



VILLAGE OF ALGONQUIN, ILLINOIS

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30, 2021

Ted Spella Community Park | Photo credit: Rachel Shields

Mission Statement

The mission of the people of Algonquin is to foster a harmonious, distinctive community with a strong sense of place, preserving its ecological and historical richness, providing a safe and comfortable environment, through a responsible use of community resources, and developing ownership and pride in the community through significant citizen involvement in all civic, social, and cultural affairs.

To this end, we will provide for the needs of today, prepare for the demands of tomorrow, and remain mindful and respectful of the past.

Values

Respect

We are committed to fairness, inclusion, justice, compassion, and equal outcomes for all. We are open-minded and treat all individuals with respect and dignity.

Integrity

We are committed to the highest ideals of honor and integrity in all public and professional relationships.

Stewardship

We are committed to our natural, fiscal, and social resources and will care for such with transparency and openness, further considering how our work will be sustained by future generations.

Collaboration

We are committed and accountable to organizational success and celebrate our shared dedication to public service.

Innovation

We are committed to a forward-thinking environment that embraces change and supports learning, creativity, calculated risks, and continuous improvement.



Message from Village President

The Village of Algonquin is pleased to present our Popular Annual Financial Report (PAFR) to give you a snapshot of the Village's financial condition and our strategic priorities. A PAFR summarizes information from the Village's Comprehensive Annual Financial Report (annual report or audit) into a short document that is readily accessible and easily understandable to our residents and other interested parties without necessarily needing a background in public finance to read it.



The fiduciary responsibilities that we have as a Village Board are taken very seriously. We work tirelessly to set policy that is fiscally-disciplined and that provides our community with great value to meet the service needs of today, while making sound investments in our operations and infrastructure for a successful tomorrow.

If you haven't already, I encourage you to visit our Transparency Portal online at www.algonquin.org/transparency to review the specific information about the Village's finances, including our budgets, Comprehensive Annual Financial Reports, expense transactions, Treasurer's reports, and much more. If you have specific questions regarding these reports, please contact our Finance staff online at www.algonquin.org/finance or by phone at 847-658-2700.

Sincerely,

A handwritten signature in blue ink that reads "Debby Sosine".

Debby Sosine
Village President



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

Village of Algonquin

Illinois

For its Annual Financial Report
for the Fiscal Year Ended

2020

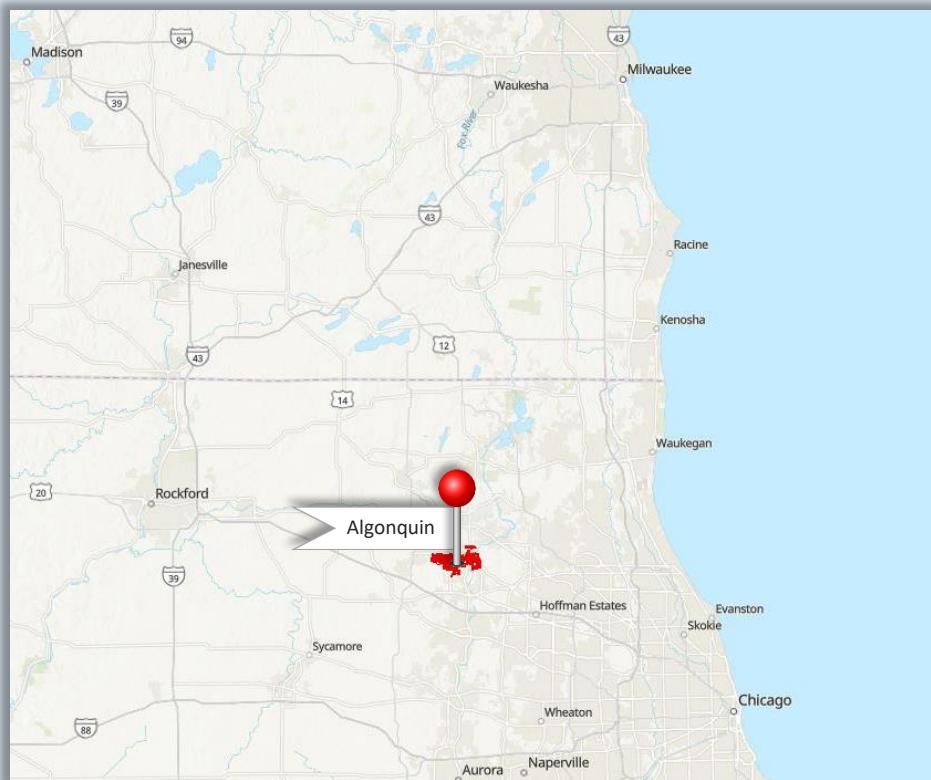
A handwritten signature in black ink that reads "Christopher P. Morill".

Executive Director/CEO

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ABOUT ALGONQUIN



Algonquin at a Glance...

Incorporated	February 25, 1890	Households	11,107
Government	Trustee-Village	Median Home Value	\$255,700
Full-time Employees	128	Median Family Income	\$102,856
Area	12.23 sq. mi.	Population with Bachelor's Degree	46.2%
Population	29,700	Unemployment Rate	5.9%
Median Age	40.9 years	Poverty Rate	3.5%

Statistical information sourced through the United States Census Bureau and Illinois Department of Economic Security.

Algonquin Government

Algonquin is formally organized under the Trustee-Village form of government, and combines the strong political leadership of elected officials with the strong professional experience of an appointed local government administrator. The Board consists of a President, six Trustees, and a Village Clerk, elected at-large to serve overlapping four-year terms.



From left to right: Fred Martin, Village Clerk; Brian Dianis, Village Trustee; Maggie Auger, Village Trustee; Jerry Glogowski, Village Trustee; Debby Sosine, Village President; John Spella, Village Trustee; Laura Brehmer, Village Trustee; and Bob Smith, Village Trustee.

Major Accomplishments & Initiatives

Village staff, following specific goals of the Village Board and Village Manager, have been involved in a variety of projects throughout the year. These reflect the Village's commitment to ensuring that citizens are provided cost effective and quality services. Some notable items from the fiscal year include:

- acquisition of approximately \$5.7 million in federal funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA);
- established the Algonquin Impacted Business Relief program, providing \$15,000 to \$25,000 to local businesses impacted by COVID-19;
- adoption of the Parks and Recreation Master Plan, which identifies and outlines strategic goals and projects over the course of the next ten years;
- approval of Trails of Woods Creek, a 279-unit residential development featuring homes ranging from \$294,000 to the upper \$400,000s;
- significant completion of the Old Town Algonquin redevelopment project, including streetscape and sanitary sewer enhancements.

STATEMENT OF NET POSITION

This Statement of Net Position is presented in much more detail in the Village's Comprehensive Annual Financial Report. This is a very high-level summary that captures total assets and liabilities and compares them to prior years. **This may serve as a useful overall indicator of the Village's financial position and trends over the last two years.**

The Village's activities are presented in two following categories:

- **Governmental activities:** include most of the Village's core services, such as general government (administration, building, and zoning), public safety (police), and Public Works (street, parks, and forestry maintenance). Property taxes and state shared revenues (including sales tax) finance most of these activities.
- **Business-type activities:** include water and sewer utilities, which are primarily financed through user fees and charges.

The largest portion of the Village's net position reflects its investment in capital assets such as land, buildings and improvements, vehicles, machinery and equipment, and construction, less any outstanding debt used to acquire those assets. The Village uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Following the Fiscal Year Ended April 30, 2021, the Village's net position increased \$10.9 million, mostly due to increases in net capital assets. The Village's Statement of Net Position is also impacted by several other transactions.

Completion of capital improvement projects in 2021 account for a significant amount of the increase in net capital assets. Under general government, construction progress in the Village resulted in a \$5.2 million increase, as well as a \$1.9 million increase in improvements other than buildings. An additional increase of \$18.6 million occurred through water and sewer improvements and a \$9.0 million increase in construction progress.

The increase in current and other assets can be attributed to an increase in other taxes and cash investments. During the fiscal year, other taxes (taxes other than property, income, and sales taxes) increased \$0.8 million and cash and investments increased \$0.6 million.

General government expenses decreased by 8 percent (\$2.1 million) compared to 2020, general government expenses decreased 21 percent (\$1.2 million) and public safety expenses decreased 18 percent (\$1.8 million). The decreases were offset by increases in Public Works expenses, which increased by 9 percent (\$0.9 million).

Water and sewer expenses decreased by 18 percent (\$2.2 million) following completion of the Village's water meter replacement program in 2020.

Statement of Net Position for the Fiscal Year Ended April 30, 2021

	2021	2020
Assets		
Current and other assets	\$ 55,499,098	\$ 51,155,732
Capital assets, net	273,945,520	251,157,572
Total Assets	\$ 329,444,618	\$ 302,313,304
Deferred Outflows of Resources		
Deferred Outflows	\$ 3,086,887	\$ 3,874,938
Total Assets & Deferred Outflows	\$ 332,531,505	\$ 306,188,242
Liabilities		
Current and other liabilities	\$ 8,249,401	\$ 6,353,875
Long-term liabilities	38,759,910	31,924,234
Total Liabilities	\$ 47,009,311	\$ 38,278,109
Deferred Inflows of Resources		
Deferred Inflows	\$ 16,860,752	\$ 10,078,496
Total Liabilities & Deferred Inflows	\$ 63,870,063	\$ 48,356,605
Net Position	\$ 268,661,442	\$ 257,831,637

Total liabilities increased by approximately \$8.7 million from 2020. The increase was largely due in part to an increase in non-current liabilities (\$16.0 million) for low-interest loans secured through the Illinois Environmental Protection Agency (IEPA) for water and sewer improvements. These liabilities were offset by \$8.5 million decreases in total liabilities for governmental activities and \$1.0 million in total liabilities for business-type activities.

STATEMENT OF ACTIVITIES

Statement of Activities, often referred to as the Village's income statement, reflects all of the financial activity for the Village during the fiscal year ended April 30, 2021. This statement presents information to show how the Village's net position changed during the year as a result of the financial activity (i.e., revenues and expenses). Over time, increases or decreases in net position may serve as a useful indicator of whether the Village's financial position is improving or deteriorating. Below is a summarized version of the detailed statement of activities found in the Village's Comprehensive Annual Financial Report.

Statement of Activities for the Fiscal Year Ended April 30, 2021

	2021	2020
Revenues		
Program Revenues	\$ 18,734,557	\$ 14,687,148
General Revenues	25,442,880	25,493,816
Total Revenues	\$ 44,177,437	\$ 40,180,964
Expenses		
Governmental Activities	\$ 23,340,788	\$ 25,515,520
Business-type Activities	10,006,844	12,030,471
Total Expenses	\$ 33,347,632	\$ 37,545,991
Changes in Net Position		
Net Position (beginning of year)	\$ 257,831,637	\$ 255,196,664
Changes in Net Position	10,829,805	2,634,973
Net Position (end of year)	\$ 268,661,442	\$ 257,831,637

The Statement of Activities shows that the Village's total net position has improved over the beginning net position during the course of the fiscal year.

Revenue trends reflect an increase of \$4.0 million, or 10 percent, in total revenues. Increases in capital grants and operating grants related to a total increase of \$2.5 million mostly due to increases from Motor Fuel tax allotments (\$1.0 million); an OSLAD grant for Stoneybrook Park (\$0.4 million); Local CURES reimbursement (\$0.9 million); and Coronavirus Relief Fund grant (\$0.5 million). Modest increases in Income tax (\$0.5 million) and Sales and Use tax (0.3 million) were also contributing factors.

Total expenses decreased \$4.3 million, or 11 percent, primarily due to government wide adjustments for capital assets and police pension expenses. Despite decreases in overall expenses, the Village continued to complete substantial capital projects throughout the Village during the year:

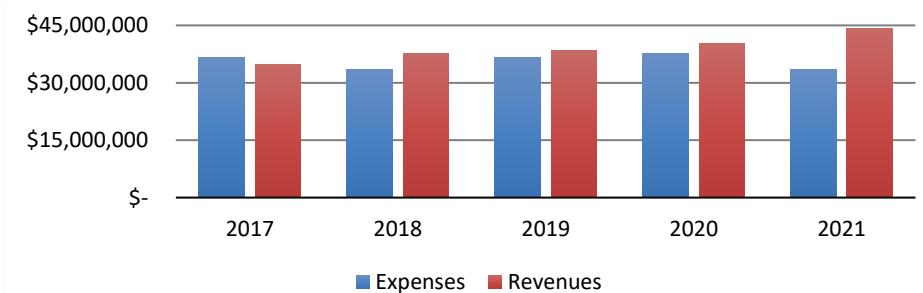
- Wastewater Treatment Facility Improvements Phase 6B: \$12.7 million
- Terrace Hill Road Construction: \$4.6 million
- Randall Road Watermain Relocation: \$1.2 million

Moreover, significant projects completed in Old Town Algonquin included:

- Downtown Streetscape Utility Improvements: \$7.6 million
- MCCD Trailhead & La Fox River Drive Bridge Improvements: \$1.8 million

A tax increment financing (TIF) district was established in the Old Town Algonquin to help facilitate and finance infrastructure improvements in the area, ultimately leading to private redevelopment and investment in this beautiful, pedestrian-friendly business district.

Revenue and Expense History



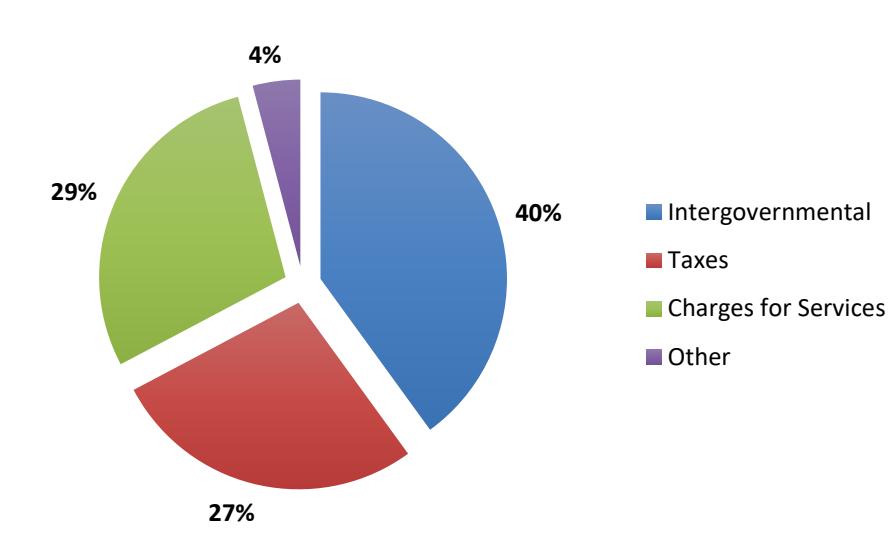
Revenues and expenses over the five-year period shown above are stable. In response to the pandemic, the Village adopted a Financial Resiliency Plan which has resulted in decreased expenses in 2020 and 2021. Increases in revenues shown during the most recent year can be attributed to funding received through grants, such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The Village's overall financial condition is strong and stable and current financial policies have provided opportunities for continued investment in programs and services that make Algonquin great.

REVENUES

The Village Board and management are focused on efforts to maintain long-term financial health through diversified revenue sources while strategically investing in community initiatives. These decisions range from increasing efficiencies to using valuable intergovernmental partnerships to maintain municipal service value to residents.

Total Primary Government Revenue by Source



Over 95 percent of Village revenues are comprised of the following categories: intergovernmental, taxes, and charges for services. Intergovernmental revenues are distributed by the State of Illinois and include sales and use tax and income tax. Locally assessed taxes include property tax and home rule sales tax. The charges for services category is made up of primarily water and sewer utility user fees. Other sources of revenue the Village receives include licenses and permits; fines and forfeitures; investment income, and miscellaneous revenue.

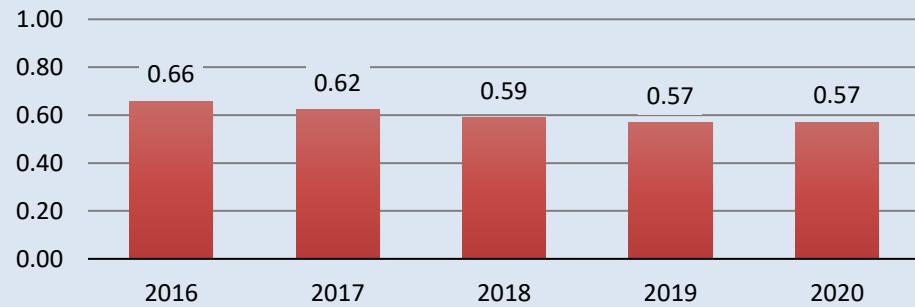
Overall, the Village benefits from large concentrations of sales tax and home rule sales tax revenue, as a significant portion of this revenue stream is paid by non-residents.

Property Tax Breakdown



Several taxing bodies comprise local property tax bills in Algonquin. **The Village portion of the property tax is approximately 6 percent.** In other words, for every dollar that is paid by residents in property tax, the Village receives six cents. Schools, fire protection, county, and other taxing bodies (library, township, conservation, community college, etc.) comprise the remainder of the property tax bill.

Property Tax Rate History

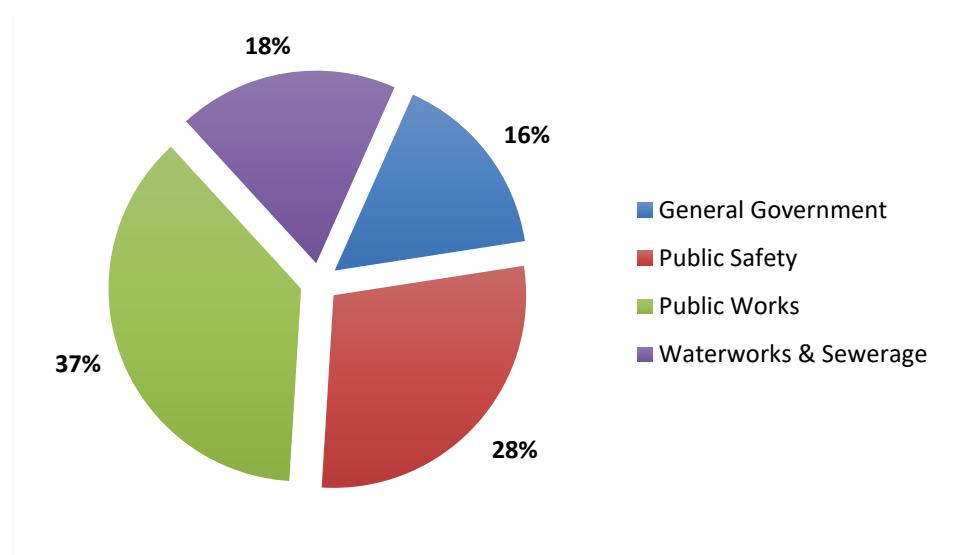


The Village's property tax rate remains flat following considerable reductions in recent years with little to no change in service quality. Recent property tax levy freezes, combined with new construction growth and increases in equalized assessed valuation, have led to lower property tax rates over the past five years.

EXPENSES

The chart below illustrates the uses and percentages of the Village's expenses across all funds totaling \$33.3 million for the fiscal year ending 2021. **The majority of expenses relate to public safety (police) and Public Works (operations, maintenance, and construction), with waterworks and sewerage and general government (administration) making up the remainder.**

Total Primary Government Expense by Source



General Government expenses are incurred by the Village's administrative departments, including the Village Manager's Office, Finance, Human Resources, Innovation & Technology, Recreation, Community Development and other non-departmental costs.

Public Safety expenses are those incurred by the Village to provide police services to the public.

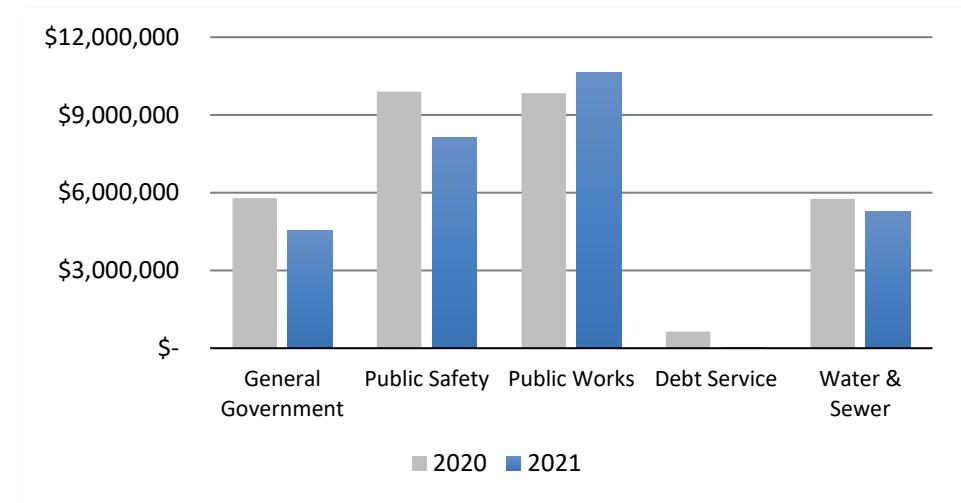
Public Works expenses are related to the design, construction, maintenance, and operation of all roadways, sidewalks, trails, parks, forestry, drainage, and related infrastructure within the Village.

Debt Service (Interest/Fees) reflects the interest costs for long-term debt, such as bonds and loans. This does not include any interest costs on water/sewer-related debt.

Water and Sewer expenses are those incurred by the Village to provide:

1. pumping, treatment, and distribution of potable water;
2. sanitary sewer conveyance and treatment of wastewater.

Annual Comparison of Total Primary Government Expenses



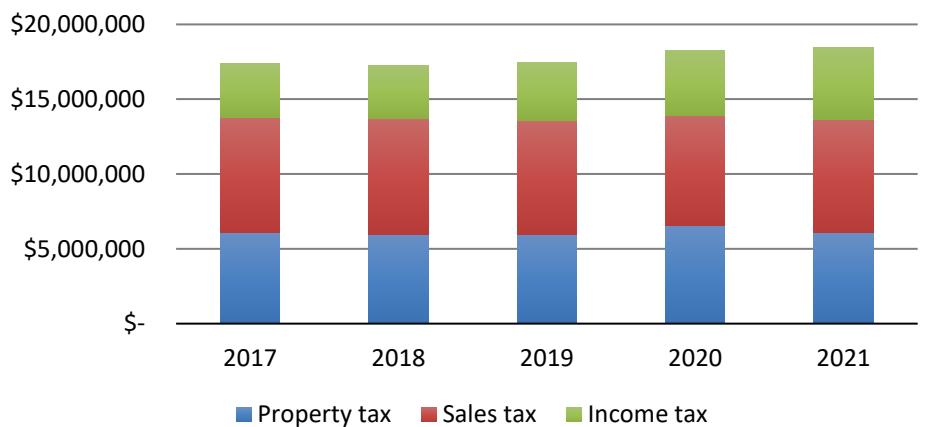
A **year-to-year comparison of expenses show decreases in every category except Public Works.** Decreases in public safety expenses can be attributed to personnel costs (salaries) and government-wide adjustments in police pension expenses. Similarly, general government experienced decreases in personnel costs, professional services, and government-wide adjustments in capital assets, while water and sewer experienced a subtle decrease. Increases in public works expenses are primarily attributed to government-wide adjustments in capital assets and personnel costs. A decrease in expenses related to debt service resulted from maturity of Bond Series 2014A, which completed repayment in 2020.

REVENUE AND EXPENSE TRENDS

Revenue Trends

The General Fund, which serves as the Village's primary checking account to fund day-to-day operations, is comprised of several sources of revenue (or income). Similar to a typical household, there are a couple of revenue streams that make up most of the Village's overall revenue. This includes sales tax, property tax, and income tax. These revenues sources account for approximately 81 percent of General Fund revenue.

Annual General Fund Revenues by Source

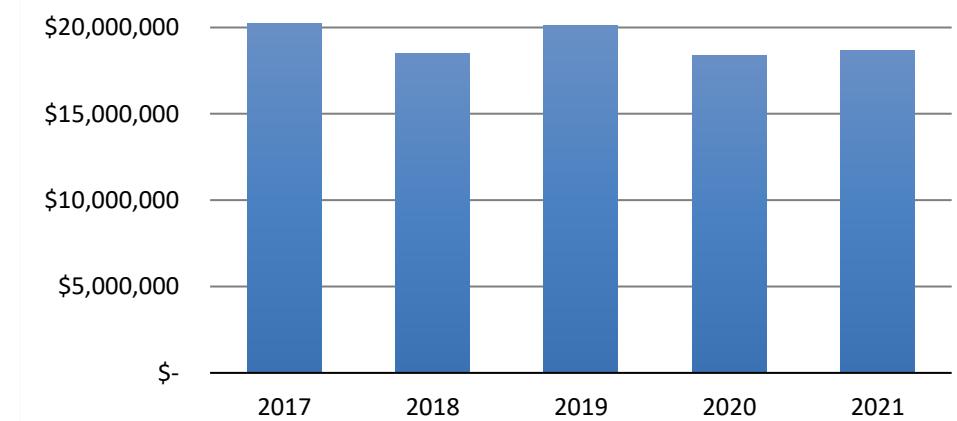


In the five-year period shown above, the three major revenue sources in aggregate are flat, comprising of approximately \$18.4 million of revenue annually. Sales tax, the largest of the three revenue sources, decreased in 2021 by \$247,000. This is the third consecutive year that this revenue item decreased since 2013. Property tax over this period has remained flat; however, the tax levy was increased slightly in 2021 to capture new growth in the Village. Income tax increased by \$481,000 in 2021, which offsets decreases in other tax revenues for the Village and offers some additional revenue to fund Village operations and mitigate the continued impacts of COVID-19.

Expense Trends

In 2021, the Village had \$22.0 million in General Fund expenses, which includes transfers to other funds. **Of this total, approximately \$9.6 million (44 percent) was allocated to police and public safety.** Public Works is the next largest expense category in the General Fund, allocating approximately \$4.3 million for day-to-day maintenance activities.

Annual General Fund Total Expenditures



Over the five-year period shown, annual General Fund expenses (excluding transfers) have declined 7.8 percent through 2021. General government expenses decreased \$1.1 million due mainly to reductions in expenses for professional services (\$0.3 million) and the swimming pool (\$0.3 million), which did not open during the 2020 season due to COVID-19.

Personnel expenses (salaries, health insurance, pension, social security/Medicare, etc.) are the largest expense category in the General Fund, comprising of 60 percent of overall expenses. During 2021, these expenses reduced \$0.3 million through a combination of reducing overtime, pooling health insurance benefits with other municipalities, increasing the use of part-time and seasonal employees, and utilizing contracted services.

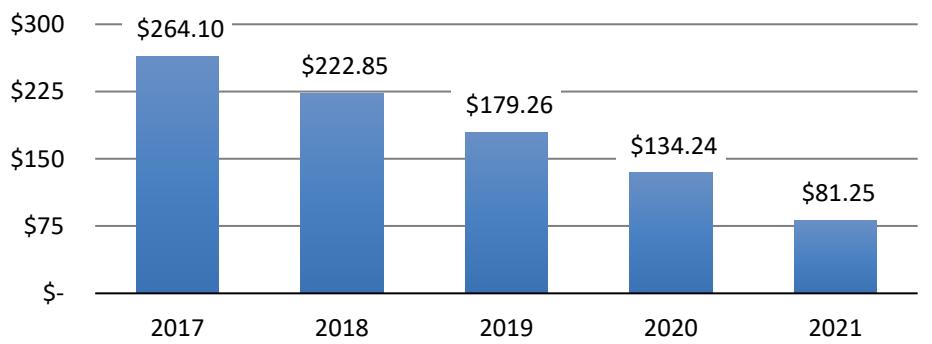
LONG-TERM DEBT

As of April 30, 2021, the Village had \$24.5 million in long-term debt outstanding with \$1.0 million due within one year. The outstanding debt relates to general obligation bonds and low-interest loans administered through the Illinois Department of Environmental Protection (IEPA).

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the Village and are payable from both governmental funds and business-type funds. These bonds are used to finance long-lived capital improvements, including the construction and improvement of Village facilities. Water and sewer utility revenues are pledged as repayment for the Wastewater Treatment Facility expansion debt (Bond Series 2013). Bond Series 2013 is scheduled to mature on April 1, 2025.

Bonded Debt per Capita



The graphic above displays the Village's bonded debt per capita for Bond Series 2013. The level of debt per capita is a good measure of a government's ability to pay its debt service costs through its current levels of tax revenue. The lower the level, the greater capacity the government has. **The Village's bonded debt per capita has decreased 69 percent in the five-year period shown** and will continue this trend as the Village continues to pay off its debt service.

The Village continues to maintain excellent investment grade ratings on its outstanding general obligation bonds, rated "AAA" by Standard & Poor's rating service. **The AAA rating is the highest possible rating the agency provides, and indicates a minimal risk to investors and achieves cost-savings to the Village via lower interest rates.** This is largely achieved by the Village Board's goal of strong financial management by continuing to diversify the Village's revenue base and maintaining strong fund balance reserves in the General Fund.

IEPA Loans

During the fiscal year ended 2020, the Village acquired funding for capital improvements through the Illinois Environmental Protection Agency (IEPA) low-interest loan program. These capital projects include additional improvements to the Wastewater Treatment Facility and other water and sewer improvements.

IEPA Loaned Debt per Capita



As shown above, the Village's loaned debt per capita for the IEPA loans has increased with the acquisition of debt for the capital projects listed above. The increase when compared to 2020 is largely due in part to the issuance of two additional loans for water and sewer improvements. The payable balances on the debt service for all three loans totals \$21.3 million. **The acquisition of the loans allows the Village to distribute the costs of the capital improvements over time.** Distributing the costs allows the Village to manage additional financial obligations and pursue additional capital projects as needed.

ABOUT PAFR

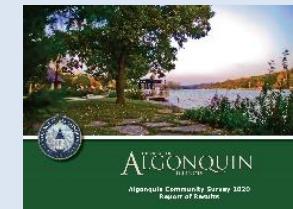
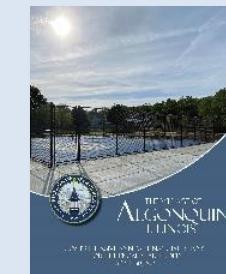
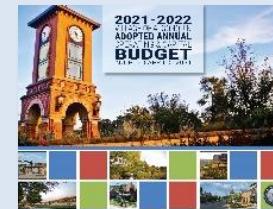
We are proud to present the Village of Algonquin Popular Annual Financial Report (PAFR) for the fiscal year ended April 30, 2021. The purpose of the PAFR is to provide a user-friendly summary of the financial position of the Village of Algonquin and other interesting information for citizens who want a better understanding of the Village's finances. The financial information in the PAFR is taken from the Village's Comprehensive Annual Financial Report (annual report or audit). The annual report outlines the Village's financial position and operating activities each fiscal year presented in conformity with generally accepted accounting principles (GAAP) and includes financial statements audited by Sikich, LLP, an independent firm of certified public accountants. The auditors' report concluded that the financial statements fairly reflect the financial condition of the Village in all material respects.

While the numbers in the PAFR come from an audited source, they are presented in a summarized, unaudited non-GAAP format that is more accessible to the public. Citizens who wish to review the audited, GAAP-based, full disclosure financial statements can refer to the Village's annual report available on the Village's website at www.algonquin.org/transparency or contact the Village at 2200 Harnish Drive, Algonquin, IL 60102. For more information, please contact Michael Kumbera, Assistant Village Manager, at michaelkumbera@algonquin.org or Susan Skillman, Comptroller, at susanskillman@algonquin.org.



Stoneybrook Park was reconstructed during the fiscal year, partially with funding secured through an Open Space and Land Acquisition Development (OSLAD) grant from the Illinois Department of Natural Resources (IDNR). The park offers open space and walking paths; basketball and tennis courts; bocce ball, cornhole, and gaga ball facilities; off-street parking and updated playground equipment.

Interested in Learning More?



If you are interested in learning more about the Village, remember that you can view documents such as the Village's budgets, annual reports, and community survey results online at www.algonquin.org/transparency.

Connect with Us at...

Village Website

At the Village website, www.algonquin.org, visitors may...

- Make payments towards building permits, municipal citations, and water and sewer utility bills;
- Read official documents such as budgets, audits, and community surveys;
- Submit permit application and Freedom of Information Records Request forms;
- View meeting agendas and minutes of the Village Board, Committee of the Whole, and various Village commissions.

Algonquin e-News

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Social Media

