \$ 7,817,573 |
| Receipts from miscellaneous revenues | - | 1,018,460 | - | 1,297 | 1,019,757 |
| Payments to suppliers | (145,604) | (5,802,306) | (40,252) | (501,341) | (6,489,503) |
| Payments to employees | - | - | - | (876,351) | (876,351) |
| Net cash from operating activities | 10,845 | 542,919 | 856,933 | 60,779 | 1,471,476 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfer in | - | - | 51,964 | - | 51,964 |
| Net cash from noncapital financing activities | - | - | 51,964 | - | 51,964 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Sale of capital assets | - | - | 103,871 | - | 103,871 |
| Acquisition of capital assets | - | - | (478,898) | - | (478,898) |
| Net cash from capital and related financing activities | - | - | (375,027) | - | (375,027) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Sale of investments | - | - | 500,000 | - | 500,000 |
| Purchase of investments | (100,000) | (488,220) | (300,000) | (75,000) | (963,220) |
| Interest | 21,542 | 71,127 | 137,342 | 10,882 | 240,893 |
| Net cash from investing activities | (78,458) | (417,093) | 337,342 | (64,118) | (222,327) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (67,613) | 125,826 | 871,212 | (3,339) | 926,086 |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | 150,139 | 19,183 | 1,034,416 | 55,496 | 1,259,234 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | \$ 82,526 | \$ 145,009 | \$ 1,905,628 | \$ 52,157 | \$ 2,185,320 |

(This statement is continued on the following page.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2006

| | Computer Replacement | Risk Management | Vehicle Replacement | Vehicle Maintenance | Totals |
|--|-------------------------|---------------------|------------------------|------------------------|----------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 14,152 | \$ 730,362 | \$ 38,066 | \$ (3,641) | \$ 778,939 |
| Adjustments to reconcile operating income (loss) to net cash from operating activities | | | | | |
| Depreciation | - | - | 857,347 | 13,149 | 870,496 |
| Changes in assets and liabilities | | | | | |
| Receivables | - | (51,472) | 1,772 | 614 | (49,086) |
| Inventories | - | - | - | 29,633 | 29,633 |
| Prepaid expenses | - | (3,121) | - | - | (3,121) |
| Deposits - insurance | - | (501,298) | - | - | (501,298) |
| Accounts payable | (3,307) | 13,583 | (40,252) | 4,163 | (25,813) |
| Accrued payroll and compensated absences | - | - | - | 16,861 | 16,861 |
| Claims payable | - | 354,865 | - | - | 354,865 |
| NET CASH FROM OPERATING ACTIVITIES | \$ 10,845 | \$ 542,919 | \$ 856,933 | \$ 60,779 | \$ 1,471,476 |
| CASH AND INVESTMENTS | | | | | |
| Cash and cash equivalents | \$ 82,526 | \$ 145,009 | \$ 1,905,628 | \$ 52,157 | \$ 2,185,320 |
| Investments | 614,798 | 2,589,462 | 4,298,654 | 384,865 | 7,887,779 |
| TOTAL CASH AND INVESTMENTS | \$ 697,324 | \$ 2,734,471 | \$ 6,204,282 | \$ 437,022 | \$ 10,073,099 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
COMPUTER REPLACEMENT FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|---|------------------|-------------------|
| OPERATING REVENUES | | |
| Charges for services | | |
| General Fund | | |
| Public works department | \$ 145,349 | \$ 146,178 |
| Refuse Disposal Fund | 467 | 467 |
| Water and Sewer Fund | 7,937 | 7,937 |
| Vehicle Maintenance Fund | 1,867 | 1,867 |
| | <hr/> | |
| Total operating revenues | 155,620 | 156,449 |
| OPERATING EXPENSES | | |
| Administration | | |
| Capital outlay | 162,800 | 142,297 |
| | <hr/> | |
| OPERATING INCOME (LOSS) | (7,180) | 14,152 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | 24,400 | 31,594 |
| | <hr/> | |
| CHANGE IN NET ASSETS | <u>\$ 17,220</u> | 45,746 |
| NET ASSETS, JANUARY 1 | | <u>655,939</u> |
| NET ASSETS, DECEMBER 31 | | <u>\$ 701,685</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 SCHEDULE OF REVENUES, EXPENSES, AND
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL
 RISK MANAGEMENT FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|---|--------------------|---------------------|
| OPERATING REVENUES | | |
| Charges for services | | |
| General Fund | \$ 4,057,930 | \$ 4,068,526 |
| Refuse Disposal Fund | 40,135 | 40,322 |
| Community Development Block Grant Fund | 11,578 | 11,650 |
| Water and Sewer Fund | 601,702 | 603,735 |
| Parking Fund | 35,316 | 35,416 |
| Vehicle Maintenance Fund | 112,416 | 112,944 |
| Library | 431,437 | 454,172 |
| Contributions | | |
| Employee | 294,432 | 284,072 |
| Retiree | 645,236 | 614,210 |
| Flexcomp | 4,000 | 4,497 |
| Miscellaneous - other reimbursements | 102,000 | 167,153 |
| | 6,336,182 | 6,396,697 |
| OPERATING EXPENSES | | |
| Administration | 181,172 | 123,920 |
| Insurance and claims | 6,311,608 | 5,542,415 |
| | 6,492,780 | 5,666,335 |
| OPERATING INCOME (LOSS) | (156,598) | 730,362 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | 102,000 | 103,406 |
| | 102,000 | 103,406 |
| CHANGE IN NET ASSETS | \$ (54,598) | 833,768 |
| NET ASSETS, JANUARY 1 | | 882,757 |
| NET ASSETS, DECEMBER 31 | | \$ 1,716,525 |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
RISK MANAGEMENT FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|-------------------------------------|---------------------|---------------------|
| ADMINISTRATION | | |
| Casualty and property program | | |
| Claims administration | \$ 35,859 | \$ 23,109 |
| Other contractual services | 43,500 | 1,650 |
| | <hr/> | <hr/> |
| Total casualty and property program | 79,359 | 24,759 |
| | <hr/> | <hr/> |
| Medical program | | |
| Claims administration | 101,813 | 99,161 |
| | <hr/> | <hr/> |
| Total administration | 181,172 | 123,920 |
| | <hr/> | <hr/> |
| INSURANCE AND CLAIMS | | |
| Casualty and property program | | |
| Property insurance | 107,992 | 99,253 |
| Liability insurance | 244,000 | - |
| HELP excess liability insurance | 142,752 | 142,193 |
| Workers compensation insurance | 43,137 | 38,041 |
| Faithful performance insurance | 2,545 | 2,423 |
| Surety bonds | 2,050 | 1,950 |
| Property claims | 5,000 | - |
| Liability claims | 100,000 | 18,546 |
| Workers compensation claims | 710,000 | 1,251,335 |
| Auto claims | 7,500 | 4,253 |
| Village property claims | - | 7,916 |
| Unemployment compensation claims | 5,000 | 31,160 |
| Tree hazard study | 10,600 | 8,256 |
| Other claims | 1,150 | 165 |
| | <hr/> | <hr/> |
| Total casualty and property program | 1,381,726 | 1,605,491 |
| | <hr/> | <hr/> |
| Medical program | | |
| Medical expense - HMO plan | 1,325,605 | 1,254,564 |
| Medical expense - indemnity plan | 3,574,654 | 2,649,122 |
| Other medical claims | 3,000 | 2,923 |
| Life insurance | 25,313 | 29,006 |
| Disability insurance | 1,310 | 1,309 |
| | <hr/> | <hr/> |
| Total medical program | 4,929,882 | 3,936,924 |
| | <hr/> | <hr/> |
| Total insurance and claims | 6,311,608 | 5,542,415 |
| | <hr/> | <hr/> |
| TOTAL OPERATING EXPENSES | \$ 6,492,780 | \$ 5,666,335 |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
VEHICLE REPLACEMENT FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|-------------------|----------------------|
| OPERATING REVENUES | | |
| Charges for services | | |
| General Fund | | |
| Television services division | \$ 842 | \$ 842 |
| Mayor and board charges | 2,332 | 2,332 |
| Manager's office charges | 2,624 | 2,624 |
| Community development - administration | 1,500 | 1,500 |
| Community development - code enforcement | 10,211 | 10,211 |
| Community development - housing | 2,250 | 2,250 |
| Community development - health | 4,588 | 4,588 |
| Human services | 300 | 300 |
| Police department | 226,980 | 226,980 |
| Fire department | 219,991 | 219,991 |
| Public works department | 217,763 | 217,763 |
| Engineering division | 8,053 | 8,053 |
| Water and Sewer Fund | 186,867 | 186,867 |
| Parking System Fund | 11,112 | 11,112 |
| | <u>895,413</u> | <u>895,413</u> |
| Total operating revenues | | |
| OPERATING EXPENSES | | |
| Administration | | |
| Capital outlay | 1,030,680 | 478,898 |
| Less nonoperating expenses | | |
| Fixed assets capitalized | - | 478,898 |
| Total administration | 1,030,680 | - |
| Depreciation | - | 857,347 |
| | <u>1,030,680</u> | <u>857,347</u> |
| Total operating expenses | | |
| OPERATING INCOME (LOSS) | <u>(135,267)</u> | <u>38,066</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | 207,000 | 220,769 |
| Gain on sale of capital assets | 130,000 | 50,750 |
| | <u>337,000</u> | <u>271,519</u> |
| Total nonoperating revenues (expenses) | | |
| NET INCOME BEFORE TRANSFERS | <u>201,733</u> | <u>309,585</u> |
| TRANSFER IN | <u>-</u> | <u>51,964</u> |
| CHANGE IN NET ASSETS | <u>\$ 201,733</u> | <u>361,549</u> |
| NET ASSETS, JANUARY 1 | | <u>9,723,660</u> |
| NET ASSETS, DECEMBER 31 | | <u>\$ 10,085,209</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
VEHICLE MAINTENANCE FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|------------------|-------------------|
| OPERATING REVENUES | | |
| Charges for services | | |
| General Fund | | |
| Mayor and board | \$ 2,586 | \$ 2,586 |
| Manager's office charges | 2,586 | 2,586 |
| Television services division | 2,586 | 2,586 |
| Community development - administration | 4,885 | 4,885 |
| Community development - code enforcement | 19,685 | 19,685 |
| Community development - housing | 9,914 | 9,914 |
| Community development - health | 9,914 | 9,914 |
| Human services department | 4,885 | 4,885 |
| Police department | 330,758 | 330,758 |
| Public works department | 514,385 | 514,385 |
| Engineering division | 27,156 | 27,156 |
| Water and Sewer Fund | 477,889 | 477,889 |
| Parking System Revenue Fund | 29,629 | 29,629 |
| Miscellaneous income | - | 999 |
| Total operating revenues | <u>1,436,858</u> | <u>1,437,857</u> |
| OPERATING EXPENSES | | |
| Administration and maintenance | 1,450,029 | 1,428,349 |
| Depreciation | - | 13,149 |
| Total operating expenses | <u>1,450,029</u> | <u>1,441,498</u> |
| OPERATING INCOME (LOSS) | (13,171) | (3,641) |
| NONOPERATING REVENUES | | |
| Investment income | <u>13,200</u> | <u>19,313</u> |
| Total nonoperating revenues | <u>13,200</u> | <u>19,313</u> |
| CHANGE IN NET ASSETS | <u>\$ 29</u> | 15,672 |
| NET ASSETS, JANUARY 1 | | <u>604,703</u> |
| NET ASSETS, DECEMBER 31 | | <u>\$ 620,375</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
VEHICLE MAINTENANCE FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|---------------------------------------|----------------------------|----------------------------|
| ADMINISTRATION AND MAINTENANCE | | |
| Vehicle division administration | | |
| Personal services | \$ 124,662 | \$ 119,814 |
| Employee benefits | 50,060 | 50,237 |
| Other employee costs | 2,000 | 600 |
| Contractual services | 8,617 | 7,695 |
| Utilities | 1,030 | 871 |
| Commodities and supplies | 1,490 | 984 |
| Capital expenditures | 515 | - |
| | <u>188,374</u> | <u>180,201</u> |
| Vehicle maintenance program | | |
| Personal services | 556,798 | 550,162 |
| Employee benefits | 178,417 | 172,999 |
| Contractual services | 67,115 | 63,986 |
| Commodities and supplies | 451,000 | 457,820 |
| Capital expenditures | 8,325 | 3,181 |
| | <u>1,261,655</u> | <u>1,248,148</u> |
| Total administration and maintenance | 1,450,029 | 1,428,349 |
| Depreciation | - | 13,149 |
| TOTAL OPERATING EXPENSES | <u><u>\$ 1,450,029</u></u> | <u><u>\$ 1,441,498</u></u> |

(See independent auditor's report.)

FIDUCIARY FUNDS

Pension Trust Funds

Police Pension Fund - to account for the resources necessary to provide retirement and disability benefits to personnel of the Mount Prospect Police Department. Revenues are provided by the following: Village contributions (made possible by a property tax levy), employee withholdings, and investment income.

Firefighters' Pension Fund - to account for the resources necessary to provide retirement and disability benefits to personnel of the Mount Prospect Fire Department. Revenues are provided by the following: Village contributions (made possible by a property tax levy), employee withholdings, and investment income.

Agency Funds

Escrow Deposit Fund - to account for refundable deposits held by the Village to ensure the completion of public improvements. The money is held by the Village until the improvements are completed.

Flexcomp Escrow Fund - to account for employee payroll deductions pursuant to a Section 125 flexible compensation plan. The money is reimbursed to employees for qualified medical and dependent care expenses.

Special Service Areas Fund - to account for the accumulation of resources for debt service payments for Special Service Area No. 6.

Library Bonds Escrow Fund - to account for the accumulation of resources for the 2002 Library bond issue payments.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS

December 31, 2006

| | Police Pension | Firefighters' Pension | Totals |
|--|-------------------|--------------------------|---------------|
| ASSETS | | | |
| Cash and investments | | | |
| Cash and short-term investments | \$ 987,847 | \$ 1,906,758 | \$ 2,894,605 |
| Investments | | | |
| U.S. Government and agency obligations | 17,347,847 | 19,276,360 | 36,624,207 |
| Mutual funds | 20,127,916 | 17,367,623 | 37,495,539 |
| Municipal bonds | 1,377,493 | 1,382,461 | 2,759,954 |
| Total cash and investments | 39,841,103 | 39,933,202 | 79,774,305 |
| Accrued interest receivable | 167,447 | 180,353 | 347,800 |
| Due from other funds | 89,761 | 75,264 | 165,025 |
| Prepays | 569 | - | 569 |
| Total assets | 40,098,880 | 40,188,819 | 80,287,699 |
| LIABILITIES | | | |
| Accounts payable | 14,233 | 21,934 | 36,167 |
| Total liabilities | 14,233 | 21,934 | 36,167 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | \$ 40,084,647 | \$ 40,166,885 | \$ 80,251,532 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF CHANGES IN NET ASSETS
PENSION TRUST FUNDS

For the Year Ended December 31, 2006

| | Police Pension | Firefighters' Pension | Totals |
|--|-------------------|--------------------------|---------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 1,290,012 | \$ 1,194,705 | \$ 2,484,717 |
| Participants | 679,066 | 531,320 | 1,210,386 |
| Total contributions | 1,969,078 | 1,726,025 | 3,695,103 |
| Investment income | | | |
| Net appreciation in fair value of investments | 2,482,790 | 2,090,063 | 4,572,853 |
| Interest earned | 767,595 | 833,980 | 1,601,575 |
| Less investment expenses | (85,094) | (84,786) | (169,880) |
| Net investment income | 3,165,291 | 2,839,257 | 6,004,548 |
| Total additions | 5,134,369 | 4,565,282 | 9,699,651 |
| DEDUCTIONS | | | |
| Contractual services | 1,550 | 223 | 1,773 |
| Pension benefits and refunds | 2,332,708 | 2,489,596 | 4,822,304 |
| Total deductions | 2,334,258 | 2,489,819 | 4,824,077 |
| NET INCREASE | 2,800,111 | 2,075,463 | 4,875,574 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | |
| January 1 | 37,284,536 | 38,091,422 | 75,375,958 |
| December 31 | \$ 40,084,647 | \$ 40,166,885 | \$ 80,251,532 |

See accompanying notes to financial statements.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF CHANGES IN NET ASSETS - BUDGET AND ACTUAL
POLICE PENSION FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|----------------------------|-----------------------------|
| ADDITIONS | | |
| Contributions | | |
| Employer | \$ 1,264,955 | \$ 1,290,012 |
| Participants | 586,163 | 679,066 |
| Total contributions | <u>1,851,118</u> | <u>1,969,078</u> |
| Investment income | | |
| Net appreciation in fair value of investments | 800,725 | 2,482,790 |
| Interest earned | 1,002,200 | 767,595 |
| Less investment expenses | (77,200) | (85,094) |
| Net investment income | <u>1,725,725</u> | <u>3,165,291</u> |
| Total additions | <u>3,576,843</u> | <u>5,134,369</u> |
| DEDUCTIONS | | |
| Contractual services | 1,950 | 1,550 |
| Pension benefits and refunds | 2,321,407 | 2,332,708 |
| Total deductions | <u>2,323,357</u> | <u>2,334,258</u> |
| NET INCREASE | <u><u>\$ 1,253,486</u></u> | 2,800,111 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | |
| January 1 | | <u>37,284,536</u> |
| December 31 | | <u><u>\$ 40,084,647</u></u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FIREFIGHTERS' PENSION FUND

For the Year Ended December 31, 2006

| | Final Budget | Actual |
|--|-------------------|----------------------|
| ADDITIONS | | |
| Contributions | | |
| Employer | \$ 1,183,317 | \$ 1,194,705 |
| Participants | 506,560 | 531,320 |
| Total contributions | <u>1,689,877</u> | <u>1,726,025</u> |
| Investment income | | |
| Net appreciation in fair value of investments | 663,000 | 2,090,063 |
| Interest earned | 1,053,500 | 833,980 |
| Less investment expenses | (87,550) | (84,786) |
| Net investment income | <u>1,628,950</u> | <u>2,839,257</u> |
| Total additions | <u>3,318,827</u> | <u>4,565,282</u> |
| DEDUCTIONS | | |
| Contractual services | 700 | 223 |
| Pension benefits and refunds | 2,432,501 | 2,489,596 |
| Total deductions | <u>2,433,201</u> | <u>2,489,819</u> |
| NET INCREASE | <u>\$ 885,626</u> | 2,075,463 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | |
| January 1 | | <u>38,091,422</u> |
| December 31 | | <u>\$ 40,166,885</u> |

(See independent auditor's report.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended December 31, 2006

| | Balances January 1 | Additions | Deductions | Balances December 31 |
|----------------------------|-----------------------|-------------------|---------------|-------------------------|
| All Funds | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 1,288,391 | \$ 422,983 | \$ - | \$ 1,711,374 |
| Due from other funds | - | 332 | - | 332 |
| TOTAL ASSETS | \$ 1,288,391 | \$ 423,315 | \$ - | \$ 1,711,706 |
| LIABILITIES | | | | |
| Accounts payable | \$ 243 | \$ - | \$ 243 | \$ - |
| Deposits payable | 1,278,546 | 392,811 | - | 1,671,357 |
| Other liabilities | 3,951 | - | - | 3,951 |
| Due to bondholders | 2,085 | 14,745 | - | 16,830 |
| Due to library | 3,566 | 16,002 | - | 19,568 |
| TOTAL LIABILITIES | \$ 1,288,391 | \$ 423,558 | \$ 243 | \$ 1,711,706 |
| Escrow Deposit Fund | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 1,250,551 | \$ 376,344 | \$ - | \$ 1,626,895 |
| TOTAL ASSETS | \$ 1,250,551 | \$ 376,344 | \$ - | \$ 1,626,895 |
| LIABILITIES | | | | |
| Deposits payable | \$ 1,246,600 | \$ 376,344 | \$ - | \$ 1,622,944 |
| Other liabilities | 3,951 | - | - | 3,951 |
| TOTAL LIABILITIES | \$ 1,250,551 | \$ 376,344 | \$ - | \$ 1,626,895 |

(This statement is continued on the following page.)

VILLAGE OF MOUNT PROSPECT, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
AGENCY FUNDS

For the Year Ended December 31, 2006

| | Balances | | | | Balances | |
|------------------------------------|------------------|------------------|---------------|--|------------------|--|
| | January 1 | Additions | Deductions | | December 31 | |
| Flexcomp Escrow Fund | | | | | | |
| ASSETS | | | | | | |
| Cash and investments | \$ 32,189 | \$ 15,892 | \$ - | | \$ 48,081 | |
| Due from other funds | - | 332 | - | | 332 | |
| TOTAL ASSETS | \$ 32,189 | \$ 16,224 | \$ - | | \$ 48,413 | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 243 | \$ - | \$ 243 | | \$ - | |
| Deposits payable | 31,946 | 16,467 | - | | 48,413 | |
| TOTAL LIABILITIES | \$ 32,189 | \$ 16,467 | \$ 243 | | \$ 48,413 | |
| Special Services Areas Fund | | | | | | |
| ASSETS | | | | | | |
| Cash and investments | \$ 2,085 | \$ 14,745 | \$ - | | \$ 16,830 | |
| Receivables | | | | | | |
| Property taxes | - | - | - | | - | |
| TOTAL ASSETS | \$ 2,085 | \$ 14,745 | \$ - | | \$ 16,830 | |
| LIABILITIES | | | | | | |
| Due to bondholders | \$ 2,085 | \$ 14,745 | \$ - | | \$ 16,830 | |
| TOTAL LIABILITIES | \$ 2,085 | \$ 14,745 | \$ - | | \$ 16,830 | |
| Library Bonds Escrow Fund | | | | | | |
| ASSETS | | | | | | |
| Cash and investments | \$ 3,566 | \$ 16,002 | \$ - | | \$ 19,568 | |
| TOTAL ASSETS | \$ 3,566 | \$ 16,002 | \$ - | | \$ 19,568 | |
| LIABILITIES | | | | | | |
| Due to library | \$ 3,566 | \$ 16,002 | \$ - | | \$ 19,568 | |
| TOTAL LIABILITIES | \$ 3,566 | \$ 16,002 | \$ - | | \$ 19,568 | |

See accompanying notes to financial statements.

LONG-TERM DEBT PAYABLE BY GOVERNMENTAL FUNDS

To account for the noncurrent portion of the Village's General Obligation Bond Issues, EPA flood loans, installment contracts, pension contributions, and compensated absences.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF GENERAL LONG-TERM DEBT
LONG-TERM DEBT PAYABLE BY GOVERNMENTAL FUNDS

December 31, 2006

| | General Obligation Bonds, Series 1987A | General Obligation Bonds, Series 1998A | General Obligation Bonds, Series 1998C | General Obligation Bonds, Series 1999 | General Obligation Bonds, Series 2000 |
|---|---|---|---|--|--|
| AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT | | | | | |
| Amount available in debt service funds | \$ - | \$ - | \$ - | \$ 340,920 | \$ 45,029 |
| Amount to be provided for retirement of general long-term debt | 390,764 | 65,000 | 145,000 | 2,084,080 | 1,549,971 |
| TOTAL | \$ 390,764 | \$ 65,000 | \$ 145,000 | \$ 2,425,000 | \$ 1,595,000 |
| GENERAL LONG-TERM DEBT PAYABLE | | | | | |
| General obligation bonds payable | \$ 390,764 | \$ 65,000 | \$ 145,000 | \$ 2,425,000 | \$ 1,595,000 |
| IEPA flood loans | - | - | - | - | - |
| Installment contract payable | - | - | - | - | - |
| Compensated absences payable | - | - | - | - | - |
| Net pension obligation | - | - | - | - | - |
| TOTAL | \$ 390,764 | \$ 65,000 | \$ 145,000 | \$ 2,425,000 | \$ 1,595,000 |

| General Obligation Bonds, Series 2001 | General Obligation Bonds, Series 2003 | IEPA Flood Loans | Installment Contract Series 2004 | Net Pension Obligation | Compensated Absences | Totals |
|--|--|---------------------|---|------------------------------|-------------------------|----------------------|
| \$ - | \$ 80,041 | \$ - | \$ - | \$ - | \$ - | \$ 465,990 |
| 4,115,000 | 10,294,959 | 4,760,147 | 705,000 | 517,552 | 2,504,619 | 27,132,092 |
| <u>\$ 4,115,000</u> | <u>\$ 10,375,000</u> | <u>\$ 4,760,147</u> | <u>\$ 705,000</u> | <u>\$ 517,552</u> | <u>\$ 2,504,619</u> | <u>\$ 27,598,082</u> |
| \$ 4,115,000 | \$ 10,375,000 | \$ - | \$ - | \$ - | \$ - | \$ 19,110,764 |
| - | - | 4,760,147 | - | - | - | 4,760,147 |
| - | - | - | 705,000 | - | - | 705,000 |
| - | - | - | - | - | 2,504,619 | 2,504,619 |
| - | - | - | - | 517,552 | - | 517,552 |
| <u>\$ 4,115,000</u> | <u>\$ 10,375,000</u> | <u>\$ 4,760,147</u> | <u>\$ 705,000</u> | <u>\$ 517,552</u> | <u>\$ 2,504,619</u> | <u>\$ 27,598,082</u> |

(See independent auditor's report.)

SUPPLEMENTAL DATA

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF INSURANCE IN FORCE

December 31, 2006

| Type of Coverage | Self-Insured Retention | Specific Excess Limit | Aggregate Excess Limit | Insurance Carrier | Expiration Date of Policy |
|---|------------------------|-----------------------|------------------------|--|---------------------------|
| Property, Building and Contents Auto Physical Damage, Boiler | \$ 25,000 | \$ 61,321,483 | None | Chubb | 01/01/07 |
| Workers Compensation | 400,000 | Statutory | \$ 1,000,000 | Safety National Insurance Co. | 01/01/07 |
| General Liability | 2,000,000 | None | None | Illinois National Insurance Co. | 01/01/07 |
| Auto Liability | 2,000,000 | None | None | Illinois National Insurance Co. | 01/01/07 |
| Employment Practices Liability | 2,000,000 | None | None | Illinois National Insurance Co. | 01/01/07 |
| Police Professional Liability | 2,000,000 | None | None | Illinois National Insurance Co. | 01/01/07 |
| Public Officials Liability (Errors and Omissions) | 2,000,000 | None | None | Illinois National Insurance Co. | 01/01/07 |
| Fiduciary Liability - Police Pension | 25,000 | 5,000,000 | 5,000,000 | Federal Insurance Co. | 08/01/07 |
| Fiduciary Liability - Fire Pension | 25,000 | 5,000,000 | 5,000,000 | Federal Insurance Co. | 08/01/07 |
| Excess Liability | 2,000,000 | 12,000,000 | 12,000,000 | High-Level Excess Liability Pool | 04/30/08 |
| Public Employee Dishonesty | 5,000 | 500,000 | None | ITT Hartford | 05/01/07 |
| Depositors Forgery | 1,000 | 100,000 | None | ITT Hartford | 05/01/07 |
| Public Officials Bond - President | - | 100,000 | 100,000 | ITT Hartford | 05/01/07 |
| Public Officials Bond - Manager | - | 100,000 | 100,000 | ITT Hartford | 05/01/07 |
| Public Officials Bond - Treasurer | - | 250,000 | 250,000 | ITT Hartford | 05/01/07 |
| Contingent Tax Interruption | 25,000 | 9,000,000 | 9,000,000 | Chubb | 01/01/07 |
| Employee and Retiree Health Insurance | 20,000/75,000 | None | None | Intergovernmental Personal Benefit Cooperative | 06/30/08 |
| Third Party Administrators | | | | | |
| Workers Compensation Claims Administration | N/A | N/A | N/A | Cambridge (formerly Martin Boyer) | 01/01/07 |
| Liability Claims Administration | N/A | N/A | N/A | GAB Robins | 01/01/07 |

(See independent auditor's report.)

STATISTICAL SECTION

This part of the Village of Mount Prospect, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

| <u>Contents</u> | <u>Page</u> |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. | 128-133 |
| Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax. | 134-141 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future. | 142-145 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place. | 146-147 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the city provides and the activities it performs. | 148-150 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village of Mount Prospect, Illinois implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF MOUNT PROSPECT, ILLINOIS

NET ASSETS BY COMPONENT

Last Three Fiscal Years

| | Fiscal Year | | |
|--|----------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 |
| GOVERNMENTAL ACTIVITIES | | | |
| Invested in capital assets, net of related debt | \$ 25,864,656 | \$ 23,851,038 | \$ 24,671,547 |
| Restricted | 4,644,869 | 4,828,517 | 4,197,018 |
| Unrestricted | 5,629,961 | 13,689,604 | 18,553,994 |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 36,139,486 | \$ 42,369,159 | \$ 47,422,559 |
| BUSINESS-TYPE ACTIVITIES | | | |
| Invested in capital assets, net of related debt | \$ 17,471,099 | \$ 17,846,548 | \$ 18,321,345 |
| Restricted | - | - | - |
| Unrestricted | 6,261,987 | 5,808,766 | 6,172,718 |
| TOTAL BUSINESS-TYPE ACTIVITIES | \$ 23,733,086 | \$ 23,655,314 | \$ 24,494,063 |
| PRIMARY GOVERNMENT | | | |
| Invested in capital assets, net of related debt | \$ 43,335,755 | \$ 41,697,586 | \$ 42,992,892 |
| Restricted | 4,644,869 | 4,828,517 | 4,197,018 |
| Unrestricted | 11,891,948 | 19,498,370 | 24,726,712 |
| TOTAL PRIMARY GOVERNMENT | \$ 59,872,572 | \$ 66,024,473 | \$ 71,916,622 |

Data Source

Audited Financial Statements

VILLAGE OF MOUNT PROSPECT, ILLINOIS

CHANGE IN NET ASSETS

Last Three Fiscal Years

| | Fiscal Year | | |
|--|----------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 |
| EXPENSES | | | |
| Governmental Activities | | | |
| General government | \$ 7,081,460 | \$ 3,090,918 | \$ 5,110,605 |
| Public safety | 21,314,705 | 21,660,877 | 23,336,436 |
| Highways and streets | 11,357,935 | 9,364,421 | 10,888,397 |
| Health | 3,545,694 | 3,642,891 | 3,863,140 |
| Welfare | 1,518,387 | 1,465,197 | 1,344,516 |
| Culture and recreation | 287,955 | 237,024 | 272,826 |
| Interest | 1,409,929 | 1,350,049 | 1,360,081 |
| Total governmental activities expenses | <u>46,516,065</u> | <u>40,811,377</u> | <u>46,176,001</u> |
| Business-Type Activities | | | |
| Water and sewer | 8,398,983 | 8,954,899 | 9,200,271 |
| Commuter parking | 292,580 | 369,825 | 409,041 |
| Total business-type activities expenses | <u>8,691,563</u> | <u>9,324,724</u> | <u>9,609,312</u> |
| TOTAL PRIMARY GOVERNMENT EXPENSES | <u>\$ 55,207,628</u> | <u>\$ 50,136,101</u> | <u>\$ 55,785,313</u> |
| PROGRAM REVENUES | | | |
| Governmental Activities | | | |
| Charges for services | | | |
| General government | \$ 3,626,755 | \$ 3,626,936 | \$ 4,750,937 |
| Public safety | 1,864,447 | 2,029,632 | 2,096,875 |
| Highway and streets | 158,101 | 135,151 | 176,019 |
| Other activities | 261,470 | 280,083 | 288,914 |
| Operating grants and contributions | 2,472,301 | 556,072 | 513,703 |
| Capital grants and contributions | 66,138 | 1,894,095 | 2,106,688 |
| Total governmental activities program revenues | <u>8,449,212</u> | <u>8,521,969</u> | <u>9,933,136</u> |
| Business-Type Activities | | | |
| Charges for services | | | |
| Water and sewer | 6,404,006 | 7,400,759 | 8,506,767 |
| Commuter parking | 161,617 | 205,215 | 207,085 |
| Operating grants and contributions | - | - | - |
| Capital grants and contributions | - | - | - |
| Total business-type activities program revenues | <u>6,565,623</u> | <u>7,605,974</u> | <u>8,713,852</u> |
| TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES | <u>\$ 15,014,835</u> | <u>\$ 16,127,943</u> | <u>\$ 18,646,988</u> |

VILLAGE OF MOUNT PROSPECT, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Three Fiscal Years

| | Fiscal Year | | |
|---|------------------------|------------------------|------------------------|
| | 2004 | 2005 | 2006 |
| NET (EXPENSE) REVENUE | | | |
| Governmental activities | \$ (38,066,853) | \$ (32,289,408) | \$ (36,242,865) |
| Business-type activities | (2,125,940) | (1,718,750) | (895,460) |
| TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE | <u>\$ (40,192,793)</u> | <u>\$ (34,008,158)</u> | <u>\$ (37,138,325)</u> |
| GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS | | | |
| Governmental Activities | | | |
| Taxes | | | |
| Property | \$ 12,785,975 | \$ 13,775,669 | \$ 15,183,214 |
| Sales | 11,502,755 | 11,871,553 | 12,720,614 |
| Utility | 2,523,576 | 2,802,467 | 2,471,590 |
| Other | 8,096,054 | 9,509,376 | 9,537,327 |
| Investment earnings | 207,562 | 433,605 | 908,782 |
| Miscellaneous | 153,629 | 126,411 | 101,242 |
| Transfers | - | - | 10,433 |
| Total governmental activities | <u>35,269,551</u> | <u>38,519,081</u> | <u>40,933,202</u> |
| Business-Type Activities | | | |
| Property tax | 1,495,756 | 1,533,910 | 1,527,407 |
| Investment earnings | 61,017 | 107,068 | 217,235 |
| Miscellaneous | (2,913) | - | - |
| Transfers | - | - | (10,433) |
| Total business-type activities | <u>1,553,860</u> | <u>1,640,978</u> | <u>1,734,209</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 36,823,411</u> | <u>\$ 40,160,059</u> | <u>\$ 42,667,411</u> |
| CHANGE IN NET ASSETS | | | |
| Governmental activities | \$ (2,797,302) | \$ 6,229,673 | \$ 4,690,337 |
| Business-type activities | (572,080) | (77,772) | 838,749 |
| TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS | <u>\$ (3,369,382)</u> | <u>\$ 6,151,901</u> | <u>\$ 5,529,086</u> |

Data Source

Audited Financial Statements

VILLAGE OF MOUNT PROSPECT, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| GENERAL FUND | | | | | | | | | | |
| Reserved | \$ 203,514 | \$ 72,870 | \$ 18,556 | \$ 158,476 | \$ 30,995 | \$ 174,853 | \$ 146,009 | \$ 219,694 | \$ 312,499 | \$ 73,529 |
| Unreserved | 4,511,595 | 6,283,457 | 6,064,534 | 8,618,728 | 9,417,702 | 9,275,071 | 8,779,145 | 8,037,820 | 10,203,878 | 11,733,539 |
| TOTAL GENERAL FUND | \$ 4,715,109 | \$ 6,356,327 | \$ 6,083,090 | \$ 8,777,204 | \$ 9,448,697 | \$ 9,449,924 | \$ 8,925,154 | \$ 8,257,514 | \$ 10,516,377 | \$ 11,807,068 |
| ALL OTHER GOVERNMENTAL FUNDS | | | | | | | | | | |
| Reserved | \$ 2,874,240 | \$ 2,866,796 | \$ 4,106,585 | \$ 3,265,576 | \$ 2,480,890 | \$ 1,778,005 | \$ 13,585,940 | \$ 4,727,748 | \$ 4,958,811 | \$ 4,333,108 |
| Unreserved, reported in | | | | | | | | | | |
| Special Revenue Funds | 1,648,780 | 1,607,466 | 1,708,608 | 3,572,603 | 4,107,024 | 3,920,313 | 1,968,264 | 1,744,656 | 1,556,490 | 1,844,687 |
| Capital Project Funds | 4,030,897 | 5,614,668 | 7,116,755 | 9,570,399 | 14,434,134 | 10,742,329 | - | (1,357,855) | 161,614 | 1,447,070 |
| TOTAL ALL OTHER GOVERNMENTAL FUNDS | \$ 8,553,917 | \$ 10,088,930 | \$ 12,931,948 | \$ 16,408,578 | \$ 21,022,048 | \$ 16,440,647 | \$ 15,554,204 | \$ 5,114,549 | \$ 6,676,915 | \$ 7,624,865 |

Data Source

Audited Financial Statements

VILLAGE OF MOUNT PROSPECT, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|--------------------|-------------------|--------------------|-------------------|--------------------|--------------------|---------------------|----------------------|----------------------|-------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| REVENUES | | | | | | | | | | |
| Property taxes | \$ 8,697,845 | \$ 9,084,945 | \$ 9,500,417 | \$ 9,521,468 | \$ 9,788,282 | \$ 10,366,222 | \$ 12,455,755 | \$ 12,990,865 | \$ 14,965,823 | \$ 16,990,602 |
| Other taxes | 13,112,674 | 14,920,039 | 15,440,186 | 16,777,120 | 8,648,900 | 8,126,874 | 7,237,371 | 8,551,912 | 8,675,106 | 7,539,794 |
| Licenses and permits | 2,431,727 | 2,884,725 | 3,104,978 | 2,976,022 | 2,961,303 | 3,113,545 | 3,273,201 | 3,024,016 | 3,135,996 | 3,216,982 |
| Intergovernmental | 6,102,123 | 6,567,928 | 7,055,123 | 7,454,599 | 15,440,052 | 16,061,890 | 14,210,114 | 15,795,862 | 16,716,240 | 17,963,101 |
| Charges for services | 1,248,901 | 1,309,991 | 1,333,664 | 1,491,135 | 1,646,775 | 1,671,156 | 1,724,014 | 1,748,460 | 1,710,556 | 3,226,074 |
| Fines and forfeits | 506,725 | 562,027 | 561,647 | 436,806 | 468,941 | 521,289 | 595,170 | 554,741 | 581,439 | 521,473 |
| Investment income | 942,494 | 978,198 | 994,424 | 1,537,810 | 1,348,970 | 715,905 | 385,214 | 207,562 | 433,605 | 908,782 |
| Miscellaneous | 447,458 | 617,374 | 750,654 | 1,740,634 | 1,033,510 | 854,805 | 1,094,763 | 758,805 | 822,285 | 489,097 |
| Total revenues | 33,489,947 | 36,925,227 | 38,741,093 | 41,935,594 | 41,336,733 | 41,431,686 | 40,975,602 | \$ 43,632,223 | \$ 47,041,050 | 50,855,905 |
| EXPENDITURES | | | | | | | | | | |
| General government | 2,667,313 | 2,775,007 | 2,964,684 | 3,178,754 | 3,609,767 | 3,571,104 | 3,922,921 | 4,346,454 | 4,463,740 | 4,901,739 |
| Public safety | 14,647,923 | 15,176,772 | 15,694,492 | 16,319,661 | 17,790,679 | 18,251,730 | 19,129,091 | 20,940,441 | 21,677,185 | 23,205,517 |
| Highways and streets | 5,670,897 | 5,690,325 | 6,411,268 | 6,047,404 | 6,229,562 | 6,941,764 | 6,762,888 | 7,459,168 | 7,265,128 | 7,555,575 |
| Health | 2,961,426 | 3,095,556 | 3,121,573 | 3,158,977 | 3,276,611 | 3,300,533 | 3,244,907 | 3,545,174 | 3,650,121 | 3,873,480 |
| Welfare | 1,259,817 | 1,058,947 | 1,179,319 | 1,088,194 | 1,545,934 | 1,713,306 | 1,368,295 | 1,516,610 | 1,482,943 | 1,366,367 |
| Culture and recreation | 180,152 | 175,090 | 199,208 | 263,487 | 285,114 | 278,423 | 275,184 | 274,491 | 284,229 | 333,148 |
| Miscellaneous | 19,376 | 93,314 | 135,537 | 384,387 | 15,520 | 15,626 | - | - | - | - |
| Capital outlay | 3,675,741 | 6,060,027 | 10,339,835 | 5,117,914 | 5,833,705 | 6,527,505 | 15,366,338 | 11,481,777 | 2,040,534 | 3,470,144 |
| Debt service | | | | | | | | | | |
| Principal | 2,588,350 | 2,723,423 | 2,774,295 | 3,774,322 | 3,070,663 | 4,050,925 | 4,269,326 | 4,468,949 | 3,205,838 | 2,605,399 |
| Interest | 1,048,441 | 1,027,022 | 1,132,868 | 1,313,925 | 1,250,270 | 1,361,565 | 1,520,741 | 1,456,454 | 1,318,154 | 1,264,364 |
| Total expenditures | 34,719,436 | 37,875,483 | 43,953,079 | 40,647,025 | 42,907,825 | 46,012,481 | 55,859,691 | 55,489,518 | 45,387,872 | 48,575,733 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (1,229,489) | (950,256) | (5,211,986) | 1,288,569 | (1,571,092) | (4,580,795) | (14,884,089) | (11,857,295) | 1,653,178 | 2,280,172 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|------------------------|---------------------|---------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in | \$ 30,000 | \$ - | \$ 1,066,390 | \$ 1,024,000 | \$ 641,970 | \$ 1,865,928 | \$ 1,096,677 | \$ 794,938 | \$ 989,519 | \$ 1,344,953 |
| Transfers out | (201,940) | (6,509) | (1,926,390) | (1,024,000) | (571,970) | (1,865,928) | (1,096,677) | (794,938) | (989,519) | (1,386,484) |
| Bonds issued | - | - | - | - | - | - | 12,235,000 | - | - | - |
| Bond/note proceeds | 927,737 | 4,132,996 | 7,315,767 | 2,377,472 | 5,000,000 | 6,197,421 | - | - | - | - |
| Payment of bond principal | - | - | - | - | - | (6,196,800) | - | - | - | - |
| Installment contract issued | - | - | - | - | - | - | - | 705,000 | - | - |
| Sale of capital assets | - | - | 1,326,000 | 1,135,360 | 748,355 | - | 1,225,000 | 45,000 | 2,168,051 | - |
| Total other financing sources (uses) | 755,797 | 4,126,487 | 7,781,767 | 3,512,832 | 5,818,355 | 621 | 13,460,000 | 750,000 | 2,168,051 | (41,531) |
| NET CHANGE IN FUND BALANCES | \$ (473,692) | \$ 3,176,231 | \$ 2,569,781 | \$ 4,801,401 | \$ 4,247,263 | \$ (4,580,174) | \$ (1,424,089) | \$ (11,107,295) | \$ 3,821,229 | \$ 2,238,641 |
| DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES | 11.72% | 11.79% | 11.62% | 14.32% | 11.65% | 13.71% | 14.30% | 13.46% | 10.44% | 8.58% |

Data Source

Audited Financial Statements

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

| Levy Year | Residential Property | Commercial Property | Industrial Property | Railroad Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Estimated Actual Taxable Value as a Percentage of Actual Value |
|-----------|----------------------|---------------------|---------------------|-------------------|------------------------------|-----------------------|--------------------------------|--|
| 1996 | \$ 550,413,693 | \$ 299,407,313 | \$ 150,311,906 | \$ 225,345 | \$ 1,000,358,257 | 0.872 | \$3,001,074,771 | 33.333% |
| 1997 | 553,090,446 | 291,177,862 | 146,170,148 | 202,687 | 990,641,143 | 0.925 | 2,971,923,429 | 33.333% |
| 1998 | 603,885,788 | 315,344,037 | 138,601,719 | 192,146 | 1,058,023,690 | 0.895 | 3,174,071,070 | 33.333% |
| 1999 | 628,051,737 | 321,823,488 | 143,549,287 | 192,324 | 1,093,616,836 | 0.897 | 3,280,850,508 | 33.333% |
| 2000 | 620,188,611 | 321,632,685 | 147,076,484 | 206,203 | 1,089,103,983 | 0.932 | 3,267,311,949 | 33.333% |
| 2001 | 764,455,298 | 336,912,152 | 153,774,011 | 219,095 | 1,255,360,556 | 0.837 | 3,766,081,668 | 33.333% |
| 2002 | 827,681,951 | 361,790,089 | 165,579,129 | 249,939 | 1,355,301,108 | 0.813 | 4,065,903,324 | 33.333% |
| 2003 | 823,558,021 | 339,716,638 | 158,341,177 | 271,107 | 1,321,886,943 | 0.874 | 3,965,660,829 | 33.333% |
| 2004 | 940,125,430 | 374,813,387 | 175,903,709 | 334,619 | 1,491,177,145 | 0.801 | 4,473,531,435 | 33.333% |
| 2005 (a) | - | - | - | - | 1,594,975,722 | 0.827 | 4,784,927,166 | 33.333% |

(a) Breakdown by category not available at this time.

Note: Property in the Village is reassessed every three years. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

VILLAGE OF MOUNT PROSPECT, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

| TAX LEVY YEAR | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| VILLAGE DIRECT RATES | | | | | | | | | | |
| Corporate | 0.480 | 0.499 | 0.493 | 0.505 | 0.514 | 0.459 | 0.448 | 0.480 | 0.444 | 0.457 |
| Bonds and interest | 0.072 | 0.071 | 0.066 | 0.060 | 0.060 | 0.055 | 0.063 | 0.078 | 0.070 | 0.091 |
| Garbage | 0.238 | 0.245 | 0.230 | 0.222 | 0.224 | 0.198 | 0.169 | 0.173 | 0.154 | 0.122 |
| Police pension | 0.049 | 0.060 | 0.059 | 0.056 | 0.065 | 0.059 | 0.065 | 0.070 | 0.065 | 0.081 |
| Firefighters' pension | 0.033 | 0.050 | 0.048 | 0.054 | 0.068 | 0.065 | 0.068 | 0.073 | 0.068 | 0.075 |
| TOTAL DIRECT RATES | 0.872 | 0.925 | 0.896 | 0.897 | 0.932 | 0.837 | 0.813 | 0.874 | 0.801 | 0.827 |
| OVERLAPPING RATES | | | | | | | | | | |
| Mount Prospect Library | 0.281 | 0.297 | 0.386 | 0.373 | 0.377 | 0.352 | 0.435 | 0.487 | 0.475 | 0.466 |
| County of Cook | 0.989 | 0.919 | 0.911 | 0.854 | 0.824 | 0.746 | 0.690 | 0.630 | 0.593 | 0.533 |
| Forest Preserve District | 0.074 | 0.074 | 0.072 | 0.070 | 0.069 | 0.067 | 0.061 | 0.059 | 0.060 | 0.060 |
| Metropolitan Water Reclamation District | 0.492 | 0.451 | 0.444 | 0.419 | 0.415 | 0.401 | 0.371 | 0.361 | 0.347 | 0.315 |
| Suburban TB Sanitarium | 0.008 | 0.008 | 0.008 | 0.008 | 0.008 | 0.007 | 0.006 | 0.004 | 0.001 | 0.005 |
| Town of Elk Grove | 0.067 | 0.066 | 0.062 | 0.060 | 0.061 | 0.053 | 0.050 | 0.051 | 0.046 | 0.044 |
| Town of Maine | 0.086 | 0.089 | 0.085 | 0.084 | 0.089 | 0.079 | 0.076 | 0.079 | 0.071 | 0.070 |
| Town of Wheeling | 0.075 | 0.079 | 0.076 | 0.073 | 0.053 | 0.049 | 0.040 | 0.047 | 0.042 | 0.041 |
| General Assistance Elk Grove | 0.012 | 0.014 | 0.013 | 0.013 | 0.013 | 0.011 | 0.011 | 0.011 | 0.007 | 0.009 |
| General Assistance Maine | 0.015 | 0.016 | 0.015 | 0.015 | 0.016 | 0.015 | 0.015 | 0.016 | 0.015 | 0.015 |
| General Assistance Wheeling | 0.016 | 0.016 | 0.013 | - | - | - | 0.008 | 0.010 | 0.009 | 0.009 |
| Road and Bridge Elk Grove | 0.011 | 0.011 | 0.011 | 0.010 | 0.011 | 0.009 | 0.009 | 0.010 | 0.009 | 0.009 |
| Road and Bridge Maine | 0.041 | 0.044 | 0.042 | 0.042 | 0.044 | 0.039 | 0.038 | 0.040 | 0.036 | 0.036 |
| Road and Bridge Wheeling | 0.011 | 0.012 | 0.012 | 0.012 | 0.013 | 0.012 | 0.012 | 0.013 | 0.012 | 0.012 |
| Northwest Mosquito Abatement | 0.010 | 0.011 | 0.010 | 0.010 | 0.011 | 0.010 | 0.009 | 0.010 | 0.009 | 0.009 |
| Arlington Heights High School #214 | 2.189 | 2.278 | 2.204 | 2.183 | 2.257 | 1.989 | 1.888 | 1.982 | 1.818 | 1.759 |
| Community College District #512 | 0.281 | 0.292 | 0.277 | 0.270 | 0.347 | 0.308 | 0.295 | 0.310 | 0.279 | 0.281 |
| Arlington Heights Park District | 0.490 | 0.565 | 0.558 | 0.562 | 0.584 | 0.484 | 0.458 | 0.516 | 0.466 | 0.453 |
| Village of Mount Prospect | | | | | | | | | | |
| Special Service Area #6 | 0.716 | 0.678 | 0.637 | 0.588 | 0.594 | 0.441 | 0.384 | 0.418 | 0.298 | - |
| Special Service Area #5 | 0.182 | 0.184 | 0.173 | 0.167 | 0.168 | 0.148 | 0.137 | 0.141 | 0.125 | 0.117 |
| Special Service Area #1 | 0.432 | 0.458 | - | - | - | - | - | - | - | - |
| School District #59 | 2.011 | 2.091 | 2.029 | 2.021 | 2.116 | 1.943 | 1.855 | 2.127 | 1.972 | 1.933 |

VILLAGE OF MOUNT PROSPECT, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Continued)

Last Ten Levy Years

| TAX LEVY YEAR | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| OVERLAPPING RATES | | | | | | | | | | |
| Mount Prospect Park District | 0.568 | 0.585 | 0.568 | 0.557 | 0.571 | 0.502 | 0.473 | 0.498 | 0.455 | 0.459 |
| School District #57 | 3.574 | 3.726 | 3.522 | 3.475 | 3.598 | 3.050 | 2.878 | 3.019 | 2.740 | 2.643 |
| School District #25 Arlington Heights | 4.089 | 4.304 | 4.174 | 4.111 | 4.306 | 3.730 | 3.527 | 3.653 | 3.156 | 3.225 |
| River Trails Park District | 0.547 | 0.555 | 0.551 | 0.552 | 0.554 | 0.524 | 0.485 | 0.517 | 0.484 | 0.480 |
| School District #26 | 3.595 | 3.702 | 3.498 | 3.385 | 3.441 | 3.212 | 3.192 | 3.313 | 2.948 | 2.880 |
| Prospect Heights Park District | 0.608 | 0.595 | 0.796 | 0.792 | 0.81 | 0.692 | 0.656 | 0.730 | 0.662 | 0.640 |
| School District #23 | 3.698 | 3.89 | 3.719 | 3.714 | 3.878 | 3.345 | 3.183 | 3.344 | 2.987 | 2.880 |
| School District #21 | 3.136 | 3.227 | 3.109 | 3.075 | 3.201 | 2.886 | 3.266 | 3.575 | 3.262 | 3.394 |
| Des Plaines Park District | 0.435 | 0.455 | 0.449 | 0.447 | 0.462 | 0.408 | 0.422 | 0.444 | 0.427 | 0.350 |
| Prospect Heights Old Town Sanitary | 0.089 | 0.092 | 0.090 | 0.089 | 0.094 | 0.082 | 0.079 | 0.082 | 0.073 | 0.071 |
| High School #207 | 2.265 | 2.352 | 2.234 | 2.198 | 2.298 | 2.026 | 1.936 | 2.012 | 1.795 | 1.757 |
| Community College #535 | 0.208 | 0.216 | 0.205 | 0.203 | 0.213 | 0.186 | 0.179 | 0.186 | 0.161 | 0.158 |
| School District #62 | 2.366 | 2.466 | 2.378 | 2.348 | 2.455 | 2.225 | 2.148 | 2.228 | 2.475 | 2.501 |
| TOTAL TAX RATE FOR PROPERTY LOCATED IN VILLAGE OF MOUNT PROSPECT, ELK GROVE TOWNSHIP AND SCHOOL DISTRICT #59 | | | | | | | | | | |
| | 8.047 | 8.233 | 8.065 | 7.935 | 8.180 | 7.383 | 7.103 | 7.584 | 6.997 | 6.840 |
| SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF MOUNT PROSPECT FOR VILLAGE PURPOSES | | | | | | | | | | |
| | 10.8% | 11.2% | 11.1% | 11.3% | 11.4% | 11.3% | 11.4% | 11.5% | 11.4% | 12.1% |
| TOTAL TAX RATE FOR PROPERTY LOCATED IN THE VILLAGE OF MOUNT PROSPECT, WHEELING TOWNSHIP AND SCHOOL DISTRICT #26 | | | | | | | | | | |
| | 9.622 | 9.804 | 9.530 | 9.271 | 9.469 | 8.662 | 8.442 | 8.768 | 7.974 | 7.787 |
| SHARE OF TOTAL TAX RATE LEVIED BY THE VILLAGE OF MOUNT PROSPECT FOR VILLAGE PURPOSES | | | | | | | | | | |
| | 9.1% | 9.4% | 9.4% | 9.7% | 9.8% | 9.7% | 9.6% | 10.0% | 10.0% | 10.6% |

* Property tax rates are per \$100 of assessed valuation.

Data Source

Office of the County Clerk

VILLAGE OF MOUNT PROSPECT, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

| 2005 | | | | | 1996 | | | | |
|---|------------------------------|-------------------------|------|--|---|------------------------------|-------------------------|------|--|
| Taxpayer | Type of Business | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Assessed Valuation | Taxpayer | Type of Business | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Assessed Valuation |
| Randhurst/ Rouse Company | Randhurst Shopping Center | \$ 38,116,397 | 1 | 2.39% | Rouse Company | Randhurst Shopping Center | \$ 68,155,100 | 1 | 6.81% |
| New Plan Excel Property | Mount Prospect Plaza -Retail | 26,557,059 | 2 | 1.67% | F C & S Management Co. | Property Management | 21,524,359 | 2 | 2.15% |
| Home Properties Colony | Colony Square Apartments | 22,278,548 | 3 | 1.40% | Chicago Colony Apartments | Colony Square Apartments | 18,936,452 | 3 | 1.89% |
| Golf Plaza | Shopping Center | 17,140,609 | 4 | 1.07% | James Campbell Estate | Commercial Development | 13,143,167 | 4 | 1.31% |
| CRP Holdings | Real Estate | 16,779,310 | 5 | 1.05% | Individual | Property Management | 11,750,653 | 5 | 1.17% |
| Huntington | Apartments | 12,635,822 | 6 | 0.79% | Mills Corporation | Shopping Center | 10,179,663 | 6 | 1.02% |
| Costco Property Tax | Commercial Sales Store | 11,928,773 | 7 | 0.75% | Washington Capital | Mt. Shire Apartments | 8,927,523 | 7 | 0.89% |
| Lake Center Plaza Partners | Office Complex | 9,449,496 | 8 | 0.59% | Shell Oil Company | Storage Facilities | 8,488,537 | 8 | 0.85% |
| Wal-Mart | Commercial Sales Store | 9,146,179 | 9 | 0.57% | AM International | Graphics Equipt Manufacturer | 7,393,665 | 9 | 0.74% |
| PFG 800 Biermann | Pharmaceutical | 8,231,538 | 10 | 0.52% | Bayshore Management Co. | Forest Cove Apartments | 7,210,665 | 10 | 0.72% |
| | | <u>\$ 172,263,731</u> | | <u>10.80%</u> | | | <u>\$ 175,709,784</u> | | <u>17.56%</u> |
| TOTAL 2005 EQUALIZED ASSESSED VALUATION | | <u>\$ 1,594,975,722</u> | | <u>100.00%</u> | TOTAL 1996 EQUALIZED ASSESSED VALUATION | | <u>\$ 1,000,358,257</u> | | <u>100.00%</u> |

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Data Source

Office of the County Clerk

VILLAGE OF MOUNT PROSPECT, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

| Levy Year | Tax Levied | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-----------|--------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 1997 | \$ 9,155,933 | \$ 9,024,501 | 98.56% | \$ 60,444 | \$ 9,084,945 | 99.22% |
| 1998 | 9,472,169 | 9,389,480 | 99.13% | 110,935 | 9,500,415 | 100.30% |
| 1999 | 9,803,695 | 9,420,487 | 96.09% | 100,981 | 9,521,468 | 97.12% |
| 2000 | 10,146,824 | 9,697,911 | 95.58% | 90,370 | 9,788,281 | 96.47% |
| 2001 | 10,501,972 | 10,174,385 | 96.88% | 191,838 | 10,366,223 | 98.71% |
| 2002 | 11,010,747 | 10,619,494 | 96.45% | 16,845 | 10,636,339 | 96.60% |
| 2003 | 11,539,756 | 11,107,262 | 96.25% | 69,826 | 11,177,088 | 96.86% |
| 2004 | 11,939,893 | 11,534,824 | 96.61% | 304,264 | 11,839,088 | 99.16% |
| 2005 | 13,175,689 | 12,222,889 | 92.77% | 168,241 | 12,391,130 | 94.05% |
| 2006* | 13,506,574 | - | - | - | - | - |

*Will be collected in 2007 in accordance with Illinois law. Estimated levy based on Tax Levy Ordinance. Actual extension not available at time of printing.

Data Source

Office of the County Clerk

VILLAGE OF MOUNT PROSPECT, ILLINOIS

TAXABLE SALES BY CATEGORY

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General merchandise | \$ 1,509,761 | \$ 1,671,574 | \$ 1,558,487 | \$ 1,092,647 | \$ 1,224,181 | \$ 1,173,295 | \$ 1,310,317 | \$ 1,181,411 | \$ 1,163,392 | \$ 1,191,814 |
| Food | 829,661 | 930,000 | 913,390 | 928,488 | 906,374 | 896,492 | 918,773 | 849,929 | 901,597 | 883,285 |
| Drinking and eating places | 513,264 | 476,290 | 464,537 | 891,594 | 521,263 | 474,667 | 486,766 | 498,789 | 547,681 | 566,627 |
| Apparel | 333,521 | 237,773 | 243,720 | 238,597 | 210,051 | 173,459 | 169,613 | 156,900 | 124,285 | 157,184 |
| Furniture & H.H. & radio | 319,499 | 348,908 | 391,815 | 337,049 | 350,994 | 296,467 | 286,666 | 283,729 | 230,378 | 280,088 |
| Lumber, building hardware | 1,040,756 | 585,996 | 642,914 | 813,233 | 822,656 | 871,786 | 869,336 | 916,388 | 907,954 | 869,944 |
| Automobile and filling stations | 648,096 | 453,664 | 591,229 | 687,736 | 724,214 | 680,754 | 709,602 | 756,261 | 1,185,563 | 1,267,636 |
| Drugs and miscellaneous retail | 1,036,004 | 751,639 | 777,289 | 857,810 | 1,175,219 | 2,013,478 | 2,315,308 | 2,565,793 | 2,210,598 | 2,682,731 |
| Agriculture and all others | 191,655 | 924,229 | 1,249,889 | 1,606,944 | 1,524,595 | 1,046,332 | 637,681 | 653,924 | 714,534 | 819,090 |
| Manufacturers | 150,479 | 567,879 | 425,015 | 482,575 | 269,537 | 121,415 | 127,213 | 101,044 | 115,036 | 105,704 |
| TOTAL | \$ 6,572,696 | \$ 6,947,952 | \$ 7,258,286 | \$ 7,936,674 | \$ 7,729,085 | \$ 7,748,144 | \$ 7,831,275 | \$ 7,964,169 | \$ 8,101,018 | \$ 8,824,103 |
| VILLAGE DIRECT SALES TAX RATE | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| NUMBER OF TAXPAYERS | 1,483 | 1,437 | 1,249 | 1,237 | 1,197 | 1,169 | 1,147 | 1,105 | 1,125 | 1,168 |

Note: Data available for Calendar Year Only. The Fiscal Year of Village of Mount Prospect is same as the Calendar Year.

Data Source

Illinois Department of Revenue

VILLAGE OF MOUNT PROSPECT, ILLINOIS
TAXABLE HOME RULE SALES BY CATEGORY

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General merchandise | \$ 701,417 | \$ 771,464 | \$ 718,302 | \$ 489,220 | \$ 561,994 | \$ 533,611 | \$ 595,104 | \$ 789,838 | \$ 778,634 | \$ 793,949 |
| Food | 74,232 | 99,797 | 109,537 | 119,158 | 114,353 | 117,236 | 122,996 | 185,355 | 169,411 | 160,335 |
| Drinking and eating places | 247,144 | 231,941 | 226,800 | 442,421 | 255,281 | 234,326 | 240,779 | 368,000 | 405,729 | 420,844 |
| Apparel | 165,735 | 118,952 | 121,519 | 118,633 | 104,922 | 86,710 | 84,805 | 117,774 | 93,186 | 117,804 |
| Furniture & H.H. & radio | 159,512 | 177,185 | 195,302 | 168,381 | 175,306 | 147,975 | 143,226 | 210,821 | 172,592 | 209,655 |
| Lumber, building hardware | 521,907 | 292,031 | 321,192 | 405,873 | 410,038 | 434,913 | 433,528 | 683,934 | 678,295 | 649,820 |
| Automobile and filling stations | 214,620 | 81,679 | 91,779 | 109,191 | 99,497 | 108,449 | 115,982 | 217,502 | 420,491 | 464,579 |
| Drugs and miscellaneous retail | 441,723 | 266,428 | 256,776 | 251,605 | 242,760 | 242,579 | 232,887 | 373,206 | 407,301 | 387,350 |
| Agriculture and all others | 87,949 | 444,231 | 607,814 | 784,602 | 745,262 | 506,482 | 303,692 | 517,294 | 524,602 | 592,983 |
| Manufacturers | 60,628 | 283,578 | 209,618 | 239,829 | 133,241 | 59,696 | 61,351 | 71,726 | 83,868 | 76,697 |
| TOTAL | \$ 2,674,868 | \$ 2,767,289 | \$ 2,858,639 | \$ 3,128,912 | \$ 2,842,655 | \$ 2,471,977 | \$ 2,334,349 | \$ 3,535,450 | \$ 3,734,109 | \$ 3,874,017 |
| VILLAGE HOME RULE SALES TAX RATE | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 0.75% | 0.75% |
| NUMBER OF TAXPAYERS | 1,483 | 1,437 | 1,249 | 1,237 | 1,197 | 1,169 | 1,147 | 1,105 | 1,125 | 1,168 |

Note: Data available for Calendar Year Only. The Fiscal Year of Village of Mount Prospect is same as the Calendar Year.

Data Source

Illinois Department of Revenue

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Levy Years

| Fiscal Year | State Rate | County Rate | Regional Transportation Authority | Village Direct Rate | Home Rule Sales Tax Rate | Total |
|----------------|---------------|----------------|---|---------------------------|--------------------------------|-------|
| 1997 | 5.00% | 1.00% | 0.75% | 1.00% | 0.50% | 8.25% |
| 1998 | 5.00% | 1.00% | 0.75% | 1.00% | 0.50% | 8.25% |
| 1999 | 5.00% | 1.00% | 0.75% | 1.00% | 0.50% | 8.25% |
| 2000 | 5.00% | 1.00% | 0.75% | 1.00% | 0.50% | 8.25% |
| 2001 | 5.00% | 1.00% | 0.75% | 1.00% | 0.50% | 8.25% |
| 2002 | 5.00% | 1.00% | 0.75% | 1.00% | 0.50% | 8.25% |
| 2003 | 5.00% | 1.00% | 0.75% | 1.00% | 0.50% | 8.25% |
| 2004 | 5.00% | 1.00% | 0.75% | 1.00% | 0.75% | 8.50% |
| 2005 | 5.00% | 1.00% | 0.75% | 1.00% | 0.75% | 8.50% |
| 2006 | 5.00% | 1.00% | 0.75% | 1.00% | 0.75% | 8.50% |

Data Source

State of Illinois - Breakdown of Tax Rates

VILLAGE OF MOUNT PROSPECT, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| Fiscal Year Ended | Governmental Activities | | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income* | Per Capita* |
|-------------------|--------------------------|-------------------------------|-----------------------|----------------------|--------------------------|---------------|--------------------------|--------------------------------|-------------|
| | General Obligation Bonds | Tax Increment Financing Bonds | IEPA Loan Payable (1) | Installment Note (2) | General Obligation Bonds | | | | |
| 1997 | \$ 14,786,822 | \$ 2,785,000 | \$ 6,188,045 | | \$ 978,800 | \$ 24,738,667 | 2.29% | \$ 465 | |
| 1998 | 15,769,557 | 3,455,000 | 5,969,818 | | 716,000 | 25,910,375 | 2.40% | 487 | |
| 1999 | 13,933,913 | 8,410,000 | 7,444,490 | | 604,200 | 30,392,603 | 2.81% | 572 | |
| 2000 | 13,949,925 | 7,205,000 | 7,288,741 | | 495,300 | 28,938,966 | 1.94% | 514 | |
| 2001 | 17,194,917 | 6,300,000 | 6,899,681 | | 388,200 | 30,782,798 | 2.07% | 547 | |
| 2002 | 14,696,442 | 5,120,000 | 6,498,218 | | 283,300 | 26,597,960 | 1.79% | 473 | |
| 2003 | 23,489,146 | 4,750,000 | 6,083,951 | | 180,600 | 34,503,697 | 2.32% | 613 | |
| 2004 | 20,013,590 | 4,175,000 | 5,656,470 | | 79,600 | 29,924,660 | 2.01% | 532 | |
| 2005 | 17,974,452 | 3,365,000 | 5,215,348 | \$ 705,000 | - | 27,259,800 | 1.83% | 484 | |
| 2006 | 16,540,764 | 2,570,000 | 4,760,147 | 705,000 | - | 24,575,911 | 1.65% | 437 | |

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements.

* See the Schedule of Demographic and Economic Statistics on page 146 for personal income and population data.

- (1) The Village entered into four installment contracts with the Illinois Environmental Protection Agency to provide funds for the construction of flood control projects. The contracts are for a 20-year period with equal semi-annual installments.
- (2) The Village entered into an installment note to purchase property in the Downtown Redevelopment TIF District for future development. The loan is payable in annual installments over a five-year period.

Data Source

Audited financial statements

VILLAGE OF MOUNT PROSPECT, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Less: Amounts Available In Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property* | Per Capita |
|-------------|--------------------------|--|---------------|---|------------|
| 1997 | \$ 17,571,822 | \$ 2,019,487 | \$ 15,552,335 | 0.52% | \$ 292.51 |
| 1998 | 19,224,557 | 1,843,431 | 17,381,126 | 0.55% | 326.91 |
| 1999 | 22,343,913 | 2,876,020 | 19,467,893 | 0.59% | 366.16 |
| 2000 | 21,154,925 | 2,330,738 | 18,824,187 | 0.58% | 334.56 |
| 2001 | 23,494,917 | 2,142,657 | 21,352,260 | 0.57% | 379.49 |
| 2002 | 19,816,442 | 1,244,631 | 18,571,811 | 0.46% | 330.08 |
| 2003 | 28,239,146 | 790,066 | 27,449,080 | 0.69% | 487.85 |
| 2004 | 24,188,590 | 36,785 | 24,151,805 | 0.54% | 429.25 |
| 2005 | 21,339,452 | 419,317 | 20,920,135 | 0.44% | 371.81 |
| 2006 | 19,110,764 | 465,990 | 18,644,774 | N/A | 331.37 |

Note: Details of the Village outstanding debt can be found in the notes to the financial statements.

* See the Schedule of Assessed Value and estimated Actual Value of Taxable Property on page 134 for property value data.

Data Source

Audited financial statements
Office of the County Clerk

VILLAGE OF MOUNT PROSPECT, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2006

| Governmental unit | (1) Gross Debt | (2) Percentage Debt Applicable to the Village of Mount Prospect | (3) Village of Mount Prospect Share of Debt |
|---|-------------------------|---|---|
| Village of Mount Prospect | \$ 43,525,911 * | 100.00% | \$ 43,525,911 |
| County of Cook | 3,070,610,000 | 1.197% | 36,755,202 |
| Forest Preserve District of Cook County | 128,670,000 | 1.197% | 1,540,180 |
| Metropolitan Water Reclamation District | 1,628,886,176 | 1.223% | 19,921,278 |
| Community College District #512 | 70,700,000 | 8.511% | 6,017,277 |
| School District #214 | 14,250,157 | 17.248% | 2,457,867 |
| School District #207 | 15,835,000 | 0.070% | 11,085 |
| School District #57 | 12,235,000 | 92.963% | 11,374,023 |
| School District #25 | 41,985,000 | 2.882% | 1,210,008 |
| School District #26 | 6,620,000 | 79.096% | 5,236,155 |
| School District #23 | 3,914,629 | 8.404% | 328,985 |
| School District #21 | 50,891,722 | 2.500% | 1,272,293 |
| School District #59 | 31,015,000 | 13.451% | 4,171,828 |
| Arlington Heights Park District | 31,194,804 | 1.544% | 481,648 |
| Des Plaines Park District | 2,709,000 | 1.444% | 39,118 |
| Mount Prospect Park District | 3,415,000 | 58.811% | 2,008,396 |
| Prospect Heights Park District | 12,563,306 | 16.077% | 2,019,803 |
| | <u>5,125,494,794</u> | | <u>94,845,144</u> |
| | <u>\$ 5,169,020,705</u> | | <u>\$ 138,371,055</u> |

* Includes \$18,950,000 bonds payable by Mount Prospect Public Library tax levies.

(1) Gross bonded debt excluding outstanding general obligation (alternate revenue bonds) which are expected to be paid from sources other than general taxation.

(2) Determined by ration of 2005 assessed value of property subject to taxation in overlapping unit to value of property subject to taxation in Village of Mount Prospect.

(3) Amount in column (2) multiplied by amount in column (1).

Data Source

Office of the County Clerk

VILLAGE OF MOUNT PROSPECT, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2006

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property. . . (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: . . . indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum....shall not be included in the foregoing percentage amounts."

To date the General Assembly has set no limits for home rule municipalities. The government is a home rule municipality.

VILLAGE OF MOUNT PROSPECT, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

| Fiscal Year | (1) Population | (2) Equalized Assessed Value | Personal Income | (1) Per Capita Personal Income | (3) Unemployment Rate |
|----------------|-------------------|------------------------------------|--------------------|--|-----------------------------|
| 1997 | 53,168 | \$ 990,641,143 | \$ 1,081,702,960 | \$ 20,345 | 2.8% |
| 1998 | 53,168 | 1,058,023,690 | 1,081,702,960 | 20,345 | 2.9 |
| 1999 | 53,168 | 1,093,616,836 | 1,081,702,960 | 20,345 | 2.6 |
| 2000 | 56,265 | 1,089,103,983 | 1,488,996,960 | 26,464 | 2.5 |
| 2001 | 56,265 | 1,255,360,556 | 1,488,996,960 | 26,464 | 3.9 |
| 2002 | 56,265 | 1,355,301,118 | 1,488,996,960 | 26,464 | 4.7 |
| 2003 | 56,265 | 1,321,886,943 | 1,488,996,960 | 26,464 | 4.9 |
| 2004 | 56,265 | 1,491,177,145 | 1,488,996,960 | 26,464 | 3.2 |
| 2005 | 56,265 | 1,594,975,722 | 1,488,996,960 | 26,464 | 3.9 |
| 2006 | 56,265 | N/A | 1,488,996,960 | 26,464 | 2.5 |

Note: 2006 Equalized Assessed Valuation is unavailable until 2007.

Date Source

- (1) U.S. Census Bureau
- (2) Office of the County Clerk
- (3) Department of Labor Statistics

VILLAGE OF MOUNT PROSPECT, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Eight Years Ago

| 2006 | | | | 1998 | | | |
|-----------------------------------|------|-----------|-------------------------------|------------------------------------|------|-----------|-------------------------------|
| Employer | Rank | Employees | % of Total Village Population | Employer | Rank | Employees | % of Total Village Population |
| Caremark, Inc | 1 | 800 | 1.42% | 3 Com | 1 | 3000 | 5.64% |
| Skil-Bosch Tool Corp. | 2 | 576 | 1.02% | AM Multigraphics | 2 | 300 | 0.56% |
| Metropolitan Life | 3 | 445 | 0.79% | Village of Mount Prospect | 3 | 286 | 0.54% |
| Cummins-Allison Corp. | 4 | 435 | 0.77% | Anixter | 4 | 250 | 0.47% |
| Village of Mount Prospect | 5 | 307 | 0.55% | MetLife | 5 | 225 | 0.42% |
| Mount Prospect School District 57 | 6 | 298 | 0.53% | Township High School No. 214 | 6 | 225 | 0.42% |
| General Electric Healthcare | 7 | 250 | 0.44% | Output Technologies Inc | 7 | 200 | 0.38% |
| Siemens Bldg. Technology | 7 | 250 | 0.44% | Cummins-Allison Corporation | 8 | 200 | 0.38% |
| Prospect High School | 7 | 250 | 0.44% | Community Consolidated S.D. No. 5' | 9 | 197 | 0.37% |
| Jewel Food Stores | 8 | 240 | 0.43% | Stenograph Corporation | 10 | 185 | 0.35% |
| Home Depot | 9 | 235 | 0.42% | | | | |
| Advance Medical Systems | 10 | 225 | 0.40% | | | | |

Note: Information prior to 1998 was unavailable.

Data Source

Village records

VILLAGE OF MOUNT PROSPECT, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

| Function/Program | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Public Representation | 0.70 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 |
| Totals | 0.70 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 |
| General Government | | | | | | | | | | |
| Village Administration | | | | | | | | | | |
| Village Manager's Office | 4.50 | 4.85 | 5.35 | 5.35 | 7.35 | 7.35 | 8.85 | 8.85 | 10.35 | 10.35 |
| Television Services Division | 2.70 | 2.70 | 2.70 | 3.20 | 2.90 | 2.90 | 2.90 | 2.80 | 2.80 | 2.80 |
| Village Clerk's Office | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Finance | 15.00 | 15.00 | 16.00 | 16.50 | 16.50 | 16.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| Totals | 24.20 | 24.55 | 26.05 | 27.05 | 28.75 | 28.25 | 28.75 | 28.65 | 30.15 | 30.15 |
| Community Development | | | | | | | | | | |
| Community Development | 18.10 | 18.10 | 19.90 | 20.40 | 22.20 | 21.80 | 21.30 | 20.90 | 20.90 | 20.85 |
| Community Development/CDBG | 1.20 | 1.20 | 0.40 | 0.40 | 0.40 | 0.80 | 0.80 | 1.20 | 1.20 | 1.25 |
| Totals | 19.30 | 19.30 | 20.30 | 20.80 | 22.60 | 22.60 | 22.10 | 22.10 | 22.10 | 22.10 |
| Human Services Department | 7.70 | 7.60 | 8.70 | 8.70 | 8.70 | 8.70 | 8.70 | 8.70 | 7.60 | 7.60 |
| Totals | 7.70 | 7.60 | 8.70 | 8.70 | 8.70 | 8.70 | 8.70 | 8.70 | 7.60 | 7.60 |
| Public Safety and Protection | | | | | | | | | | |
| Police Department | 104.20 | 104.20 | 105.20 | 104.80 | 104.50 | 104.50 | 105.50 | 105.50 | 105.50 | 110.50 |
| Fire Department | 76.70 | 76.70 | 76.70 | 77.70 | 80.70 | 80.70 | 80.70 | 80.70 | 80.70 | 83.90 |
| Totals | 180.90 | 180.90 | 181.90 | 182.50 | 185.20 | 185.20 | 186.20 | 186.20 | 186.20 | 194.40 |
| Public Works Department | | | | | | | | | | |
| Administration | 3.60 | 3.60 | 3.60 | 3.40 | 3.40 | 3.40 | 3.40 | 3.35 | 3.35 | 3.35 |
| Streets/Bldgs/Parking | 16.20 | 16.10 | 16.60 | 17.60 | 17.60 | 17.10 | 16.10 | 14.60 | 14.60 | 14.60 |
| Forestry | 11.10 | 11.80 | 11.80 | 11.80 | 11.80 | 11.80 | 11.80 | 11.80 | 10.80 | 10.80 |
| Engineering | 7.90 | 7.90 | 7.90 | 8.90 | 8.90 | 8.90 | 7.90 | 7.90 | 7.90 | 7.90 |
| Water/Sewer | 24.50 | 25.40 | 25.10 | 24.80 | 24.80 | 24.80 | 25.80 | 25.75 | 25.75 | 25.75 |
| Refuse Disposal | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 2.90 | 2.90 | 2.90 |
| Vehicle Maintenance | 9.10 | 9.10 | 9.10 | 9.10 | 9.10 | 9.10 | 9.10 | 9.10 | 9.10 | 9.10 |
| Totals | 73.80 | 75.30 | 75.50 | 77.00 | 77.00 | 76.50 | 75.50 | 75.40 | 74.40 | 74.40 |
| Community and Civic Svcs | 0.10 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| Totals | 0.10 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| VILLAGE TOTALS | 306.70 | 308.70 | 313.50 | 317.10 | 323.30 | 322.30 | 322.30 | 322.10 | 321.50 | 329.70 |

Data Source

Village budget

VILLAGE OF MOUNT PROSPECT, ILLINOIS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

| Function/Program | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006* |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Finance Department | | | | | | | | | | |
| Vehicle stickers issued | 40,091 | 40,130 | 39,808 | 39,169 | 39,342 | 38,916 | 38,940 | 38,969 | 38,425 | 38,500 |
| Utility bills | 90,419 | 90,400 | 79,896 | 79,240 | 78,000 | 77,000 | 81,865 | 86,429 | 85,894 | 86,000 |
| Real estate transfer tax stamps sold | 1,675 | 1,871 | 1,919 | 1,600 | 1,795 | 1,678 | 1,774 | 1,774 | 1,903 | 1,800 |
| Community Development | | | | | | | | | | |
| Building Division | | | | | | | | | | |
| Permits issued | 2,816 | 3,341 | 3,698 | 3,584 | 3,638 | 3,122 | 3,427 | 3,429 | 3,217 | 2,918 |
| Plan reviews | 375 | 425 | 475 | 568 | 408 | 259 | 387 | 473 | 744 | 706 |
| Building code inspections | 9,181 | 9,669 | 10,503 | 14,821 | 16,273 | 13,825 | 12,839 | 13,364 | 14,364 | 10,228 |
| Environmental Health Division | | | | | | | | | | |
| Inspections | | | | | | | | | | |
| Food service | 417 | 391 | 394 | 390 | 403 | 414 | 422 | 404 | 364 | 462 |
| Multi-family buildings | 552 | 649 | 638 | 666 | 659 | 664 | 652 | 654 | 414 | 425 |
| Swimming pools/spa | 53 | 115 | 23 | 58 | 24 | 30 | 28 | 30 | 6 | 32 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Number of crimes | 6,653 | 6,823 | 6,554 | 5,642 | 5,489 | 6,100 | 5,774 | 4,548 | 3,834 | 4,000 |
| Number of service calls | 34,440 | 34,620 | 33,426 | 35,937 | 33,926 | 35,442 | 40,507 | 43,656 | 30,387 | 31,000 |
| Number of arrests | 2,652 | 2,300 | 2,274 | 1,657 | 1,793 | 2,009 | 2,226 | 2,032 | 1,740 | 1,875 |
| Moving violations | 7,931 | 9,424 | 8,730 | 6,114 | 5,321 | 6,463 | 9,070 | 7,947 | 7,383 | 7,500 |
| Parking citations | 10,900 | 11,670 | 10,542 | 7,527 | 8,536 | 10,588 | 7,913 | 6,799 | 8,194 | 8,200 |
| Fire | | | | | | | | | | |
| Fire calls | 1,938 | 2,061 | 1,910 | 1,999 | 2,000 | 1,941 | 1,837 | 1,882 | 1,837 | 1,800 |
| EMS calls | 3,159 | 3,110 | 3,256 | 3,391 | 3,197 | 3,160 | 3,412 | 3,229 | 3,443 | 3,550 |
| Fire prevention inspections | 3,340 | 3,474 | 3,200 | 3,150 | 3,637 | 2,900 | 2,838 | 2,305 | 2,692 | 3,500 |
| Training hours | 18,255 | 18,546 | 21,016 | 21,349 | 25,699 | 23,417 | 23,847 | 25,180 | 22,397 | 21,833 |
| Public Works | | | | | | | | | | |
| Streets | | | | | | | | | | |
| Street reconstruction (miles) | 2.60 | 2.9 | 2.9 | 2.90 | 2.90 | | | | | |
| Street resurfacing (miles) | 4.50 | 4.8 | 5.3 | 5.30 | 5.30 | 8.00 | 8.00 | 9.00 | 5.00 | 5.00 |
| Crack filling (lbs.) | 31,835 | 32,000 | 57,425 | 38,370 | 48,075 | 51,057 | 50,490 | 56,520 | 58,700 | 55,000 |
| Leaves removed (cubic yards) | 21,029.00 | 17,159 | 18,034 | 18,409 | 17,809 | 20,802 | 19,500 | 18,096 | 16,897 | 19,000 |
| Water | | | | | | | | | | |
| Water mains installed (lineal feet) | 2250 | 1,375 | 1,200 | 3,600 | 1,392 | 44 | 4,500 | 1,150 | 3,250 | 3,000 |
| Water billed (1,000 gallons) | 1516647 | 1,538,840 | 1,569,865 | 1,587,480 | 1,580,000 | 1,539,074 | 1,550,000 | 1,491,000 | 1,491,251 | 1,650,250 |
| Sanitary sewers cleaned (ft) | 67500 | 57,440 | 35,165 | 50,800 | 41,100 | 37,165 | 45,000 | 45,000 | 45,000 | 65,000 |
| Refuse (single/multi-family) | | | | | | | | | | |
| Solid waste collected (tons) | 33,775 | 34,664 | 36,087 | 36,162 | 37,781 | 37,881 | 37,978 | 37,465 | 33,019 | 34,518 |
| Recycling (tons) | 6,205 | 6,579 | 6,513 | 7,199 | 7,252 | 7,224 | 7,009 | 6,685 | 7,348 | 6,886 |

*2006 are estimated amounts Final figures are not available at time of printing report.

Data Source

Various village departments

VILLAGE OF MOUNT PROSPECT, ILLINOIS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

| Function/Program | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrols vehicles | 36 | 36 | 37 | 38 | 38 | 38 | 34 | 36 | 38 | 39 |
| Fire | | | | | | | | | | |
| Fire stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire engines/vehicles | 26 | 26 | 25 | 25 | 25 | 24 | 28 | 25 | 23 | 22 |
| Public Works | | | | | | | | | | |
| Residential streets (miles) | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 | 134 |
| Water | | | | | | | | | | |
| Water mains (miles) | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 163 | 163 | 164 |
| Fire hydrants | 2,045 | 2,051 | 2,065 | 2,100 | 2,500 | 2,141 | 2,200 | 2,230 | 2,200 | 2,309 |
| Storage capacity (gallons) | 8.8M | 8.8M | 8.8M | 8.8M | 8.8M | 8.8M | 8.8M | 8.8M | 8.8M | 8.8M |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 |
| Storm sewers (miles) | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 |
| Combined sewers (miles) | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 |

Data Source

Various Village departments