

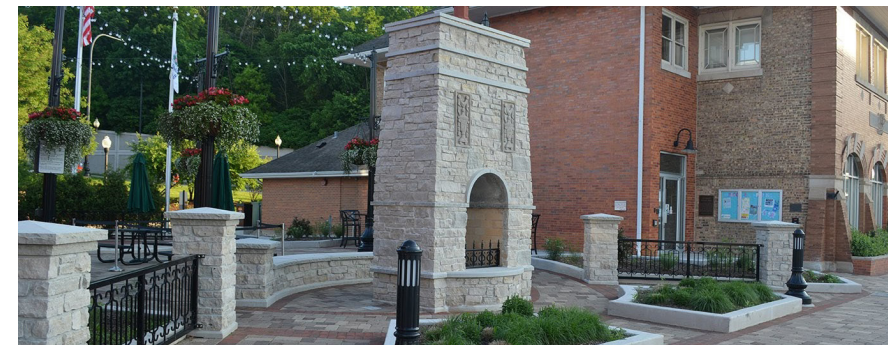


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VILLAGE OF ALGONQUIN, ILLINOIS  
**POPULAR ANNUAL FINANCIAL REPORT**  
 Fiscal Year Ended April 30, 2022



## 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.

### *Innovation*

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

### *Integrity*

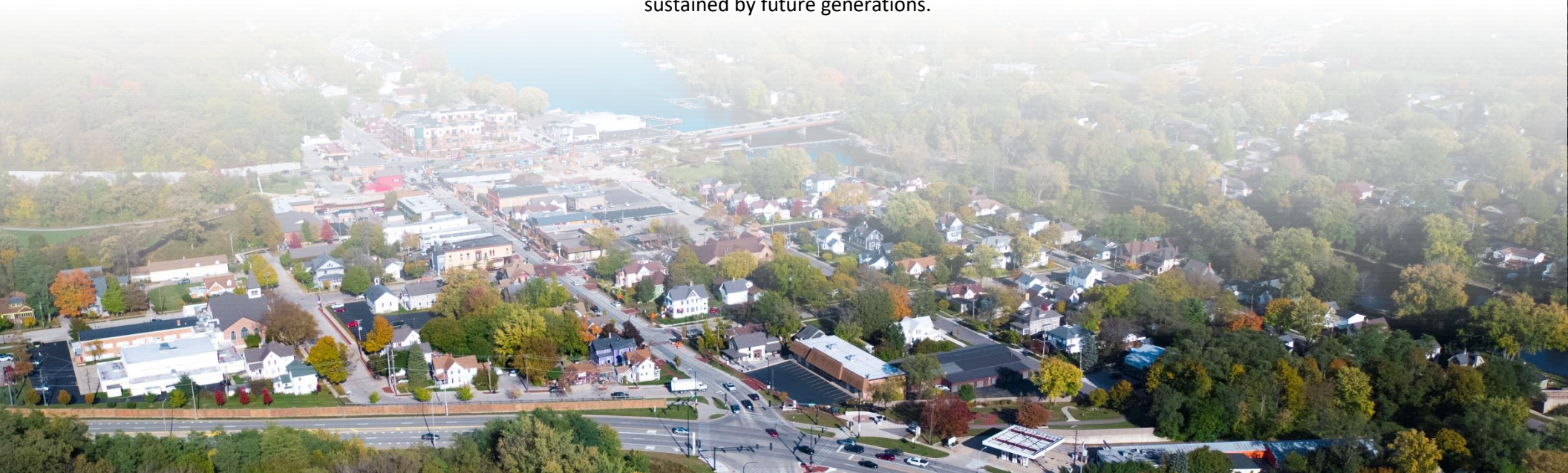
We are committed to the highest ideals of honor and integrity in all public and professional relationships.

### *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.



## 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 Annual Comprehensive 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](http://www.algonquin.org/transparency) to review the specific information about the Village's finances, including our budgets, audits, 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](http://www.algonquin.org/finance) or by phone at 847-658-2700.

Sincerely,

Debby Sosine  
Village President



Government Finance Officers Association

### Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Village of Algonquin**

**Illinois**

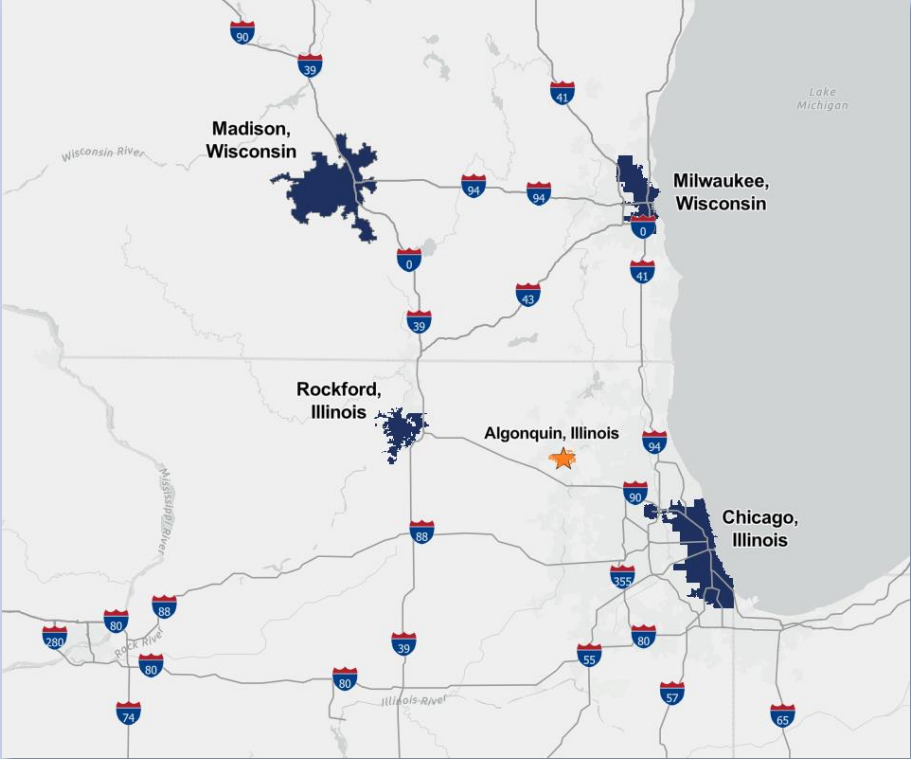
For its Annual Financial Report  
for the Fiscal Year Ended

**April 30, 2021**

*Christopher P. Morill*

Executive Director/CEO

# ABOUT ALGONQUIN



<b>Algonquin at a Glance...</b>			
<b>Incorporated</b>	<i>February 25, 1890</i>	<b>Households</b>	<i>11,176</i>
<b>Government</b>	<i>Trustee-Village</i>	<b>Median Home Value</b>	<i>\$268,100</i>
<b>Full-time Employees</b>	<i>129</i>	<b>Median Family Income</b>	<i>\$109,819</i>
<b>Area</b>	<i>12.23 sq. mi.</i>	<b>Population with Bachelor's Degree</b>	<i>44.0%</i>
<b>Population</b>	<i>29,700</i>	<b>Unemployment Rate</b>	<i>5.9%</i>
<b>Median Age</b>	<i>40.9 years</i>	<b>Poverty Rate</b>	<i>4.2%</i>

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:

- acquired \$4.2 million in federal funding through the American Rescue Plan Act (ARPA);
- approved the Northpoint Development, a \$152 million development spanning 148 acres in the Algonquin Corporate Campus;
- implemented the Village's Comprehensive Parks and Recreation Master Plan, including plans to redevelop Presidential and Towne parks;
- received the Government Finance Officers Association's Triple Crown, recognizing the Village's significant achievements in financial reporting;
- made significant progress on the Old Town Algonquin Redevelopment Project, including the Around and About Main Street and the Riverwalk and Streetscape project extensions.

## 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, 2022, the Village's net position increased \$11.7 million, 4 percent, following increases in current and capital assets.** The Village's Statement of Net Position is also impacted by several other transactions.

**Continued completion of capital improvement projects accounted for a significant increase in capital assets, which totaled \$5.9 million.** For general government, construction progress in the Village resulted in a \$3.0 million increase, resulting mostly from completion of the Terrace Hill Road Construction and the Randall Road Pedestrian Underpass projects during the fiscal year. The Village also purchased property at 7 S. Main Street, resulting in slight increases to land and right of way assets, as well as buildings. An additional increase of \$2.9 million occurred through water and sewer improvements, which included improvement projects like the Downtown Streetscape, Ratt Creek Reach 5 Sewer Relocation, and Woods Creek Lift Station Improvements.

**The increase in current and other assets can be attributed to an increase in other taxes and cash investments.** Distributions from the American Rescue Plan Act increased this category by \$2.4 million, while other taxes provided modest increases following the start of the Leveling the Playing Field for Illinois Retail Act.

### Statement of Net Position for the Fiscal Year Ended April 30, 2022

	2022	2021
<b>Assets</b>		
Current and other assets	\$ 62,618,974	\$ 55,499,098
Capital assets, net	279,795,914	273,945,520
<b>Total Assets</b>	<b>\$ 342,414,888</b>	<b>\$ 329,444,618</b>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows	\$ 3,864,573	\$ 3,086,887
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 346,279,461</b>	<b>\$ 332,531,505</b>
<b>Liabilities</b>		
Current and other liabilities	\$ 6,759,996	\$ 8,249,401
Long-term liabilities	43,101,411	38,759,910
<b>Total Liabilities</b>	<b>\$ 49,861,407</b>	<b>\$ 47,009,311</b>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows	\$ 16,027,561	\$ 16,860,752
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$ 65,888,968</b>	<b>\$ 63,870,063</b>
<b>Net Position</b>	<b>\$ 280,390,493</b>	<b>\$ 268,661,442</b>

**Total liabilities increased by approximately \$2.9 million from 2021.** The increase in total liabilities was largely due to an increase in non-current liabilities (\$2.9 million) from low-interest loans secured for water and sewer improvements, as well as an increase in police pension liabilities (\$0.3 million) for governmental activities. These liabilities were offset by decreases of \$1.0 million in total liabilities for governmental activities and \$0.5 million in total liabilities for business-type activities.

**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.

## 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, 2022. 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, 2022

	2022	2021
<b>Revenues</b>		
Program Revenues	\$18,812,968	\$ 18,734,557
General Revenues	33,259,844	25,442,880
<b>Total Revenues</b>	<b>\$52,072,812</b>	<b>\$ 44,177,437</b>
<b>Expenses</b>		
Governmental Activities	\$28,380,430	\$ 23,340,788
Business-type Activities	11,963,331	10,006,844
<b>Total Expenses</b>	<b>\$40,343,761</b>	<b>\$ 33,347,632</b>
<b>Changes in Net Position</b>		
Net Position (beginning of year)	\$268,661,442	\$ 257,831,637
Changes in Net Position	11,729,051	10,829,805
<b>Net Position (end of year)</b>	<b>\$280,390,493</b>	<b>\$ 268,661,442</b>

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 \$7.9 million in total revenues. Distributions of \$4.2 million from the American Rescue Plan Act contributed significantly to the overall increase. Following implementation of the Leveling the Playing Field for Illinois Retail Act, sales and use tax increased \$1.4 million and home rule sales tax increased \$1.0 million. Tap on fees from new construction, along with the annual water and sewer rate increase, resulted in a \$2.0 million increase in charges for services.

Total expenses increased \$6.9 million, or 21 percent, primarily 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:

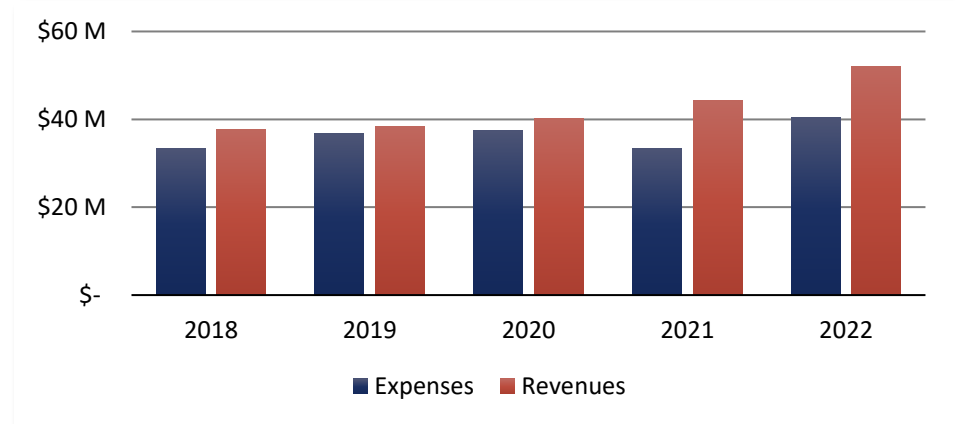
- Wastewater Treatment Facility Improvements Phase 6B: \$4.2 million
- Ratt Creek Reach 5 Sewer Relocation: \$1.5 million
- Scott Street Road Construction: \$0.7 million

Moreover, significant investments continued in Old Town Algonquin:

- Downtown Streetscape Improvements: \$2.2 million
- Main Street & Harrison Bike Trail & Roundabout: \$1.7 million
- Main Street Watermain Extension: \$0.4 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

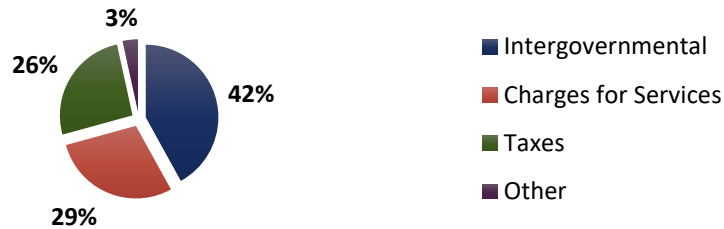


Revenues and expenses over the five-year period shown above are stable. In response to the pandemic, the Village adopted a Financial Resiliency Plan which has resulted in minor changes in expenses during recent fiscal years. Increases in revenues shown during the most recent year can be attributed to funding received through grants, such as the American Rescue Plan Act.

## REVENUES

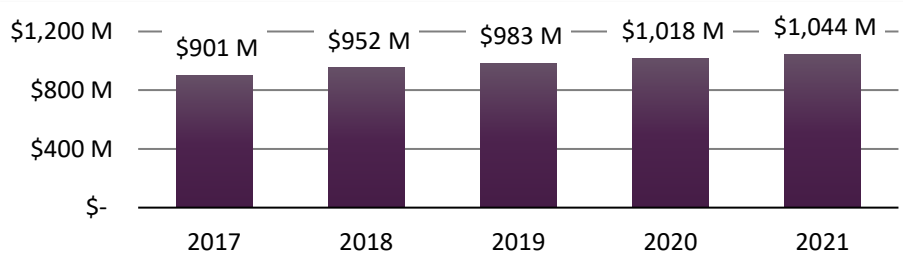
The Village Board and management are focused on maintaining long-term financial health through diversified revenue sources while strategically investing in community initiatives.

### Total Primary Government Revenue by Source



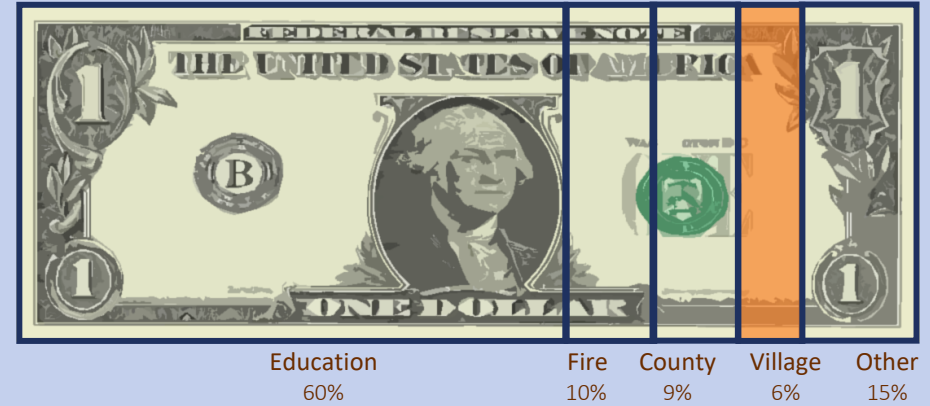
Over 97 percent of Village revenues are comprised of the following categories: **intergovernmental, taxes, and charges for services**. Intergovernmental revenues are distributed by the State of Illinois and include sales and use tax and income tax. Locally assessed taxes include property tax and home rule sales tax. The charges for services category is made up of primarily water and sewer utility user fees.

### A History of Algonquin’s Assessed Valuation



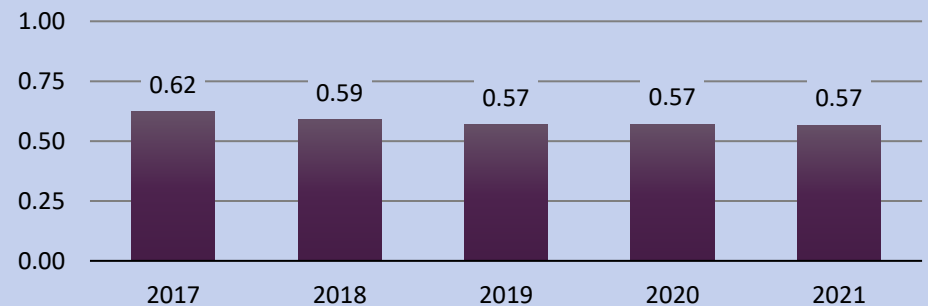
Due to recent upturns in housing market values, the Village’s equalized assessed valuation increased 2.5% from the previous levy year. **This is the second consecutive year the assessed valuation has been exceeded \$1.0 billion.**

## 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

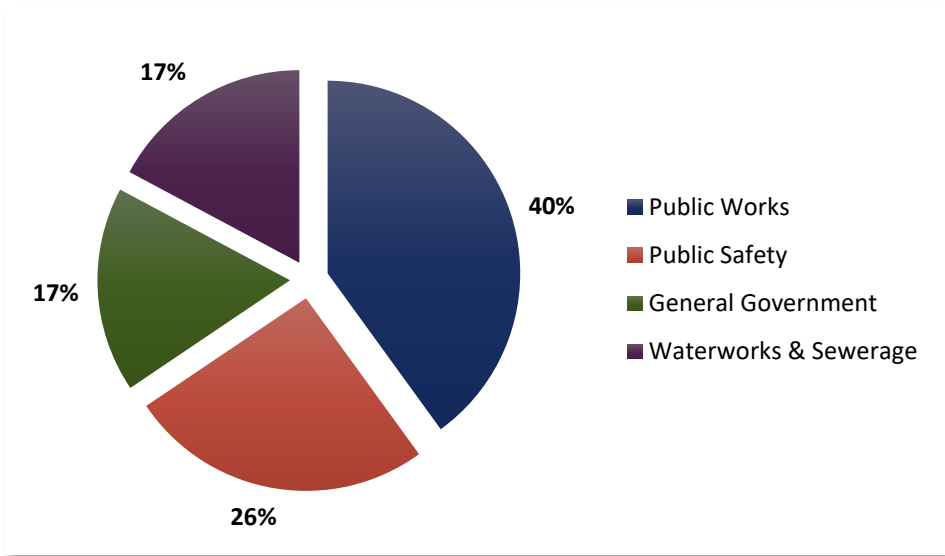


**The Village’s property tax rate remains flat following considerable reductions in recent years with little to no change in service delivery.** Recent property tax levy freezes, combined with new construction growth and increases in equalized assessed valuation, have led to lower property tax rates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

## EXPENSES

The chart below illustrates the uses and percentages of the Village’s expenses across all funds totaling \$40.3 million for the fiscal year ending 2022. **The majority of expenses relate to public works (operations, maintenance, and construction) and Public Safety (police), 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.

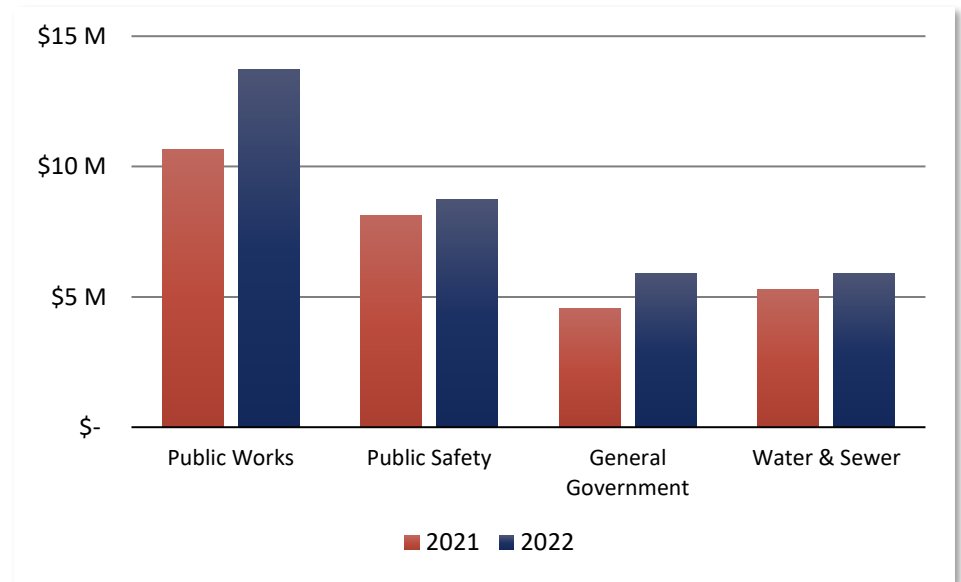
Public Works expenses are related to the design, construction, maintenance, and operation of all roadways, sidewalks, trails, parks, forestry, drainage, and related infrastructure within the Village.

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 shows increases in each category during the fiscal year.** Increases in public works expenses are primarily attributed to government-wide adjustments in capital assets and personnel costs. Similarly, increases in public safety expenses can be attributed to personnel costs (salaries) and government-wide adjustments in police pension expenses. General government experienced increases in personnel costs, professional services, and government-wide adjustments in capital assets. Water and sewer experienced similar, but subtle increases in those categories as well.

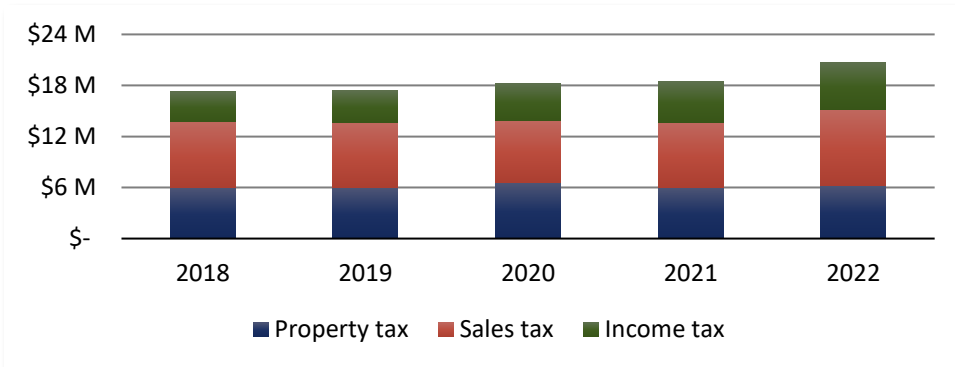


## REVENUE AND EXPENSE TRENDS

### 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 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 revenue sources account for nearly 72 percent of General Fund revenue.

#### Annual General Fund Revenue by Source

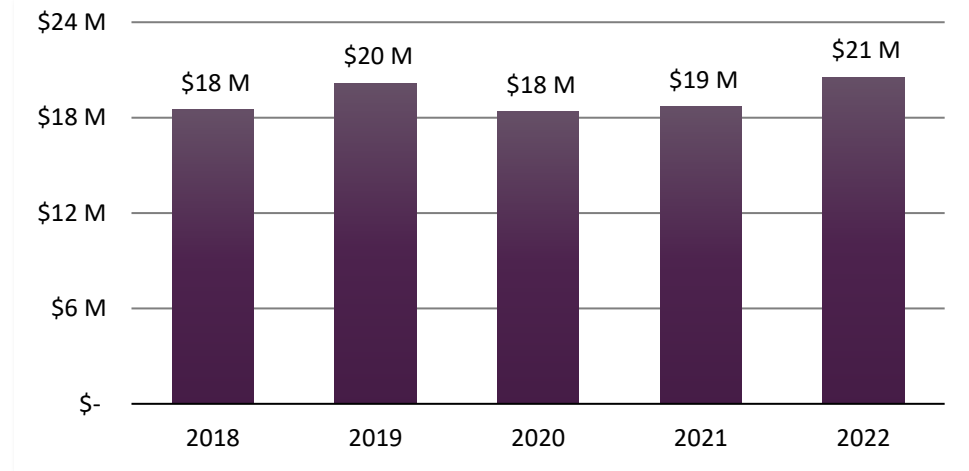


In the five-year period shown above, the three major revenue sources in aggregate are stable, with annual revenue contributions of approximately \$20.7 million. Sales tax, the largest of the three revenue sources, increased 17.9 percent from the previous year. The increase in sales tax can be attributed to implementation 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 rate was increased slightly to capture new growth in 2021, resulting in a 2.8 percent increase following an upturn in the housing market. Income tax also increased 14.2 percent when compared to 2021. The increases in these revenues offset decreases in other revenues like telecommunication tax, which decreased 9.9 percent, for the Village and offers some additional revenue to fund Village operation.

### Expense Trends

During 2022, the Village expended \$25.5 million from the General Fund, which includes transfers to other funds. **Of this total, approximately \$10.3 million (40 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 \$4.3 million for day-to-day maintenance activities.

#### Annual Total General Fund Expenditures



Over the five-year period shown, annual General Fund expenses (excluding transfers) have increased 10.9 percent through 2022. Expenses increased for public works (\$3.0 million) and general government (\$1.4 million) due to government wide adjustments in capital assets when compared to the previous year. Public safety expenses increased \$0.6 million from adjustments to police pension expenses.

**Personnel expenses (salaries, health insurance, pension, social security/Medicare, etc.) are the largest expense category in the General Fund, making up nearly 60 percent of overall expenses.** Personnel expenses in the General Fund increased \$0.9 million, or 8 percent, from 2021. These increases resulted from the hiring of additional staff, along with planned salary increases.

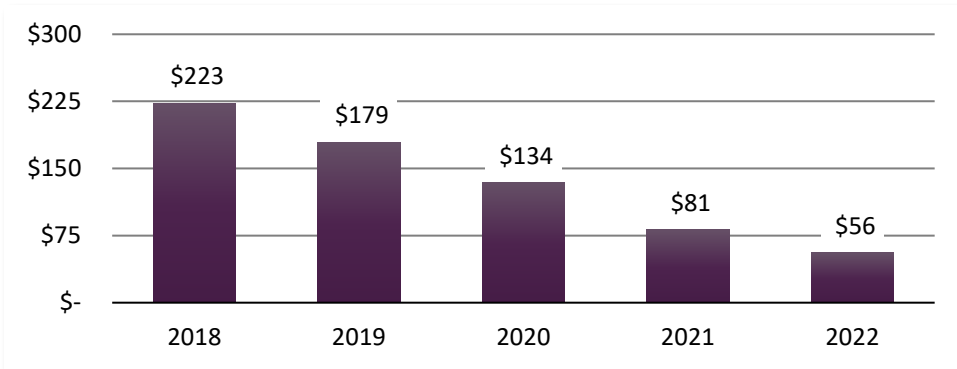
## LONG-TERM DEBT

As of April 30, 2022, the Village had \$27.7 million in long-term debt outstanding with \$1.2 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



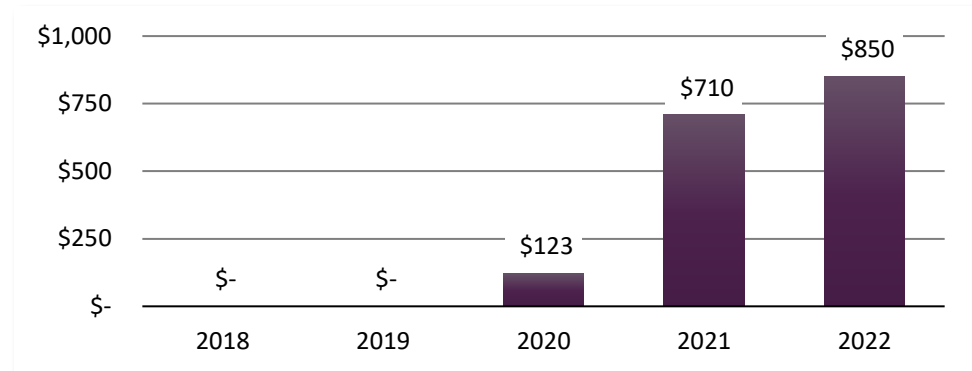
The graphic above displays the Village’s bonded debt per capita for Bond Series 2013. The level of debt per capita is a good measure of a government’s ability to pay its debt service costs through its current levels of tax revenue. The lower the level, the greater capacity the government has. **The Village’s bonded debt per capita has decreased 75 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 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 \$25.3 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

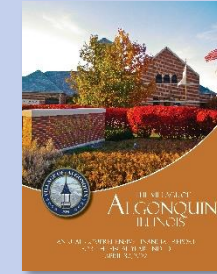
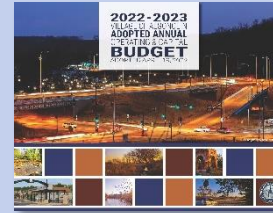
We are proud to present the Village of Algonquin Popular Annual Financial Report (PAFR) for the fiscal year ended April 30, 2022. The purpose of the PAFR is to provide a user-friendly summary of the financial position of the Village of Algonquin and other interesting information for citizens who want 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, Assistant Village Manager, at [michaelkumbera@algonquin.org](mailto:michaelkumbera@algonquin.org) or Susan Skillman, Comptroller, at [susanskillman@algonquin.org](mailto:susanskillman@algonquin.org).



During the past fiscal year, significant progress has been made on the Trails of Woods Creek, a 279-unit residential development featuring homes ranging from \$294,000 to the upper \$400,000s.

## 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](http://www.algonquin.org/transparency).

## Connect with Us Online...

### Village Website

At the Village website, [www.algonquin.org](http://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 materials and Freedom of Information Records Request forms;
- View meeting agendas and minutes of the Village Board, Committee of the Whole, and Village commissions.

### 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

