

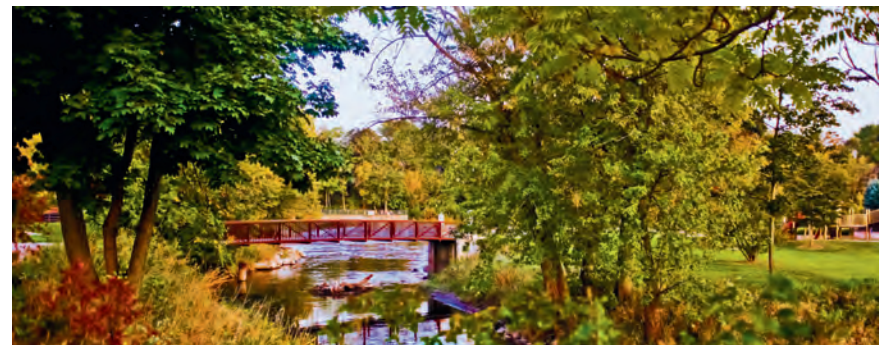


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VILLAGE OF ALGONQUIN, ILLINOIS  
**POPULAR ANNUAL FINANCIAL REPORT**  
 Fiscal Year Ended April 30, 2023



## 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.

## Our 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.

### Innovation

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

### Collaboration

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

### 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.



*Photo credit: Roger Nowicke*

## A Message from our Village President

The Village of Algonquin is excited to share our Popular Annual Financial Report (PAFR) with you. This report gives you a quick overview of our village's financial health and our main goals. The PAFR takes information from our Annual Comprehensive Financial Report and condenses it into a shorter, easy-to-read document. You don't need to be a finance expert to understand it—it's meant for everyone, including our residents and others interested in Algonquin.

As the Village Board, we take our financial responsibilities seriously. We work hard to create policies that are financially responsible and provide good value for our community. This means we aim to meet today's needs while also making smart investments in our operations and infrastructure for a successful future.

If you haven't already, we encourage you to visit our Transparency Portal on our website at [www.algonquin.org/transparency](http://www.algonquin.org/transparency). There, you can find detailed information about the village's finances, including our budgets, audits, expenses, reports from the Treasurer, and more. If you have specific questions about these reports, you can contact our Finance staff online at [www.algonquin.org/finance](http://www.algonquin.org/finance) or by phone at 847-658-2700.

We're here to keep you informed and make our financial information accessible to everyone.

Sincerely,



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

April 30, 2022

*Christopher P. Morill*

Executive Director/CEO

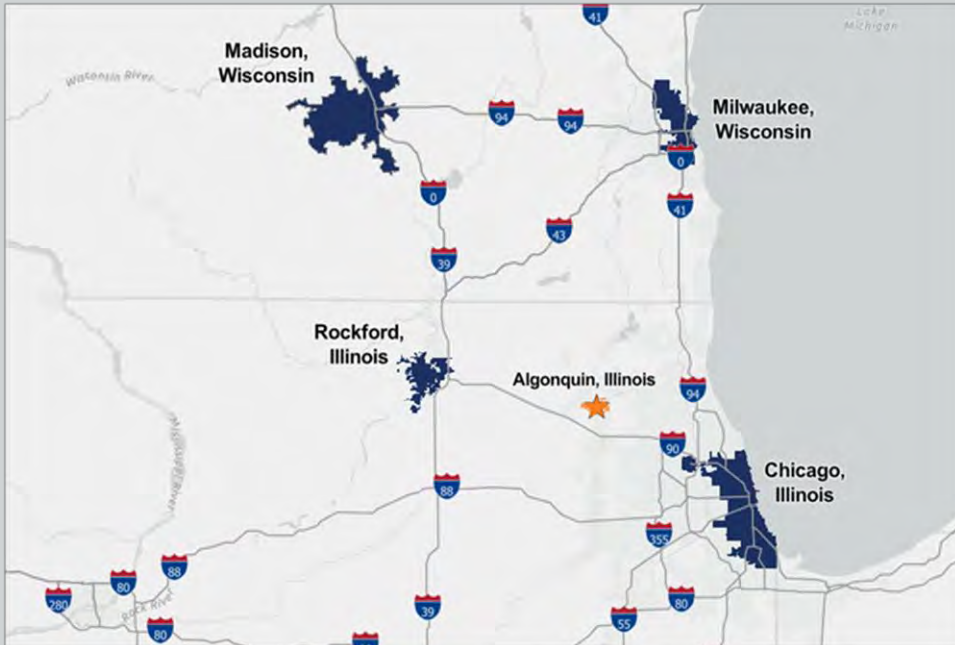
## Learn About Our Community

### Community Overview

Incorporated.....	February 25, 1890
Government Type.....	Trustee-Village
Land Area.....	12.3 square miles
Population .....	29,700
Households.....	11,297
Median Age.....	40.9 years
Full-time Employees .....	144
Median Home Value.....	\$273,600
Median Household Income .....	\$115,346
Population with Bachelor's Degree .....	45.0%
Unemployment Rate .....	3.7%
Poverty Rate .....	4.8%

Sources: United States Census Bureau, and Illinois Department of Economic Security, 2018-2022. Village of Algonquin Annual Comprehensive Financial Report 2022-2023.

### Convenient Access to Key Regional Economic Centers



## Algonquin's 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:

- Progressed updates to the Village's Comprehensive Land Use Plan to reflect current market conditions and priorities.
- Completed several capital projects, including Bunker Hill Drive, the Main Street Roundabout and Bike Path, and Dixie Creek Reach 3.
- Secured \$1.0 million in Open Space and Land Acquisition and Development grant funding for the reconstruction of Towne Park and Presidential Park.
- Approved occupancy for two buildings in the first phase of the NorthPoint Development in the Algonquin Corporate Campus.
- Relunched the Ted Spella Leadership School, providing emerging leaders opportunities to learn and expand their community roles.

## Statement of Net Position

While the provided Statement of Net Position offers a condensed overview, a more comprehensive breakdown can be found in the Village's Annual Comprehensive Financial Report. This concise summary focuses on total assets and liabilities, providing a high-level comparison with previous years. It serves as a valuable overall indicator of the Village's financial position and trends over the past two years.

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

- **Governmental activities:** These are the basic services the Village provides, like administration, police, maintaining streets and parks, and more. These services are mainly funded through property taxes and shared revenues from the state, like state sales and income taxes.
- **Business-type activities:** These involve revenue-generating operations, such as charges for water and sewer utilities, which are funded by the users through 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 and these assets are not available for future spending.

**Following the Fiscal Year Ended April 30, 2023, the Village's net position increased \$12.3 million, 4 percent, following increases in both current and capital assets.** The Village's Statement of Net Position is also impacted by several other transactions.

**The total net position for governmental activities experienced an increase of \$5.9 million.** Total assets experienced an increase of \$5.1 million, which included \$10.2 million in construction progress. Notable projects completed during the year include High Hill Subdivision and Tunbridge Subdivision improvements, as well as the Snapper's Field playground and Willoughby Farms tennis court replacement projects. However, this growth was offset by a decrease of \$0.6 million in current and other assets, mostly due to a \$2.0 million reduction from a one-time grant received in the previous fiscal year from the American Rescue Plan Act.

**Additionally, total net position for business-type activities increased by \$6.4 million.** Current and other assets for business-type activities increased \$4.9 million. The increase is attributed largely to receipt of an Illinois Department of Commerce and Economic Opportunity (DCEO) grant for the Wastewater Treatment Plant Phase 6B project. However, this increase was offset by a decrease in capital assets of \$3.5 million. Additional revenue growth during the year contributed to the total change in net position for business-type activities.

### Statement of Net Position for the Fiscal Year Ended April 30, 2023

	2023	2022
<b>Assets</b>		
Current and other assets	\$66,967,470	\$62,618,974
Capital assets, net	282,033,005	279,795,914
<b>Total Assets</b>	<b>\$349,000,475</b>	<b>\$342,414,888</b>
<b>Deferred Outflow of Resources</b>		
Deferred outflows	\$10,383,045	\$3,864,573
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$359,383,520</b>	<b>\$346,279,461</b>
<b>Liabilities</b>		
Current and other liabilities	\$7,192,820	\$6,759,996
Long-term liabilities	46,868,240	43,101,411
<b>Total Liabilities</b>	<b>\$54,061,060</b>	<b>\$49,861,407</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows	\$12,585,200	\$16,027,561
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$66,646,260</b>	<b>\$65,888,968</b>
<b>Net Position</b>	<b>\$292,737,260</b>	<b>\$280,390,493</b>

**The Village experienced an overall increase of \$4.3 million in liabilities during the fiscal year.** This rise is attributed to a \$7.3 million increase in governmental activities' total liabilities, primarily driven by the Illinois Municipal Retirement Fund (IMRF) shifting to a net pension liability of \$3.6 million and an additional \$2.6 million increase in the police pension fund's net pension liability. This increase was offset by a decrease in liabilities for Business-type activities by \$3.0 million in other liabilities (accounts payable) and noncurrent liabilities (outstanding debt).

**Overall, the Village of Algonquin remains financially strong and stable** and current fiscal policies allow us to invest in programs and services that continue to enhance our community.

## 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, 2023. This statement presents information to show how the Village’s net position changed during the year as a result of the financial activity. Over time, increases or decreases in net position may serve as an 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 Annual Comprehensive Financial Report.

### Statement of Activities for the Fiscal Year Ended April 30, 2023

	2023	2022
<b>Revenues</b>		
Program revenues	\$23,128,125	\$18,812,968
General revenues	32,618,010	33,259,844
<b>Total Revenues</b>	<b>\$55,746,135</b>	<b>\$52,072,812</b>
<b>Expenses</b>		
Governmental activities	\$31,426,747	\$28,380,430
Business-type activities	11,972,620	11,963,331
<b>Total Expenses</b>	<b>\$43,399,367</b>	<b>\$40,343,761</b>
<b>Changes in Net Position</b>		
Net Position (beginning of year)	\$280,390,493	\$268,661,442
Change in Net Position	12,346,768	11,729,051
<b>Net Position (end of year)</b>	<b>\$292,737,261</b>	<b>\$280,390,493</b>

The Village’s total net position improved over the beginning net position as shown by the Statement of Activities during the fiscal year.

**Total revenues increased by \$3.7 million, primarily due to a \$3.3 million grant from the Illinois DCEO for the Waste Water Treatment Plant Phase 6B project.**

An additional \$0.6 million came from increased charges for services in business-like activities. Governmental activities had modest increases in taxes and intergovernmental contributions but this growth was offset by a one-time grant receipt of \$4.2 million from the American Rescue Act during the previous fiscal year.

**Total expenses rose by \$3.0 million, or almost 8 percent, mainly due to government-wide adjustments for capital assets and police pension expenses.** Capital infrastructure projects also contributed to the Village’s expenses during the year, including the following:

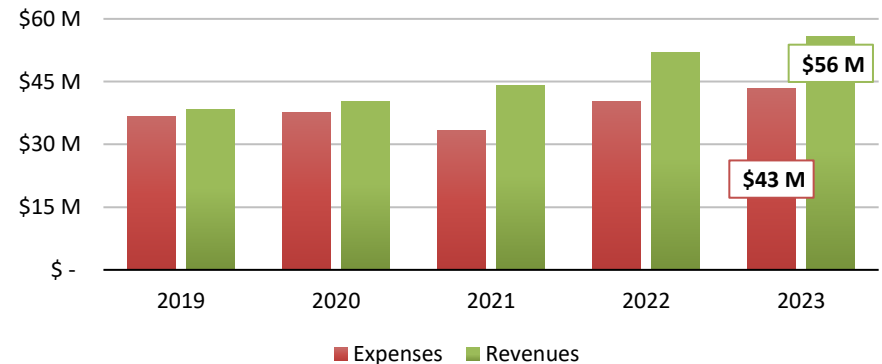
- **High Hill Subdivision Improvements:** \$2.5 million
- **Wastewater Treatment Facility Phase 6B:** \$1.1 million

Moreover, significant investments continued in Old Town Algonquin:

- **Downtown Streetscape Utilities Improvements:** \$5.8 million
- **Downtown Streetscape Bike Trail & Roundabout:** \$2.2 million

A tax increment financing (TIF) district was established in the Old Town Algonquin to help facilitate and finance infrastructure improvements in the area. **A TIF district works by allocating additional property tax revenue resulting from increased property values to support development projects and improvements within the district.** This initiative ultimately led to private redevelopment and increased investment in this beautiful, pedestrian-friendly business district.

### Comparing Revenues and Expenses through the Years

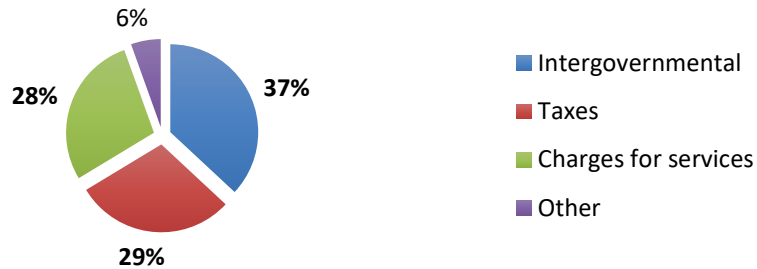


**Revenues and expenses have remained stable over the five-year period.** While expenses have remained stable, increases in revenues have been seen through the receipt of operating and capital grants, such as funds from the American Rescue Plan Act.

## Revenues

The Village Board and management prioritize maintaining long-term financial health by strategically diversifying revenue sources and focusing on key income streams. This approach ensures a stable foundation for community initiatives and sustained financial well-being.

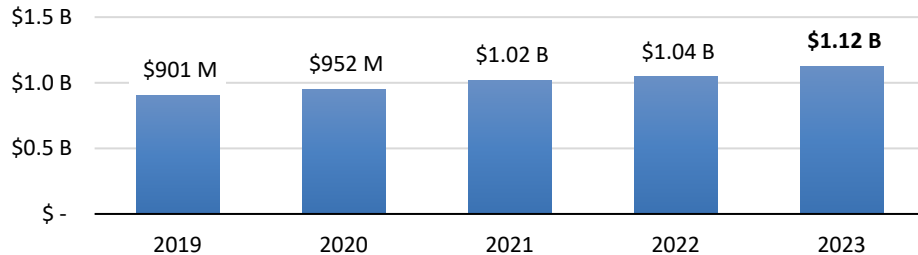
Total Primary Government Revenue by Source



Nearly 95% of the Village's revenue is derived from three primary sources:

- **Intergovernmental Funds:** state sales and income taxes
- **Local Taxes:** property and home rule sales taxes
- **Charges for Services:** primarily water and sewer utility fees

### A History of Algonquin's Equalized Assessed Valuation



The Village's Equalized Assessed Valuation (EAV), which is a measure of total assessed property values, increased nearly 8% from the year before. **This marks the third consecutive year where the assessed valuation has exceeded \$1.0 billion.**

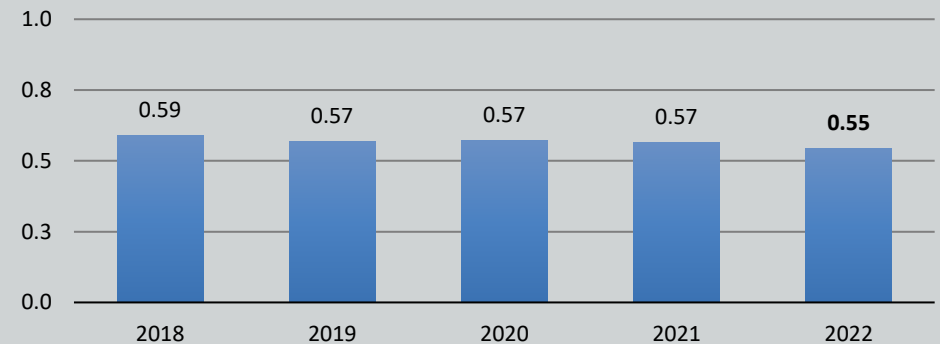
## Breaking Down Property Taxes



Category	Percentage
Schools	60%
Fire	11%
County	9%
<b>Village</b>	<b>6%</b>
Other	14%

Local property tax bills in Algonquin consist of contributions from various taxing bodies. **The Village's share accounts for 6 percent, meaning that for every dollar paid in property tax by residents, the Village receives six cents.** The remaining portion of the property tax bill includes contributions for school districts, fire protection districts, counties, and other taxing bodies like the library districts, townships, conservation districts, and community colleges.

### Looking Back at Algonquin's Historic Tax Rates

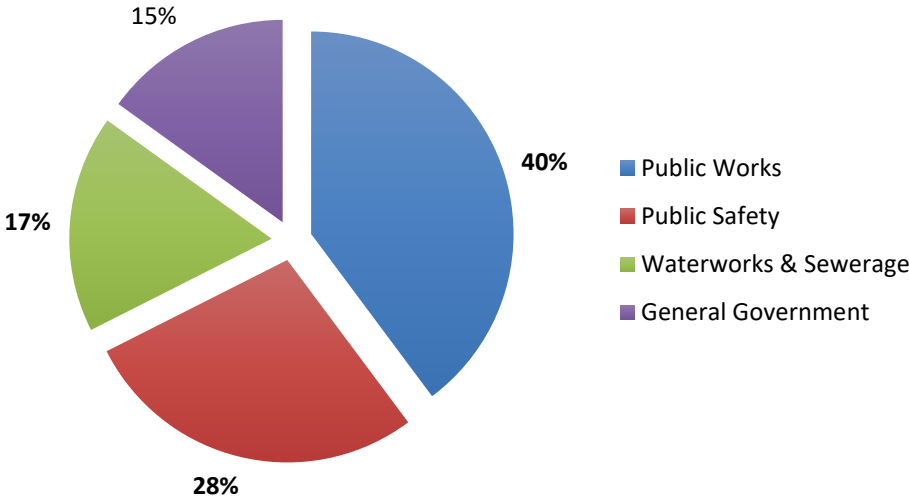


**Property tax rates have continued to trend downward over the past five years** due to recent property tax levy freezes, combined with new construction growth and increases in equalized assessed valuation.

### Expenses

The chart below illustrates the uses and percentages of the Village’s expenses across all funds totaling \$43.4 million for the fiscal year ending 2023. **Most of the costs are associated with Public Works (operations, maintenance, and construction) and Public Safety (police)**, while the remaining portion is attributed to Waterworks and Sewerage and General Government (administration).

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.

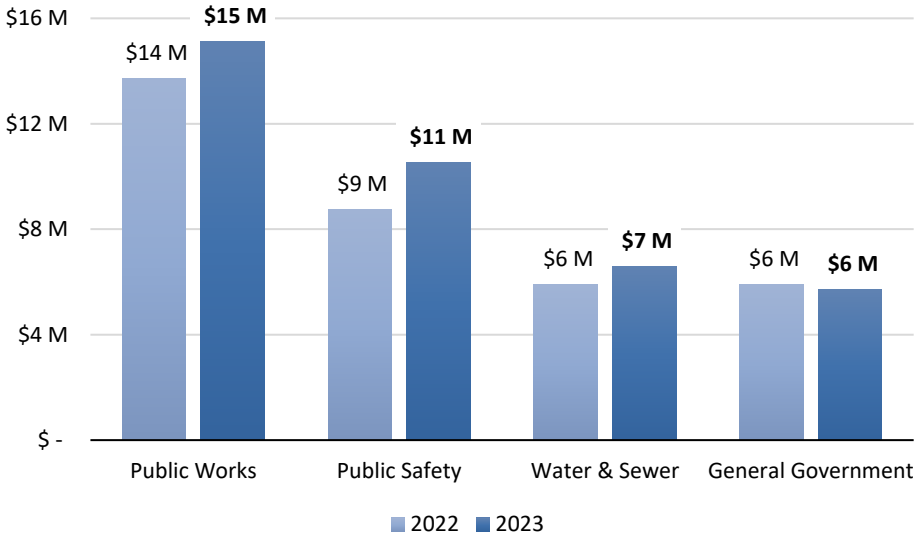
**Public Safety** expenses are those incurred by the Village to provide police services to the public.

**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.

**Waterworks and Sewerage** expenses are those incurred by the Village to provide:

- Pumping, treatment, and distribution of potable water.
- Sanitary sewer conveyance and treatment of wastewater.

Annual Comparison of Total Primary Government Expenses



**The year-to-year comparison of expenses provided above shows increases in various primary government expense categories.** Public Works expenses increased mainly due to government-wide adjustments in capital assets and personnel costs, or salaries. Similarly, the growth in Public Safety expenses resulted from increased personnel costs and government-wide adjustments in police pension expenses. Waterworks and Sewerage expenses also saw slight increases in these categories. Government-wide adjustments to capital assets can also be attributed to the decrease in General Government expenses.

Government-wide changes to capital assets include modifications in how a government entity accounts for these assets, involving adjustments to valuation methods, accounting standards, or corrections of errors. **The purpose of these adjustments is to ensure accurate financial reporting reflecting the government's financial position and performance.**

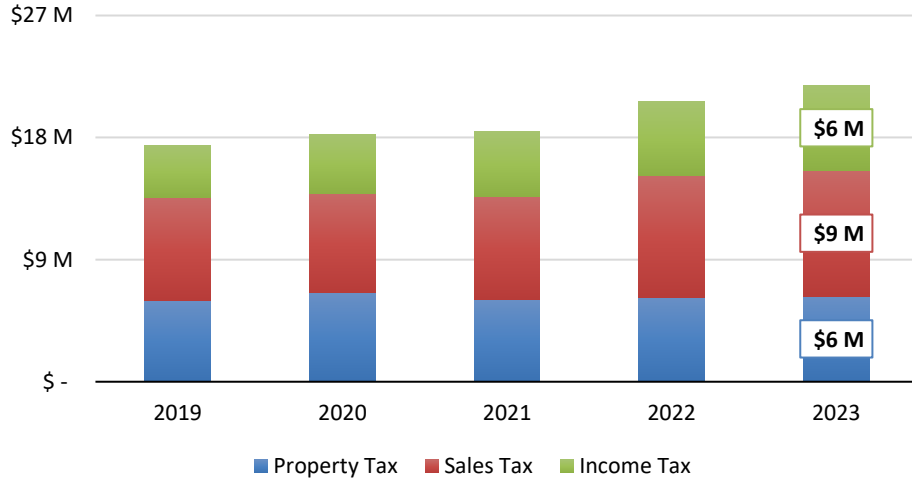


## Revenue and Expense Trends

### Revenue Trends

The General Fund, which serves as the Village’s primary checking account to fund day-to-day operations, is composed of several sources of revenue (or income). Similar to a typical household, there are three revenue streams that account for majority of the Village’s overall revenue. This includes sales tax, property tax, and income tax. These revenue sources account for nearly 85 percent of General Fund revenue.

Annual General Fund Revenue by Source

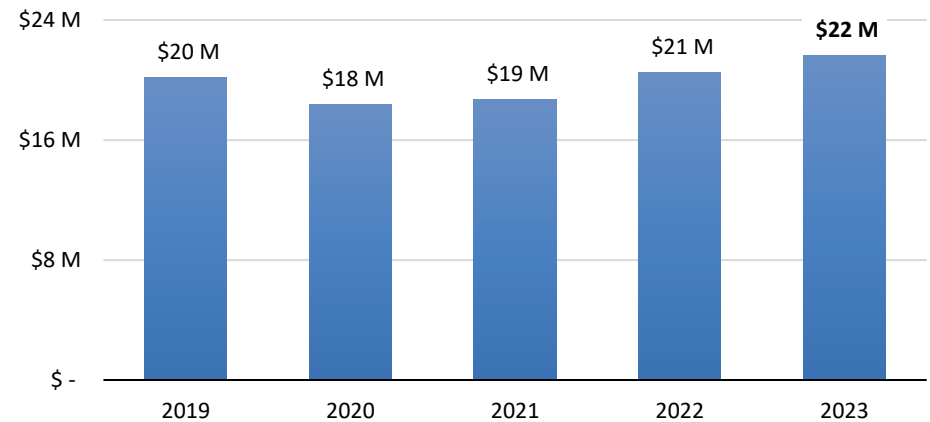


In the five-year period shown above, the three major revenue sources in aggregate are increasing, with annual revenue receipts of approximately \$21.9 million in 2023. Sales tax, the largest of the three revenue sources, increased 4 percent from the previous year. The increase in sales tax can be attributed to continuation of the Leveling the Playing Field for Illinois Retail Act, which captures sales tax from remote retail transactions. Property taxes have remained flat; however, the property tax has increased slightly due to new growth during the year. For the second consecutive year, Income tax receipts increased 14 percent when compared to the previous year.

### Expense Trends

During the fiscal year, the Village expended \$21.6 million from the General Fund, which excludes transfers to other funds. **Of this total, approximately \$10.8 million (50 percent) was allocated toward police and public safety operations.** Public Works was the next largest operating expense category in the General Fund, which expended approximately \$5.3 million for day-to-day maintenance operations in the Village.

Historic Total General Fund Expenditures



Over the depicted five-year span, annual General Fund expenses (excluding transfers) have risen by nearly 10 percent up to 2023. The increases were notable in Public Works (\$0.7 million) and General Government (\$0.1 million) due to government-wide adjustments in capital assets compared to the previous year. Additionally, Public Safety expenses rose by \$0.5 million due to increases in personnel costs and adjustments in police pension expenses.

Personnel expenses, encompassing salaries, health insurance, pension, social security/Medicare, etc., constitute the largest expenditure category in the General Fund, comprising approximately 46 percent of overall expenditures. Personnel expenses in the General Fund had an increase of \$1.1 million, or 9 percent, from the previous year, primarily driven by planned salary increases and additional staffing.

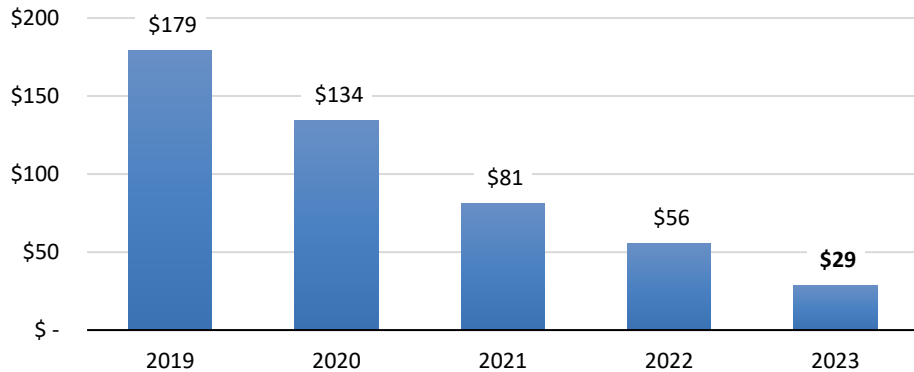
## Outstanding Debt

As of April 30, 2023, the Village held a cumulative long-term outstanding debt of \$26.1 million, with \$1.9 million becoming due within the upcoming year. The long-term debt of the Village is attributed to general obligation bonds, low-interest loans secured through the Illinois Department of Environmental Protection (IEPA), and other long-term liabilities.

### General Obligation Bonds

The Village uses general obligation bonds to fund important projects, like improving facilities, with the promise of full support from the Village's credit. These bonds are paid back from both governmental and business-type funds. Specifically, the Wastewater Treatment Facility expansion debt (Bond Series 2013) is repaid using revenues from water and sewer utilities, and this bond series is expected to be fully paid off by April 1, 2025.

Bonded Debt per Capita



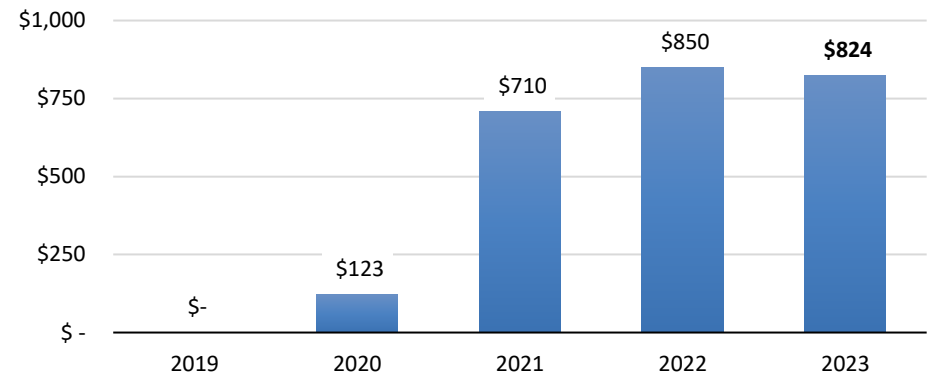
The graphic above displays the Village's bonded debt per capita for Bond Series 2013. The level of debt per capita is a good measure of a government's ability to pay its debt service costs through its current levels of tax revenue. The lower the level, the greater capacity the government has. **The Village's bonded debt per capita has decreased 84 percent in the five-year period shown** and will continue this trend as the Village continues to pay off its debt service.

The Village consistently maintains an outstanding "AAA" rating from Standard & Poor's rating service for its general obligation bonds. **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.** Achieving this financial success is a result of the Village Board's commitment to smart financial management, including efforts to diversify revenue sources and maintain strong reserves in the General Fund.

### Illinois Environmental Protection Agency (IEPA) Loans

During recent fiscal years, the Village obtained funding for capital improvements through the 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



An increase in the Village's loaned debt per capita for the IEPA loans has resulted from the loans acquired for these capital improvements. However, loaned debt per capital has started to decrease as repayment continues. The payable balances on the debt service for all three loans as of April 30, 2023 totaled \$24.5 million. **By obtaining the loans, the Village can spread out the expenses of the capital improvements across an extended period of time.** By distributing the costs of capital improvements, the Village can effectively handle additional financial commitments and undertake further capital projects as necessary.

## About the Popular Annual Financial Report

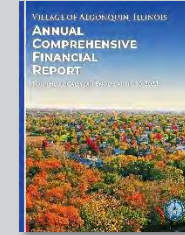
We are proud to present the Village of Algonquin Popular Annual Financial Report (PAFR) for the fiscal year ended April 30, 2023. The purpose of the PAFR is to provide a user-friendly summary of the financial position of the Village of Algonquin and other interesting information for citizens who want a better understanding of the Village's finances. The financial information in the PAFR is taken from the Village's Annual Comprehensive 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](http://www.algonquin.org/transparency) or contact the Village at 2200 Harnish Drive, Algonquin, IL 60102. For more information, please contact Michael Kumbera, Deputy Village Manager/Chief Financial Officer, at [michaelkumbera@algonquin.org](mailto:michaelkumbera@algonquin.org) or Amanda Lichtenberger, Deputy Chief Financial Officer, at [AmandaLichtenberger@algonquin.org](mailto:AmandaLichtenberger@algonquin.org).



*During the past fiscal year, significant progress was made on the NorthPoint Development, a \$152 million development spanning 148 acres in the Algonquin Corporate Campus.*

## Learn More About Algonquin



*If you want to explore more about the Village, you can access these documents and others like Treasurer's reports, water quality reports, interactive data dashboards, and much more online at [www.algonquin.org/transparency](http://www.algonquin.org/transparency).*

## Connect with Us Online via...

### Village Website

At the Village website, [www.algonquin.org](http://www.algonquin.org), visitors may...

- Make payments for building permits, municipal citations, and water and sewer utility bills.
- Review official documents, including budgets, audits, plans, and community surveys.
- Access meeting agendas and minutes for the Village Board, Committee of the Whole, and Village commissions.
- Submit materials for permit applications and Freedom of Information Records Request forms.

### Algonquin e-News

Subscribe to the Algonquin e-News for monthly updates from the Village at [www.algonquin.org/e-news](http://www.algonquin.org/e-news).

### Social Media

