

New Issue
Date of Sale: Wednesday, April 23, 2025
 Between 10:00 and 10:15 A.M., C.D.T.
 (Open Speer Auction)

Investment Rating:
 S&P Global Ratings ...AA+ (Stable Outlook)

Official Statement

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion.



\$15,220,000*

CITY OF ELGIN

Kane and Cook Counties, Illinois

General Obligation Corporate Purpose Bonds, Series 2025

Dated Date of Delivery

Book-Entry

Due Serially December 15, 2026-2039

The \$15,220,000* General Obligation Corporate Purpose Bonds, Series 2025 (the "Bonds"), are being issued by the City of Elgin, Kane and Cook Counties, Illinois (the "City"). Interest is payable semiannually on June 15 and December 15 of each year, commencing December 15, 2025. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers.

AMOUNTS*, MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Principal Amount*	Due Dec. 15	Interest Rate	Yield	CUSIP Number(1)	Principal Amount*	Due Dec. 15	Interest Rate	Yield	CUSIP Number(1)
\$ 780,000	2026	—%	—%	—	\$1,090,000	2033	—%	—%	—
815,000	2027	—%	—%	—	1,145,000	2034	—%	—%	—
855,000	2028	—%	—%	—	1,205,000	2035	—%	—%	—
900,000	2029	—%	—%	—	1,265,000	2036	—%	—%	—
945,000	2030	—%	—%	—	1,330,000	2037	—%	—%	—
990,000	2031	—%	—%	—	1,395,000	2038	—%	—%	—
1,040,000	2032	—%	—%	—	1,465,000	2039	—%	—%	—

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

OPTIONAL REDEMPTION

The Bonds due December 15, 2026-2034, inclusive, are not subject to optional redemption. The Bonds due December 15, 2035-2039, inclusive, are callable in whole or in part on any date on or after December 15, 2034, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

The Bond proceeds will be used to (i) finance water and sewer utility projects, and (ii) pay the costs of issuing the Bonds. See "THE PROJECT" herein.

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

This Official Statement is dated April 15, 2025, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Official Statement Sales Calendar". Additional copies may be obtained from Ms. Debra Nawrocki, Chief Financial Officer/Budget Director, City of Elgin, 150 Dexter Court, Elgin, Illinois 60120, or from the Municipal Advisor to the City:



*Subject to change.

(1) CUSIP numbers appearing in this Official Statement have been provided by CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement. The CUSIP numbers are subject to change after issuance of the Bonds.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the City, except for the omission of certain information permitted to be omitted pursuant to such Rule.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City’s beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Notice of Sale and the Official Bid Form, which is provided for the convenience of potential investors, and which should be reviewed in its entirety by potential investors.

Issuer:	City of Elgin, Kane and Cook Counties, Illinois.
Issue:	\$15,220,000* General Obligation Corporate Purpose Bonds, Series 2025.
Dated Date:	Date of delivery, expected to be on or about May 7, 2025.
Interest Due:	Each June 15 and December 15, commencing December 15, 2025.
Principal Due:	Serially each December 15, commencing December 15, 2026 through 2039, as detailed on the cover page of this Official Statement.
Optional Redemption:	The Bonds maturing on or after December 15, 2035, are callable at the option of the City on any date on or after December 15, 2034, at a price of par plus accrued interest. See “OPTIONAL REDEMPTION” herein.
Purpose:	The Bond proceeds will be used to (i) finance water and sewer utility projects, and (ii) pay the costs of issuing the Bonds. See “THE PROJECT” herein.
Authorization:	The Bonds are being issued pursuant to the home rule powers of the City under Section 6 of Article VII of the Illinois Constitution of 1970 and a bond ordinance adopted by the City Council of the City on the 23rd day of April, 2025.
Security:	The Bonds will constitute valid and legally binding obligations of the City payable as to principal and interest from any funds of the City lawfully available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount.
Investment Rating:	The Bonds have been rated “AA+” (Stable Outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, New York, New York. See “INVESTMENT RATING” herein.
Tax Exemption:	Chapman and Cutler LLP, Chicago, Illinois, will provide an opinion as to the federal tax exemption of the interest on the Bonds as discussed under “TAX EXEMPTION” in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.
Registrar/Paying Agent:	U.S. Bank Trust Company, National Association, Chicago, Illinois.
Delivery:	The Bonds are expected to be delivered on or about May 7, 2025.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Chicago, Illinois.
Bond Counsel and Disclosure Counsel:	Chapman and Cutler LLP, Chicago, Illinois.

*Subject to change.

CITY OF ELGIN
Kane and Cook Counties, Illinois

David J. Kaptain
Mayor

City Council Members(1)

Corey D. Dixon
Dustin R. Good
Rosamaria Martinez

Anthony Ortiz
Tish S. Powell

Carol J. Rauschenberger
F. John Steffen
Steven F. Thoren

Richard G. Kozal
City Manager

Debra Nawrocki
*Chief Financial Officer/
Budget Director*

Kimberly A. Dewis
City Clerk

Christopher Beck, Esq.
Corporation Counsel

Note: (1) Following the April 1st consolidated election, Elgin voters re-elected incumbents Corey Dixon, Dustin Good and Steve Thoren to the City Council. Also elected was Diana Alfaro, who will succeed Councilwoman Carol Rauschenberger, who did not seek re-election. Vote totals are expected to be certified on April 22nd. The newly elected and re-elected council members will be sworn in for their four-year terms during the City Council meeting on May 14th.

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning the City of Elgin, Kane and Cook Counties, Illinois (the “City”), in connection with the offering and sale of its \$15,220,000* General Obligation Corporate Purpose Bonds, Series 2025 (the “Bonds”).

This Official Statement contains “forward-looking statements” that are based upon the City’s current expectations and its projections about future events. When used in this Official Statement, the words “project,” “estimate,” “intend,” “expect,” “scheduled,” “pro-forma” and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the City. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the City nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

*Subject to change.

AUTHORITY, PURPOSE AND GENERAL DESCRIPTION

The Bonds are being issued pursuant to the home rule powers of the City under Section 6, Article VII of the 1970 Constitution of the State of Illinois (the “Illinois Constitution”) and a bond ordinance (the “Bond Ordinance”) to be adopted by the City Council of the City (the “City Council”) on the 23rd day of April, 2025.

The Bond proceeds will be used to (i) finance water and sewer utility projects (the “Utility Project”), and (ii) pay the costs of issuing the Bonds. See “**THE PROJECT**” herein.

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). Principal of and interest on the Bonds will be payable by U.S. Bank Trust Company, National Association, Chicago, Illinois (the “Registrar”).

The Bonds will mature as detailed on the cover page hereof. Interest on the Bonds will be payable each June 15 and December 15, beginning December 15, 2025. The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 1st day of the month of the interest payment date.

SECURITY

The Bonds constitute valid and legally binding full faith and credit general obligations of the City, payable from ad valorem taxes levied on all taxable property in the City, without limitation as to rate or amount. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount (the “Pledged Taxes”), upon all taxable property within the City in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Pledged Taxes will not be levied to make the payment of the principal and interest due on the Bonds on December 15, 2025, which payment will be made from funds of the City on hand and lawfully available for such purpose. The Bond Ordinance will be filed with the County Clerks of the counties of Kane and Cook, Illinois (the “County Clerks”), and will serve as authorization to the County Clerks to extend and collect the Pledged Taxes as set forth in the Bond Ordinance. While the Bonds are a general obligation of the City and secured by the Pledged Taxes, the City expects to pay debt service on the Bonds utility user fees. See “**THE PROJECT**” herein for more information.

Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with the Bond Registrar to pay all principal and interest due thereon, or (c) for which sufficient Defeasance Obligations have been deposited with the Bond Registrar or similar institution having trust powers to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Pledged Taxes hereunder and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the federal tax-exempt status of the interest on Bonds; and payment, registration, transfer, and exchange; set forth in the Bond Ordinance will be continued for all Bonds whether outstanding Bonds or not. “Defeasance Obligations” means (a) direct and general full faith and credit obligations of the United States Treasury (“Directs”), (ii) certificates of participation or trust receipts comprised wholly of Directs or (c) other obligations unconditionally guaranteed as to timely payment by the United States Treasury.

SOURCES AND USES

The sources and uses of funds resulting from the Bonds are shown below:

SOURCES:	
Principal Amount	\$ _____
Reoffering Premium	_____
Total Sources	\$ _____
USES:	
Costs of the Project	\$ _____
Costs of Issuance(1)	_____
Total Uses	\$ _____

Note: (1) Includes underwriter's discount and other issuance costs.

OPTIONAL REDEMPTION

The Bonds due December 15, 2026-2034, inclusive, are not subject to optional redemption. The Bonds due December 15, 2035-2039, inclusive, are callable in whole or in part on any date on or after December 15, 2034, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

The Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Bonds, and the Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Registrar at the redemption price.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Construction Risks

There are potential risks that could affect the ability of the City to timely complete the Project. While preliminary costs have been projected by the City's consulting architects, not all of the construction contracts have been let by the City. No assurance can be given that the cost of completing the Project will not exceed available funds. Completion of the Project involves many risks common to construction projects such as shortages or delays in the availability of materials and labor, work stoppages, labor disputes, contractual disputes with contractors or suppliers, weather interferences, construction accidents, delays in obtaining legal approvals, unforeseen engineering, archeological or environmental problems and unanticipated cost increases, any of which could give rise to significant delays or cost overruns.

Finances of the State of Illinois

While the finances of the State of Illinois (the "State") have significantly improved in recent years, the State continues to deal with a severe underfunding of its pension systems, which, based on the comprehensive annual financial reports of the State's five retirement systems, have a combined unfunded pension liability of approximately \$140 billion and a combined funded ratio of approximately 45%. Also, despite nine credit rating upgrades since June 2021, the State's long term general obligation bonds carry the lowest ratings of all states.

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the City. The State's general fiscal condition and the underfunding of the State's pension systems have materially adversely affected the State's financial condition and may result in decreased or delayed revenues allocated to the City in future years. Over time, the State has reduced the share of certain of these revenue sources, particularly income tax revenues, that are distributed to local governments, such as the City, through the Local Government Distributive Fund. With respect to income tax revenues, prior to State fiscal year 2011, 10% of income tax revenues were divided among municipalities in the State. That amount was reduced to 5.45% by State fiscal year 2015. In the State's budget for the fiscal year ending June 30, 2023, the portions distributed to local governments were 6.16% and 6.845% of individual and corporate income taxes, respectively. In the State's budget for the fiscal year ending June 30, 2024, the State distributed 6.47% of individual income tax revenues and 6.845% of corporate income tax revenues to local governments. In the State's budget for the fiscal year ending June 30, 2025, the portions distributed to local governments are 6.47% and 6.845% of individual and corporate income taxes, respectively.

In addition, the State's recent budgets have contained provisions reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the City, by 10% for State fiscal year 2018 and by 5% for State fiscal year 2019 and State fiscal year 2020. All State budgets since the State fiscal year 2020 budget have not included such a reduction. Each State budget since the budget for State fiscal year 2018 has also included a service fee for collection and processing of local imposed sales taxes. Such fee was 2% of such sales taxes for State fiscal year 2018 and was reduced to 1.5% of such sales taxes beginning in State fiscal year 2019.

Pursuant to recent legislation passed by the Illinois General Assembly (House Bill 3144) and signed by the Governor, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption) will be exempt from sales tax beginning January 1, 2026. Under House Bill 3144, the corporate authorities of any municipality may, by ordinance or resolution that takes effect on or after January 1, 2026, impose a tax upon all persons engaged in the business of selling groceries at retail in the municipality on the gross receipts from those sales made in the course of that business. If imposed, the tax shall be at the rate of 1% of the gross receipts from these sales.

The City can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State, nor can the City predict the effect the State's financial problems may have on the City's future finances.

Future Pension Plan Funding Requirements

The City participates in the Police Pension Plan and the Fire Pension Plan, both as hereinafter defined. Under the Illinois Pension Code, as amended (the "Pension Code"), the City is required to contribute to each plan in order to achieve a Funded Ratio of 90% by 2040. In order to achieve the 90% Funded Ratio for both plans by 2040, it is expected that the annual employer contributions required by the City will increase over time. The City also participates in the Illinois Municipal Retirement Plan (the "IMRF Plan"), which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund ("IMRF"); employer contributions are projected by IMRF to increase over time. Increasing annual required employer contributions for the City could have a material adverse effect on the finances of the City.

The Pension Code allows the State Comptroller, after proper procedures have taken place, to divert State payments intended for the City to the Police Pension Plan and the Fire Pension Plan to satisfy contribution shortfalls by the City. If the City does not make 100% of its annual required contributions to the Police Pension Plan and Fire Pension Plan, the City may have revenues withheld by the State Comptroller. Such withholdings by the State Comptroller could adversely affect the City's financial health and operations. See "**EMPLOYEE RETIREMENT PLANS**" herein for a more complete discussion.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the City. Despite the implementation of network security measures by the City, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the City does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the City's operations and financial health. Further, as cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Local Economy

The financial health of the City is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the City.

Investment Rating

The Bonds have received a credit rating from S&P Global Ratings, New York, New York (“S&P”). The rating can be changed or withdrawn at any time for reasons both under and outside the City’s control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The hereinafter-defined Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the City to comply with the Continuing Disclosure Undertaking (the “Undertaking”) for continuing disclosure (see **“CONTINUING DISCLOSURE”** and **APPENDIX D** herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rates borne by the Bonds are intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City, or the taxing authority of the City. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the City, the taxable value of property within the City, and the ability of the City to levy property taxes or collect revenues for its ongoing operations.

Factors Relating to Tax Exemption

As discussed under **“TAX EXEMPTION”** herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Bond Ordinance. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“Congress”) legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the City’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the City.

The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the City could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Climate Change Risk

There are potential risks to the State, the City and their respective financial condition that are associated with changes to the climate over time and with increases in the frequency, timing and severity of extreme weather events, causing or increasing the severity of flooding and other natural disasters. The City cannot predict how or when various climate change risks may occur, nor can it quantify the impact on the State or the City, its population or its financial condition. Over time, the costs could be significant and could have a material adverse effect on the City’s finances.

THE CITY

Located along the Fox River, the City lies approximately 38 miles northwest of downtown Chicago and covers an area of approximately 38.29 square miles. Neighboring communities include Sleepy Hollow, West Dundee and East Dundee to the north, Hoffman Estates and Streamwood to the east, Bartlett to the southeast, Pingree Grove and Gilberts to the northwest, Campton Hills to the southwest, and South Elgin to the south. Immediately west of the City is unincorporated Kane County. Approximately one-fifth of the current equalized assessed valuation (the “EAV”) lies in Cook County and four-fifths lies in Kane County. The 2010 Census population is reported at 108,188, and the 2020 Census population is reported at 114,797. The Chicago Metropolitan Agency for Planning (“CMAP”) estimates the City’s population could be 139,517 by 2040. The City’s location at the north end of the growing “Fox Valley” region and along the Interstate 90 Northwest Tollway’s “Golden Corridor” has contributed to substantial residential, commercial and industrial growth in the City in recent years.

Annexation activity over the past two decades has been substantial. The City has annexed over 8,200 acres of land from 2000-2019 for constructing a combination of business parks and residential subdivisions. In 2021, the City annexed 8.49 acres which is the property located at 2100 N. Randall Road, Biggers Chevrolet. In 2022, the City annexed 71.02 acres. Annexations included the SWC of Route 72 and Randall Road (37.04 acres), 1100-1120 Tollgate Road (31.8 acres), and Capital Corporate Center-2530 Mason Road (2.18 acres). In 2023, 8.32 acres were annexed at 1630 Villa Street. In 2024, the City annexed 8.62 acres which is the property located at 2100 Big Timber Road (Gifford’s Crossing). Also in 2024, 25.296 acres were annexed at the corner of South Randall Road and Hopps Road and 117.7 acres were annexed at 2580 Mason Road, for a total of 143 acres.

City Organization and Services

The City was incorporated under a special charter from the State in 1854 and is a home rule unit under the Illinois Constitution. The City operates under the Council-Manager form of government with a Mayor and eight City Council members elected at large for four-year staggered terms. The City Council appoints a City Manager and Treasurer, and the Mayor appoints a Clerk who is confirmed by the City Council. All City employees, approximately 721 full-time employees, report to the City Manager, who is responsible for the daily operations of the City. The Fiscal Services Department is responsible for preparing an operating budget subject to approval by the City Council. The City provides a Police Department of 195 full-time officers, and a Fire Department which operates 7 fire stations and has 141 full-time employees of which 99 are certified paramedics.

Various non-supervisory City employees are members of collective bargaining units. These units have multi-year contracts of varying length. The Policeman’s Benevolent Association Unit 54 contract was settled in 2023 and expires December 31, 2025. The negotiations resulted in a 3% increase for 2023, 2024, and 2025. The International Association of Firefighter’s contract was settled in March 2022 and provides for 3% wage increases in 2022 through 2025. The Clerical Technical Employees and the Public Works Employees Group are both represented by the Services Employee International Union (“SEIU”). The Public Works Employees Group contract, which was finalized in 2022, expires on December 31, 2025. Negotiations resulted in a 3% increase for 2022, 2023, 2024, and 2025. The Clerical Technical Employees contract, finalized in 2022, expired on December 31, 2024. This group also received a 3% increase in 2022, 2023, and 2024. City officials consider their labor relations with employees to be excellent. Police and Fire agreements prohibit strikes. There has been no history of strikes for the Clerical Technical or Public Works employee groups.

The City provides water treatment and distribution services to residents and also currently sells water to the Village of Sleepy Hollow, a separate unit of local government. The rate for the adjoining jurisdictions is 125% of the City's rate. The City is responsible for the ownership and maintenance of the sewer interceptor system within its corporate limits. The Fox River Water Reclamation District continues to be responsible for sewage treatment.

The City has a rating of four for Building Code Effectiveness from the Insurance Service Office ("ISO"). The rating system assesses a community's standards and implementation of codes related to high quality, safe new construction. With a rating scale ranging from one to ten, with one being the best, the City received one of the highest ratings in the region. Additionally, the City has attained a rating of two for its Fire Service from the ISO.

Western Growth Area

The City adopted a new comprehensive plan in 2018, and that plan continues the commitment by the City to quality land resource management for tens of thousands of acres on the City's western edge. The plan puts forth growth management policies that direct a balance between the need to develop, the cost of development, and conservation of the natural environment. Development within the City's western growth area will continue to demonstrate the use of innovative architecture, site planning, and land design of such quality as to set a standard of excellence for subsequent development. Currently, the City includes more than 23,700 acres of land, but another 47,500 unincorporated acres are within the City planning area, mostly within the western growth area.

The vast majority of undeveloped land in the City's western growth area will develop residentially. The prices for new homes being built in the western growth area range from about \$469,000 to the mid \$700,000s. The vision of the western growth area is to develop healthy, vibrant neighborhoods which offer qualitatively better places for people to live, shop, work, and recreate; places where people can connect with nature and feel a sense of community; have the freedom to choose their means of transportation, choose from a variety of housing types and recreation amenities, and participate in civic activities.

Parks and Recreational Facilities

The Parks and Recreation Department of the City manages a vast expanse of 1,695 acres, distributed among 76 parks, six of which hold regional status. These regional parks include Wing Park, Lords Park, Trout Park, Festival Park, the Elgin Sports Complex, and with a completion date of 2025, Jack Cook Park. Wing Park, situated on the near west side, offers a plethora of amenities such as a family aquatic center, baseball fields, a band shell, shelters, a golf course, basketball, and tennis courts. Lords Park, located on the east side, boasts similar facilities including a family aquatic center, basketball courts, a zoo, baseball fields, picnic shelters, a natural history museum, pavilion, lagoons, and tennis courts. Trout Park, situated on the northeast side, features a nature preserve, a baseball field, and a picnic shelter. Festival Park, positioned downtown, provides a playground, splashpad, and spacious grounds for hosting community gatherings.

Jack Cook Park and Forest Preserve, jointly owned by the City and the Forest Preserve District of Kane County, spans 224 acres on the far west side. Amenities include soccer fields, tennis and basketball courts, a shelter, roadway, and parking lot. Development has been ongoing and the final phase, anticipated for completion by the end of 2025, will introduce an additional athletic field, picnic area with shelter, two creek-crossing bridges, a playground, a dog park, a passive trail system, and native plantings.

The Elgin Sports Complex comprises ten illuminated softball fields, eleven soccer fields, and two sand volleyball courts, along with one of only two BMX tracks in the State. On weekdays, residents engage in various sports leagues and events, while weekends, from early April to late October, witness approximately thirty tournaments, drawing around 1,600 teams and an estimated 300,000 visitors. The City plans to enhance the complex by adding 2-3 synthetic multi-purpose fields by fall 2025.

Furthermore, the Parks and Recreation Department manages three municipal golf courses, a recreation center, and a nature center. Notable among these are Wing Park Golf Course, known for its accessibility to beginners and seniors; the Highlands of Elgin, recognized for its value; and Bowes Creek Country Club, offering a private club experience at a public course price. The Edward Schock Centre of Elgin, a cutting-edge recreation facility in the downtown area, features a fitness center, indoor pools, a field house, a walking track, racquetball courts, climbing wall, programming rooms, and banquet facilities. The Centre averages over 800,000 visitors annually. The Hawthorne Hill Nature Center, covering 67 acres, provides year-round nature programs, wheelchair-accessible trails, ponds, a nature play area, pollinator garden, and wood-chipped trails.

The Parks and Recreation Department provides high-quality parks, facilities, and a variety of general recreation programs throughout the City. These programs encompass athletic leagues, art and dance, swimming, preschool, camps, martial arts, special events, enrichment, and educational programs catering to all age groups and ability levels from infants to senior citizens. Given the array of top-notch amenities and services, the Elgin Parks and Recreation Department strives to be the heart of the City.

Elgin Riverfront

Part of the City's riverfront, specifically Riverside Drive, was designated a River Edge Redevelopment Zone ("RERZ") in 2009 by the Illinois Department of Commerce and Economic Opportunity ("DCEO"). The RERZ program was developed to "revive and redevelop environmentally challenged properties adjacent to rivers in Illinois." Inclusion in this zone provides additional funding opportunities for the City to revitalize this riverfront area located within the central business district.

In October 2010, the City was awarded a River's Edge Redevelopment Grant to reconstruct Riverside Drive. The funding was provided by Illinois Jobs Now! capital plan, administered by DCEO for the demolition of the existing Riverside Drive decking and the construction of a new environmentally sensitive structure creating the Riverside Drive Promenade, which was completed in the fall of 2014. Features of the Riverside Drive Promenade include permeable pavers, bio-swales, traffic calming devices and bicycle paths consistent with existing riverfront improvements in the City's downtown area.

More recently, the City commissioned a planning study of vacant downtown properties it owns along the east side of the Fox River to determine what is the best use of that land. While not expected to be completed until later this Summer, the current version of the plan recommends a series of active and passive recreational opportunities along the river and continuing the bicycle path. The plan also calls for private residential and commercial development that would bring more people downtown.

Transportation

The City is located at the center of the nation's transportation network, offering businesses, residents and visitors access to one of the nation's greatest multimodal transportation systems including:

- Second-largest public transportation system
- Second-largest rail system
- Third-largest interstate system
- Fifth-largest highway system
- Among the largest international airport systems

The City's businesses, residents and visitors alike count on the City's safe, effective and accessible transportation system, where all modes connect in ways that make travel easy.

The City benefits from exceptional highway access throughout the Chicago area. Interstate 90, known as the "Golden Corridor," connects the City to O'Hare International Airport and downtown Chicago. The City has three full interchanges on I-90 at Illinois Route 25, Illinois Route 31, and Randall Road, providing easy north-south access through the Fox Valley. U.S. Route 20, a limited-access east-west highway, serves the southern part of the City.

Illinois Route 390, formerly the Elgin-O'Hare Expressway, is under continued development to improve western access to O'Hare International Airport. Upon completion, this project will further enhance the City's connectivity to global travel and commerce.

O'Hare International Airport is approximately a 30-minute drive from the City via Interstate 90, while Chicago's Midway International Airport is approximately 40 miles away. Corporate jets and other general aviation aircraft use nearby DuPage Airport, approximately 11 miles from the City, or Schaumburg Regional Airport approximately 10 miles away. Illinois has approximately 750 aviation facilities, including heliports and specialty airfields that support various industries and emergency services.

Commuter rail service is available through Metra's Milwaukee District West Line, which provides a direct connection to Chicago's Union Station. The City has three Metra stations serving passengers traveling to downtown Chicago: Big Timber Road, Elgin, and National Street stations.

Bus transportation for the City and neighboring communities is provided by the state-funded Pace Suburban Bus Service of the Regional Transportation Authority (RTA). The Pace Bus Elgin Transportation Center, located downtown, currently has 12 routes that serve the City and connect to CTA, RTA and Metra routes in more than 220 communities throughout the six-county area. Pace's fixed-route bus service conveniently transports commuters throughout the suburbs using a set schedule and routing, while providing fast and economical service to employment centers, hospitals, shopping centers and many other attractions.

Education

U-46

School District U-46 (the “District”) serves families in 11 communities across 90 square miles within Chicago’s northwest suburbs. Approximately 34,000 preschoolers through 12th graders attend the 55 District schools and programs. The District’s vibrant student population lists 95 home languages and more than half of its students are from Hispanic families.

More than 40 percent of the District’s students are English learners, a demographic that paved the way for the District to develop its renowned Dual Language program. The program allows many students to maintain their first language of Spanish while learning English and also offers an opportunity for all students to become fluent in Spanish, in addition to English and any other languages they may speak at home. High school students can select from among 27 Advanced Placement courses at the District’s five high schools, and 47 students graduated in 2024 from the Dual Credit program, a partnership with Elgin Community College. Thirty-five of those students graduated with the equivalent of an associate's degree.

The District has been honored for six straight years with the Best Communities for Music Education designation from The NAMM Foundation for its outstanding commitment to music education. Sycamore Trails Elementary was named “Exemplary” on the 2023-24 Illinois Report Card, the highest designation. Forty other District schools were categorized as “Commendable,” the next highest designation. The District has also earned national accreditation in its Career and Technical Education programs, including automotive, precision manufacturing, and welding.

Higher Education

Elgin Community College

Since its founding in 1949, Elgin Community College (“ECC”) has grown into a nationally recognized institution that offers 130 degree and certificate options featuring dozens of transfer agreements with top four-year institutions, as well as career and technical programs to prepare students for immediate employment in rewarding careers.

ECC's 145-acre Spartan Drive Campus features smart classrooms, facilities, and equipment that mirror what is in use in the workforce, a vibrant and engaging campus experience, and support services that help students succeed. The Burlington-based, 120-acre Elgin Community College Center for Emergency Services features classrooms, a three-story burn tower, training bays, and a diving pond to train current and future first responders. ECC serves approximately 16,000 students each year.

ECC is nationally recognized as a Leader College of Distinction by Achieving the Dream, Inc., a national nonprofit organization dedicated to helping more community college students, particularly low-income students, and students of color, stay in school and earn a college certificate or degree.

In 2021, The Aspen Institute named ECC one of the top 150 community colleges in the United States. In 2022, ECC was named among 25 colleges nationwide as a semifinalist for the 2023 \$1 million Aspen Prize for Community College Excellence, the signature recognition of high achievement and performance among America's community colleges. In 2024, ECC began construction on a new, cutting-edge Manufacturing and Technology Center (“MTC”). The MTC will span 150,000 square feet. This facility addresses growing enrollment and expands academic offerings to meet local employers' needs. The MTC will offer vital education and training for manufacturing employers in the Elgin area. It has secured \$28.5 million in State funding to address the middle-skills labor gap, including industrial/manufacturing, maintenance technology, HVAC/energy maintenance, welding, manufacturing automation, robotics, renewable energy and industrial-process control.

Joint Agreement Institutions:

- Black Hawk College
- Carl Sandburg College
- City Colleges of Chicago
- College of DuPage
- College of Lake County
- Danville Community College
- Harper College
- Heartland Community College
- Highland Community College
- Illinois Central College
- Illinois Eastern Community Colleges
- Illinois Valley Community College
- John A. Logan College
- John Wood Community College
- Joliet Junior College
- Kankakee Community College
- Kaskaskia College
- Kishwaukee Community College
- Lake Land College
- Lewis and Clark Community College
- Lincoln Land Community College
- McHenry County College
- Moraine Valley Community College
- Morton College
- Oakton Community College
- Parkland College
- Prairie State College
- Rend Lake College
- Richland Community College
- Rock Valley College
- Sauk Valley Community College
- Shawnee Community College
- South Suburban College
- Southeastern Illinois College
- Southwestern Illinois College
- Spoon River College
- Triton College
- Waubensee Community College
- University of Maryland Global Campus

Judson University

Also located in the City is Judson University, a Christian liberal arts college established in 1963. The university is home to approximately 1,250 students and is located on a 90-acre campus along the Fox River. Judson University offers more than 60 undergraduate majors, minors and pre-professional programs and is currently the only evangelical Christian university to offer an accredited architecture program. Judson University also has a Division of Professional Studies, which caters to the adult, working population. Offerings include Liberal Arts, Business Administration, Organizational Leadership, Human Services, and Mental Clinical Health Counseling. Programs are offered at the AA, BA, and MA level with classes available in the City, Rockford, or fully online.

Judson is an active member of the City and is committed to serving the City's needs through strong partnerships with businesses, schools and non-profit agencies.

NLU, Robert Morris, & DeVry

Established more than 125 years ago, National Louis University ("NLU") is one of Chicago's oldest private universities and a leader in providing a quality education for the adult learner. NLU is a nonprofit, non-denominational university serving more than 8,000 students in three colleges: National College of Education; College of Arts & Sciences; and College of Management and Business. It offers bachelors, masters and doctoral degrees in 60 fields including education, management, human services, counseling, and other community-serving disciplines. NLU's reach is national with five campus locations in the State: Downtown Chicago, the City, Lisle, North Shore, and Wheeling. NLU first opened its academic center in the City in 1979, and currently resides in an 18,900 square foot building located in the Leslie Oaks Business Center.

DeVry University and Robert Morris College also have satellite campuses in the City. Additional opportunities for higher education are available to City residents from the various colleges and universities throughout the Chicago metropolitan area.

Healthcare

The City's healthcare industry is a cornerstone of its economy, providing high-quality care to residents and contributing significantly to the region's healthcare landscape. This robust job market positions the City as a major employer in the healthcare sector, providing diverse career opportunities and attracting skilled professionals to over 14,000 healthcare jobs. The healthcare industry generates approximately \$2.4 billion to the City's economy, contributing to its overall prosperity and creating a ripple effect that benefits businesses and residents alike. The City has a diverse range of over 200 healthcare facilities, including hospitals, medical clinics, nursing homes, and rehabilitation centers, offering a comprehensive spectrum of care to the community.

Ascension Saint Joseph Hospital Elgin

Established in 1901, Ascension Saint Joseph-Elgin delivers specialty care and 24/7 emergency care to the Fox River Valley. It provides advanced surgical care for serious and life-threatening injuries and illnesses. They have a level II trauma center. Ascension Saint Joseph-Elgin delivers specialty care — including heart, vascular, cancer, stroke care, orthopedics, weight loss, and offering a wide range of minimally invasive procedures, imaging and lab tests, all on one campus.

Advocate Sherman Hospital

Advocate Sherman Hospital (“Sherman Health”) is an acute care facility with highly skilled physicians and clinical professionals offering a comprehensive range of health care services. Since 1888, Sherman Health has provided quality, compassionate care to its patients and communities, and is a leader in delivering the most advanced technologies and services available in the northwest suburbs.

U.S. News & World Report has named Sherman Health a 2018-2019 Best Regional Hospital. In addition, Sherman Health has ranked high performing in aortic valve surgery, congestive heart failure, colon cancer surgery, COPD, diabetes and endocrinology, gastroenterology and GI surgery, geriatrics, hip replacement, knee replacement and pulmonology. Sherman Hospital employs more than 2,200 individuals and has more than 600 dedicated physicians on its medical staff.

Community Life

Elgin Symphony Orchestra

The Elgin Symphony Orchestra (“ESO”) is one of the preeminent regional orchestras in the United States. Since its founding in 1950, the organization has developed a reputation for artistic excellence, innovative programming, and a deep commitment to the social advocacy and economic development of the diverse communities that it serves. The ESO is celebrating its 75th Anniversary this season and it’s the second season with new Music Director, Chad Goodman.

Named “Orchestra of the Year” an unprecedented four times by the Illinois Council of Orchestras, (1988,1999, 2005 and 2016) and winner of a 2010 Elgin Image Award, the Elgin Symphony Orchestra, now in its 71st season, is respected for exceptional performance, innovative education programs, and community outreach initiatives.

Founded in 1950 by Douglas Steensland at ECC, the orchestra's profile expanded greatly with the appointment of Grammy Award-winning conductor Margaret Hillis as Music Director in 1971. The Orchestra became fully professional in 1985 under the direction of conductor/composer Robert Hanson, who was named Music Director earlier that year. The fifth music director, Chad Goodman, was hired in 2023.

The ESO has featured many of the biggest names in classical music as guest artists, including Yo Yo Ma, Itzhak Perlman, Sir James Gallway, Pinchas Zukerman, Kathleen Battle, James Ehnes, Nicola Benedetti and Pepe Romero.

The ESO collaborates with the Latino and African American communities with meaningful programs and free events in a wide variety of community venues with ESO Musicians. The Elgin Hispanic Network named the ESO the 2024 Organization of the Year and the City presented the first Dia de Los Muertos Concert in November, 2024 in partnership with the Gail Borden Public Library. ESO Musicians have partnered with Centro de Información, participated in Juneteenth and Mexican Independence Day Festivals, performed in Ofrendas and Hispanic Heritage events at the Gail Borden Public Library, and collaborated in Gospel Celebrations with 2nd Baptist Church.

Gail Borden Library

The Gail Borden Public Library District (the “Library District”) serves a wonderfully diverse community, and it welcomes over 870,000 visitors annually. The Library District serves almost 150,000 and 63 percent of the people have library cards and the library is proud that that continues to grow. The Library District is a self-governed unit of government. Small portions of the City are also served by the Bartlett Public Library District and the Dundee Township Public Library District.

Serving and collaborating with the local community since 1874, the Library District’s main prairie style building along the Fox River was completed in 2003. Its first branch opened just west of Randall and Bowes in 2009. The beautiful sustainable Rakow Branch situated adjacent to wetlands earned the rare gold status from U.S. Green Building Council and is a living educational classroom for visitors. The Library District opened a second branch in South Elgin in 2016. A bookmobile also serves the community.

The Library District offers books, eBooks, streaming movies and classes, dynamic programming with Science, Technology, Engineering and Math (“STEM”) and technology themes, as well as special events such as job and career expos, technology fairs and new-parent initiatives. Unique museum-quality exhibits have featured life-size dinosaurs, interactive exhibits such as Adventures with Clifford The Big Red Dog™ and the history of space, which gave local students the opportunity to chat live with an astronaut aboard the International Space Station.

The Library District’s partnerships with the community have helped bring a diverse array of literacy initiatives to residents of all ages. The library works regularly with the District and local private schools to ensure student participation in the annual summer reading program to maintain student reading skills over the summer. One library card promotion resulted in 8,000 residents signing up for library cards in one month. The Library District’s outreach initiatives bring storytelling, programming and materials to many in the community. The Library District also offers myriad virtual programs for people of all ages.

In the last few challenging years, the Library District is proud to have worked with many other people and organizations in the community to get people counted in the successful 2020 Census via grants from both Forefront and the Secretary of State. A grant for the Illinois Public Health Association has enabled the Elgin Area Pandemic Team to work out of the library to help people with vaccines, and assisting those having food, rental, utility needs and more that resulted from a negative impact of the pandemic. The pandemic work was so valuable to the community that the Library District subsequently added a Bilingual Social Services department.

SOCIOECONOMIC INFORMATION

The following statistics pertain principally to the City. Additional comparisons are made with Kane and Cook Counties and the State.

Population

The City continues to see progressive gains in population, as summarized below. CMAP estimates the City’s population could be almost 150,000 by 2050.

City Population Trends(I)

Year	The City		Kane County		Cook County	
	Population	Percentage Growth	Population	Percentage Growth	Population	Percentage Growth
1960 Census	49,447	11.81%	208,246	38.47%	5,129,725	13.77%
1970 Census	55,691	12.63%	251,005	20.53%	5,492,369	7.07%
1980 Census	63,668	14.32%	278,405	10.92%	5,253,655	(4.35%)
1990 Census	77,010	20.96%	314,934	13.12%	5,105,067	(2.83%)
1996 Census	85,068	10.46%	N/A	N/A	N/A	N/A
2000 Census	94,487	11.07%	404,119	28.32%	5,376,741	5.32%
2008 Census	104,939	11.06%	N/A	N/A	5,294,664	(1.53%)
2010 Census	108,188	3.10%	515,269	27.50%	5,194,675	(1.89%)
2020 Census	114,797	6.11%	516,522	0.24%	5,275,541	1.56%
2050	149,878	30.56%(2)	796,415	54.19%(2)	6,194,059	17.41%(2)

Notes: (1) Source: U.S. Bureau of the Census.

(2) Percentage growth based on increase from 2020 Census to 2050 CMAP projection.

Employment

The City is the employment center for northern Kane County. The City has a highly diversified, well-balanced economy and is not dominated by any single commercial or industrial sector.

Below is a list of large employers located in the City.

Major City Employers(1)

<u>Company</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
The District.....	Public School District	4,830
Chase.....	Credit Card Processing	2,700
Advocate Sherman Hospital.....	General Hospital	1,600
John B. Sanfilippo & Son, Inc.	Corporate Headquarters and Snack Foods.....	1,200
ECC.....	Community College	1,035
Ascension Saint Joseph - Elgin	General Hospital	1,000
Capsonic Group, LLC.....	Plastic Products	600
Elgin Grand Victoria Casino	Gaming	535
American NTN Bearing Mfg. Corp.	Precision Ball Bearings	530
Colony Display, LLC.....	Metal Products and Fabrication	450
Elgin Sweeper Co.....	Street Sweepers	400
SKF USA, Inc.....	Automotive, Aerospace and Industrial Seals.....	400

Note: (1) Source: 2025 Illinois Manufacturers Directory, 2025 Illinois Services Directory and a selective telephone survey.

City residents also have substantial employment opportunities in surrounding communities, as well as throughout the Chicago Metropolitan area. The following list shows selected large private employers located in communities immediately surrounding the City.

Major Area Employers(1)

<u>Location</u>	<u>Company</u>	<u>Business or Product</u>	<u>Approximate Employment</u>
Arlington Heights	Endeavor Health Northwest Community Hospital...	Community Hospital	4,025
Hoffman Estates	Transform Holdco, LLC	Holding Company Headquarters; Retail Department Store Chain.....	3,200
Rolling Meadows	Northrop Grumman Corp., Land & Self Protection Systems Div.	Divisional Headquarters and Electronic Countermeasures	2,800
Hoffman Estates	Ascension Saint Alexius	Full Service Hospital	2,500
Schaumburg	Zurich North America	Company Headquarters and Commercial Property and Casualty Insurance	2,500
Schaumburg	Nation Pizza Products LP	Frozen Pizzas and Crusts	2,000
Arlington Heights	International Services, Inc.	Corporate Headquarters and Management Consulting	1,200
Arlington Heights	Clearbrook	Developmentally Disabled Rehabilitation Services	1,000
Rolling Meadows	Arthur J. Gallaher & Co.	Company Headquarters and Insurance Brokerage	825
Schaumburg	OptumRx, Inc.	Corporate Headquarters, Pharmacy Software and Automation Services ..	800
Schaumburg	Paylocity Corp.	Software Development	800
Rolling Meadows	Gallagher-Bassett Services, Inc.	Third Party Administrators and Global Risk Management Services.....	675
Schaumburg	Executive Building Maintenance, Inc.	Janitorial Services	630
Hoffman Estates	CDK Global	Dealer Management Systems for the Automotive Retail Market.....	600
Hoffman Estates	Siemens Healthcare Diagnostics, Inc.	Medical Imaging Equipment	550
Schaumburg	Ascent Industries Co.	Company Headquarters and Industrial Chemicals	517
Schaumburg	Assurance Agency Ltd.	Insurance	500
Schaumburg	Comcast Corp.	Cable Television and Internet	500
Rolling Meadows	Kelso-Burnett Co.	Company Headquarters and Electrical Contractors	500
Arlington Heights	Lumen Technologies, Inc.	Voice Communications Systems	500
Hoffman Estates	Plote Construction, Inc.	Corporate Headquarters and Asphalt Paving Materials	500

Note: (1) Source: 2025 Illinois Manufacturers Directory, 2025 Illinois Services Directory and a selective telephone survey.

The following tables show employment by industry and by occupation for the City, Cook County, Kane County and the State as reported by the 2019-2023 American Community Survey 5-Year estimates from the U.S. Bureau of the Census released by the U.S. Bureau of the Census in December 2024 (the “2019-2023 ACS”).

Employment By Industry(I)

Classification	The City		Cook County		Kane County		The State	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	206	0.4%	5,098	0.2%	955	0.4%	64,950	1.0%
Agriculture, Forestry, Fishing and Hunting, and Mining	170	0.3%	5,014	0.2%	1,270	0.5%	64,288	1.0%
Construction	3,988	7.0%	120,465	4.7%	17,151	6.4%	338,825	5.4%
Manufacturing	10,195	17.8%	242,723	9.4%	41,428	15.4%	728,327	11.6%
Wholesale Trade	1,733	3.0%	61,180	2.4%	9,988	3.7%	168,508	2.7%
Retail Trade	6,219	10.8%	236,793	9.1%	29,933	11.2%	650,779	10.4%
Transportation and Warehousing, and Utilities	3,864	6.7%	201,110	7.8%	16,367	6.1%	433,291	6.9%
Information	933	1.6%	51,027	2.0%	3,951	1.5%	103,644	1.7%
Finance and Insurance, and Real Estate and Rental and Leasing.....	3,308	5.8%	217,703	8.4%	19,067	7.1%	462,565	7.4%
Professional, Scientific, and Management, and Administrative and Waste Management Services	7,778	13.6%	411,128	15.9%	33,947	12.7%	794,813	12.7%
Educational Services and Health Care and Social Assistance.....	10,054	17.5%	608,303	23.5%	52,870	19.7%	1,470,742	23.5%
Arts, Entertainment and Recreation and Accommodation and Food Services	5,352	9.3%	221,832	8.6%	23,741	8.9%	516,702	8.3%
Other Services, Except Public Administration	2,653	4.6%	122,385	4.7%	11,340	4.2%	285,896	4.6%
Public Administration.....	1,100	1.9%	90,955	3.5%	7,120	2.7%	234,863	3.8%
Total	57,347	100.0%	2,590,618	100.0%	268,173	100.0%	6,253,243	100.0%

Note: (1) Source: The 2019-2023 ACS.

Employment By Occupation(I)

Classification	The City		Cook County		Kane County		The State	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts	17,955	31.3%	1,181,349	45.6%	104,455	39.0%	2,660,678	42.5%
Service	10,217	17.8%	416,526	16.1%	42,520	15.9%	996,806	15.9%
Sales and Office.....	12,105	21.1%	491,974	19.0%	58,594	21.8%	1,235,237	19.8%
Natural Resources, Construction, and Maintenance	4,987	8.7%	149,254	5.8%	19,049	7.1%	443,661	7.1%
Production, Transportation, and Material Moving	12,083	21.1%	351,515	13.6%	43,555	16.2%	916,861	14.7%
Total	57,347	100.0%	2,590,618	100.0%	268,173	100.0%	6,253,243	100.0%

Note: (1) Source: The 2019-2023 ACS.

Unemployment Rates

The table below shows unemployment trends for the City, Kane and Cook Counties, and the State.

Annual Average Unemployment Rates(I)

Calendar Year	The City	Kane County	Cook County	The State
2021	7.0%	5.7%	7.0%	6.1%
2022	5.8%	4.5%	5.0%	4.6%
2023	5.8%	5.0%	4.5%	4.5%
2024	6.0%	5.0%	5.4%	5.0%
2025(2)	7.4%	5.2%	5.5%	5.1%

Notes: (1) Source: Illinois Department of Employment Security.
(2) Preliminary rates for February 2025.

Building Permits

The City continues to be among the leading suburban communities for new housing starts. Since at least the first quarter of 2017, the City has ranked in the top 10 communities in the State for the number of housing starts.

Based on the trend established following the 2008 Financial Crisis, it is anticipated that approximately 200 new housing units will be added to the City's housing stock each year with new developments primarily on its west side. These developments are well under way and include Highland Woods by Crown Community Development, a 577-acre development containing 591 single-family homes and 309 townhouses; the Ponds of Stony Creek by Lennar, a 278-acre development containing 504 single-family homes; Tall Oaks by Wyndham Deerpoint and DR Horton, a 201-acre development containing 334 single-family homes and 123 townhouses; and West Point Gardens, a 172-acre development containing 384 single-family homes and 44 townhouses. The prices for new homes being built in the western growth area range from about \$469,000 to the mid \$700,000s.

One large development anticipated on the west side is Pingree Creek Subdivision by Shodeen, Inc. This mixed-use project includes plans for 1,768 single-family homes, 120 townhouses, 883 apartments, and 25 acres of commercial on 780 acres. Shodeen has not announced a start date, but the first phase would include more than 200 apartments and 120 single-family homes. Shodeen is expected to start infrastructure work this year, with improvements to a nearly-mile long stretch of road. The City is also expected to break ground on and complete a new roundabout at a major intersection within the project this year. The City received a grant for a substantial part of the work and the balance will be split between the City and Shodeen.

Lennar is also intending to acquire or has acquired several hundred single-family residential lots in the Waterford Subdivision, located along Longcommon Parkway, north of Bowes Road. This subdivision has been stalled since the 2008 Financial Crisis. Similarly, the City is reviewing an updated preliminary plat for The Glen. This stalled subdivision is located along the east side of Nolan Road, south of Bowes Road. It includes 136 single-family lots and a parcel for an assisted living facility. Construction could start this year.

Developers are also expressing interest in dozens of acres of vacant land along South Street, west of Randall Road. Inquiries range from single-family residential subdivisions to senior living complexes. The City has also been approached about annexing 50 acres along Nesler Road and several hundred acres west of Coombs Road. The majority of this development would be single-family residential with pockets of townhouses at locations that could support the higher density. Development of any of this land is not likely until 2026 at the earliest.

The City approved the adaptive reuse of a 5-story downtown office building, and construction is nearly complete on converting the building into 40 market-rate rental apartments with ground-floor commercial space. The City agreed to a public-private partnership with Judson University to convert a vacant bank building into dorms and studio space for graduate-level architecture students. Students are expected to move in this Summer. The City recently agreed to a public-private partnership with Side Street Studio Arts, NFP to renovate a 15,000 square foot building in downtown, creating space for art classes, exhibitions, and various special events Side Street continues to refine their building permit plans.

The first cannabis dispensary opened in the City in 2024. It is located in the Clock Tower Plaza shopping center on the south side of downtown. A second dispensary is targeting the former Boston Market restaurant on Randall Road, just south of U.S. Route 20.

Construction is well underway on a four-story, 95-room Holiday Inn Express near the southwest corner of Randall Road and Interstate 90. The new 4-story, 122-room WoodSpring Suites Hotel at 2225 Point Boulevard opened in 2021. Further north, construction on a new Nissan dealership has started. Nissan is moving their dealership from E. Chicago Street to Auto Mall Drive. Biggers Mazda opened its new automobile dealership in January 2023. Biggers also moved from their previous location on E. Chicago Street. Their new Randall Road location is the largest Mazda dealership in the State. KIA opened their new dealership at the corner of Randall Road and Auto Mall Drive in December 2023. They too moved from E. Chicago Street.

To the south of Interstate 90 at 1550 N. Randall Road, OrthoIllinois opened their new 49,000 square foot medical office building in 2022. The estimated construction cost was between \$15-\$16 million, and the value when equipped was between \$20-\$22 million. OrthoIllinois also opened another facility in 2024, at the corner of Alft Lane and Westfield Drive (two blocks west of Randall). This building is a 20,000 square foot ambulatory center with four operating rooms with expansion potential to six operating rooms. The construction cost of this building was about \$8 million, and the value when equipped was about \$19 million (each operating room costs \$1 million to equip).

A new Starbucks coffee shop is under construction at 1007 N. Randall Road, in front of Russo Power Equipment. Belle Tire opened their new tire and automotive center just to the north of the Meijer building on Randall Road in December 2022. Further south, construction is underway on a 280-unit apartment complex at the southwest corner of Randall and Hopps Road.

Along McLean Boulevard, a new stand-alone Starbucks coffee shop opened at 310 S. McLean Boulevard in 2021, and a new O'Reilly's Auto Parts store opened at 596 N. McLean in 2021.

In late 2023, new Elginites began moving into Hanover Landing, a new 3-story building providing 40 units of permanent supportive housing at 711 E. Chicago Street. Along State Street in 2024, people began moving into the 74-unit, permanent supportive housing community by Association for Individual Development (AID).

On the east side of the City, at the northeast corner of U.S. Route 20 and Lambert Lane, the City annexed and approved the zoning in April 2023 for a new gas station and convenience store. Construction is expected to start in 2025 on Thornton's Fuel Center at a cost of about \$10 million. Along Summit Street, City Council amended a previous zoning approval for Bella Casa in April 2023. Bella Casa is a \$40 million development that includes 13,000 square feet of ground-floor retail and 151 apartments. Site development plans and the building plans for the first of five buildings are under review by the City.

Atlantic Packaging completed construction in 2022 at 2601 Mason Road on their 488,000 square foot building. The facility is the largest manufacturer of corrugated board and boxes in North America. The development represents a \$30 million investment on the vacant site. Construction was also completed in 2023 at 1451 Sheldon – a 477,000 square foot building being built on spec. The total development cost for this building is estimated at \$32 million. Construction is complete on a 248,000 square foot and a 187,000 square foot industrial building at the end of Toll Gate Road by High Street Logistics Properties. The development has an estimated value between \$30 and \$32 million. Gold Coast Logistics finished their 62,000 square foot headquarters for their transportation logistics company in August 2022. This building is located at the southeast corner of Big Timber Road and Madeline Lane. The company also bought the vacant 20 acres at the southwest corner of the intersection and is contemplating additional transportation logistics development there. Two other new industrial buildings also became available in 2024, along Madeline Lane, north of Big Timber. These buildings have added more than 465,000 square feet of industrial space to the market in total.

The City completed the annexation of 12-acre industrial property near the southwest corner of Interstate 90 and Randall Road to be the future headquarters of Orozco Trucking. Orozco is currently in the plan review stages for their 55,000 square foot building. Across the street, the City has been meeting with another trucking and logistics company about building a 110,000 square foot headquarters and maintenance facility at 2565 Mason Road. The 20-acre site would include parking for more than 300 trucks.

The success of the City's industries and businesses at the turn-of-the-19th century allowed the City to flourish which was reflected in the City's older neighborhoods. The homes in these areas, some dating back to the mid-1800's, exhibit a wide variety of styles, size and uniqueness that have established the City as a preservation destination. Many of these homes and areas are recognized for their historic and architectural significance through local and national designation as individual landmarks or as historic districts.

In addition to its 22 individual landmarks, the City designated five historic districts which include: the Elgin Historic District (established 1981); the Spring-Douglas Historic District (established 1996); the Elgin National Watch Historic District (established 1997); the David C. Cook – Lovell Area Historic District (established 2007); and the Elgin Bungalow Thematic Historic District (established 2015).

The Elgin Historic District contains 774 properties and is the earliest area of the City platted by the City's founder, James T. Gifford in 1842. The Spring-Douglas Historic District contains 286 structures and belonged to the City's most prominent business leaders involved in manufacturing, banking and retail, and quickly nicknamed the City's "Gold Coast." Both districts are also listed in the National Register of Historic Places. The Elgin National Watch Historic District contains 585 structures and was associated with workers and executives of the Elgin National Watch Company. The D. C. Cook-Lovell Area Historic District has 89 structures, many of which were built at the beginning of the 20th century due to the relocation of the David C. Cook Publishing Company in 1901, another prominent and successful business that provided the City more notoriety. The most recent district is the Elgin Bungalow Thematic Historic District containing seven residences. It is a district that is based on a theme, the bungalow, has no district boundaries but is city-wide and inclusion is voluntary.

The efforts to restore, preserve and promote the City's rich heritage through tireless efforts of passionate property owners, professional contractors and dedicated volunteers have greatly contributed to the beautification of the City.

The City issued 10,480 permits in 2024, compared to 11,182 permits issued in 2023. The City issued 10,362 permits in 2022 and 10,444 permits issued in 2021. The 2021 figure was up more than 15 percent from the 8,948 permits issued in 2020. The City issued 218 permits for single-family homes in 2024. Single-family homes include detached single-family homes and townhouses. 264 permits for single-family homes were issued in 2023 and 307 permits for single-family homes were issued in 2022, just one less than in 2021. 2021 was a 62 percent increase from the 190 permits for such single-family homes in 2020.

The City's construction activity over the past five years is shown by the building permit data below. The total annual permit valuations averaged nearly \$125 million the past five years.

City Building Permits(1)

Calendar Year	Single Family		Multi-Family		Commercial and Industrial	Total	
	Units	Value(2)	Buildings	Value		All Other	Value
2020	190	\$14,097,077	0	\$ 0	\$ 4,484,360	\$24,479,725	\$ 43,061,162
2021	308	25,843,911	0	0	12,258,420	31,861,131	69,963,462
2022	307	57,572,255	0	0	25,486,549	69,920,586	152,979,390
2023	264	59,572,769	2	7,300,000	40,151,386	98,101,519	205,125,674
2024	218	48,944,228	9	11,571,435	7,903,654	82,841,074	151,260,391
5-Year Average.....							\$124,478,016

Notes: (1) Source: The City.
(2) Does not include HVAC, electrical or plumbing permits.

Housing

According to figures provided by the U.S. Census Bureau, median home values in the City have been increasing at a rate which compares favorably with Kane County and Cook County and exceeds the State.

Median Home Values(1)

	1970	1980	1990	2000	2010	2020	1970-2020 Percent Increase
The City	\$20,700	\$60,600	\$ 96,800	\$141,400	\$212,700	\$196,100	847.34%
Kane County	20,700	60,500	102,500	160,400	245,000	245,500	1085.99%
Cook County	24,400	62,100	102,100	157,700	265,800	255,500	947.13%
The State	19,800	52,800	80,900	130,800	202,500	202,100	920.71%

Note: (1) Source: U.S. Bureau of the Census.

The 2019-2023 ACS reported that the median value of the City's owner-occupied homes was \$252,400. This compares to \$305,200 for Cook County, \$303,000 for Kane County and \$250,500 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, Cook County, Kane County and the State at the time of the 2019-2023 ACS.

Median Home Values(1)

Value	The City		Cook County		Kane County		The State	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under \$50,000	1,263	4.6%	41,998	3.5%	3,001	2.2%	179,713	5.4%
\$50,000 to \$99,999	411	1.5%	40,050	3.3%	2,044	1.5%	293,418	8.8%
\$100,000 to \$149,999	1,767	6.4%	84,534	7.1%	5,746	4.1%	373,012	11.2%
\$150,000 to \$199,999	4,146	14.9%	117,090	9.8%	13,839	10.0%	402,625	12.0%
\$200,000 to \$299,999	10,989	39.6%	303,912	25.4%	43,777	31.5%	796,642	23.8%
\$300,000 to \$499,999	8,053	29.0%	361,818	30.2%	53,709	38.7%	836,453	25.0%
\$500,000 to \$999,999	899	3.2%	193,482	16.1%	15,171	10.9%	373,844	11.2%
\$1,000,000 or more	227	0.8%	55,950	4.7%	1,468	1.1%	87,327	2.6%
Total	27,755	100.0%	1,198,834	100.0%	138,755	100.0%	3,343,034	100.0%

Note: (1) Source: The 2019-2023 ACS.

Mortgage Status(1)

Classification	The City		Cook County		Kane County		The State	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage	19,034	68.6%	754,757	63.0%	94,373	68.0%	2,056,770	61.5%
Housing Units without a Mortgage	8,721	31.4%	444,077	37.0%	44,382	32.0%	1,286,264	38.5%
Total	27,755	100.0%	1,198,834	100.0%	138,755	100.0%	3,343,034	100.0%

Note: (1) Source: The 2019-2023 ACS.

Income

Per Capita Personal Income for the Highest Income Counties in the State(1)

<u>Ranking</u>	<u>County</u>	<u>2019 to 2023</u>
1.....	DuPage County	\$57,051
2.....	Lake County	55,756
3.....	Monroe County	49,438
4.....	McHenry County	48,275
5.....	Cook County	47,801
6.....	Will County	46,216
7.....	Kane County	46,013
8.....	Grundy County.....	43,744
9.....	Platt County	43,547
10.....	Kendall County	43,127

Note: (1) Source: The 2019-2023 ACS.

The following shows the median family income for counties in the State.

Ranking of Median Family Income(1)

<u>County</u>	<u>Family Income</u>	<u>Ranking</u>
DuPage County.....	\$136,376	1
Lake County.....	132,828	2
Monroe County.....	128,922	3
Will County.....	124,227	4
McHenry County.....	121,624	5
Kendall County.....	119,150	6
Kane County.....	116,477	7
Cook County.....	102,297	12

Note: (1) Source: The 2019-2023 ACS.

According to the 2019-2023 ACS, the City had a median family income of \$97,393. This compares to \$102,297 for Cook County, \$116,477 for Kane County and \$103,504 for the State. The following table represents the distribution of family incomes for the City, Cook County, Kane County and the State at the time of the 2019-2023 ACS.

Family Income(1)

<u>Income</u>	<u>The City</u>		<u>Cook County</u>		<u>Kane County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	535	1.9%	42,405	3.5%	2,442	1.8%	92,276	2.9%
\$10,000 to \$14,999.....	414	1.5%	22,515	1.9%	1,467	1.1%	49,504	1.6%
\$15,000 to \$24,999.....	1,136	4.1%	51,737	4.3%	3,321	2.5%	115,394	3.7%
\$25,000 to \$34,999.....	1,684	6.0%	63,491	5.2%	4,620	3.5%	144,347	4.6%
\$35,000 to \$49,999.....	2,342	8.4%	102,147	8.4%	9,286	7.0%	255,343	8.2%
\$50,000 to \$74,999.....	3,719	13.3%	162,053	13.4%	17,083	12.9%	440,350	14.1%
\$75,000 to \$99,999.....	4,716	16.9%	147,639	12.2%	17,375	13.1%	413,051	13.2%
\$100,000 to \$149,999.....	6,509	23.3%	232,849	19.2%	30,525	23.0%	664,299	21.2%
\$150,000 to \$199,999.....	3,410	12.2%	150,406	12.4%	19,031	14.3%	404,823	12.9%
\$200,000 or more.....	3,500	12.5%	235,857	19.5%	27,679	20.8%	552,865	17.7%
Total	27,965	100.0%	1,211,099	100.0%	132,829	100.0%	3,132,252	100.0%

Note: (1) Source: The 2019-2023 ACS.

According to the 2019-2023 ACS, the City had a median household income of \$88,316. This compares to \$81,797 for Cook County, \$100,678 for Kane County and \$81,702 for the State. The following table represents the distribution of household incomes for the City, Cook County, Kane County and the State at the time of the 2019-2023 ACS.

Household Income(1)

Income	The City		Cook County		Kane County		The State	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	1,012	2.6%	124,398	6.0%	5,667	3.1%	262,472	5.2%
\$10,000 to \$14,999.....	1,086	2.8%	79,619	3.8%	3,546	1.9%	167,954	3.4%
\$15,000 to \$24,999.....	1,775	4.6%	131,723	6.3%	7,698	4.2%	312,209	6.2%
\$25,000 to \$34,999.....	2,580	6.6%	135,473	6.5%	8,868	4.8%	325,873	6.5%
\$35,000 to \$49,999.....	3,922	10.1%	199,836	9.6%	14,775	8.1%	493,412	9.9%
\$50,000 to \$74,999.....	5,637	14.5%	297,564	14.3%	25,826	14.1%	755,975	15.1%
\$75,000 to \$99,999.....	6,254	16.1%	256,665	12.3%	24,554	13.4%	637,303	12.7%
\$100,000 to \$149,999.....	8,575	22.1%	356,146	17.1%	39,234	21.4%	896,614	17.9%
\$150,000 to \$199,999.....	4,190	10.8%	201,564	9.7%	22,271	12.2%	494,802	9.9%
\$200,000 or more.....	3,815	9.8%	301,590	14.5%	30,757	16.8%	655,290	13.1%
Total	38,846	100.0%	2,084,578	100.0%	183,196	100.0%	5,001,904	100.0%

Note: (1) Source: The 2019-2023 ACS.

COMMERCE AND INDUSTRY

The City has traditionally been a center for commerce and industry. A major reason for this strength is the City's business diversity, location, and access to a skilled and large labor supply. The City has a well-balanced economy that is not dominated by any single business sector. Dun & Bradstreet lists over 5,500 businesses in the City. The City is also home to a robust manufacturing sector located in some 24 business parks including Burnidge Industrial Park, Randall Road Executive and Corporate Centers, Fox River Business Center, Fox Bluff Corporate Center, Northwest and Corporate Parks, Windsor Commerce Center, Miller-Davis Industrial Park, and others. Diversification of businesses has strengthened the City's economy and has made it more resilient to downturns in the overall economy as evidenced by the most recent recessions and the effect of the COVID-19 pandemic.

The City's favorable transportation infrastructure connects the City to such major routes such as I-90, Routes 20, 25, and 31. The City's proximity to the City of Chicago, O'Hare International Airport, and access to a Chicago metropolitan area labor force of nearly 5 million people all work together to make the City an ideal location in which to operate a business. Foreign Direct Investment has also played a major role in recent years in the expansion of the area's economy. Businesses from Germany, Japan, India, Canada, Switzerland, Austria, China, and Italy have decided to locate operations in the City. Foreign owned companies such as SureWrx, Faber-Castell, Harting, American NTN Bearing and others recognize the advantages and have made a footprint on the City's landscape.

The City's success in attracting and retaining both domestic and international businesses of all sizes and types is reflected in the industries that comprise their diversified economy. The City's industrial market remains one of the strongest in the Interstate-90 Northwest Corridor. The industrial market size is 35 million square feet in over 400 properties.

In 2020, new, speculative Class A industrial and commercial construction soared to 1.7 million square feet, a historic high for construction. By the end of 2024, almost all that space was absorbed by new and expanding businesses. Some 50 new manufacturing, warehouse and distribution businesses either expanded, located, or renewed leases of 2.5 million square feet by 2024, a record year for lease renewals and new leases. Today, the industrial vacancy rate is well below its 10-year average and is at around 6.0%.

Commercial and Industrial Development

Development along Randall Road and the I-90 interchange provides a mix of uses such as office, research, retail, and residential and industrial development. The Randall Point Executive Center is a major development located at that intersection offering more than 780,000 square feet of office space on a 60-acre campus space as well as a 74-room hotel and 9,900 square foot restaurant with seating capacity of 350. A nature preserve of approximately four acres has been dedicated at the northeast quadrant, which provides a park for the executive center.

Fabricators and Manufacturers Association (“FMA”) opened its new headquarters in a distinctive building in the Randall Point Executive Center. FMA is a professional association devoted to improving the metal processing, forming, and fabricating industries complementing the City's manufacturing sector. The association relocated its headquarters to the City from Rockford, Illinois.

Randall Point West, near the auto mall at I-90 and Randall Road, is a 40-acre Class A business park. Japan's MAZAK Optronics Corporation became the first company in the park when it built its new \$10 million North American headquarters complex in 2009. In 2014, Newhaven Display International constructed a 30,000 square foot building to house its headquarters, and completed an \$8 million, 40,000 square foot expansion of its facility, while adding 25 to 30 employees to its current 50 employee staff. In 2024, 500,000 square feet of speculative space was leased to an international manufacturer on the east side of the City.

The City is home to many new and used automobile dealerships including Biggers Chevrolet, Biggers Mazda, Brilliance Subaru, Napleton Kia, Ron Hopkins Ford, Elgin Volkswagen, Feeny Chrysler-Jeep-Dodge, and McGrath Honda. The 86-acre Auto Mall at Randall Road and I-90 saw its first auto dealer in 2010 when McGrath Honda built a dealership. Brilliance Subaru opened a new dealership off Randall Road in 2013. In 2015, a 36,000 square foot state-of-the-art Volkswagen dealership opened. Four lots have been purchased by yet another automotive group. In 2015, there was an addition of a new car dealership, Elgin Volkswagen. In 2024, Elgin Kia constructed a new dealership in the auto mall complementing other dealership brands. Many new and used dealers have reinvested in their dealerships with new facades and modern service centers to attract additional customers. Automobile dealerships are important contributors of sales tax revenue to the City.

American NTN Bearing Manufacturing Corporation (“NTN”), a Japanese company, owns a variety of companies and manufacturing plants worldwide. Since coming to the City in 1976, NTN has expanded its facilities to nearly 1 million square feet. NTN is now one of the City's largest employers with nearly 600 employees.

Suzlon Wind Energy Corporation (“Suzlon”) chose the City for a new 65,000 square foot North American training center. Suzlon is one of the largest wind energy companies in the world. The training center, which opened in October 2010, brings people to the City for training on how to maintain Suzlon and other manufacturers' wind turbines.

John B. Sanfilippo & Sons, Inc. (“Sanfilippo”), maker of Fisher Nuts, consolidated and moved its world headquarters to the City in 2005. Its peanuts are the most well-known, but the company also produces Evon's nuts, and Flavor Tree sesame sticks and snack food. The City's location of this business employs approximately 1,200 employees in a one million square foot building.

Cherry Bekaert, a certified public accounting and manufacturing consulting firm, decided to continue to keep its headquarters in the City after a merger. The business occupies nearly 100,000 square feet in the Fisher Corporate Center at I-90 and Randall Road. Cherry Bekaert is now one of largest accounting firms in the Chicago region.

Retail

The City has nine main retail corridors. These nine shopping corridors are historically unique and serve specific populations of people in the City and the region. One example, the Randall Road corridor includes over 100 retail businesses, new car dealers, significant industrial and office buildings, and a major hospital. The corridor serves a larger area for people moving through the City that frequent the businesses found along Randall Road. Retail vacancies have hovered at under 3% for the past five years and are projected to stay that way for the foreseeable future.

Downtown Elgin

The City's downtown revitalization continues to grow. First and foremost, the \$10.5 million Riverside Drive Promenade project has been completed and enjoyed its official ribbon cutting and grand opening in August 2013. This stretch, Chicago to Prairie Street, along the scenic Fox River has created beauty, recreation, and outdoor dining experiences for all that visit. Bicyclists, walkers, and runners, alike, can also take advantage of the stretch of the Fox River Bike Trail that was newly paved and improved. DuPage Court has been renovated to give shoppers and store patrons a place to relax and enjoy the downtown.

The iconic Elgin Tower Building's recent \$16.75 million renovation converted the building into 45 one-and-two-bedroom apartments, bringing new life to the historically designated property downtown. The recently redeveloped landmark building gave more options to those seeking to live in the suburbs in a downtown neighborhood environment. The City Center has been experiencing low retail vacancy rates, and a surge of new activity. The downtown revival as a destination spot has increased visitors from around the region and State.

Vacancy Rates

Industrial vacancy rates were at an all-time low of 3.2% in December of 2023 and are currently at 6.16%. The City had a net 12-month absorption of nearly 153,000 square feet. Net absorption is the sum of square feet that became physically occupied, minus the sum of square feet that became physically vacant. Market rent per square foot is at a high of \$9.96 per square foot. Market sale prices have gone up to \$94 per square foot. The former Ball building, the City's largest unoccupied building, should be occupied in the coming months and will bring the rate down further. Demand and supply are in equilibrium.

Multi-Family vacancy rates are low in the City and have stayed relatively the same since 2021. The vacancy rate has hovered around 2.1%. There are 113 units available to rent out of a total inventory of 5,469 rental units. The housing market is tight, and the average rent price went up from \$1,277 in April 2023 to \$1,413 today and climbing. A 3-bedroom apartment for example averaged \$1,664 per month in April 2023 and is now at \$1,771 per month. By the end of the 4th quarter of 2029, rents for a 3-bedroom unit are estimated to climb to \$2,429 in the City. Rent prices, regardless of the number of bedrooms, are forecasted to rise over the next five years. Demand far exceeds supply as the City continues to grow.

Retail vacancy rates went down and are at all-time historic lows in the City. The current retail vacancy rate went down from 3.78% in mid-February to 3.14% today. There is 177,000 square feet of unoccupied space out of a total of 5.6 million square feet available for lease or purchase. That is approximately the size of one Walmart Supercenter. Market rent prices are at an all-time high of \$18.39 per square foot and climbing. Sale prices for retail property are also near record all-time highs of \$157 per square foot. The vacancy rate is projected to remain under 4.0% through 2029. Demand is higher than the supply.

The overall vacancy rate for 11 distinct types of commercial real estate property segments in the City has stayed about the same when it was 7.2% in February 2023 to 7.28% today. The overall 10-year average is 8.35%. Market rent per square foot is at a high of \$12.68. In the last 12 months, 274,000 square feet of commercial space were absorbed. The existing inventory is 40 million square feet of commercial space in the City. Demand is projected to outweigh supply over the next five years. Office vacancies have gone from a low of 17.9% at the end of the second quarter of 2019 to 26.3% in February 2023 to 20.7% today, which is based on approximately 4.7 million square feet of inventory in the City. This is approximately the same as the past 10-year average of 20.5%. On a positive note, there has been a net absorption of 61,700 square feet in the past 12 months. There are 969,000 square feet of available office space in the City and supply exceeds demand. High office vacancy is a result of the COVID-19 pandemic and the fact that suburban office vacancy rates have traditionally been high.

Business Growth

The City continues to see an influx of new businesses, business expansions and business reinvestment. In 2019, some 270 occupancy permits were issued to local and new businesses. In 2020, although it's down, over 200 occupancy permits have been issued to businesses. The year 2023 was a banner year for all types of permits issued by the City.

New and Expanding Businesses

Atlantic Packaging announced the construction of the largest manufacturing operation in the State in 2021 with an investment of \$120 million in a new 500,000 square foot manufacturing facility. This facility was completed in 2022 and now employs some 500 workers. They are in the process of expanding the facility to 700,000 square feet.

The City continues to attract new businesses while helping local businesses to expand. Businesses such as SureWerx have leased additional square feet because of growing sales for protective work wear, while Motorola has moved its German manufacturing business to the City. Companies like Flender, locally owned ACE Hardware, Sanfilippo and the engineering firm of Hampton, Lenzini & Renwick are all growing and expanding their footprint. Conveyor Solutions moved its headquarters to the City and invested \$53.04 million to make it one of the top 20 projects in the State.

Businesses like GoldCoast Logistics, Aptar, Thomas Engineering, Conveyor Solutions, O'Reilly Auto Parts, Popeye's, Charter Automotive and Culver's moved to the City despite the challenges that they faced. Dozens of small businesses have closed, but dozens more have replaced them in recent years. Businesses are optimistic about prospects for the future, and several new projects are being planned.

Tax Increment Financing (TIF) Redevelopment Projects

Tax Increment Financing ("TIF") districts encourage re-development of special need areas by financing redevelopment project costs with incremental property tax revenues. The use of the incremental property taxes permits the City to implement and coordinate public improvements and activities to stimulate private investment within the TIF area. The City's three existing TIF districts include the Central Area TIF, established in 2002; U.S. Route 20 TIF, created in 2004; and, the Bluff City Quarry TIF District, enacted in 2011. The Central Area TIF District is the City's largest and most successful TIF district. The Central Area TIF district includes the City's central historic core which includes a variety of commercial, office, industrial, public, residential and mixed uses. The area contains 1,927 buildings and encompasses approximately 1,070 acres.

Arts-related economic development initiatives serve as an integral high-impact component of the Central Area TIF revitalization efforts. The Artspace Project fosters and preserves affordable living and working space for artists. The \$14.5 million development transformed a former legacy department store into an arts facility featuring 55 units of affordable living and workspace for artists and 6,000 square feet of retail and community space for arts-related businesses and nonprofit organizations.

The Central Area TIF redevelopment project and plan's objectives include, but are not limited to the following: strengthen the economic well-being of the project area; encourage and support the preservation and rehabilitation of the project area's historically significant properties; improve and upgrade existing surface infrastructure, including streets, curbs, gutters, sidewalks, lighting and alleys; and create an environment that stimulates private investment in the upgrading and expansion of existing businesses and the construction of new businesses, residential, retail and commercial facilities. The \$51 million construction of the Fountain Square residential development completed in 2009 created 211 dwelling units, a two-level parking structure and 11,000 square feet of commercial space in the City's downtown.

In April 2021, the City approved the redevelopment of a five-story former office building into "The Courtyard at 40," an \$11.34 million project featuring about 4,500 square feet of ground-floor commercial space, with the four upper floors being a mix of 40 studio, one- and two-bedroom market-rate apartments. The redevelopment is located in the Central Area TIF District and is expected to be completed in the late summer of this year.

The Central Area TIF expires in December 2025. The City is negotiating with the local governmental taxing bodies (school, community college and library districts and township) serving properties within the Central Area TIF to extend the TIF's duration for an additional twelve years. The City expects to be able to reach agreement on the terms for the Central Area TIF's twelve-year extension with the local governmental taxing districts and has introduced legislation in anticipation of an agreement.

The Bluff City Quarry TIF District was established in 2011. The developer of the Bluff City Quarry TIF District proposes to redevelop the area with various commercial and industrial uses. The developer's proposed redevelopment of the property within the TIF district is expected to generate tax increment approximating \$64,918,000 over the 23-year TIF district term.

Riverboat Casino

The City's Grand Victoria Casino is now part of the Caesars Entertainment Corporation (CEC). The Grand Victoria Casino's previous owner, Eldorado Resorts, Inc., completed a \$17.3 billion buyout of Caesars Entertainment Corp. in July 2020. Eldorado is assuming the iconic Caesar's company name going forward as the largest casino owner in the world. The transaction further enhances Caesars' position as the leading regional and destination gaming operator in the U.S.

Being part of CEC enhances the Grand Victoria Casino's competitiveness in the Chicago metropolitan area. Casino loyalty programs play a major role in a traveler's decision about which hotel to stay at, where to shop and where to eat. CEC has been a generous program for non-gamblers due to generous promotions and availability of high-level Diamond elite status through non-gaming avenues.

Before the pandemic, the Grand Victoria Casino commenced work on studies analyzing the market for an adjoining hotel to the gaming facility and conducted several meetings with the City on the development it is considering. With the gaming industry beginning its return to normal operations after the pandemic, hotel discussions are expected to resume.

The Grand Victoria Casino in late 2022 added 6,500 square feet of gaming space at a cost of \$4 million to create a new state-of-the-arts sportsbook and poker room. The Grand Victoria Casino began hosting Illinois' first World Series of Poker Circuit Event after the expansion and has been continuing to host the tournament that comes with \$1 million in guaranteed prize money for the annual Tournament of Champions in Las Vegas.

The Riverboat Fund has been serving as a major supplemental revenue stream since 1995. Riverboat Fund revenue is derived from the Grand Victoria Casino's operations. A five percent tax on the Grand Victoria Casino's gaming receipts plus a one dollar per patron admissions tax is deposited in the Riverboat Fund. The City receives an annual lease payment from the casino in the amount of \$1.3 million because the City owns the land on which the Grand Victoria Casino's pavilion and parking areas are located.

The Riverboat Fund generated \$14.1 million during their first full year of revenues in 1995 with annual revenue peaking at \$29.5 million in 2001. The 2011 opening of the Rivers Casino in Des Plaines, combined with the introduction of video gaming in taverns across the State in 2012 have substantially impacted the Riverboat Fund's revenue stream.

Fiscal year 2023 revenues were budgeted at \$11.3 million and actual revenues were \$12.4 million. Riverboat revenue from gaming and admission continues to be negatively impacted by the opening of the Rivers Casino (Des Plaines) and the increase in video gaming. Riverboat expenditures were \$11.8 million compared to budgeted expenditures of \$16.7 million.

Riverboat Fund revenues were budgeted at \$10.8 million in fiscal year 2024 and are estimated to be approximately \$11.3 million, exceeding budgeted expectations. Revenue from gaming tax fell short of budgeted expectations, while admission taxes and video gaming exceeded budgeted levels. In addition, due to rising interest rates, investment income surpassed the planned levels. Riverboat Fund expenditures were budgeted at \$16.4 million in fiscal year 2024 and are estimated to be approximately \$12.4 million. Capital projects delayed until 2025 account for expenditures being less than planned. Historically, the Riverboat Fund provided about \$6.0 million per year for neighborhood and collector street resurfacing projects. Beginning in fiscal year 2021, these projects were not funded through the Riverboat Fund to offset potential revenue decreases. This practice continued throughout 2024. These resurfacing projects were completed using Motor Fuel Tax funds. In addition to the City's normal motor fuel tax allotments, it received an additional \$7.1 million in fiscal years 2020 through 2022, under the ReBuild Illinois program.

The fiscal year 2025 Riverboat Fund budget plans for revenues of \$11.2 million, expenditures of \$15.8 million and draws on reserves in the amount of \$4.6 million. The Riverboat Fund balance on December 31, 2024, carrying over to fiscal year 2025, is estimated to be \$15.6 million.

Business Statistics

Following is a summary of the City's sales tax receipts as collected and disbursed by the State.

Retailers' Occupation, Service Occupation and Use Tax(1)

State Fiscal Year Ending June 30	State Sales Tax Distributions(2)	Annual Percent Change +(-)
2020.....	\$16,465,330	1.94%(3)
2021.....	17,449,736	5.98%
2022.....	19,611,765	12.39%
2023.....	20,959,254	6.87%
2024.....	21,592,447	3.02%
Growth from 2020 to 2024		31.14%

- Notes: (1) Source: Illinois Department of Revenue (the "Department").
 (2) Tax distributions are based on records of the Department relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.
 (3) The 2020 percentage is based on a 2019 sales tax of \$16,151,944.

Public Act 101-0009, effective June 5, 2019, included the "Leveling the Playing Field for Illinois Retailers Act." This legislation requires certain remote retailers to collect and remit state and locally-imposed sales taxes for the jurisdiction where the product is delivered (destination) starting on July 1, 2020. Information from the Illinois Municipal League ("IML") indicates that "local governments could receive \$92 million per state fiscal year." There will, however, be a decrease in collections of Use Tax. Ultimately, the IML anticipates that municipalities will experience a net increase as a result of Public Act 101-0009.

Income Tax Revenue History and Motor Fuel Tax Revenue History

The following table shows the distribution of the municipal portion of the State Income Tax collected by the State and distributed through the Local Government Distributive Fund by the State Comptroller. The tables indicates the amount of Income Tax Revenues received by the City as well as the amount of Motor Fuel Tax ("MFT") collected by the City over the past several years.

Income Tax Revenue History and Motor Fuel Tax Revenue History(1)

Fiscal Year	Income Tax Revenues Distribution(2)	MTF Revenues Distribution(3)
2019.....	\$11,515,427	\$3,574,668
2020.....	11,756,673	4,184,605
2021.....	14,341,173	4,410,133
2022.....	18,705,859	4,449,766
2023.....	18,335,305	5,286,004

- Notes: (1) Source: The City's audited financial statements.
 (2) The Fiscal Year 2019 Budget and the Fiscal Year 2020 Budget contained a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the City, by 5% (for State Fiscal Year 2019 and State Fiscal Year 2020). The City cannot determine at this time the financial impact of this provision on its overall financial condition for the future.
 (3) P.A. 101-32, effective June 28, 2019, increased the MFT in order to fund capital projects. Beginning July 1, 2019, the MFT consists of a) \$0.38 per gallon of gasoline, a 19-cent increase; and b) \$0.455 per gallon of diesel fuel, a 24-cent increase. Increasing the MFT will also increase the portion of the MFT remitted to municipalities.

ARP Moneys

Federal legislation, including the America Rescue Plan Act of 2021 (the “ARP Act”), which was signed into law on March 12, 2021, was directed at mitigating the economic downturn and healthcare crisis caused by COVID-19. The ARP Act provided additional federal money for states and local governments to combat the COVID-19 pandemic including, but not limited to, funds to replace revenues lost as a result of the pandemic. The City received a total of \$19.5 million pursuant to the ARP Act. The City has used and expects to continue to use the ARP Act funds for Utility infrastructure improvements, including \$7.2 million in fiscal year 2023 and \$5.2 million in fiscal year 2024 for lead service line replacement efforts. See “**THE PROJECT**” herein.

THE PROJECT

The Bond proceeds will be used to finance the Utility Project. The Utility Project includes improvements to water mains, water treatment plant improvements, modifications to City wells, and other water distribution system improvements within the City.

In addition to the projects being funded with the proceeds of the Bonds, the City has established a lead service line replacement (“LSLR”) program. The City has been removing lead service lines since 2018. In 2022, the IEPA issued a mandate that the City replace 7% of its lead service lines per year. The City’s annual goal is to replace approximately 900 lines per year, which would allow the City to achieve the IEPA’s 7% goal. This requires an annual investment of approximately \$17 million.

In fiscal years 2022 and 2023, the City received a \$4 million forgivable IEPA loan each year for the LSLR program. In fiscal year 2024, the City received an interest free loan from the IEPA, for \$10.8 million, through the IEPA’s Public Water Supply Loan Program, for which loan proceeds are designated for the LSLR program. In fiscal year 2024, the City also received \$1.5 million in grant funding from the Illinois Department of Commerce and Economic Opportunity to allow for additional LSLR’s in fiscal year 2024. In fiscal year 2025, the City has been approved for a \$3.0 million IEPA forgivable loan and expects to enter into a loan agreement with the IEPA for a \$9.0 million interest free loan through the IEPA’s Public Water Supply Loan Program, which loan proceeds are designated for the LSLR program.

The City expects all of the debt service payments on the proceeds of the Bonds used to finance the Utility Project will be paid through utility user fees and the Pledged Taxes levied for the payment of the applicable Bonds will be abated.

Capital Projects in the Utility Fund

As described above, all of the proceeds of the Bonds will be used to finance various capital projects with respect to the City’s waterworks and sewerage systems (together, the “Utilities”). Such capital projects represent a portion of the City’s five-year capital plan with respect to the Utilities (the “Utilities Capital Plan”). The Utilities Capital Plan, which is described in the City’s fiscal year 2025 enacted budget, provides a path to completing the projects necessary to provide for the treatment and distribution of high-quality drinking water for the City’s residents and businesses.

As set forth in the fiscal year 2025 enacted budget, the City expects to issue additional bonds in 2025 (in the approximate amount of \$15.2 million), and to annually transfer money from the Capital Projects Fund, to finance certain of the projects set forth in the Utilities Capital Plan during each of the next four fiscal years. Additional information regarding the implementation of the Utilities Capital Plan during the next four fiscal years is set forth in the fiscal year 2025 enacted budget, which is available on the City's website, provided, however, that the contents of such website are not incorporated herein by such reference.

The fiscal year 2025 through 2029 capital plan for the Utility Fund provides for \$28.5 million in new debt in fiscal year 2025, expected to come from a combination of general obligation debt and IEPA financing. The IEPA financing will include a combination of a principal forgiveness loan and an interest free loan. The debt is planned for the LSLR program and other Utility projects. In fiscal years 2026 through 2029, the capital plan projects to issue an average of \$30 million of debt per year, consisting of \$17 million for the LSLR program and \$13 million for other initiatives. The City expects the IEPA to offer the forgivable loan program in future years. If that is the case, any grants received will reduce borrowing projections. The City is actively pursuing grant opportunities for the LSLR program to reduce borrowing.

The following is a brief description of certain of the specific projects comprising the Utility Project, all of which are part of the Utilities Capital Plan, and the estimated cost of such projects to be financed during fiscal year 2025.

- Separation of the City's combined sewers (sewers that carry waste and storm water runoff) in order to comply with the requirements of the Environmental Protection Agency (the "EPA"), which must be complete by 2031 (\$4,525,000, the City allocates \$3 million annually under the Utilities Capital Plan for this purpose);
- Modifications to the City's deep wells that provide a significant supply of source water separate from the Fox River (\$1,500,000);
- Upgrading the electrical system at the Airlite water treatment plant (\$2,850,000);
- Modifications to the water treatment trains that carry water between the City's water treatment basins (\$1,000,000);
- Upgrades to water mains in conjunction with reconstruction of an intersection and roadway improvements (\$3,500,000);
- Lining of sewer mains (\$500,000); and
- Retrofit of sewer detention facilities designed for flood control (\$150,000).

Abatement of Pledged Taxes

The City expects to pay all of the principal of and interest on the Bonds with user fees generated by the Utilities. The Bond Ordinance provides that whenever other funds from any lawful source are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the Pledged Taxes, the City Council will direct the deposit of such funds into the Bond Fund (as established in the Bond Ordinance) and direct the abatement of the Pledged Taxes by the amount so deposited.

Financial Information Regarding the Utilities

The finances of the Utilities are accounted for in the Utility Fund, which is an enterprise fund resulting from the combination of the water and sewer enterprise fund budgets (which occurred in 2013). With sewer fees being dependent on water usage, the interdependence between the sewer and water funds is better demonstrated by combining these operations into a single fund that provides a comprehensive view of the City's water distribution system. Consolidating the sewer and water funds into the single Utility Fund also affords the City a greater degree of flexibility when setting user rates and financing the infrastructure improvements necessary for maintaining a reliable and high-functioning water distribution system.

The Utility Fund derives its revenues from service charges and user fees instead of general tax dollars. The City treats and distributes water to the residents and business of the City, and also supplies water on a contractual basis to Sleepy Hollow. The services within the Utility Fund operate on a "pay-as-you-use" service delivery model.

The Utility Fund is managed so that all operating costs, including debt service, are paid without assistance from other City funds. Financing strategic system improvements and service expansion needs must also be factored into the cash flow required for annual operations. Capital improvements are financed by the City's issuance of bonds with the annual debt service for those bonds being paid from revenue generated by user fees and service charges.

The current financial plan for fiscal years 2025-2029 includes water rate increases of 9.5%-9.75% annually. Fiscal year 2025 included a 9.5% increase. Sewer rates are projected to increase 4% annually.

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The following table provides information on the historical revenues and expenditures of the Utility Fund:

Statement of Revenues, Expenses and Changes in Net Position Utility Fund
Fiscal Years Ended December 31, 2019-2023(1)

	2019	2020	2021	2022	2023
OPERATING REVENUES:					
Charges for Services	\$ 1,267,205	\$ 670,552	\$ 929,981	\$ 981,264	\$ 1,090,444
Charges for Commodities	29,917,898	29,603,345	31,614,973	30,857,686	34,312,966
Miscellaneous	90,263	72,984	93,579	206,030	179,482
Total Operating Revenues	\$ 31,275,366	\$ 30,346,881	\$ 32,638,533	\$ 32,044,980	\$ 35,582,892
OPERATING EXPENSES:					
Administration	\$ 2,036,920	\$ 2,036,920	\$ 2,036,920	\$ 2,036,920	\$ 2,036,920
Personal Services	8,817,659	9,165,600	7,700,962	7,479,164	9,866,046
Commodities	2,543,949	2,636,144	2,755,989	3,116,764	4,160,023
Contractual Services	4,678,764	5,218,995	4,067,347	6,688,738	6,724,360
Insurance	183,810	183,586	181,570	181,570	181,570
Miscellaneous	318,508	480,158	343,519	4,454,753(2)	4,918,639
Total Operating Expenses	\$ 18,579,610	\$ 19,721,403	\$ 17,086,307	\$ 23,957,909	\$ 27,887,558
Operating Income (Loss) Before Depreciation....	\$ 12,695,756	\$ 10,625,478	\$ 15,552,226	\$ 8,087,071	\$ 7,695,334
Depreciation and Amortization	\$ 7,642,300	\$ 7,916,767	\$ 8,129,097	\$ 8,406,147	\$ 8,887,922
Operating Income (Loss)	\$ 5,053,456	\$ 2,708,711	\$ 7,423,129	\$ (319,076)	\$ (1,192,588)
NON-OPERATING REVENUES (EXPENSES):					
Investment Income	\$ 813,582	\$ 421,281	\$ 16,738	\$ 69,794	\$ 1,759,332
Interest Expense and Fiscal Charges	(1,898,472)	(1,770,801)	(1,579,476)	(1,419,318)	(1,203,604)
Total Non-Operating Revenues (Expenses)	\$ (1,084,890)	\$ (1,349,520)	\$ (1,562,738)	\$ (1,349,524)	\$ 555,728
Net Income (Loss) Before Transfers	\$ 3,968,566	\$ 1,359,191	\$ 5,860,391	\$ (1,668,600)	\$ (636,860)
TRANSFERS:					
Transfers In	\$ 0	\$ 0	\$ 19,303	\$ 44,247	\$ 202,712
Transfers (Out)(3)	(1,285,400)	(1,285,400)	(1,285,400)	(1,285,400)	(1,285,400)
Total Transfers	\$ (1,285,400)	\$ (1,285,400)	\$ (1,266,097)	\$ (1,241,153)	\$ (1,082,688)
Contributions(4)	\$ 1,096,075	\$ 2,169,850	\$ 5,108,925	\$ 8,003,405	\$ 7,348,452
Change in Net Position	\$ 3,779,241	\$ 2,243,641	\$ 9,703,219	\$ 5,093,652	\$ 5,628,904
Net Position, January 1	\$265,056,351	\$268,835,592	\$271,079,233	\$280,782,452	\$285,876,104
Net Position, December 31	\$268,835,592	\$271,079,233	\$280,782,452	\$285,876,104	\$291,505,008

- Notes: (1) Source: The Annual Comprehensive Financial Reports of the City for the fiscal years ended December 31, 2019 through 2023. Represents the combination of the Statement of Revenues, Expenses and Changes in Fund Balance for the Water Fund and the Sewer Fund.
- (2) Capital outlay for major repairs not capitalized. Includes the replacement of lead service lines funded by the IEPA grant.
- (3) Represents transfers to the various funds of the City to reflect the cost of services provided by other portions of City government.
- (4) \$4.0 million grant from IEPA for lead service line replacement. Remainder is developer contributions and contributed assets from bond funds.

With respect to the City's fiscal year ended December 31, 2023, Utility Fund operating revenues (on a cash basis) were \$40.4 million, exceeding the budgeted level of \$32.5 million due to the acceptance of a second \$4.0 million forgivable loan from the IEPA for the replacement of lead service lines. The City increased its water rates by 5% and sewer rates were consistent with 2022 rates. The fiscal year 2023 budget was developed based on an assumption that the City would see average water usage. Water consumption increased, resulting in an increase in water revenues of 7.8% over planned levels. 2023 expenditures (including debt service) were \$39.3 million (on a cash basis), compared to budgeted expenditures of \$36.2 million. Expenditures exceed budget by \$3.1 million due to the expenditures related to the IEPA forgivable loan. Expenditures excluding the lead service line replacements, funded by the forgivable loan, were \$0.9 million under planned levels due to savings in contractual expenditures and the delay in acquiring vehicles. The 2023 adopted budget for the Utility Fund planned to draw on cash reserves in the amount of \$3.7 million, however, operating results were favorable compared to the budget such that cash reserves increased by \$1.1 million.

With respect to the City's fiscal year ending December 31, 2024, Utility Fund operating revenues (on a cash basis) are estimated to be \$44.9 million, exceeding the budgeted level of \$42.7 million. The City increased its water rates by 7% and sewer rates were consistent with 2023 rates. The fiscal year 2024 budget was developed based on an assumption that the City would see average water usage. Water consumption increased, resulting in an increase in water revenues of 3.1% over planned levels. 2024 expenditures (including debt service) are estimated to be \$47.9 million (on a cash basis), compared to budgeted expenditures of \$44.9 million. Expenditures are estimated to exceed budget by \$3.0 million due to significant increases in chemical costs and the expenditures funded by the IEPA loan, which were partially offset by reduced earnings and benefits expenditures due to budgeted but vacant positions. Expenditures for lead service line replacements, funded by the loan, were not included in the original 2024 budget. The 2024 adopted budget for the Utility Fund planned to draw on cash reserves in the amount of \$2.2 million and are estimated to reduce fund reserves by \$3.0 million. Cash reserves are estimated to be 50% of annual expenditures, well above the target level of 25%.

The City's Utility Fund budget for the fiscal year ending December 31, 2025, plans for revenues of \$42.0 million which includes \$2.0 million for grants providing for additional lead service line replacement projects, above and beyond the annual replacement program. The fiscal year 2025 budget planned for average water use and increased water rates by 9.57% and, sewer rates by 4%, in conjunction with a water rate study prepared in 2024. Planned expenditures are budgeted at \$47.1 million. Planned expenditures include increases to personnel costs for the addition of two new positions to support on-going operations, an increase for the inflationary increases in the cost of water treatment chemicals and modest increases in other operating costs. The City's five-year financial plan, with respect to the Utility Fund, includes planned drawdowns of cash reserves in 2025 through 2027, with revenues planned to exceed expenditures in 2028 and 2029. The reserves balance will remain at or above the target level of 25% of annual expenditures throughout the five year financial plan.

DEFAULT RECORD

The City has no record of default and has met its debt repayment obligations promptly.

SHORT-TERM BORROWING

The City has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

DEBT INFORMATION

The City is a home rule unit under the Illinois Constitution and, as such, has no general obligation debt limit, is not required to seek referendum approval for the issuance of the Bonds, and has no statutory tax rate limitations for any purpose.

The City currently has outstanding \$65,960,000* principal amount of general obligation debt (giving effect to the issuance of the Bonds). Approximately 84% of this indebtedness, \$55,250,000* (including the Bonds), is expected to be retired from sources other than City-wide general taxes, principally water system and sewer system revenues, utility revenues and lease payments. The City repays its debt rapidly; all debt expected to be retired with property taxes is scheduled to be retired within ten years. The City has outstanding \$3,448,360 in leases payable as of December 31, 2023. The City has no outstanding revenue bonds or installment purchase contracts. The outstanding principal amount for the City's special service area bonds is approximately \$260,000 per the City's 2023 Audit (as hereinafter defined). In 2024, the City was approved for an \$11,134,010 loan, from the Illinois Environmental Protection Agency Public Water Supply Loan Program, Drinking Water Project to provide funding for lead service line replacement. As of 12/31/24, the City had requested reimbursement under the loan in the amount of \$7,330,353. The loan is interest free and payable over 30 years beginning in December 2025.

General Obligation Debt Outstanding - By Issue(1) (Principal Only)

	<u>Amount</u>
<u>Property Tax Supported:</u>	
General Obligation Bonds, Series 2016 (Corporate Purpose Portion).....	\$ 7,010,000
General Obligation Bonds, Series 2022 (Corporate Purpose Portion).....	3,700,000
Total Property Tax Supported	<u>\$10,710,000</u>
<u>Self-Supporting:</u>	
General Obligation Refunding Bonds, Series 2013A (Water Portion).....	\$ 165,000
General Obligation Refunding Bonds, Series 2013A (Sewer Portion).....	300,000
General Obligation Refunding Bonds, Series 2015A (Water Portion).....	2,115,000
General Obligation Refunding Bonds, Series 2015A (Sewer Portion).....	190,000
General Obligation Bonds, Series 2016 (Utilities Portion).....	4,450,000
General Obligation Corporate Purpose Bonds, Series 2019 (Water Portion).....	5,545,000
General Obligation Corporate Purpose Bonds, Series 2019 (Sewer Portion).....	660,000
General Obligation Refunding Bonds, Series 2020A (Water Portion).....	3,795,000
General Obligation Refunding Bonds, Series 2020A (Sewer Portion).....	470,000
General Obligation Corporate Purpose Bonds, Series 2020B (Water Portion).....	1,105,000
General Obligation Corporate Purpose Bonds, Series 2020B (Sewer Portion).....	100,000
General Obligation Refunding Bonds, Series 2021A (Water Portion).....	1,495,000
General Obligation Refunding Bonds, Series 2021A (Sewer Portion).....	150,000
General Obligation Corporate Purpose Bonds, Series 2021B (Water Portion).....	6,740,000
General Obligation Corporate Purpose Bonds, Series 2021B (Sewer Portion).....	980,000
General Obligation Corporate Purpose Bonds, Series 2022 (Water Portion).....	6,590,000
General Obligation Corporate Purpose Bonds, Series 2022 (Sewer Portion).....	325,000
General Obligation Corporate Purpose Bonds, Series 2024 (Water Portion).....	4,245,000
General Obligation Corporate Purpose Bonds, Series 2024 (Sewer Portion).....	610,000
<u>The Bonds(2):</u>	
Water Portion.....	12,010,000
Sewer Portion.....	3,210,000
Total Self-Supporting(2)	<u>\$55,250,000</u>
Total Outstanding General Obligation Debt(2)	<u>\$65,960,000</u>

Notes: (1) Source: the City.
(2) Subject to change.

*Subject to change.

General Obligation Bonded Retirement Schedule(1)(2)
(Principal Only)

Payable Jan. 1 Year(3)	Property Tax Supported Principal	Water, Sewer & Recreation Center Self-Supporting Principal(4)	The Bonds(5)	Total Outstanding Principal(5)	Principal Retired (Property Tax Supported)	
					Amount	Percent
2026	\$ 1,590,000	\$ 6,745,000	\$ 0	\$ 8,335,000	\$ 1,590,000	14.85%
2027	1,640,000	6,010,000	780,000	8,430,000	3,230,000	30.16%
2028	1,680,000	5,395,000	815,000	7,890,000	4,910,000	45.85%
2029	1,720,000	4,755,000	855,000	7,330,000	6,630,000	61.90%
2030	1,715,000	3,425,000	900,000	6,040,000	8,345,000	77.92%
2031	1,765,000	3,560,000	945,000	6,270,000	10,110,000	94.40%
2032	600,000	2,850,000	990,000	4,440,000	10,710,000	100.00%
2033	0	1,830,000	1,040,000	2,870,000		
2034	0	1,885,000	1,090,000	2,975,000		
2035	0	1,130,000	1,145,000	2,275,000		
2036	0	1,170,000	1,205,000	2,375,000		
2037	0	410,000	1,265,000	1,675,000		
2038	0	425,000	1,330,000	1,755,000		
2039	0	440,000	1,395,000	1,835,000		
2040	0	0	1,465,000	1,465,000		
Total	\$10,710,000	\$40,030,000	\$15,220,000	\$65,960,000		

- Notes: (1) Source: the City.
(2) Does not include various special assessment bonds, special service area bonds and public benefit debt.
(3) All debt including general obligation bonds payable on December 15 are treated as payable in the year ended January 1.
(4) Comprised of the water and sewer portions of the Series 2013A, 2015A, 2016, 2019, 2020A, 2020B, 2021A, 2021B, 2022 and 2024 Bonds.
(5) Subject to change.

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Detailed Overlapping Bonded Debt(1) (As of February 25, 2025)

	Outstanding Debt	Percent(2)	Applicable to City Amount
Schools:			
The District	\$ 233,920,000	37.66%	\$ 88,098,056
School District Number 300	176,815,000	11.81%	20,885,366
School District Number 301	21,368,688	54.72%	11,693,232
School District Number 303	42,740,000	0.26%	109,301
ECC	173,630,000	21.95%	38,116,997
Total Schools			\$158,902,953
Others:			
Kane County	\$ 13,695,000	15.59%	\$ 2,134,497
Kane County Forest Preserve District	68,650,000	15.59%	10,699,759
Cook County	1,907,276,750	0.27%	5,212,595
Cook County Forest Preserve District	87,340,000	0.27%	238,701
Metropolitan Water Reclamation District	2,430,261,774	0.03%	631,166
Campton Township	4,580,000	1.01%	46,437
Bartlett Park District	13,190,000	0.13%	16,854
Dundee Township Park District	13,866,470	23.75%	3,293,802
Total Others			\$ 22,273,811
Total Schools and Other Overlapping Bonded Debt			\$181,176,764

Notes: (1) Source: Cook and Kane Counties and the MSRB's Electronic Municipal Market Access ("EMMA") website.
(2) Overlapping debt percentages based on 2023 EAV, the most current available.

Statement of Bonded Indebtedness(1)

	Amount Applicable	Ratio To Equalized Assessed	Estimated Actual	Per Capita (2020 Census Pop. 114,797)
City EAV of Taxable Property, 2023	\$ 3,548,670,387	100.00%	33.33%	\$30,912.57
Estimated Actual Value, 2023	\$10,646,011,161	300.00%	100.00%	\$92,737.71
Direct Bonded Debt(2)	\$ 65,960,000	1.86%	0.62%	\$ 574.58
Less: Self-Supporting Debt(2)	(55,250,000)	(1.56%)	(0.52%)	(481.28)
Net Direct Debt	\$ 10,710,000	0.30%	0.10%	\$ 93.30
Overlapping Bonded Debt:(3)				
Schools	\$ 158,902,953	4.48%	1.49%	\$ 1,384.21
All Others	22,273,811	0.63%	0.21%	194.03
Total Overlapping Bonded Debt	\$ 181,176,764	5.11%	1.70%	\$ 1,578.24
Total Direct and Overlapping Bonded Debt	\$ 191,886,764	5.41%	1.80%	\$ 1,671.53

Notes: (1) Source: Kane and Cook County Clerks and the City.
(2) Includes the Bonds and is subject to change.
(3) Overlapping bonded debt as of February 25, 2025.

PROPERTY ASSESSMENT AND TAX INFORMATION

Kane County represents approximately 82.87% and Cook County represents approximately 17.13% of the City's 2023 EAV. The total 2023 EAV for Kane and Cook Counties is comprised of approximately 66.30% residential, 14.06% commercial, 19.53% industrial, 0.07% farm and 0.04% railroad property valuation.

Equalized Assessed Valuation(1)

	Levy Year				
	2019	2020	2021	2022	2023
Total by Class:					
Residential	\$1,769,657,412	\$1,845,299,538	\$1,916,334,224	\$2,175,767,978	\$2,352,786,403
Farm	2,446,396	2,473,881	2,524,551	2,524,251	2,656,894
Commercial	417,040,804	432,605,935	438,571,422	450,111,221	498,823,396
Industrial	454,282,083	492,212,753	515,582,137	552,001,229	692,994,732
Railroad	1,097,608	1,137,815	1,224,312	1,313,472	1,408,962
Total	\$2,644,524,303	\$2,773,729,922	\$2,874,236,646	\$3,181,718,151	\$3,548,670,387
Total by County:					
Cook County	\$ 477,107,645(2)	\$ 476,237,382	\$ 443,758,948	\$ 542,120,780(2)	\$ 607,920,498
Kane County	2,167,416,658	2,297,492,540	2,430,477,698	2,639,597,371	2,940,749,889
Total	\$2,644,524,303	\$2,773,729,922	\$2,874,236,646	\$3,181,718,151	\$3,548,670,387
Percentage Growth	8.94%(3)	4.89%	3.62%	10.70%	11.53%

Notes: (1) Source: Cook and Kane County Clerks.
(2) Reassessment year.
(3) Percent change based on 2018 EAV of \$2,427,542,900.

Representative Tax Rates(1) (Per \$100 EAV)

	Levy Years				
	2019	2020	2021	2022	2023
City Rates:					
Corporate	\$1.0353	\$0.9793	\$0.9335	\$0.8638	\$0.7768
Debt Service	0.1072	0.1008	0.0937	0.0596	0.0559
Pensions(2)	0.6415	0.6017	0.5501	0.4894	0.6199
Rec. Programs/Handicap	0.0000	0.0000	0.0379	0.0368	0.0352
Social Security	0.0947	0.0889	0.0897	0.0888	0.0863
Total City Rate(3)	\$1.8788	\$1.7706	\$1.7049	\$1.5384	\$1.5740
Kane County	\$0.3739	\$0.3618	\$0.3522	\$0.3322	\$0.3094
Kane County Forest Preserve District	0.1549	0.1477	0.1435	0.1367	0.1289
The District	5.7890	5.7275	5.6180	5.5971	5.4618
ECC	0.4865	0.4439	0.4514	0.4225	0.4207
Elgin Township	0.1121	0.1069	0.1035	0.1006	0.0987
Fox River Reclamation District	0.0278	0.0266	0.0256	0.0249	0.0237
Gail Borden Library District	0.4445	0.4647	0.4542	0.4518	0.4423
Elgin Township Road and Bridge	0.0723	0.0707	0.0684	0.0667	0.0650
Total Rate(4)	\$9.3397	\$9.1204	\$8.9217	\$8.6711	\$8.5245

Notes: (1) Source: Kane County Clerk.
(2) Includes Police, Fire and Illinois Municipal Retirement Fund pensions.
(3) The City is a home rule unit under the Illinois Constitution and, as such, has no statutory tax rate limitation.
(4) Representative tax rates for other government units are from Elgin Township tax code 05, which represents the largest portion of the City's 2023 EAV, the most current available.

Tax Extensions and Collections(I)

Levy Year	Coll. Year	Taxes Extended(3)	Current Collections(2)		Total Collections	
			Amount	Percent	Amount	Percent
2019	2020	\$50,448,788	\$49,679,115	98.47%	\$49,679,115	98.47%
2020	2021	50,266,407	49,957,844	99.39%	49,957,844	99.39%
2021	2022	50,778,906	49,058,393	96.61%	49,058,393	96.61%
2022	2023	49,510,262	47,888,756	96.70%	47,888,756	96.70%
2023	2024	56,337,204	55,997,710	99.40%	55,997,710	99.40%

- Notes: (1) Source: Kane and Cook County Clerks and the City.
(2) Current collections in both Kane and Cook Counties include taxes paid under protest.
(3) Taxes extended have been adjusted for abatements in Kane County only.

Principal City Taxpayers(I)

Name	County	Description	2023 EAV(2)
Northwest Logistics Park Portfolio Investors LLC.....	Kane	Real Property.....	\$ 64,324,899(3)
Scannell Properties	Cook	Real Property.....	42,431,408
John B. Sanfilippo & Son	Kane	Nuts	24,317,247
1323 Brewster Creek LLC	Kane	Real Property.....	22,015,208
Watermark Apartments LLC	Kane	Real Property.....	20,207,979
York MW LLC.....	Kane	Packaging Supplies.....	17,220,043
Hunter Ridge Apartments LLC	Kane	Apartment Complex.....	13,987,961
MHC Willow Lake Estates LLC	Kane	Mobile Home Park.....	13,497,182
Gifford 300 LLC.....	Cook	Real Property.....	11,945,348
NM BX LLC.....	Kane	Real Property.....	11,038,752
Total			\$240,986,027
Ten Largest as a Percent of City's 2023 EAV (\$3,548,670,387)			6.79%

- Notes: (1) Source: Kane and Cook County Clerks, except for taxpayer descriptions which are based on publicly available information available to the City.
(2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2023 EAV is the most current available.
(3) Owner of eleven parcels in Elgin's Northwest Corporate Park, located along the west side of Randall Road, north of Interstate 90.

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REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the City. The information under this caption describes the current procedures for real property assessments, tax levies and collections in Kane County and Cook County. Certain procedures for assessment, levy and collection differ between Kane County and Cook County. Such differences are noted in this section. There can be no assurance that the procedures described herein will not change.

Real Property Assessment and Equalization

Cook County

The Cook County Assessor (the “Assessor”) is responsible for the assessment of all taxable real property within Cook County, including such property located within the boundaries of the City, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Department. For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the “South Tri”), north and northwest suburbs (the “North Tri”), and the City of Chicago (the “City Tri”). The City is located in the North Tri and was last reassessed for the 2022 tax levy year. The City will next be reassessed for the 2025 levy year.

Real property in Cook County is separated into classes for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the “Assessed Valuation”) for the parcel. Such classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed at various percentages of fair market value as follows: Class 1 - unimproved real estate (10%); Class 2 - residential (10%); Class 3 - rental-residential (16% in tax year 2009, 13% in tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 - not-for-profit (25%); Class 5a - commercial (25%); and Class 5b - industrial (25%).

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In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above. The additional assessment classifications are as follows:

CLASS	DESCRIPTION OF QUALIFYING PROPERTY	ASSESSMENT PERCENTAGE	REVERTS TO CLASS
6b	Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties	10% for first 10 years and any 10 year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
C	Industrial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5b
	Commercial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7a/7b	Newly constructed or substantially rehabilitated commercial properties in an area in need of commercial development	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7c	Newly constructed or rehabilitated commercial buildings and acquisition of abandoned property and rehabilitation of buildings thereon including the land upon which the buildings are situated and the land related to the rehabilitation	10% for first 3 years and any 3 year renewal; if not renewed, 15% in year 4, 20% in year 5	5a
8	Industrial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
	Commercial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years, 15% in year 11, 20% in year 12	5a
9	New or substantially rehabilitated multi-family residential properties in target areas, empowerment or enterprise zones	10% for first 10 years and any 10 year renewal	As Applicable
S	Class 3 properties subject to Section 8 contracts renewed under the “Mark up to Market” option	10% for term of Section 8 contract renewal and any subsequent renewal	3
L	Substantially rehabilitated Class 3, 4 or 5b properties qualifying as “Landmark” or “Contributing” buildings	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	3, 4, or 5b
	Substantially rehabilitated Class 5a properties qualifying as “Landmark” or “Contributing” buildings	10% for first 10 years, 15% in year 11, 20% in year 12	5a

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review (the “Board of Review”), which consists of three commissioners elected by the voters of Cook County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of residential property having six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the “PTAB”), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County (the “Circuit Court”) or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Department is required by statute to review the Assessed Valuations. The Department establishes an equalization factor (the “Equalization Factor”), commonly called the “multiplier,” for each county to make all valuations uniform among the 102 counties in the State. Under State law, the aggregate of the assessments within each county is to be equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in the County, regardless of its assessment category, except for certain farmland property and wind energy assessable property, which are not subject to equalization.

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the EAV of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body’s jurisdiction, plus the valuation of property assessed directly by the Department, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the “Assessment Base”). The following table sets forth the Equalization Factor for Cook County for the last 10 tax levy years.

<u>TAX LEVY YEAR</u>	<u>EQUALIZATION FACTOR</u>
2014	2.7253
2015	2.6685
2016	2.8032
2017	2.9627
2018	2.9109
2019	2.9160
2020	3.2234
2021	3.0027
2022	2.9237
2023	3.0163

Tax Levy, Extensions and Collections

Cook County

As part of the annual budgetary process of governmental units (the “Units”) with power to levy taxes in Cook County, the designated body for each Unit annually adopts proceedings to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the Cook County Clerk and the Cook County Treasurer. After the Units file their annual tax levies, the Cook County Clerk computes the annual tax rate for each Unit. The Cook County Clerk computes the Unit’s maximum allowable levy by multiplying the maximum tax rate for that Unit by the prior year’s EAV for all property currently in the City. The prior year’s EAV includes the EAV of any new property, the current year value of any annexed property and any recovered tax increment value, minus any disconnected property for the current year under the Property Tax Extension Limitation Law, as amended (the “Limitation Law”). The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year’s EAV.

The Cook County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The Cook County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the Cook County Collector (the “Warrant Books”) along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the Cook County Collector’s authority for the collection of taxes and are used by the Cook County Collector as the basis for issuing tax bills to all property owners.

Property taxes are collected by the Cook County Collector, who is also the Cook County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. Beginning with the first installment payable in 2010, the first installment is equal to 55% of the prior year’s tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead based on the certain percentage of the corrected prior year’s tax bill. The second installment is for the balance of the current year’s tax bill, and is based on the then current tax year levy, Assessed Valuation and Equalization Factor, and reflects any changes from the prior year in those factors. The first installment penalty date has historically been the first business day in March. Pursuant to Public Act 102-1112, the first installment penalty date for levy year 2022 was changed from March 1, 2023 to April 1, 2023. The following table sets forth the second installment penalty date for the last ten tax levy years in Cook County.

<u>TAX LEVY YEAR</u>	<u>SECOND INSTALLMENT PENALTY DATE</u>
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017
2017	August 1, 2018
2018	August 1, 2019
2019	August 3, 2020
2020	August 2, 2021
2021	December 30, 2022
2022	December 1, 2023
2023	August 1, 2024

As a result of ongoing efforts to modernize technology within various Cook County property tax agencies, personnel shortages and turnover attributable to COVID-19 and the complicated nature of the reassessment of property taxes in the City of Chicago, for the 2021 tax year (for amounts payable in calendar year 2022), the distribution of amounts related to second installment Cook County property tax bills for calendar year 2022 were delayed. Likewise, such distribution of amounts were delayed in calendar year 2023. The City did not experience any cash flow issues due to such delays.

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. In the future, Cook County may provide for tax bills to be payable in four installments instead of two.

During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the Cook County Collector, the City promptly credits the taxes received to the funds for which they were levied.

Kane County

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Department assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year.

Scavenger Sales

Cook County

In Cook County, if a property's taxes go unpaid in at least three of the previous 20 years, the property is offered at a biennial "Scavenger Sale," which like the Annual Tax Sale, is a sale of unpaid taxes. The winning bidder is not required to pay any of the previous years' unpaid taxes. If the owner, however, does not redeem such back taxes, the winning bidder can seek deed to the property. To obtain the deed, the bidder must pay all unpaid taxes billed on the property between the last year covered by the Scavenger Sale and the date the bidder seeks the deed. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property. As in the Annual Sale, bidders at the Scavenger Sale can seek the deed to a home after 2 1/2 years, with the option of a six month extension. If the property is abandoned, that time frame can be shortened to two years. With a vacant, commercial or industrial property, the winning buyer can seek the deed after six months.

Public Act 103-0555, effective January 1, 2024, eliminates Cook County's mandatory Scavenger Sale and allows Cook County or local governments to take control of properties if they are not purchased in the Annual Tax Sale. Cook County, like all other Illinois counties, can cease selling tax liens and instead work to connect chronically-delinquent, forfeited tax liens to new development opportunities.

Unpaid Taxes and Annual Tax Sales

Cook and Kane Counties

Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are deemed delinquent and bear interest at the rate of 1.50% per month for Kane County and 0.75% per month (or portion thereof) until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax. If taxes go unpaid for 13 months, each county treasurer is required to sell the delinquent property taxes at the "Annual Tax Sale", which is a sale of tax liens, not properties. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. Taxpayers can redeem their property by paying the amount paid at the sale, plus interest penalties and fees. If no redemption is made within the applicable redemption period, the tax buyer can secure a court-ordered deed to the home. Tax buyers can seek the deed to a home after 2 1/2 years, with the option of a six month extension. If the property is abandoned, that time frame can be shortened to two years. Owners of vacant, commercial and industrial properties have six months to redeem their taxes before the tax buyer can seek ownership of the property.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

When taxes remain unpaid for more than 20 years, Illinois law states that the property is "forfeited to the state." As a practical matter, this does not happen. Instead, the taxes are wiped out, as the property remains in its distressed condition barring a change in the owner's circumstances or it being sold.

Exemptions

Cook and Kane Counties

The Illinois Property Tax Code, as amended (the "Property Tax Code"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, (i) in Cook County, up to a maximum reduction of \$10,000 for tax year 2017 and thereafter, and (ii) in Kane County, up to a maximum reduction of \$6,000. Beginning with tax year 2023, the maximum reduction in the five collar counties (DuPage, Kane, Lake, McHenry and Will) (the "Collar Counties") is \$8,000.

In Cook County, the Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer's homestead property to 10% per year if such taxpayer has owned the property for at least 10 years as of January 1 of the assessment year (or 5 years if purchased with certain government assistance) and has a household income of \$100,000 or less ("Qualified Homestead Property"). If the taxpayer's annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years, to the extent the Assessed Valuation is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2017, the maximum exemption is \$5,000 in Kane County. Beginning with tax year 2023, the maximum exemption in the Collar Counties is \$8,000. In Cook County, the maximum exemption is \$8,000 for tax years 2017 and thereafter.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year. Beginning in tax year 2017 in Cook County, the amount of the exemption is equal to the greater of the amount calculated as described in the previous sentence (as more completely set forth in the Property Tax Code) or \$2,000.

Purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the Consumer Price Index ("CPI"). Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Several exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Property Tax Extension Limitation Law

Cook and Kane Counties

The Limitation Law limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the City, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to any taxes levied by the City to pay the principal of and interest on the Bonds.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The City cannot predict whether, or in what form, any change to the Limitation Law may be enacted into law, nor can the City predict the effect of any such change on the City's finances.

Truth in Taxation Law

Cook and Kane Counties

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The City covenanted in the Bond Ordinance that it will not take any action or fail to take any action which would adversely affect the ability of the City to levy and collect the taxes levied by the City for payment of principal of and interest on the Bonds. The City also covenanted that it will comply with all present and future applicable laws to assure that such taxes will be levied, extended, collected and deposited as provided in the Bond Ordinance.

FINANCIAL INFORMATION

The City reports all Governmental Funds and the Expendable Trust Fund using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available, as net current assets and expenditures are generally recognized when the related fund liability is incurred.

All Proprietary Funds and Non-expendable Trust and Pension Trust Funds are accounted for using the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

No Consent or Updated Information Requested of the Auditor

The tables contained in this “**FINANCIAL INFORMATION**” section (the “Excerpted Financial Information”) are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended December 31, 2023 (the “2023 Audit”), which was approved by formal action of the City Council and prepared by Sikich LLP, Naperville, Illinois (“the “Auditor”). The 2023 Audit is attached to this Official Statement as **APPENDIX A**. The City has not requested the Auditor to update information contained in the Excerpted Financial Information or the 2023 Audit; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information or the 2023 Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information and 2023 Audit has not been updated since the date of the 2023 Audit. The inclusion of the Excerpted Financial Information and 2023 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2023 Audit.

Summary Financial Statements

The financial statements of the City are audited annually by certified public accountants and are prepared in conformity with generally accepted accounting principles as applied to governments. The City has received the Certificate of Achievement for Excellence in Financial Reporting for 43 consecutive years, through the fiscal year 2022 Annual Comprehensive Financial Report, from the Government Finance Officers Association.

The following reports are summaries and do not purport to be complete audits, copies of which are available upon request. See also **APPENDIX A** for the City’s 2023 Audit.

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Statement of Net Position(I) Governmental Activities

	Audited Fiscal Year Ending December 31				
	2019	2020	2021	2022	2023
ASSETS:					
Cash and Investments	\$143,100,153	\$147,653,703	\$185,246,196	\$242,323,617	\$249,092,814
Receivables:					
Property Taxes	51,318,210	51,195,602	51,747,750	52,649,554	57,312,510
Accounts	458,782	425,870	448,373	403,906	463,595
Grants	0	0	0	0	2,000,000
Lease	0	0	0	41,178,525	40,542,464
Accrued Interest	732,330	89,934	56,851	179,601	1,123,701
Other	5,172,709	5,048,466	5,626,689	5,589,657	5,582,545
Prepaid Expenses	598,445	1,777,044	691,029	1,602,112	1,031,208
Inventories	73,726	71,118	72,053	72,962	87,066
Due from Fiduciary	0	0	0	19	0
Due from Other Governments	11,636,346	11,974,807	13,990,204	15,050,450	16,099,102
Advances from (to) Other Funds/Internal Balances.....	(3,647,045)	(3,499,148)	(10,029,874)	(13,039,769)	(3,457,768)
Net Pension Asset	209,890	466,855	12,199,689	30,402,591	589,456
Capital Assets:					
Non-Depreciable	97,001,405	97,714,896	99,679,876	100,561,407	105,398,095
Depreciable, Net	408,453,554	395,747,375	381,932,734	369,016,193	359,932,097
Total Assets	\$715,108,505	\$708,666,522	\$741,661,570	\$845,990,825	\$835,796,885
DEFERRED OUTFLOWS OF RESOURCES:					
Unamortized Loss on Refunding	\$ 12,294	\$ 8,354	\$ 22,387	\$ 0	\$ 0
OPEB Items	0	3,316,086	2,905,923	4,168,511	2,477,775
Pension Items - IMRF	15,396,333	5,508,576	3,405,279	2,048,643	15,954,590
Pension Items - IMRF (SLEP)	129,248	0	0	0	51,680
Pension Items - Police Pension	8,945,760	8,037,917	6,239,368	25,434,273	18,876,382
Pension Items - Firefighters' Pension	11,177,699	8,178,742	6,010,610	20,018,068	9,707,222
Total Assets and Deferred Outflows of Resources.....	\$750,769,839	\$733,716,197	\$760,245,137	\$897,660,320	\$882,864,534
LIABILITIES:					
Accounts Payable	\$ 9,390,342	\$ 7,708,195	\$ 9,833,918	\$ 13,717,073	\$ 12,739,712
Accrued Payroll	5,394,913	5,053,936	4,929,965	5,254,657	5,763,406
Retainage Payable	609,528	1,843,577	606,201	1,254,227	1,823,093
Deposits Payable	10,220,187	10,918,656	10,760,297	12,890,785	12,357,909
Due to Fiduciary	0	0	0	560,204	0
Claims Payable	5,943,405	6,252,921	0	0	0
Unearned Revenue	2,710,572	2,074,753	12,116,052	16,315,527	9,114,787
Long-Term Liabilities:					
Due Within One Year	5,312,717	6,052,382	7,559,555	7,050,936	8,292,722
Due In More Than One Year	255,804,616	225,932,150	187,970,118	261,440,382	254,649,382
Total Liabilities	\$295,386,280	\$265,836,570	\$233,776,106	\$318,483,791	\$304,741,011
DEFERRED INFLOWS OF RESOURCES:					
Deferred Revenue	\$ 51,318,210	\$ 51,187,020	\$ 1,747,750	\$ 91,377,715	\$ 97,280,995
OPEB Items	5,616,466	6,094,018	14,016,605	12,110,319	11,120,514
Pension Items - IMRF	2,306,451	7,732,835	15,772,608	24,561,842	197,454
Pension Items - IMRF (SLEP)	0	116,825	203,672	329,037	0
Pension Items - Police Pension	18,008,106	17,105,705	19,324,336	4,414,902	2,944,723
Pension Items - Firefighters' Pension	9,677,968	11,252,956	15,738,897	4,454,840	3,348,954
Total Liabilities and Deferred Inflows of Resources.	\$382,313,481	\$359,325,929	\$350,579,974	\$455,732,446	\$419,633,651
NET POSITION:					
Invested in Capital Assets, Net	\$487,876,510	\$478,470,962	\$469,314,361	\$452,208,142	\$447,537,982
Restricted	22,264,218	27,097,144	32,877,299	43,969,353	48,804,942
Unrestricted	(141,684,370)	(131,177,838)	(92,526,497)	(54,249,621)	(33,112,041)
Total Net Position	\$368,456,358	\$374,390,268	\$409,665,163	\$441,927,874	\$463,230,883

Note: (1) Source: the City's audited financial statements for years ending December 31, 2019-2023.

Statement of Activities(1)(2) Governmental Activities

	Audited Fiscal Year Ending December 31				
	2019	2020	2021	2022	2023
Functions/Programs:					
Governmental Activities:					
General Government	\$ (4,749,642)	\$ (8,798,456)	\$ (3,654,498)	\$ (2,832,324)	\$ (4,738,098)
Public Safety	(83,677,254)	(67,556,721)	(63,246,002)	(79,676,558)	(87,404,803)
Highways and Streets	(39,251,838)	(29,764,804)	(25,635,204)	(33,406,220)	(41,100,012)
Health and Welfare	(85,379)	(88,532)	(263,175)	(275,694)	(61,599)
Culture and Recreation	(8,961,457)	(9,309,121)	(8,408,372)	(9,186,253)	(9,902,802)
Economic Development	(2,827,673)	(3,624,714)	(3,251,436)	(2,613,822)	(4,165,968)
Sanitation	(359,291)	682,925	781,228	762,185	704,258
Interest	(431,801)	(408,458)	(281,044)	(520,255)	(1,120,872)
Total Governmental Activities	<u>\$(140,344,335)</u>	<u>\$(118,867,881)</u>	<u>\$(103,958,503)</u>	<u>\$(127,748,941)</u>	<u>\$(147,789,896)</u>
General Revenues:					
Taxes:					
Property	\$ 53,161,780	\$ 54,273,544	\$ 55,635,588	\$ 56,160,965	\$ 55,581,864
Road and Bridge	990,885	1,037,283	1,092,444	1,152,617	1,230,810
Hotel/Motel	926,663	416,855	723,196	1,051,729	1,043,541
Sales	34,585,621	35,848,307	42,000,404	45,859,259	45,573,053
Income	11,515,427	11,756,673	14,341,173	18,705,859	18,335,305
Utility	8,558,920	7,906,961	8,172,007	9,110,680	8,359,401
Other	3,270,291	2,874,735	3,881,603	6,090,011	5,534,511
Gaming	9,307,828	4,242,665	8,434,851	9,505,563	9,616,509
Intergovernmental	0	0	0	5,533,652(3)	7,254,487(3)
Investment Income	2,735,763	1,062,272	71,315	2,004,914	11,115,945
Miscellaneous	3,579,766	4,097,096	3,614,720	3,595,250	4,364,791
Transfers In (Out)	1,285,400	1,285,400	1,266,097	1,241,153	1,082,688
Total General Revenues	<u>\$ 129,918,344</u>	<u>\$ 124,801,791</u>	<u>\$ 139,233,398</u>	<u>\$ 160,011,652</u>	<u>\$ 169,092,905</u>
Change in Net Position	(10,425,991)	5,933,910	35,274,895	32,262,711	21,303,009
Net Position, Beginning of the Year	<u>\$ 378,882,349</u>	<u>\$ 368,456,358</u>	<u>\$ 374,390,268</u>	<u>\$ 409,665,163</u>	<u>\$ 441,927,874</u>
Net Position, End of the Year	<u>\$ 368,456,358</u>	<u>\$ 374,390,268</u>	<u>\$ 409,665,163</u>	<u>\$ 441,927,874</u>	<u>\$ 463,230,883</u>

- Notes: (1) Source: the City's audited financial statements for years ending December 31, 2019-2023.
(2) Implementation of GASB No. 68, Accounting and Financial Reporting for Pensions.
(3) ARP Act funds expended for combined sewer separation and lead service line replacements. ARP Act funds are recorded as deferred revenue until expended and then recognized as revenue in the fiscal year spent.

General Fund(I) Balance Sheet

	Audited Fiscal Year Ending December 31				
	2019	2020	2021	2022	2023
ASSETS:					
Cash and Investments	\$ 81,734,180	\$ 80,458,860	\$ 95,767,226	\$125,366,669	\$143,159,081
Property Taxes	43,507,660	43,557,660	43,607,660	45,258,247	49,846,320
Due from Other Governments	9,524,140	9,619,969	11,650,646	12,694,354	12,662,675
Prepaid Items	105,437	1,153,511	25,617	804,816	24,234
Due from Other Funds	1,295,871	70,871	187,277	95,534	188,499
Leases	0	0	0	40,186,620	39,616,383
All Other	5,529,189	4,834,023	5,130,066	5,276,813	5,993,087
Total Assets	<u>\$141,696,477</u>	<u>\$139,694,894</u>	<u>\$156,368,492</u>	<u>\$229,683,053</u>	<u>\$251,490,279</u>
LIABILITIES:					
Accounts Payable and Accrued Expenses	\$ 5,086,729	\$ 4,281,793	\$ 7,308,000	\$ 9,361,917	\$ 7,607,230
Deferred Revenues	1,046,321	757,217	740,445	622,453	816,014
Accrued Payroll	5,210,183	4,848,107	4,678,182	4,992,837	5,503,895
Due to Other Funds(2)	325,983	49,758	50,491	6,762	21,431
Deposits Payable(3)	9,959,281	10,156,850	10,506,877	11,920,167	12,179,946
Due to Fiduciary Funds	0	0	0	560,204	0
Retainage Payable	334,655	1,042,033	23,709	30,501	391,058
Total Liabilities	<u>\$ 21,963,152</u>	<u>\$ 21,135,758</u>	<u>\$ 23,307,704</u>	<u>\$ 27,494,841</u>	<u>\$ 26,519,574</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue	<u>\$ 43,507,660</u>	<u>\$ 43,557,660</u>	<u>\$ 43,607,660</u>	<u>\$ 83,524,219</u>	<u>\$ 88,931,284</u>
Total Liabilities and Deferred Inflows of Resources	\$ 65,470,812	\$ 64,693,418	\$ 66,915,364	\$111,019,060	\$115,450,858
FUND BALANCE:					
Nonspendable	\$ 105,437	\$ 1,153,511	\$ 25,617	\$ 804,816	\$ 24,234
Unrestricted	6,354,980	4,579,765	6,793,901	8,401,410	26,954,047
Unassigned	<u>69,765,248</u>	<u>69,268,200</u>	<u>82,633,610</u>	<u>109,457,767</u>	<u>109,061,140</u>
Total Fund Balance	<u>\$ 76,225,665</u>	<u>\$ 75,001,476</u>	<u>\$ 89,453,128</u>	<u>\$118,663,993</u>	<u>\$136,039,421</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$141,696,477</u>	<u>\$139,694,894</u>	<u>\$156,368,492</u>	<u>\$229,683,053</u>	<u>\$251,490,279</u>

- Notes: (1) Source: the City's audited financial statements for years ending December 31, 2019-2023.
(2) Due to Other Funds principally represents monies owed to capital improvements and internal service funds.
(3) Deposits payable represent developer impact fees for specific park and road improvements awaiting expenditure.

General Fund(1)(2) Revenues and Expenditures

	Audited Fiscal Year Ending December 31				
	2019	2020	2021	2022(3)	2023
REVENUES:					
Property Taxes	\$ 42,136,034	\$ 41,964,508	\$ 42,350,357	\$ 42,106,629	\$ 42,227,384
Road and Bridge Taxes	0	0	0	1,152,617	1,230,810
Hotel/Motel Taxes	0	0	0	1,051,729	1,043,541
Local Liquor Tax	0	0	0	1,728,390	1,825,186
Local Motor Fuel Tax	0	0	0	1,640,531	1,677,194
Intergovernmental(4)	0	0	0	33,531,900	32,585,522
Telecommunications	0	0	0	1,492,471	1,556,887
Sales Taxes	20,124,237	21,809,212	21,809,212	39,183,071	38,987,971
Local Option Sales Tax	9,689,127	9,406,194	12,295,929	0	0
Other Taxes	3,852,714	3,135,612	3,602,458	211,007	331,129
State Income Taxes	11,515,427	11,756,673	14,341,173	0	0
Utility Taxes	6,427,861	6,133,510	6,597,039	7,618,208	6,802,514
Other Intergovernmental Taxes	15,039,555	14,639,453	16,561,916	0	0
Fines and Forfeitures	1,734,371	1,291,666	1,402,664	1,425,814	1,507,754
Charges for Services	12,537,909	14,699,192	17,292,938	18,546,181	21,834,623
Charges for Commodities	0	0	0	0	20,626
Investment Income	2,141,950	859,788	67,801	1,268,840	7,963,878
Licenses and Permits	2,882,203	2,123,136	3,425,797	3,741,518	4,444,125
Miscellaneous	3,538,279	3,519,868	3,811,920	3,594,292	4,312,142
Total Revenues	<u>\$131,619,667</u>	<u>\$131,338,812</u>	<u>\$143,559,204</u>	<u>\$158,293,198</u>	<u>\$168,351,286</u>
EXPENDITURES:					
General Government	\$ 7,590,209	\$ 8,160,637	\$ 8,693,754	\$ 8,928,263	\$ 9,168,111
Public Safety	84,337,657	86,273,947	84,764,960	84,126,322	95,775,763
Highways and Streets	15,810,738	14,327,973	15,971,016	15,013,991	17,464,845
Sanitation	7,454,753	7,319,715	7,681,298	8,037,324	8,413,949
Culture and Recreation	509,825	476,660	518,158	640,276	3,016,830
Economic Development	2,100,984	2,060,455	2,173,873	1,259,292	1,600,693
Miscellaneous	1,919,780	4,619,956	2,853,258	2,910,387	4,189,767
Debt Service	0	0	0	1,014,261	1,644,771
Capital Outlay	8,156,750	7,910,669	4,516,150	4,480,582	7,192,216
Total Expenditures	<u>\$127,880,696</u>	<u>\$131,150,012</u>	<u>\$127,172,467</u>	<u>\$126,410,698</u>	<u>\$148,466,945</u>
Excess of Revenues Over (Under)					
Expenditures	\$ 3,738,971	\$ 188,800	\$ 16,386,737	\$ 31,882,500	\$ 19,884,341
OTHER FINANCING SOURCES (USES):					
Proceeds from Lease Issuance	\$ 0	\$ 0	\$ 0	\$ 694,521	\$ 168,150
SBITA Issuance	0	0	0	0	135,268
Transfers In(5)	4,875,742	5,437,011	5,414,915	4,883,844	4,587,669
Transfers Out(6)	(5,692,002)	(6,850,000)	(7,350,000)	(8,250,000)	(7,400,000)
Total Other Financing Sources	<u>\$ (816,260)</u>	<u>\$ (1,412,989)</u>	<u>\$ (1,935,085)</u>	<u>\$ (2,671,635)</u>	<u>\$ (2,508,913)</u>
Net Change in Fund Balance	\$ 2,922,711	\$ (1,224,189)	\$ 14,451,652	\$ 29,210,865	\$ 17,375,428
Beginning Fund Balance	73,302,954	76,225,665	75,001,476	89,453,128	118,663,993
Ending Fund Balance	<u>\$ 76,225,665</u>	<u>\$ 75,001,476</u>	<u>\$ 89,453,128</u>	<u>\$118,663,993</u>	<u>\$136,039,421</u>

- Notes: (1) Source: the City's audited financial statements for years ending December 31, 2019-2023.
- (2) The General Fund includes the Riverboat Fund. The City began to include the Riverboat Fund in the General Fund in fiscal year 2011 and it is treated by the City as a purely capital projects fund. However, the revenue in the Riverboat Fund can be used for general operations. The City carried over \$16.2 million in reserves for capital projects going into fiscal year 2023. Going forward the City expects to have approximately \$10 million annually from riverboat revenues for capital expenditures on street improvements.
- (3) Format change in fiscal year 2022.
- (4) Intergovernmental includes State income tax, replacement tax, State and Federal grants and gaming revenues.
- (5) Includes routine interfund transfers from pension fund, administrative support allocations, and other miscellaneous transfers.
- (6) Transfers out represent funds for capital improvements and debt service.

Revenues

As part of a strategy to reduce reliance on property tax, four new revenue streams were introduced in the 2012 budget. These alternative sources of revenue have helped to diversify the City's General Fund revenues and provide for a more stable financial environment. As a result of these measures, the portion of the City's General Fund revenues generated from property taxes declined from 39% in fiscal year 2011 to 27% in fiscal year 2023.

The new sources of revenue included a monthly refuse fee to recover the City's cost of providing refuse collection; an alcoholic beverage tax of 3% on all alcohol purchases (this includes liquor served at bars and restaurants and packaged liquor sold in stores); an electricity tax based on usage and a natural gas tax of 5% or 3 cents per therm. Collection of refuse fees began on January 1, 2012 while the alcoholic beverage, natural gas and electricity taxes began July 1, 2012.

As the City is a home rule municipality, it has the flexibility to implement new local option revenue sources. During fiscal year 2018, the City Council implemented four measures to diversify revenues and keep general property tax levies flat. Those measures included (1) increasing the home rule sales tax 0.25% effective July 1, 2018; (2) implementing a new local motor fuel tax of 4 cents per gallon effective July 1, 2018; (3) increasing the hotel-motel tax from 4% to 8% effective January 1, 2018; and (4) increasing ambulance fees charged to non-residents effective January 1, 2018.

Fiscal Year 2023 Results, Fiscal Year 2024 Estimated Results and Fiscal Year 2025 Budget

For the fiscal year ended December 31, 2023 ("Fiscal Year 2023"), the City budgeted for general fund revenues of \$148.1 million. The City's actual revenues for Fiscal Year 2023 were approximately \$163.2 million. Such an increase is due primarily to certain revenues exceeding the budget, including sales tax by approximately \$4.4 million, income taxes by approximately \$1.8 million, investment income by \$5.2 million, and ambulance fees by approximately \$1.1 million.

With respect to Fiscal Year 2023 expenses, the City budgeted for \$161.8 million and actual expenditures were \$146.3 million. Actual budgeted expenditures were \$15.5 million under budget primarily due to several significant capital projects that were not completed in 2023 and account for the majority of the expenditure reductions when comparing to planned levels. These building and infrastructure improvements were carried over and completed in 2024. The 2023 budget planned to draw on reserves in the amount of \$13.7 million and instead reserves were increased by \$16.8 million.

Fiscal year 2024 General Fund revenues were budgeted at \$164.5 million and are estimated to be \$174.1 million, exceeding budget by \$9.6 million. Sales tax receipts are expected to exceed budgeted expectations by approximately \$4.8 million and exceeded 2023 receipts due to a strong economy and inflationary pressures since 2021. The City's share of the Local Government Distributive Fund (income tax distribution from the State) is estimated to exceed budgeted expectations by \$0.5 million and exceeded 2023 receipts. Increased investment income and ambulance revenues also contributed to revenues surpassing budgeted levels. All other revenue streams were in line with budgeted projections. The City did not add any new revenue streams in 2024.

Fiscal year 2024 expenditures were budgeted at \$172.4 million and actual expenditures are estimated to be \$165.1 million, or \$7.3 million under budget. Budgeted expenditures, in 2024, included several significant capital projects that were not completed in 2024 and account for the majority of the expenditure reductions when comparing to planned levels. These building and infrastructure improvements will be carried over and completed in 2025.

The fiscal year 2024 budget planned to draw on reserves in the amount of \$7.8 million and instead reserves are estimated to increase by \$9.0 million. There were no significant one-time revenues or expenditures.

Revenue assumptions for fiscal year 2025 for the General Fund were consistent with fiscal year 2024, except for the inclusion of a significant potential grant opportunity of \$7.5 million. Expenditures include an offsetting cost directly dependent on receiving the grant. The City's combined property tax levy (general operations, debt service and public safety pension payment obligations) had remained flat for six consecutive years with the adoption of the 2023 budget. During those years, increases in the required contributions to public safety pensions were covered by other revenue streams. The 2025 adopted budget included an increase in property taxes for public safety pension contributions. Local Government Distributive Fund and sales tax revenue budgets increased when compared to the 2024 budget and are consistent with 2024 actual receipts. State forecasts for municipal shared revenues suggested a 3% increase in 2025 and the budget for this revenue stream is consistent with 2024 actual revenues. Sales tax revenues for 2024 were significantly higher than budgeted expectations and the 2025 sales tax budget was increased to reflect increases in this revenue stream. General Fund budgeted expenditures in fiscal year 2024 were \$172.4 million and \$176.2 million in 2025, a \$3.8 million increase. Personnel costs increased for cost-of-living adjustments consistent with collective bargaining agreements, increases in health insurance premiums and pension contributions. After many years of maintaining staffing levels, with very few increases, the 2025 budget adds 21 new staff positions in specific areas essential to continuing existing levels of service the City provides to the residents and businesses in the community. Budgeted expenditures decreased significantly for transfers out. The 2024 budget included a one-time transfer of \$5.0 million to the Utility Fund to support the City's continuing lead service line replacement efforts. Several years of strong revenues and growing General Fund reserves provided for this investment in City infrastructure. The 2025 General Fund budget plans for a balanced budget, with revenues exceeding expenditures by \$600,000. The fund balance at the end of fiscal year 2025 is estimated at \$110.7 million or 63% of annual expenditures, well above the policy benchmark of 30%.

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General Fund Budget and Estimated Financial Information(1)

	Budget Twelve Months Ending 12/31/2024	Estimated Twelve Months Ending 12/31/2024	Budget Twelve Months Ending 12/31/2025
REVENUES:			
Property Tax	\$ 27,800,000	\$ 27,615,930	\$2 7,800,000
Sales Tax	37,180,000	41,983,300	39,203,000
State Income Tax	19,000,000	19,494,870	20,200,000
Telecommunications Tax	1,374,000	1,451,270	1,500,000
Refuse Fee	8,006,230	8,070,790	8,190,240
Ambulance Revenue	8,000,000	9,726,660	8,500,000
Electricity Tax	4,200,000	4,184,700	4,200,000
Natural Gas Tax	2,750,000	2,279,260	2,000,000
Alcoholic Beverage Tax	1,700,000	1,811,120	1,700,000
Local Motor Fuel Tax	1,700,000	1,680,920	1,700,000
Charges for Services	3,824,230	4,385,150	3,915,120
Licenses, Permits, Fines	5,007,350	5,104,330	4,610,290
Other Governmental	15,499,970	18,073,260	23,376,570
Transfers In	7,457,760	7,295,700	8,014,100
Police and Fire Pension	21,046,320	20,948,820	21,933,710
Total Revenues	<u>\$164,545,860</u>	<u>\$174,106,080</u>	<u>\$176,843,030</u>
EXPENDITURES:			
Legislative	\$ 637,000	\$ 587,910	\$ 655,460
General Government	40,850,840	34,335,220	42,351,920
Public Safety	94,844,820	95,337,110	100,699,640
Streets and Highways	14,448,330	13,297,680	15,068,820
Sanitation	8,523,790	8,526,060	8,716,600
Transfers Out	13,050,000	13,050,000	8,750,000
Total Expenditures	<u>\$172,354,780</u>	<u>\$165,133,980</u>	<u>\$176,242,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (7,808,920)	\$ 8,972,100	\$ 600,590

Notes: (1) Source: the City.

(2) Capital outlay was budgeted at \$17.5 million which included a major renovation at the Hemmens Cultural Center and for the addition of soccer fields at the Sports Complex.

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EMPLOYEE RETIREMENT PLANS

The City participates in three defined benefit pension plans: (i) the IMRF Plan, (ii) the Police Pension Plan (the “Police Pension Plan”), and (iii) the Firefighters’ Pension Plan (the “Fire Pension Plan” and, together with the IMRF Plan and the Police Plan, the “Pension Plans”). The Pension Plans provide defined benefit pension benefits to the City’s employees, retirees and beneficiaries. The IMRF Plan is an agent multiple-employer public employee retirement system, and the Police Pension Plan and the Fire Pension Plan are single-employer pension plans. The City makes certain contributions to the Pension Plans on behalf of its employees, as further described in this section. The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Pension Code. This section first describes certain concepts related to pensions generally, then describes the applicable provisions of Pension Plans. These concepts are more completely described in Note 12 to the 2023 Audit, as well as the supplementary schedules thereto, attached hereto as **APPENDIX A**.

The Pension Code allows the State Comptroller to divert State payments intended for the City to the Police Pension Plan and the Fire Pension Plan to satisfy contribution shortfalls by the City (the “Recapture Provisions”). If the City fails to contribute to the Police Pension Plan or the Fire Pension Plan as required by the Pension Code, the City will be subject to a reallocation of payments of State funds to the City if (i) the City fails to make the required payment for 90 days past the due date, (ii) the subject retirement fund gives notice of the failure to the City, and (iii) such retirement fund certifies to the State Comptroller that such payment has not been made. Upon the occurrence of these events, the State Comptroller will withhold payments of State funds from the City in an amount not in excess of the delinquent payment amount in the proportion of 100% of the amount of any payments of State funds to the City. Should the Recapture Provision be invoked as a result of the City’s failure to contribute all or a portion of its required contribution, a reduction in payments of State funds may have an adverse impact on the City’s finances.

Background Regarding Pension Plans

The Actuarial Valuation

The disclosures in the 2023 Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of a Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards (the “GASB Standards”) issued by the Governmental Accounting Standards Board (“GASB”), as described below.

In producing an actuarial valuation, the actuary for a Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

GASB Standards

The GASB Standards provide standards for financial reporting and accounting related to pension plans.

The GASB Standards require calculation and disclosure of a “Net Pension Liability” or “Net Pension Asset,” which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the GASB Standards (referred to in such statements as the “Total Pension Liability”) and the fair market value of the pension plan’s assets (referred to as the “Fiduciary Net Position”).

Furthermore, the GASB Standards employ a rate, referred to in such statements as the “Discount Rate,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long term expected rate of return on a pension plan’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the GASB Standards.

Finally, the GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer, and that an expense be recognized on the income statement of the employer.

Pension Plans Remain Governed by the Pension Code

As described above, the GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the City to the Pension Plans in each year.

Illinois Municipal Retirement Fund

The City participates in the IMRF Plan, which is a defined-benefit, agent multiple employer pension plan administered by the IMRF that acts as a common investment and administrative agent for units of local government and school districts in the State. Specifically, the City participates in an IMRF-administered plan for its regular employees (the “Regular Plan”) and its Sheriff’s Law Enforcement Personnel (the “SLEP Plan”) for sheriffs, deputy sheriffs and selected police chiefs. The IMRF Plan is established and administered under statutes adopted by the General Assembly of the State (the “General Assembly”). The Pension Code sets the benefit provisions of the IMRF Plan, which can only be amended by the General Assembly.

Each employer participating in the IMRF Plan, including the City, has an employer reserve account with the IMRF Plan separate and distinct from all other participating employers (the “IMRF Account”) along with a unique employer contribution rate determined by the IMRF Board of Trustees (the “IMRF Board”), as described below. The employees of a participating employer receive benefits solely from such employer’s IMRF Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF’s website.

See Note 12 to the 2023 Audit for additional information on the IMRF Plan’s actuarial methods and assumptions including information regarding the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate.

Contributions

Both employers and employees contribute to the IMRF Plan. At present, with respect to the Regular Plan, employees contribute 4.50% of their salary to the IMRF Plan, as established by statute. With respect to the SLEP Plan, employees contribute 7.50% of their salary to the IMRF Plan, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF Plan to its employees. The annual rate at which an employer must contribute to the IMRF Plan is established by the IMRF Board. The City's contribution rate for calendar year 2023 was 4.25% of covered payroll for the Regular Plan. The City's contribution rate for calendar year 2023 was 0.00% of covered payroll for the SLEP Plan.

For the calendar years ended December 31, 2018, through December 31, 2022, the City contributed the following amounts to the Regular Plan:

CALENDAR YEARS	IMRF CONTRIBUTIONS
2019	\$2,502,698
2020	3,247,812
2021	3,165,385
2022	2,249,317
2023	1,467,533

Source: The 2023 Audit.

The City has not contributed to the SLEP Plan. It does not require contributions.

Measures of Financial Position – Regular Plan

The following table presents the measures of the Regular Plan's financial position as of December 31 of the years 2019 through 2023 which are presented pursuant to the GASB Standards.

FISCAL YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY/(ASSET)	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	DISCOUNT RATE
2019	\$212,186,563	\$206,920,313	\$ 5,266,250	97.50%	7.25%
2020	216,176,300	231,236,811	(15,060,511)	107.00%	7.25%
2021	222,853,122	261,656,042	(38,802,920)	117.40%	7.25%
2022	231,874,073	218,317,817	13,556,256	94.15%	7.25%
2023	240,244,153	236,816,344	3,427,809	98.57%	7.25%

Source: The City's audited financial statements for the fiscal years ended December 31, 2018 through 2023.

See Note 12 to the 2023 Audit, and the related required supplementary information disclosures, for a description of the IMRF Plan, the IMRF Account, the City's funding policy, information on the assumptions and methods used by the actuary, and the financial reporting information required by the GASB Standards.

Measures of Financial Position-SLEP Plan

The following table presents the measures of the SLEP Plan's financial position as of December 31 of the years 2018 through 2022 which are presented pursuant to the GASB Standards.

FISCAL YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY/(ASSET)	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	DISCOUNT RATE
2018	\$1,493,913	\$1,703,803	\$(209,890)	114.00%	7.25 %
2019	1,279,953	1,746,808	(466,855)	136.50%	7.25 %
2020	1,261,223	1,917,030	(655,807)	152.00%	7.25 %
2021	778,569	1,694,821	(916,252)	217.70%	7.25 %
2022	768,864	1,358,320	(589,456)	176.70	7.25 %

Source: The City's audited financial statements for the fiscal years ended December 31, 2018 through 2023.

See Note 12 to the 2023 Audit, and the related required supplementary information disclosures, for a description of the IMRF Plan, the IMRF Account, the City's funding policy, information on the assumptions and methods used by the actuary, and the financial reporting information required by the GASB Standards.

Police Pension Plan

The City provides retirement, death and disability benefits to its sworn police personnel and retirees and their beneficiaries through the Police Pension Plan. The Police Pension Plan is a single-employer defined benefit contribution plan. The benefits provided by the Police Pension Plan and the amount of employer and employee contributions to the Police Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of December 31, 2023, the Police Pension Fund had a membership of 388.

Contributions

As stated above, both the City and its participating employees make contributions to the Police Pension Plan. At present, employees contribute 9.91% of their salary to the Police Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Police Pension Plan to its members.

The Pension Code requires that the City contribute annually the amount necessary to fund the normal cost of the Police Pension Plan for such year plus an amount sufficient to bring the total assets of the Police Pension Plan up to 90% of the total actuarial liabilities of the Police Pension Plan by the end of fiscal year 2040, as determined by an actuary (the "Police Pension Plan Funding Requirement"). The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution, and the proceeds of such tax levy are sent directly by the County Clerks to the Police Pension Plan.

As the Police Pension Plan Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Police Pension Plan over a closed period of time, the City's required contributions to the Police Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

The City's contribution was 54.27% of covered payroll for the fiscal year ended December 31, 2023. The City's actuarially determined pension contributions and contributions with respect to such contributions for the last five fiscal years were as follows:

FISCAL YEAR ENDED DECEMBER 31	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
2019	\$ 8,524,142	\$10,407,934	122.10%
2020	10,453,934	11,061,054	105.81%
2021	11,187,262	10,974,069	98.09%
2022	11,024,424	8,352,202	75.76%
2023	10,562,884	11,991,196	113.52%

Source: The 2023 Audit.

Note: (1) Prefunding of contributions in 2019 through 2021 recorded early contributions in the prior year. When aggregating contributions over the last five years (2019-2023), the City has funded 99% of the actuarially determined contribution.

Measures of Financial Position

The following table provides statistical information produced pursuant to the GASB Standards with respect to the Police Pension Plan for each of the last five fiscal years. The Total Pension Liability as of December 31, 2023, was calculated pursuant to the current Discount Rate of 7.00%.

FISCAL YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY
2019	\$253,879,123	\$138,539,371	\$115,339,752	54.57%
2020	266,051,664	157,305,419	108,746,245	59.13%
2021	272,867,802	176,751,358	96,116,444	64.78%
2022	286,541,050	152,794,925	133,746,125	53.32%
2023	302,976,589	172,046,121	130,930,468	56.79%

Source: The 2023 Audit.

See Note 12 to the 2023 Audit, and the related required supplementary information disclosures, for a description of the Police Pension Plan, the City's funding policy, information on the assumptions and methods used by the actuary for the Police Pension Plan, and the financial reporting information required by the GASB Standards.

Fire Pension Plan

The City provides retirement, death and disability benefits to its sworn fire personnel and retirees and their beneficiaries through the Fire Pension Plan. The Fire Pension Plan is a single-employer defined benefit contribution plan. The benefits provided by the Fire Pension Plan and the amount of employer and employee contributions to the Fire Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of December 31, 2023, the Fire Pension Plan had a membership of 273.

Contributions

As stated above, both the City and its participating employees make contributions to the Fire Pension Plan. At present, employees contribute 9.455% of their salary to the Fire Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Fire Pension Plan to its members.

The Pension Code requires that the City contribute annually the amount necessary to fund the normal cost of the Fire Pension Plan for such year plus an amount sufficient to bring the total assets of the Fire Pension Plan up to 90% of the total actuarial liabilities of the Fire Pension Plan by the end of fiscal year 2040, as determined by an actuary (the “Fire Pension Plan Funding Requirement”). The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution, and the proceeds of such tax levy are sent directly by the County Clerks to the Fire Pension Plan.

As the Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Fire Pension Plan over a closed period of time, the City’s required contributions to the Fire Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

The City’s contribution was 62.58% of covered payroll for the fiscal year ended December 31, 2023. The City’s actuarially determined pension contributions and contributions with respect to such contributions for the last five fiscal years were as follows:

FISCAL YEAR ENDED DECEMBER 31	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
2019	\$6,413,430	\$8,327,476	129.84%
2020	8,353,732	8,929,201	106.89%
2021	9,023,472	8,950,403	99.19%
2022	8,991,011	6,277,692	69.82%
2023	8,297,903	9,747,033	117.46% ⁽¹⁾

Source: The 2023 Audit.

Note: (1) Prefunding of contributions in 2019 through 2021 recorded early contributions in the prior year. When aggregating contributions over the last five years (2019-2023), the City has funded 99% of the actuarially determined contribution.

Measures of Financial Position

The following table provides statistical information produced pursuant to the GASB Standards with respect to the Fire Pension Plan for each of the last five fiscal years. The Total Pension Liability as of December 31, 2023, was calculated pursuant to the current Discount Rate of 7.00%.

FISCAL YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY
2019	\$191,042,002	\$100,925,506	\$ 90,116,496	52.83 %
2020	199,428,978	116,195,153	83,233,825	58.26 %
2021	200,974,187	130,212,564	70,761,623	64.79 %
2022	208,682,090	108,665,208	100,016,882	52.07 %
2023	216,470,778	126,015,025	90,455,753	58.21 %

Source: The 2023 Audit.

See Note 12 to the 2023 Audit, and the related required supplementary information disclosures, for a description of the Fire Pension Plan, the City’s funding policy, information on the assumptions and methods used by the actuary for the Fire Pension Plan, and the financial reporting information required by the GASB Standards.

Downstate Police and Fire Pension Consolidation Bill

Public Act 101-0610 (“PA 101-610”) authorizes the consolidation of more than 650 police and firefighter pension funds that provide benefits to police and firefighters located outside the boundaries of the City of Chicago, Illinois, into two statewide funds: The Police Officers’ Pension Investment Fund (the “Consolidated Police Pension Fund”) and The Firefighters’ Pension Investment Fund (the “Consolidated Firefighters’ Pension Fund” and, together with the Consolidated Police Pension Fund, the “Consolidated Pension Funds”). Upon consolidation, the Consolidated Police Pension Fund and the Consolidated Firefighters’ Pension Fund will have in excess of \$8 billion and \$6 billion in assets, respectively. The purpose of consolidating local pension funds into the Consolidated Pension Funds is to invest assets more efficiently and to reduce administrative costs in order to generate higher investment returns.

The Consolidated Pension Funds will be governed by their respective 9-member board of trustees and managed by their respective executive directors. The Consolidated Pension Funds are established with the authority to manage the reserves, funds, assets, securities, properties and moneys of the participating police and fire pension funds which will make up the Consolidated Pension Funds.

Under PA 101-610, each underlying police and fire pension fund will maintain an individual and separate account within the newly established Consolidated Pension Funds. Therefore, no assets or liabilities of any individual police or fire pension fund can be shifted from one pension fund to another. Further, investment returns earned by the Consolidated Pension Funds will be allocated and distributed pro rata among each participating pension fund account in accordance with the value of the pension fund assets attributable to each fund.

The City cannot determine at this time the financial impact PA 101-610 will have on its pension funds. The effectiveness of PA 101-610 in reducing costs and generating additional investment returns may not be determinable for several years.

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing the pension benefits described above, the City provides post-employment healthcare benefits (“OPEB”) for eligible retired employees and their dependents (the “OPEB Plan”). The benefits, benefit levels, employee contributions and employer contributions are governed by the City Council and can be amended by the City through its personnel manual and union contracts. As of December 31, 2023, the OPEB Plan had a membership of 808. As of December 31, 2023, the City’s OPEB Plan had a Total OPEB Liability of \$24,961,020, a Plan Fiduciary Net Position of \$23,522,854 and a Net OPEB Liability of \$1,438,166. For additional information regarding the OPEB Plan, see Note 11 to the 2023 Audit.

The City’s contributions to the OPEB Plan in each of the last five years are as follows:

FISCAL YEAR ENDED DECEMBER 31	CONTRIBUTION
2019	1,597,738
2020	1,604,000
2021	1,854,000
2022	2,104,000
2023	2,604,000

Source: The 2023 Audit.

For additional information on the City’s post-employment benefits other than pensions, see Note 11 and the required supplementary information to the 2023 Audit.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The City shall cause books for the registration and for the transfer of the Bonds to be kept at the principal corporate trust office of the Registrar in Chicago, Illinois. The City will authorize to be prepared, and the Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by the registered owner or such owner’s attorney duly authorized in writing, the City shall execute and the Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Registrar shall not be required to transfer or exchange any Bond beginning at the close of business on the first day of the month in which an interest payment date occurs on such Bond (known as the record date) and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the “OID Issue Price”) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the prices set forth, or the prices corresponding to the yields set forth, on the cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludible from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the “Revised Issue Price”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

CONTINUING DISCLOSURE

The City will enter into an Undertaking for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of the Rule. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of the Undertaking, attached hereto as **APPENDIX D**.

The City has adopted disclosure policies and procedures, which specifically include additional procedures to be followed by the City in relation to the two new reportable events added to the list of reportable events for which the City must provide notice to the EMMA website.

There have been no instances in the previous five years in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the City to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The City must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois (“Chapman and Cutler”), Bond Counsel, who has been retained by, and acts as, Bond Counsel to the City. Chapman and Cutler has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although as Disclosure Counsel to the City, Chapman and Cutler has assisted the City with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of any of the statements contained in this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler’s engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the City, to assist it in discharging its responsibility with respect to this Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

INVESTMENT RATING

The Bonds have been rated “AA+” (Stable Outlook) by S&P. The City has supplied certain information and material concerning the Bonds and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. Except as may be required by the Undertaking described under the heading “**CONTINUING DISCLOSURE**”, the form of which is attached hereto as **APPENDIX D**, neither the City nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the rating or to oppose any such revision or withdrawal. An explanation of the significance of the investment rating may be obtained from the rating agency: S&P Global Ratings, 55 Water Street, New York, New York 10041, telephone 212-438-2000. The City will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds.

UNDERWRITING

The Bonds were offered for sale by the City at a public, competitive sale on April 23, 2025. The best bid submitted at the sale was submitted by _____ (the “Underwriter”). The City awarded the contract for sale of the Bonds to the Underwriter at a price of \$_____ (reflecting the par amount of \$_____, plus a reoffering premium of \$_____, and less an Underwriter’s discount of \$_____). The Underwriter has represented to the City that the Bonds have been subsequently re-offered to the public initially at the yields set forth on the cover of the Final Official Statement.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the City’s continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated April 15, 2025 for the \$15,220,000* General Obligation Corporate Purpose Bonds, Series 2025, believe it to be true and correct and will provide to the purchasers of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ _____
Chief Financial Officer/Budget Director
CITY OF ELGIN
Kane and Cook Counties, Illinois

/s/ _____
City Manager
CITY OF ELGIN
Kane and Cook Counties, Illinois

*Subject to change.

APPENDIX A

**CITY OF ELGIN
KANE AND COOK COUNTIES, ILLINOIS**

FISCAL YEAR 2023 AUDITED FINANCIAL STATEMENTS



2023 Annual Comprehensive Financial Report

For The Fiscal Year Ended December 31, 2023



CITY OF ELGIN, ILLINOIS

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Year Ended
December 31, 2023

Prepared by the Finance Department

Debra Nawrocki
Chief Financial Officer

CITY OF ELGIN, ILLINOIS
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INTRODUCTORY



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

CITY OF ELGIN, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2023

LEGISLATIVE

Mayor

David Kaptain

Council Members

F. John Steffen

Corey D. Dixon

Dustin R. Good

Tish S Powell

Carol Rauschenberger

Steven F. Thoren

Rosamaria Martinez

Anthony Ortiz

ADMINISTRATIVE

Richard G. Kozal

City Manager

Debra Nawrocki
Chief Financial Officer

William A. Cogley
Corporation Council and
Chief Development Officer

Kim Dewis
City Clerk

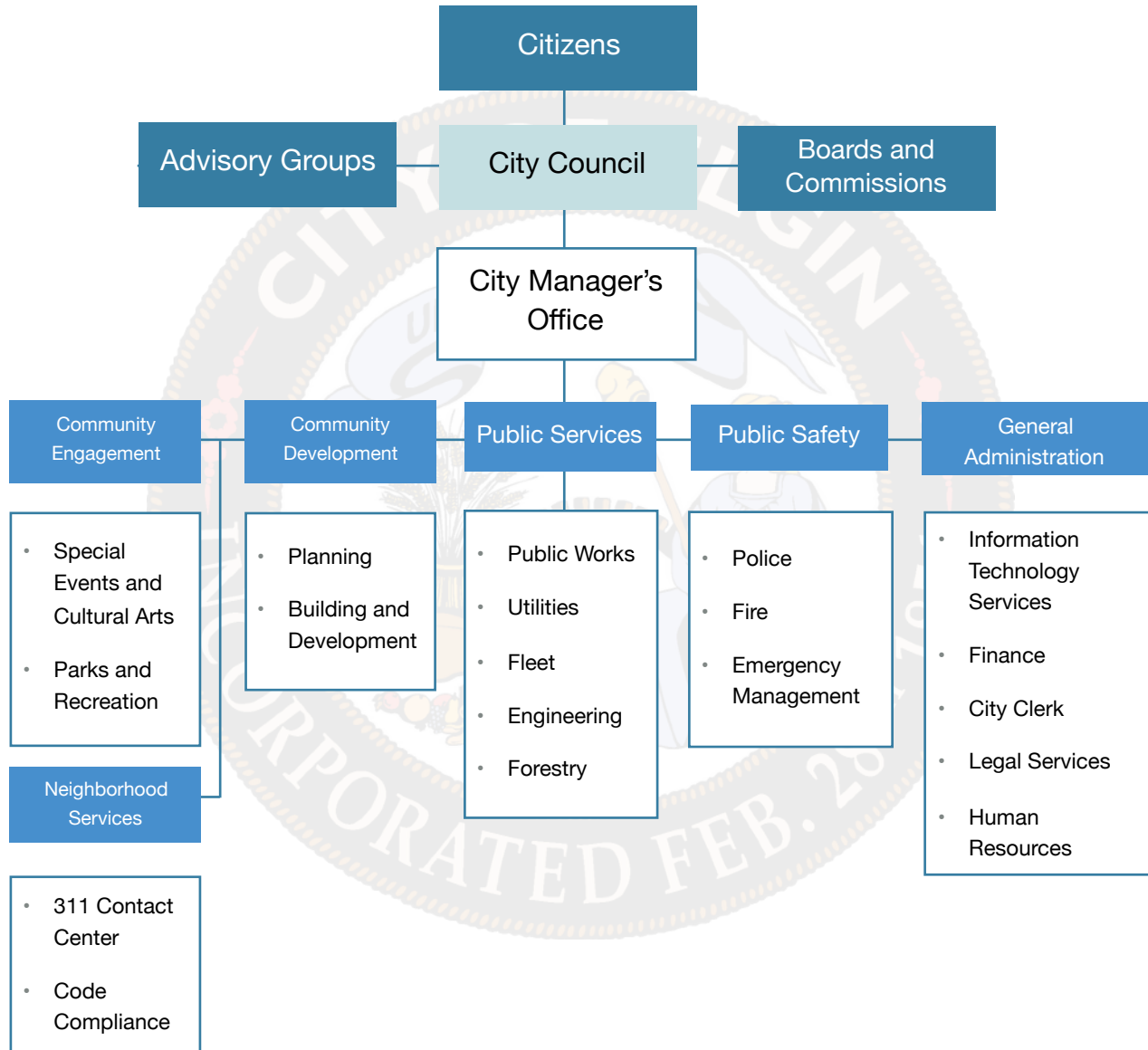
Ana Z Lalley
Police Chief

Christina Webb
Human Resource Director

Robert B. Cagann
Fire Chief

CITY OF ELGIN

ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Elgin
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO



Mayor

David J. Kaptain

City Council

Corey D. Dixon
Dustin R. Good
Rosamaria Martinez
Anthony Ortiz
Tish S. Powell
Carol Rauschenberger
F. John Steffen
Steven F. Thoren

City Manager

Richard G. Kozal

June 3, 2024

Honorable Mayor David Kaptain
Members of the City Council
City Manager Richard Kozal
Citizens of the City of Elgin, Illinois

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Elgin, Illinois for the fiscal year ended December 31, 2023. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The ACFR presents the Management's Discussion and Analysis (MD&A), basic financial statements and required supplemental information. The MD&A provides an analytical overview of the City's financial activity and should be read in conjunction with this letter of transmittal. Included in the basic financial statements are the government-wide financial statements, fund financial statements and notes to the financial statements. The required supplementary information presents budgetary comparison schedules and other schedules.

The ACFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart and a list of principal officials. The Financial section includes the MD&A, the basic financial statements and the combining and individual fund financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended and *the Uniform Grant Guidance*. Information related to this Single Audit, includes the schedule of expenditures of federal awards, findings and questioned costs, and independent auditors' reports on internal control and compliance with applicable laws and regulations, and is available as a separate document.

For financial reporting purposes, this report includes all the funds of the City of Elgin (the primary government), as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable and are included as either a "blended" component unit or a "discrete" component unit. A blended component unit, although a legally separate entity is, in substance, part of the primary government's operations and is included as part of the primary government. Conversely, a component unit, which is not part of the primary government's operations, is presented as a discrete component unit in a separate column in the basic financial statements. A discrete component unit is presented in a separate column to emphasize that it is legally separate from the primary government and to differentiate its financial position and results of operations from those of the primary government. The City's financial statements include three fiduciary component units: the Police Pension Fund, the Firefighters' Pension Fund and the Retiree Health Insurance Fund. There are no discretely presented component units to report.

The City provides a full range of services. These include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities; and, cultural events. In addition to general government activities, the City operates water and sewer systems, a cemetery, and golf courses.

The Gail Borden Public Library, a separately governed taxing body, provides library services. Educational services are also provided by separately governed taxing bodies as well as several privately financed education institutions.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The accounts of the City are organized on the basis of funds, each of which is considered a separate and distinct accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Revenues are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The accounting records for general governmental operations are maintained on the modified accrual basis, with revenues recorded when available and measurable and expenditures being recorded when materials or services are received and the fund liability incurred. Accounting records for the City's enterprise funds, internal service funds, custodial funds, and pension trust funds are maintained on the accrual basis of accounting.

The City's chief financial officer is responsible for establishing and maintaining a system of internal accounting controls. These controls are designed to assure that the assets of the City are safeguarded against any material loss, theft or misuse. These controls ensure that the financial statements are in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute assurances that control objectives will be met. The concept of reasonable assurances recognizes that (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits require estimates and judgment by the chief financial officer in conjunction with the City's management staff.

The annual budget serves as the foundation for the City's financial planning and control. All City departments are required to submit their budget requests to the budget officer by the final week in August each year. The City employs a unique budgeting system in which the budget is delineated into two distinct, yet related components. The first element is the base budget additions request. The base budget is comprised of ongoing costs such as personnel, utilities, office supplies and such items needed to maintain ongoing services for the respective departments of the organization. The second component relates to special funding requests referred to as decision packages. The preparation of decision packages allows departments to identify activities or programs that are needed to improve basic service delivery, address community needs, and/or improve Elgin's competitive position. All budget requests are reviewed within the framework of the City's financial capacity and the priorities of the City Council and its strategic plan.

The budget committee uses these requests to develop the proposed budget. The City must make the proposed budget available for public inspection and conduct the necessary public hearings prior to its passage. The City Council will typically review the proposed budget prior to their regularly scheduled committee of the whole meetings during the months of November and December. The budget is adopted at the City Council meetings during the month of December. The adopted budget becomes effective on January 1st.

The chief financial officer/budget officer, accounting staff and department directors monitor the budget on an ongoing basis throughout the year. This is accomplished through the examination of monthly budget reports and review of expenditures. In addition, a more in-depth, mid-term evaluation is prepared and presented to the City Council. Through these reviews a high level of budgetary accountability is achieved.

FINANCIAL POLICIES

The City has established several specific policies to guide its financial operations. Those policies relate to accounting and financial reporting, budgeting and revenue management, debt management, cash management and investments and purchasing. Some of the most significant policies include:

- Issuing an ACFR within 180 days of the end of each fiscal year that complies with generally accepted accounting principles (Accounting and Financial Reporting).
- Capitalizing building improvements, land improvements, vehicles, machinery and equipment with an acquisition cost of \$50,000 or more. Capitalize investments in infrastructure with an acquisition cost of \$100,000 or more (Accounting and Financial Reporting).
- Structuring debt issues to meet the City's debt policies (Debt Management).
- Structuring debt issues so that when averaging proposed debt with existing debt 50 percent of the principal shall be retired within ten years. Additionally, no debt shall be issued whose maturity exceeds the expected life of the asset for which the debt was incurred (Debt Management).
- Maintaining a General Fund unreserved cash balance of 30 percent of expenditures as originally budgeted for the year (Budgeting and Revenue Management).
- Maintaining a minimum Water Fund and Sewer Fund cash reserve balance of 25 percent of expenditures as originally budgeted for the year (Budgeting and Revenue Management).
- Investing city funds in accordance with Public Funds Investment Act, 30 ILCS 235/01, *et seq.*, as amended from time to time, the ordinance, policies, and written administrative procedures consistent with the Act (Cash Management and Investments).
- Structuring the City's investment portfolio, with the exception of the pension and retiree health insurance funds, with the objective of regularly exceeding the average return of the three-month Treasury bill (Cash Management and Investments).
- Preparing three-year financial plans for the General, Elgin Riverboat and Recreation funds and five-year financial plans for the Water, Sewer and Central Area TIF Funds to ensure the use of long-range planning (Budgeting and Expenditure Policies).
- Restricting the use of Riverboat Fund proceeds to Capital Expenditures, One-Time Non-Operating Expenditures and Agency/Organization Funding (Budgeting and Revenue Management).

- Maintaining a balanced General Fund budget except for planned drawdowns of the fund balance when the fund balance exceeds its target (Budgeting and Revenue Management).
- Adopting a balanced budget at the fund level (Budgeting and Revenue Management).
- Appropriating a contingency allowance to provide for emergencies, unanticipated expenditures and revenue shortfalls. Expenditures from contingencies are made only with the chief financial officer's approval (Budgeting and Revenue Management).
- Maintaining an appropriate amount of revenue diversification within the General Fund. At no point shall any one revenue source comprise more than 35 percent of total General Fund Revenues (Budgeting and Revenue Management).
- Reducing the percentage of property taxes as a percent of total general fund revenues to not more than 30 percent of general fund revenues (Budgeting and Revenue Management).
- Conducting a formal competitive bidding process (newspaper publication and website posting) for purchases in excess of \$25,000 (Purchasing).
- Obtaining City Council approval of all purchases in excess of \$25,000 (Purchasing).

ECONOMIC CONDITION AND OUTLOOK

Located within the U.S. Interstate 90's "Golden Corridor," Elgin is approximately 38 miles northwest of downtown Chicago and covers an area of approximately 39 square miles. Elgin's accessibility to major thoroughfares such as I-90, U.S. Route 20, Illinois Routes 25 and 31 plus its close proximity to O'Hare International Airport has attracted both domestic and international enterprises. The City has a well-balanced economy that is not dominated by any single industrial sector. The City's diverse economic base includes manufacturing, retail, healthcare and higher education institutions as well as a riverboat casino.

City revenues remained strong in 2023, with sales tax revenue and distributions from the Local Government Distributive Fund (LGDF) significantly exceeding budgeted expectations. State income tax receipts in 2023 were \$18.3 million compared to \$18.7 million in the prior year. The state's 2018 budget reduced distributions to local governments from the state's income tax sharing fund known as LGDF by 10%. However, the State's fiscal year 2019 budget partially restored the reduction in distributions to local governments and reduced LGDF payments by 5%, which was extended in the State's 2020 budget. This 5% reduction was removed in the State's 2021 budget. Growth in LGDF revenues is due to strong corporate earnings and improvements in the unemployment rate. At the current level, income tax receipts approximate 11.8% of total General Fund revenue. Sales and use taxes recorded in the General Fund reached \$39 million, just slightly less than 2022, which saw sales tax receipts of \$39.2 million, which reflected a historical high.

The increase in sales tax revenues can be attributed to a strong economy and continuing inflationary pressure in 2023. Sales tax revenues represented 25% of General Fund revenue in 2023. Property tax revenue totaled \$42.2 million in 2023 and made up 27.1% of General Fund revenues, in line with the City's revenue management policy. In addition to these major revenue streams, investment income exceeded budgeted expectations by \$5.5 million due to the high interest rate environment in 2023. On July 1, 2012, three new income streams including; alcoholic beverage, electricity and natural gas taxes were incorporated to diversify the City's General Fund revenues and provide for a more stable financial environment. In 2018, to provide further revenue diversification the City implemented several changes, beginning on January 1 with an increase to the hotel motel tax. Effective July 1, 2018, the home rule sales tax rate was increased and the City introduced a new local motor fuel tax. The General fund property tax levy for 2023 was flat for the eighth consecutive year, resulting in property tax revenues which were consistent with 2022 receipts. Total General Fund actual revenues of \$155.9 million exceeded budgeted revenues of \$142.6 million.

Overall, revenues and expenditures, including other financing sources and uses, in the General Fund were \$160,828,245 and \$144,006,301, respectively, resulting in a \$16,821,944 increase in fund balance. (Please refer to the Combining Schedule of Revenues, Expenditures and Changes in Fund Balance on page 156 for greater detail.) The 2023 General Fund budget anticipated a \$13,684,160 decrease in fund balance. Budgeted expenditures, in 2023, included several significant capital projects that were not completed in 2023 and account for a significant portion of expenditure reductions when comparing to planned levels. Strong management and oversight of the City's budget, resulted in operating expenditures coming in under budget as well. Several revenue streams, including sales tax, state income tax, investment income, ambulance revenue and revenue from permits all exceeded budgeted levels, this coupled with expenditure control, provided for an increase in fund balance in the General Fund.

In 2015, the City saw the first rise in the Equalized Assessed Valuation (EAV) of property since 2009. Property tax assessed valuations are calculated by averaging the current and two prior levy year increases (decreases). The City has continued to see growth in property values resulting in EAV growth of 4.9%, 3.6% and 10.7% respectively for tax years 2020 through 2022. The preliminary 2023 EAV is being reported at \$3.483 billion which is 9.5% higher than the 2022 EAV of \$3.182 billion. Based on current projections, assessed valuations are expected to stabilize and see modest increases in the coming years.

In May of 2024, Standard & Poor's affirmed its rating of AA+, citing very strong finances and conservative budgeting with a strong management profile with good financial management policies and a strong institutional framework.

The City adopted a new comprehensive plan in 2018, and that plan continues the commitment by the City to quality land resource management for tens of thousands of acres on the City's western edge. The plan puts forth growth management policies that direct a balance between the need to develop, the cost of development, and conservation of the natural environment. Development

within the City's western growth area will continue to demonstrate the use of innovative architecture, site planning, and land design of such quality as to set a standard of excellence for subsequent development. Currently, the City includes more than 23,700 acres of land, but another 47,500 unincorporated acres are within the City planning area, mostly within the western growth area.

The vast majority of undeveloped land in the City's western growth area will develop residentially. The prices for new homes being built in the western growth area range from about \$310,000 to over \$500,000. The vision of the western growth area is to develop healthy, vibrant neighborhoods which offer qualitatively better places for people to live, shop, work, and recreate; places where people can connect with nature and feel a sense of community; have the freedom to choose their means of transportation, choose from a variety of housing types and recreation amenities, and participate in civic activities.

The City's current population is approximately 115,000 people, and with the release of the 2020 Census information, Elgin is now the 6th largest city in the State of Illinois, moving up from 8th largest in 2010. More than 6,600 people moved to Elgin in the time between the two population counts. The Chicago Metropolitan Agency for Planning (CMAP) estimates the population could be almost 150,000 by 2050.

The City continues to experience a strong recovery with respect to residential development within its western growth area. The City issued 264 permits for single-family homes in 2023, compared to 307 in 2022. While single-family permits in 2023 decreased from 2022, the city issued 2 new multi-family residential permits in 2023, the first multi-family permits since 2019. Overall, Elgin issued 11,182 permits in 2023, exceeding the total number of permits issued in 2022 (10,444) by approximately 7 percent.

The community development department reports that national builders continue to be attracted to the opportunities to build housing in the western growth area, although interest is moderating somewhat as the cost to borrow money continues to rise. The City continues to be among the leading suburban communities for new housing starts. Since at least the first quarter of 2017, Elgin has ranked in the top 10 of communities in the State for the number of housing starts.

Based on the trend of the last six years, it is anticipated that approximately 200 new housing units will be added to Elgin's housing stock each year within new developments primarily on its west side. These developments are well under way and include Bowes Creek Country Club Subdivision by Toll Brothers, a 604-acre development containing 688 single-family homes, 277 townhouses, and an 18-hole championship golf course; Highland Woods by Crown Community Development, a 577-acre development containing 591 single-family homes and 309 townhouses; the Ponds of Stony Creek by Lennar, a 278-acre development containing 504 single-family homes; Tall Oaks by Wyndham Deerpoint and DR Horton, a 201-acre development containing 334 single-family homes and 123 townhouses; and West Point Gardens, a 172-acre development containing 384 single-family homes and 44 townhouses.

One large development anticipated on the west side is Pingree Creek Subdivision by Shodeen, Inc. This mixed-use project includes plans for 1,768 single-family homes, 120 townhouses, 883 apartments, and 25 acres of commercial property on 780 acres. Shodeen has not announced a start date, but the first phase would include more than 200 apartments and 120 single-family homes. The City is expected to break ground on a new roundabout at a major intersection within the project in 2025. The City received a grant for a substantial portion of the work and the balance of the project funding will be split between the City and Shodeen, Inc.

It is anticipated that 4,500 new housing units will be added to Elgin's housing stock once the major developments on the west side of Elgin are complete. The City's water works system has available capacity to support this expansion.

Elgin received Illinois' tenth riverboat gambling license in 1993. Elgin Riverboat Resorts, a partnership of Hyatt Development Corporation and MGM Resorts International, opened the \$100 million Grand Victoria riverboat/pavilion complex on October 6, 1994. The City's Grand Victoria Casino is now part of the Caesars Entertainment Corporation. The Grand Victoria Casino's previous owners, Eldorado Resorts, Inc., completed a \$17.3 billion buyout of Caesar's Entertainment Corp. in July 2020. Eldorado is assuming the iconic Caesar's company name going forward as the largest casino owner in the world. The Grand Victoria Casino in late 2022 added 6,500 square feet of gaming space at cost of \$4 million to create a new state-of-the-arts sportsbook and poker room. The Grand Victoria Casino began hosting Illinois' first World Series of Poker Circuit Event after the expansion and has been continuing to host the tournament that comes with one million dollars in guaranteed prize money for the annual Tournament of Champions in Las Vegas. Since opening, the operations have generated \$449,230,750. During 2020, the riverboat casino was shut down for approximately four months due to the COVID-19 pandemic and the Governor's Stay at home order. As such, 2020 revenues were significantly impacted, resulting in \$4,021,700 in casino admission tax and gaming revenues, which represents a 54.9 percent decrease when compared to 2019 revenues. The casino reopened in mid-January 2021 and 2021 revenues from casino admissions tax and gaming revenues totaled \$7,985,860, still 10.5 percent less than pre-pandemic 2019 revenues. In 2022, gaming revenues were \$8,959,900 and had returned to pre-pandemic levels. 2023 gaming revenues were \$8,982,430, consistent with the prior year. The 2011 opening of the Rivers Casino in Des Plaines, Illinois, combined with the introduction of video gaming in taverns across the state in 2012 have substantially impacted the Riverboat Funds' revenue stream, when compared to revenues prior to 2011. The revenues generated by video gaming in 2023 were \$634,080 compared to \$545,660 in 2022. The ground lease for the casino went into effect in late 1995 and the City has collected a total of \$69,555,150 from lease payments. During 2023, the ground lease generated net fees of \$1,266,110, a 6.7% increase over 2022, due to the reinstatement of CPI increases that were delayed during the COVID-19 pandemic when casino operations were partially shut down.

A five-year financial plan was instituted in 1994 following a series of meetings held throughout the various neighborhoods in Elgin to determine the needs of the community. Given the state of Illinois' current fiscal environment, municipal financial planning scenarios have become speculative at best. The potential for state legislation affecting the City's shared revenue streams in 2024 and beyond presents a challenging environment when engaging in multi-year financial planning. Five year plans are prepared for the Central Area TIF and Water and Sewer funds. The City prepares three year financial plans for the General and Riverboat funds.

The financial plan is annually updated. Additional revenue sources such as riverboat gaming are matched against future capital expenditures. Bond issuance needs for corporate, water and sewer purposes were also identified for the next five years. The financial plan will be used to guide strategic planning and operations into the future and will enable the City to focus its delivery of services with a sense of purpose and accomplishment.

MAJOR INITIATIVES

Occurring in 2023

The City Council sets policy and allocates funds in the annual budget to achieve the community's priorities. The strategic plan and annual budget are adopted in concert with one another, setting the direction for the year's projects. In accordance with the budget, and as a means of achieving the objectives of the strategic plan, the following initiatives were undertaken in 2023:

- Awarded a contract to complete the final phase of renovation of the Jack E. Cook Park. The renovations add a multi-purpose athletic field, ADA accessible trails, a dog park, additional shelters, a playground and two bridges that will offer access to otherwise inaccessible areas of the property.
- Awarded contracts to renovate, expand and modernize the Hemmens Cultural Center to maintain its continuing recognition as a preeminent facility for the performing arts. Improvements include rehabilitation of retaining walls, walkways and stairs, accessible restrooms on the main floor, a new box office, a covered patron drop-off, additional storage and a new reception area with an outdoor balcony.
- Entered into contracts to revitalize DuPage Court, an area in Elgin's downtown that enables public gatherings, out-door seating for restaurants and small-to-medium sized events. This project is funded in part by a \$1 million grant through the Illinois Department of Commerce and Economic Opportunity.
- Accepted a \$2 million grant from the Illinois Department of Commerce and Economic Opportunity to defray costs associated with the civic center plaza renovation.

- Awarded a contract to reconstruct a major intersection, providing a traditional signalized intersection design to improve traffic flow and driver safety.
- Entered into an intergovernmental agreement to improve and upgrade city owned facilities in conjunction with an Illinois Department of Transportation project.
- Entered into an agreement with the Illinois Department of Transportation for federal funding to construct bike route four supporting the City's Bicycle Master Plan.
- Upgraded the City's diverse fleet of vehicles with the purchase of public safety, public works and utility vehicles to replace aged and obsolete equipment.
- Accepted Illinois Environmental Protection Agency funding, in the form of a forgivable loan, to replace over 300 lead service lines, to residential properties, in the City.
- Accepted five public safety grants which included funding for equipment purchases, training reimbursements, traffic safety enforcement and programming for youth initiatives.
- The 2023 collector street resurfacing program resulted in the resurfacing of 2.5 miles of streets, in various locations throughout the city, with significant traffic volumes.
- Resurfaced 4.5 miles of residential streets within several neighborhoods across the City.
- Awarded a contract to replace aging portions of the Utility department's ground storage reservoirs to ensure optimal water treatment. Additional Utility projects included rehabilitation of a well, sewer lining and piping replacements at the Riverside water treatment plant.
- Entered into an economic incentive agreement to induce the development of vacant property with a commercial and residential, mixed-use development.
- Entered into an economic incentive agreement to generate sales tax revenue by maintaining and relocating an automobile dealership.
- Improved several city recreation facilities, including new mechanical equipment at the recreation center, repairs at an aquatic center to allow the pool to reopen after being closed since the COVID-19 pandemic, repairs and resurfacing of basketball and tennis courts, rehabilitation of the splash pad at a city park, renovation of a soccer field at the sports complex and installation of new playground equipment at two city parks.
- Issued 264 permits for detached single-family homes.

City government is continually reorganizing to provide better services to its current population of approximately 115,000 residents and for the projected population growth in coming years. The City's technological resources are being upgraded to improve services and in some cases staff is being reassigned to further enhance services and respond to changing citizen requests.

For the Future

The 2024 Budget and Financial Plan have been integrated with the City's 2023 strategic planning process initiated to guide the direction of the City for the next three to five years. As the City's highest level planning document, the strategic plan articulates the City's mission statement which is to be *a transformative organization at the forefront of governmental services delivery*. Four core values and six strategic outcome areas provide focus in providing exceptional services, improving Elgin's quality of life and enhancing the uniqueness of the Elgin community. Each strategic outcome area is supported by actionable objectives that support Elgin's current and future identity. The strategic plan identifies the City's core values and strategic goals, as a government, and will guide departmental activities and resource allocation decisions over the next three to five years. In conjunction with the strategic plan each department creates an annual budget that outlines key initiatives to work toward achieving each of the plan's six defined goals. Initiatives take into consideration items established in other city planning documents, capital improvement projects, process and policy changes, as well as items generated by City Council.

The objectives of each department are:

311 Contact Center – Objective: The contact center serves as the primary hub for citizens and stakeholders to engage with the city, focusing on efficient access to city services. The City's 311 contact center's CRM system provides the supportive tools to optimize internal communications, resulting in a more transparent efficient means of enhancing the City's communication efforts and elevating customer service quality.

Building Maintenance – Objective: Provide a level of maintenance that allows city-owned buildings to be used productively, safely, comfortably, and economically; reduces component failures and service interruptions by increasing planned or preventive maintenance thereby reducing unplanned or crisis maintenance; ensures a high level of protection for our occupants safety and health; and ensures that capital projects are based on good economical and functional reasoning and always in the best interest of the citizens of Elgin.

City Clerk – Objective: Accurately and effectively maintain the official records of the city to ensure that citizens, elected officials, and city employees can obtain needed information as efficiently as possible; respond to requests for information from citizens and city personnel in a courteous manner and ensure that the city meets legal standards for record keeping and responses to Freedom of Information requests.

City Manager's Office (CMO) – Objective: Actively administers and executes policies and objectives set by the City Council. The City Manager advises the Council on financial, personnel, and programmatic needs, developing immediate and long-term City priorities, and implementing procedures to enhance service delivery. Additionally, the CMO assists with preparing the annual budget and supervises City department heads. It serves as the central point for ensuring effective coordination of all city departments to meet the Council's collective goals.

Communications and Engagement Department – Objective: Enhances both internal and external communications, messaging, branding and community engagement while ensuring consistency across various communication channels. The department disseminates essential information, maintains positive community relations and shapes the city's communication and community engagement strategies and goals.

Community Development – Objective: Guide the establishment of goals and objectives related to Elgin's growth, development, physical improvements, transportation systems, and natural resources, and strive to implement those goals and objectives through coordinated and responsive planning, zoning, permitting, building inspection, historic preservation, and grant programs and services. The department provides guidance and professional recommendations on a variety of related proposals, policies, issues, and regulations. The department welcomes and highly values input from all persons and is committed to improving customer experiences at every opportunity.

Engineering Department – Objective: Protect and enhance the public health, safety and welfare through the ethical and professional application of engineering knowledge in the planning, design and construction of public infrastructure. To meet that goal we will apply a responsible, knowledge-based process to deliver properly designed and fiscally responsible transportation, water, sewer, structural, traffic, subdivision, and safety projects which meet today's service needs and anticipate the future demands required of thoughtful community building.

Finance Department – Objective: Manage the City's financial operations in an effective and efficient manner that maintains and promotes the confidence of the citizens we serve and ensures economical and quality governmental service.

Fire Department – Objective: The City of Elgin Fire Department is dedicated to providing the highest level of emergency services to the citizens of Elgin. The Fire Department is an all hazards emergency services organization providing fire, emergency medical, and specialized rescue services. The department members are dedicated professionals focused on providing these services in a professional and compassionate manner.

Human Resources Department – Objective: To deliver exceptional employee and labor relations support to city employees and managers, efficient administration of compensation and benefits, and expert assistance in the recruitment and selection of a diverse, skilled workforce committed to advancing the city's objectives.

Information Technology Services – Objective: Effectively manage the City’s internal and external technology systems; provide service and support to all city departments, assist users in the most effective utilization of the technology resources; ensure that information and system resources are accessible and usable for employees and residents by maintaining system availability and usability; and to ensure the integrity of applications and data by maintaining strong cybersecurity and system continuity procedures.

Land Management – Objective: Provide property maintenance services to 1,783 acres of open green space and public property. The managed acreage consists of 76 parks, 46 playgrounds and approximately 60,000 trees. This property management is completed with the goal of safe recreational use by implementing ecologically and economically sensitive best management practices ensuring that land is used in a way that meets current needs without compromising the ability of future generations to meet their needs.

Legal Department – Objective: Protect the assets, rights, health and welfare of the public by providing sound and effective legal counsel and services to Elgin’s elected and appointed officers including the mayor, members of the City Council, the City Manager and the City’s operating departments and to ensure the legal integrity of the decisions and actions of the city.

Neighborhood Services Department – Objective – Identify, analyze, and provide core services to proactively address quality of life issues, concerns, and impacts within the community through customer service, engagement, education, compliance, and communication. The Department of Neighborhood Services centralizes non-emergency services provided by the City. The department brings together the 311 Contact Center, code compliance, rental licensing, a senior services staff liaison, and public health. This consolidation has allowed for a singular department to oversee and coordinate neighborhood concerns and respond to them in a timely and efficient manner while fostering elevated levels of customer service.

Parks and Recreation – Objective: To be the heart of the community by strengthening the quality of life for Elgin residents by protecting unique natural resources, enhancing cultural treasures and preserving the historical identity of the City. This is accomplished by providing access to an integrated community and regional system of parks and recreation facilities, services, and programs with an eye on the future while preserving the past.

Department of Cultural Arts & Special Events – Objective: Enhance the quality of life for residents and visitors by offering a variety of arts and entertainment programs, public art, grant programs, and unique events while fostering the growth of the arts within the community. The department also serves as a community partner for several events and programs and also maintains two indoor performing arts venues and two outdoor performing spaces.

Police Department – Objective: Work in partnership with the community to promote safety and enhance the quality of life by serving with professionalism, encouraging open communication and embracing diversity. The department also embraces progressive strategies and maintains proven practices to provide a safe community for all residents. The department is dedicated to the community and builds relationships and partnerships that help to provide the foundation for transparency, accountability, and trust. The goals of the department center upon reducing serious crime, improving traffic safety, promoting employee development, and fostering community relationships.

Public Services – Objective: To coordinate the efforts of the Public Works, Engineering, and Utility Departments in the delivery of effective and interwoven infrastructure design, construction, and maintenance services for the continual provision of quality, effective and valued public services to our community.

Public Works – Objective: Deliver quality, timely municipal infrastructure services that improve the quality of life for Elgin residents through responsive, efficient, and effective delivery of services equitably throughout the community. With a focus on customer service, accountability, and adaptability, implement both proven and innovative methods to provide well-maintained, sustainable city infrastructure that demonstrates an attitude of dedication and proactive service to our customers and stakeholders.

Utility Department – Objective: To ensure the long-term safety and sustainability of the city's drinking water and sewer infrastructure through a proactive, equitable and fact-based approach. The department strives to supply safe, high quality drinking water at adequate pressure and reasonable cost while consistently meeting all drinking water standards. The department provides leadership in developing and protecting water resources and in reinforcing and maintaining water and sewer infrastructure. The utility department monitors storm water and wastewater networks to ensure compliance with regulatory requirements thereby providing the city of Elgin sewer users with a means for safe disposal of waste materials while protecting natural resources.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered in conjunction with the specific environment within which the City operates.

Local Economy

Elgin's unemployment rate was 5.9 percent at December 31, 2023, consistent with December 31, 2022 when the rate was 5.8 percent. The City's unemployment rate compares unfavorably to the state and national unemployment rates of 4.5 percent and 3.6 percent, respectively. The City was adversely impacted by the housing market crash, beginning in 2008 and continuing through 2013. The housing market realized declines in home values and increases in the number of foreclosures.

In 2014, the decline in home values began to level off and the number of foreclosures decreased dramatically. Beginning in 2015 and continuing through 2021, property values increased each year and by 2019 property values had returned to 2008 levels. The equalized assessed valuation (EAV) for Elgin property increased 10.7 percent in tax year 2022 and is estimated to increase 9.5 percent for tax year 2023. Despite revenue diversification efforts in 2012 and 2018, which collectively included the addition of 5 new revenue streams and increases to other revenues, property taxes still remain the City's largest source of revenue. Given the need to reduce its dependence on property tax revenue, the City moved away from levying based on a tax rate. The levy is now centered on the dollar amount needed to adequately fund debt service, employee pensions and the general fund. The portion of the levy designated for the general fund has remained flat for the last 8 tax years. This method produces a floating tax rate rather than a static rate. Adequately financing the City's police and fire pension funds has been burdensome as a result of fluctuating fixed income investment returns, the growing number of retirees receiving benefits and changing actuarial assumptions.

The city issued a record number of detached single-family housing permits (1,473) during the 2005 calendar year. But since the Great Recession, the number of single-family home permits issued in Elgin, like the number in most communities, has not approached the peak-year level. Following the Great Recession however, the City has regularly ranked among the top ten municipalities in the Chicagoland market in terms of the number of new home starts.

An important reason for this success is that Elgin is a center for commerce, industry, and healthcare, and a major reason for this strength is diversity. The City has a well-balanced economy that is not dominated by any single commercial or industrial segment. Numerous companies with foreign headquarters are located in Elgin.

Industry experts report that the industrial vacancy rate in the Elgin submarket in the first quarter of 2024 was about 8.5%. Typical vacancy rates in this building sector range between 7.5 and 8%. The increase over the first quarter in 2023 is directly related to the delivery of nearly 4 million square feet of new product throughout the submarket as the sector responded to historically low vacancy rates. The submarket includes Algonquin, East and West Dundee, Huntley, Gilberts, and South Elgin, in addition to Elgin. The typical annual absorption rate in the submarket is about 1.5 million square feet.

Atlantic Packaging completed construction, in 2022, of their 488,000 square foot building. The facility is the largest manufacturer of corrugated board and boxes in North America. The development represents a \$30 million investment on the vacant site. Construction was also completed in 2023 at 1451 Sheldon, a 477,000 square foot building being built on spec. The total development cost for this building is estimated at \$32 million. Construction is nearly complete on a 248,000 square foot and an 187,000 square foot spec. industrial building at the end of Toll Gate Road by High Street Logistics Properties. The development has an estimated value between \$30 and \$32 million.

Developers cite Elgin's diversified labor base, area amenities, easy access to the Tollway, proximity to O'Hare, and pro-business mindset as some of the reasons that make the city a desirable place to build.

The City issued a building permit for a four-story, 95-room Holiday Inn Express near the southwest corner of Randall Road and Interstate 90. The new 4-story, 122-room, WoodSpring Suites Hotel opened in 2021. Biggers Mazda opened its new automobile dealership in January 2023. Biggers Mazda moved from their previous location on E. Chicago Street, in Elgin. The new Randall Road location is the largest Mazda dealership in the State of Illinois. KIA opened their new dealership at the corner of Randall Road and Auto Mall Drive in December 2023. KIA also moved from E. Chicago Street. The City is working with Nissan to move their new dealership from E. Chicago Street to Auto Mall Drive. Nissan expects to break ground in 2024.

Gold Coast Logistics finished their 62,000 square-foot headquarters for their transportation logistics company in August 2022. This building is located at the southeast corner of Big Timber Road and Madeline Lane. The company also bought the vacant 20 acres at the southwest corner of the intersection and is contemplating additional transportation logistics development there. Two other new spec. industrial buildings are under construction along Madeline Lane, north of Big Timber. These buildings will bring more than 465,000 square feet more to the market in total.

OrthoIllinois opened a new 49,000 square-foot medical office building, on Randall Road, in 2022. The estimated construction cost was \$15 million and the value when fully equipped was \$20 million. OrthoIllinois has another facility under construction, at the corner of Alft Lane and Westfield Drive. This building is a 20,000-square-foot ambulatory center, with four operating rooms with expansion plans to add two additional operating rooms. The construction cost of this building is approximately \$8 million, and the value when fully equipped will be about \$19 million.

Belle Tire opened their new tire and automotive center just to the north of the Meijer building on Randall Road in December 2022. In early 2023, City Council approved a 280-unit apartment complex at the southwest corner of Randall and Hopps Road and a 130-unit townhouse development just to the west of these new apartments. Construction of both developments is planned for 2024.

On the east side of Elgin, at the northeast corner of U.S. Route 20 and Lambert Lane, the City annexed and approved the zoning, in April 2023, for a new gas station and convenience store. Construction of the Thornton's Fuel Center is expected to start in 2024 at a cost of approximately \$10 million. In addition, along Summit Street, City Council amended a previous zoning approval for Bella Casa in April 2023. Bella Casa is a \$40 million development that includes 13,000 square feet of ground-floor retail and 151 apartments. Building plans for the first of five buildings are under review by the City.

In August 2022, the City approved the zoning for a 74-unit, permanent supportive housing community by Association for Individual Development (AID). Two of the three buildings are under construction.

Finally, in downtown Elgin, construction has started at 40 DuPage Court. The development is a public-private partnership with Legend Partners LLC to convert a historic, five-story office building into ground-floor commercial spaces and 40 market-rate apartments. The City has also agreed to a public-private partnership with Judson University to convert a vacant bank building into dormitories and studio space for graduate-level architecture students. Construction is underway. The City recently agreed to a public-private partnership with Side Street Studio Arts, NFP to renovate a 15,000-square-foot building in the downtown, creating space for art classes, exhibitions, and various special events.

Long-Term Financial Planning

Elgin receives income tax revenue from the state based on the City's population and available state revenues. The City collected approximately \$18,335,305 of income tax revenue in 2023. These receipts finance general fund operations which provide core services to residents. At the time of this writing, the level to which the City will continue to share in income tax revenues, is unknown. As municipalities' share of the state income tax remains uncertain, it is prudent for the City to maintain a fund balance that can accommodate a reduction or loss in this revenue stream.

The City has used proceeds from the Riverboat Fund to provide for most of the capital projects and equipment of the City. In recent years, the Riverboat Fund has financed annual street rehabilitation, fleet replacement, capital funding within the General Fund, economic development incentives and many other smaller scale projects. Riverboat revenues hit their peak level in 2007 and have declined significantly since that time. Prior to the COVID-19 pandemic, riverboat admission and gaming revenues had stabilized at approximately \$10 million each year. In 2020, Riverboat revenues dropped to approximately \$5.5 million as a result of the COVID-19 pandemic and the corresponding Governor's Stay at Home order which shut the casino down for approximately four months of the year. Riverboat revenues, in 2021, with the reopening of the State and the removal of restrictions brought on by the pandemic, returned to near pre-pandemic levels. Revenue in 2022, returned to pre-pandemic levels. With the decline in gaming revenues, the City has begun to evaluate expenditures from the riverboat and plan for alternative means of financing for some of the capital expenditures that can no longer be absorbed within the Riverboat Fund. The Riverboat Fund will continue to fund only capital initiatives, primarily street resurfacing and rehabilitation efforts.

In response to declining gaming revenues, inflationary cost increases, increasing employee benefit costs and a desire to provide additional revenue diversity, the 2018 General Fund budget and 2018-2020 three year financial plan included an increase in home rule sales tax and an increase in the hotel motel room rental tax. On January 1, 2018, the hotel motel room rental tax was increased from four to eight percent, which is comparable to neighboring communities. On July 1, 2018, the home rule sales tax was increased by 0.25 percent. In addition to these increases, the City adopted

a local motor fuel tax on the retail sale of gasoline, in the city, in the amount of four cents per gallon, which was also effective on July 1, 2018. These revenue diversification efforts met anticipated revenue projections for 2018 and continue to balance revenue and expenditures throughout the new 2024-2026 financial plan and to maintain General Fund reserves at financial policy levels.

The Water and Sewer Fund issues debt as needed for improvements and rehabilitation of the existing distribution systems. Debt is issued for annual water distribution system upgrading which generally coincides with the replacement of mains within the areas scheduled for street resurfacing, water treatment plant improvements and distribution system upgrades. Another long term undertaking, which requires the issuance of debt, is the separation of combined sewers. American Rescue Plan Act (ARPA) funding for replacement of lead service lines, the acceptance of an \$11 million interest free loan from the Illinois Environmental Protection Agency, also for lead service line replacements and the issuance of \$5.2 million in general obligation bonds will be used to finance the 2024 strategic initiatives of the fund. The City anticipates issuing new debt in each of the remaining years of the 2024 – 2028, five-year financial plan.

During 2012, the Governmental Accounting Standards Board (GASB) approved two new standards that substantially changed the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, *Financial Reporting for Pension Plans*, revised existing guidance for the financial reports of most pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions*, revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. These statements require:

- Immediate recognition of more pension expense than currently required.
- Governments participating in defined benefit pension plans to report a net pension liability or asset in their statement of net position.
- Uniformity with respect to the municipality's assumptions regarding benefit payments, discount rate and attribution method.

The City implemented Statement No. 67 in 2014 and Statement No. 68 in 2015.

Similarly, in June of 2015, GASB approved GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Other than Pensions*, effective for fiscal years beginning after June 15, 2016, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. These statements address other postemployment defined benefit plans (OPEB) that administer benefits through a trust. The new OPEB accounting standards are similar to the previously implemented

pension standards and require that unfunded liabilities be recognized on the statement of net position and that additional note disclosures and required supplementary information be presented. The City implemented Statement No. 74 in 2017 and Statement No. 75 in 2018.

In June 2017, GASB issued GASB Statement No. 87, *Leases*, effective for the fiscal year ending December 31, 2022. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City implemented GASB 87 in 2022.

In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the fiscal year ending December 31, 2023. It provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA's) for government end users. It establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA's are based on the standards established in Statement No. 87, *Leases*. The City implemented GASB 96 in 2023.

Cash Management Policies and Practice

Cash temporarily idle during the year is invested in the Illinois State Treasurer's pool (Illinois Funds), the Illinois Public Reserves Investment Management Trust (IPrime), Savings Deposit Accounts, Commercial Paper, U.S. Treasuries, Municipal and County Bonds, U.S. Agencies and Certificates of Deposits. The funds invested in the Illinois Funds, IPrime and Savings Deposit Accounts are immediately available. The City Council approved an investment policy that details the cash management objectives and guidelines for investing excess cash. The City's investment policy is to minimize credit and market risks while regularly exceeding the average return of the three-month Treasury bill yield on its portfolio. In addition, funds on deposit in excess of FDIC limits must be secured by collateral held in safekeeping by a third party.

State law also allows the pension trust funds and the Retiree Health Insurance Trust Fund to invest up to 65 percent of the fund's assets in equities. Elgin's police pension fund and the Retiree Health Insurance Trust invest in mutual funds and have hired investment firms to manage holdings in the stock market. In January of 2022, the assets of the Elgin Firefighters' pension fund were transferred to the Illinois Firefighters' Pension Investment Fund, the state consolidated pension fund for firefighters. In October of 2024, the assets of the Elgin police pension fund will be transferred to the Illinois Police Officers' Pension Investment Fund, the state consolidated pension fund for police officers. The assets, for both funds, are managed by investment managers that are selected by the consolidated funds.

Pension and Other Post-Employment Benefits

The City sponsors single-employer defined benefit pension plans for its police officers and firefighters. Each year, an independent actuary engaged by the City calculates the amount of the annual contribution that the City must make to ensure the pension plans will be able to fully meet their obligations to retired employees on a timely basis. The contribution calculation to be funded in the 2024 budget incorporated changes in actuarial assumptions from the prior year, and investment earnings that were less than expected. The ARC calculation assumes a 7.0 percent rate of return which is consistent with the rate of return used in previous computations. Specifically, the fire pension ARC increased approximately \$1,028,950 to \$9,326,850 and the police pension ARC increased \$1,156,590 to \$11,719,470. The most recent ARC calculation includes changes in actuarial experience, related to demographic changes, salary increases that exceeded expectations and for plan changes for survivor pensions in the police fund. Due to these modifications to actuarial assumptions and plan changes, the fire pension ARC increased approximately \$166,210 to \$9,493,060 and the police pension ARC increased \$721,170 to \$12,440,640. These changes will be incorporated into the 2025 budget.

These changes in actuarial experience for both the fire pension and the police pension and plan changes in the police fund increased the annual funding requirement for both of the funds. However, the net pension liability of both plans decreased from the prior year, due to investment earnings exceeding the actuarial rate of return. The decrease in the net pension liability resulted in the fire pension funded percentage increasing from 52.1 percent to 58.2 percent and the police funded percentage increasing from 53.3 percent to 56.8 percent. The City fully funds each year's annual required contribution to the pension plans as determined by the actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90 percent of the past service costs of both pension plans. However, the City has elected to fund 100% of the past service cost by 2040.

The City provides post-employment health care insurance benefits to retired employees through a single-employer defined benefit plan. In accordance with GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the City established a Retiree Health Insurance Trust Plan. For the fiscal year ended December 31, 2023, additions to the trust included retiree contributions of \$1,302,650 and City contributions of \$2,604,000. As of December 31, 2023, the net other postemployment benefit liability was approximately \$1,438,170 and the plan is 94.2 percent funded. Additional information on the particulars of this plan can be found in Note No. 11 in the financial statements.

Risk Management

The City maintains two insurance funds (Internal Service Funds). The City is self-insured for liability, property, worker's compensation and unemployment. The City has also purchased excess stop/loss coverage for general liability and worker's compensation. The City provides employees with medical insurance coverage under a conventional premium based program. The City's fully insured program pays a fixed premium per employee, depending on the plan selected. Premiums under a fully insured program do not change from month-to-month and provide consistency in predicting costs and establishing budgets. Participating employees are required to contribute a

percentage of the premium. Additionally, an integral part of the City's self-insurance program emphasizes loss prevention, with individual departments participating in a safety committee. The safety committee reviews accident reports, publishes safety brochures, provides training on various safety practices and has written a safety manual.

The various General, Special Revenue and Enterprise Funds make payments to the insurance funds for amounts that are independently determined. Such payments are displayed in the financial statements as revenues and expenditures/expenses. All known claims and a provision for claims incurred but not reported are recorded as liabilities of the funds. Any reserves are accumulated in the respective fund.

Unfunded Mandates

Each year, the City must allocate funding towards state and federal unfunded mandates. The Americans with Disabilities Act, combined sewer separation and replacement of lead water service lines are examples of unfunded mandates. Whether these policy measures are merited or not is separate from the fact that they are being forced upon the City without consideration of our ability to fund them. In 2024, the City will spend approximately \$15 million on the replacement of lead water service lines utilizing ARPA funding and the proceeds of an Illinois Environmental Protection Agency interest free loan.

OTHER INFORMATION

Independent Audit

State law requires an annual audit by independent certified public accountants. The accounting firm of Sikich CPA LLC was selected by the City Council. The auditors' report on the basic financial statements, combining and individual fund statements and schedules, and other supplemental schedules are included in the Financial section of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Elgin for its ACFR for the fiscal year ended December 31, 2022. This was the 43rd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both the generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The current ACFR continues to meet the Certificate of Achievement program requirements and is being submitted to the GFOA for consideration of another certificate.

Acknowledgments

The preparation of the ACFR was made possible by the dedicated service of the many staff members in both the finance and information technology services departments. Karen Albarran, Amy Grellner, Lori Grocke, Miriam Hernandez, Zhaneta Krasteva and Mary Maskel-Szymonik have my sincere appreciation for the contributions made in the preparation of this report.

I would also like to express my sincere gratitude to the Mayor, City Council and the City Manager, who encourage and insist upon the highest standards of excellence in planning and conducting the financial operations of the City.

Respectfully Submitted,



Debra Nawrocki
Chief Financial Officer

FINANCIAL

FINANCIAL



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023



INDEPENDENT AUDITOR'S REPORT



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Elgin, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Elgin, Illinois (the City) as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, each major fund and the aggregate remaining fund information of the City of Elgin, Illinois, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended December 31, 2023 (see Note 16). The implementation of this guidance resulted in changes to the reporting of right-to-use intangible subscription assets, subscription liabilities and the related notes to the financial statements. Our opinion was not modified with respect to this matter.

Basis for Opinions

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. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with accounting principles generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The audit as of and for the year ended December 31, 2022 was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The 2022 comparative information included on certain combining and individual fund statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements by Sikich LLP and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In the opinion of Sikich LLP, the information was fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Sikich CPA LLC

Naperville, Illinois
May 28, 2024



GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

CITY OF ELGIN, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

The City of Elgin (the "City") discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City'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 iv) and the City's financial statements (beginning on page 5).

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

The focus of the financial statements is on both the City 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 City's accountability.

Government-Wide Financial Statements

The government-wide financial statements (see pages 7-10) are designed to be corporate-like in that all Governmental and Business-Type Activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the City and its Governmental and Business-Type Activities. This statement combines and consolidates Governmental funds' 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 9-10) 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 government services and/or subsidy to various Business-Type Activities.

The Governmental Activities reflect the City's basic services, including police, fire, code enforcement and public works. Property taxes, shared state sales, local utility and shared state income taxes finance the majority of these services. The Business-Type Activities reflect private sector type operations (Water, Sewer, and Golf), where the fee for service typically covers all or most of the cost of operation, including depreciation.

(See independent auditor's report)

- MD&A 1 -

CITY OF ELGIN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 Fund (see pages 11-15) statements are presented 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.

While the Total column on the Proprietary Fund Financial Statements (see pages 16-20) is the same as the Business-Type column on the Government-Wide Financial Statements, the Governmental 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 13 and 15). The flow of current financial resources will reflect bond proceeds, sale of capital assets and interfund transfers as other financial sources or uses as well as capital asset purchases, bond principal payments and pension/OPEB contributions as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets, long-term obligation (bonds and others) and net pension liability/net OPEB liability into the Governmental Activities column (in the Government-Wide Statements).

The Fund Financial Statements also allow the government to address its Fiduciary Component Units (Police and Firefighters' Pensions and Retiree Health Insurance). While these Funds (see pages 21-22) 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.

Infrastructure Assets

Historically, infrastructure assets (roads, bridges, storm sewers, etc.) represent a government's largest group of assets. These assets are required to be valued and reported within the Governmental 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 assets management designed to maintain the service delivery potential to near perpetuity. The City has chosen to depreciate the 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. The City had retroactively capitalized its infrastructure assets in the year ended December 31, 2003.

CITY OF ELGIN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE STATEMENT

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Table 1
Statement of Net Position
As of December 31, 2023
(In millions)

					Total	
	Governmental		Business-type		Primary	
	Activities		Activities		Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$370.5	\$376.4	\$57.8	\$74.0	\$428.3	\$450.4
Capital Assets	465.3	469.6	302.9	298.2	768.2	767.8
Total Assets	\$835.8	\$846.0	\$360.7	\$372.2	\$1,196.5	\$1,218.2
Deferred Outflows of Resources	47.0	51.7	7.1	2.8	54.1	54.5
Total Assets and Deferred Outflows of Resources	\$882.8	\$897.7	\$367.8	\$375.0	\$1,250.6	\$1,272.7
Long term Liabilities	\$262.9	\$268.5	\$50.7	\$56.0	\$313.6	\$324.5
Other Liabilities	41.8	50.0	2.4	1.9	44.2	51.9
Total Liabilities	\$304.7	\$318.5	\$53.1	\$57.9	\$357.8	\$376.4
Deferred Inflows of Resources	114.9	137.3	1.7	9.7	116.6	147.0
Total Liabilities and Deferred Inflows of Resources	\$419.6	\$455.8	\$54.8	\$67.6	\$474.4	\$523.4
Net Position:						
Net Investment in Capital Asset	\$447.5	\$452.2	\$260.8	\$257.7	\$708.3	\$709.9
Restricted	48.8	44.0	0.3	0	49.1	44.0
Unrestricted	(33.1)	(54.3)	51.9	49.7	18.8	(4.6)
Total Net Position	\$463.2	\$441.9	\$313.0	\$307.4	\$776.2	\$749.30

For more detailed information see the Statement of Net Position (page 7).

The City's combined net position (which is the City's bottom line) increased to \$776,242,389 from \$749,303,869. Governmental Activities increased combined net position by \$21,303,009 while Business-Type Activities increased combined net position by \$5,635,511. The Governmental Activities net position at year-end was \$463,230,883.

(See independent auditor's report)

CITY OF ELGIN, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Cash and investments increased \$6,769,197 within Governmental Activities as a result of increases within the General Fund that were partly offset by decreases within the Nonmajor Governmental Funds and Internal Service Funds. The General Fund increased due to revenue and transfers in exceeding expenditures and transfers out. The Nonmajor Governmental Funds decreased due to decreases within both the Nonmajor Special Revenue Funds and the Nonmajor Capital Projects Funds. Cash and investments decreased within the Nonmajor Special Revenue fund due to a large decrease within the ARPA Fund and a smaller decrease within the Motor Fuel Tax Fund that were partially offset by increased cash and investments in the Recreation Center and Emergency Telephone System Funds. The ARPA fund was presented as a major fund for the fiscal year ended December 31, 2022 and as a Nonmajor Special Revenue fund for the fiscal year ended December 31, 2023. The ARPA fund decreased due to the spending of prior year grant funds and the Motor Fuel Tax Fund decreased due to the planned use of fund balance. The Recreation Center Fund increased \$1,629,652 due to revenues exceeding budget. The Emergency Telephone System Fund increased due to a planned increase to fund balance to accumulate resources for future years. The Nonmajor Capital Projects Funds decreased due to large decreases within the 2021 Corporate Bond Fund and the 2022 Corporate Bond Fund that were partially offset by an increase within the Capital Improvement Fund. The 2021 Corporate Bond Fund and the 2022 Corporate Bond Fund decreased as a result of spending prior year bond proceeds on capital projects. The Capital Improvement Fund increased due to delayed projects. The Internal Service Funds decreased due to operating expenses exceeding operating revenue and transfers in within the Equipment Replacement Fund and operating expenses exceeding revenue within the Risk Management Fund. Property tax receivable increased \$4,662,956 due to an increase within the General Fund for the Police and Firefighters’ pensions. This increase is due to funding the entire Police and Firefighters’ pension contribution using property tax revenue. A portion of the required contribution was funded from other revenue sources in prior years. The \$2,000,000 grants receivable within the Governmental Funds represents the receivable for an Illinois Department of Commerce and Economic Opportunity (DCEO) grant for the Civic Center Plaza. The grant receivable is within the Central Area Tax Allocation Fund, a Nonmajor Special Revenue Fund. Lease receivables decreased \$636,061 due to lease payments received during the year. At December 31, 2023 the Nonmajor Capital Projects Funds ended the year with a significant internal balance from the Water and Sewer Funds, which will be repaid in future years with completed capital assets. The prior year net pension asset-IMRF is a net pension liability-IMRF as of December 31, 2023. The value of capital assets decreased as the result of depreciation and amortization expense exceeding capital assets acquired and developer contributions of infrastructure accepted. Deferred outflow of resources decreased \$4,601,846 due to large decreases in pension items related to the Police and Firefighters’ Pensions and decreased OPEB items partly offset by a large increase in pension items related to the IMRF pension.

Accounts payable decreased due to decreases within the General Fund and Nonmajor Capital Projects Funds partly offset by increases in the Nonmajor Special Revenue Fund. The Nonmajor Capital Project Funds decreased due to a large decrease within the 2021 Corporate Bond Fund and the Nonmajor Special Revenue Funds increased due to increases within the Motor Fuel Tax Fund,

(See independent auditor’s report)

CITY OF ELGIN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

the Bluff City Tax Allocation Fund and the ARPA Fund. Unearned revenue decreased as a result of spending funds previously received but not expended within the ARPA Fund. Long term liabilities decreased due to decreased net pension liabilities, OPEB liabilities, general obligation bonds and the addition of subscriptions payable. The net pension liability-IMRF of \$10,112,966 was previously a net pension asset-IMRF and partially offset the decreases.

Net pension liabilities decreased for the Police pension fund by \$2,815,657 and the Firefighters' pension fund by \$9,561,129. General obligation debt decreased due to principal retirements and no new debt issuances during the year. Subscription payables were restated as of January 1, 2023 due to the implementation of GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. Deferred inflows of resources decreased due to decreases for pension items relating to the IMRF, Police and Firefighters Pensions and decreased OPEB Items. These decreases were partially offset by increased deferred revenue. Deferred revenue increased within the General Fund as a result of an increased property tax levy for the Police and Firefighters' Pension Funds. The unrestricted net position of Governmental Activities improved by \$21,137,580 for the fiscal year ended December 31, 2023.

The City's Business-Type Activities net position at year-end was \$313,011,506 which represents an improvement of \$5,635,511 from the prior year balance of \$307,375,995. Total assets of Business-Type activities decreased by \$11,486,880. Decreases within due from other governments, internal balances and net pension assets were partly offset by increased cash and investments and capital assets. Due from other governments represents a receivable within the Water Fund for the proceeds from an IEPA forgivable loan for lead service line replacements. Internal balances represent an advance made to the Capital Project Funds that will be repaid in future years with completed capital assets. The prior year net pension asset-IMRF is a net pension liability-IMRF as of December 31, 2023. Cash increased within the Water, Sewer and Golf Funds. Capital assets increased as a result of capital assets acquired during the year exceeding capital asset disposals and depreciation and amortization expense. The deferred outflows of Business-Type Activities increased by \$4,332,240 due increased deferred outflow of pension items-IMRF.

Total liabilities and deferred inflows of resources decreased \$12,790,151 as a result of decreased long term liabilities and deferred inflows relating to pension items-IMRF. Long term liabilities decreased due to principal retirements and no new issuances of general obligation bonds.

The unrestricted net position within the Business-Type Activities of \$51,871,102 can be used to fund ongoing operations.

CITY OF ELGIN, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Normal Impacts

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

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

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 capital assets and an increase in related net debt which will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

Reporting Pension Obligations – which will impact (increase/decrease) deferred outflows of resources, long term liabilities, deferred inflows of resources and unrestricted net position.

Current Year Impacts

On the whole the City’s financial position increased in 2023 with total revenue exceeding total expenses by \$26,938,520. Governmental Activity expenses increased 16.3% due to increased spending in all functions. Governmental revenues increased 8.4% due to increased charges for services within General Government, Public Safety and Culture and Recreation, operating grants and contributions within Highway and Streets and Health and Welfare, capital grants and contributions within Highway and Streets and Culture and Recreation, intergovernmental and investment income. These increased revenue sources were partly offset by decreased property taxes. Business-Type revenue increased 12.2% due to increases within charges for services and investment income. Capital grants and contribution revenue decreased due to decreases within the Water Fund exceeding increases within the Sewer Fund. Business-Type expenses increased due to increases within the Water, Sewer and Golf Funds.

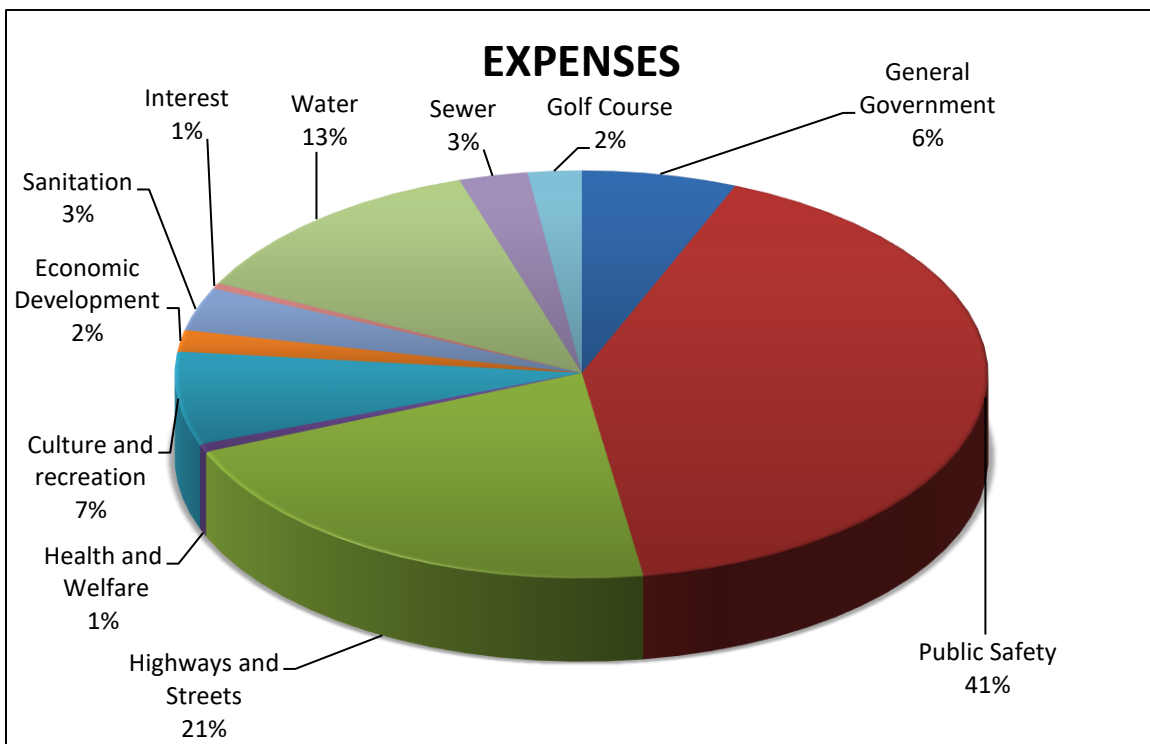
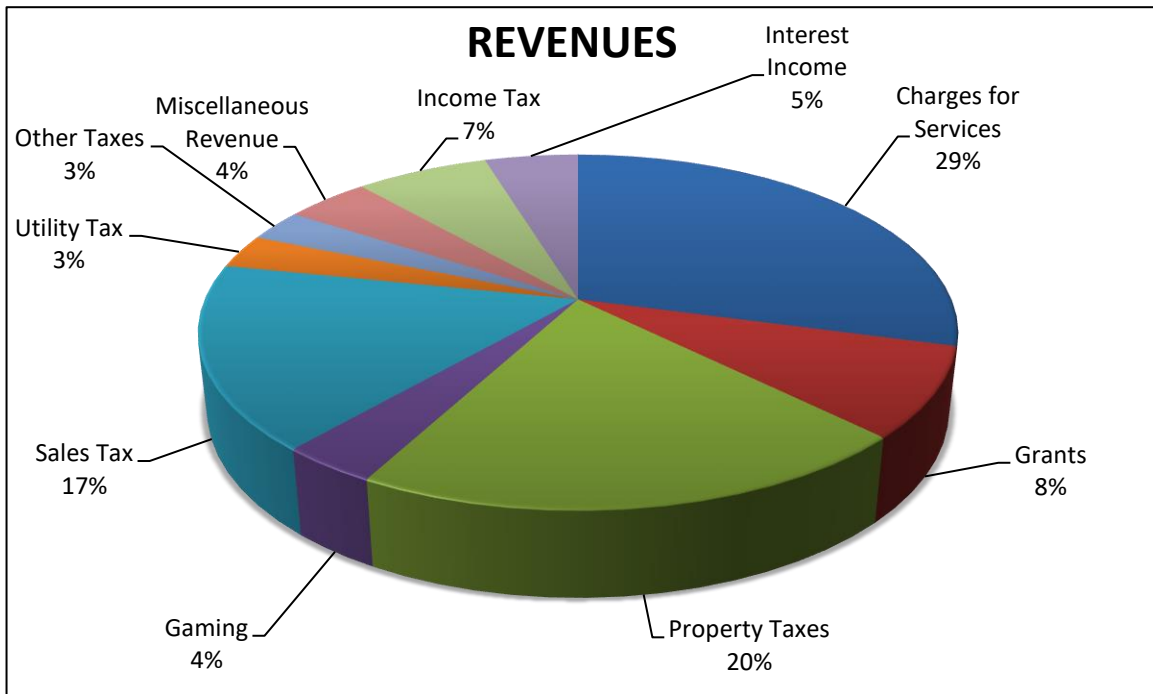
(See independent auditor’s report)

CITY OF ELGIN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 2
Changes in Net Position
For the Fiscal Year Ended December 31, 2023
(In millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
REVENUES						
Program Revenues:						
Charges for Services	\$38.3	\$34.4	40.8	36.7	\$79.1	\$71.1
Operating grants and contributions	7.6	6.1	0.0	0.0	7.6	6.1
Capital grants and contributions	7.3	4.6	7.4	8.0	14.7	12.6
General Revenues:						
Property Taxes	55.6	56.2	0.0	0.0	55.6	56.2
Other Taxes	71.3	72.7	0.0	0.0	71.3	72.7
Other	41.0	29.9	1.8	0.0	42.8	29.9
Total Revenues	\$221.1	\$203.9	\$ 50.0	\$ 44.7	\$271.10	\$248.6
EXPENSES						
General Government	\$15.2	\$11.0	\$0.0	\$0.0	\$15.20	\$11.0
Public Safety	101.0	92.8	0.0	0.0	101.0	92.8
Culture & Recreation	17.9	14.6	0.0	0.0	17.9	14.6
Interest	1.1	0.5	0.0	0.0	1.1	0.5
Water	0.0	0.0	31.3	28.0	31.3	28.0
Sewer	0.0	0.0	6.7	5.8	6.7	5.8
Golf	0.0	0.0	5.3	4.4	5.3	4.4
Highways & Streets	51.5	42.4	0.0	0.0	51.5	42.4
Health & Welfare	1.6	0.9	0.0	0.0	1.6	0.9
Economic Development	4.2	2.6	0.0	0.0	4.2	2.6
Sanitation	8.4	8.0	0.0	0.0	8.4	8.0
Total Expenses	\$200.9	\$172.8	\$43.3	\$38.2	\$244.2	\$211.0
Excess (deficiency) before transfers	20.20	31.1	6.7	6.5	26.9	37.6
Transfers	1.1	1.2	(1.1)	(1.2)	0.0	0.0
Change in Net Position	\$ 21.3	\$ 32.3	\$5.6	\$5.3	\$26.9	\$37.6
Ending Net Position	\$463.2	\$441.9	\$313.0	\$307.4	\$776.2	\$749.3

CITY OF ELGIN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)



Normal Impacts

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

Revenues:

Economic Condition – which 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 City approved rates – while certain tax rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (property taxes, water/sewer, impact fees, building fees, utility tax rates, 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 – market conditions may cause investment income to fluctuate more when investment options are longer – term maturities versus an alternate shorter-term portfolio.

Expenses:

Introduction of New Programs – within the functional expense categories (Municipal Services, Law Enforcement Services, Fire and Inspectional Services, General Government, etc.) individual programs may be added or deleted to meet changing Community needs.

Increase in Authorized Personnel – changes in service demand may cause the City Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 57.4% of the City’s General Fund operating cost.

Salary Increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as chemicals, fuels and parts. Some functions may experience unusual commodity specific increases.

CITY OF ELGIN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Current Year Impacts

Government Activities

Revenues:

For the fiscal year ended December 31, 2023 revenues from the Governmental Activities including transfers and contributions totaled \$222,215,615, an increase of 8.4% over the previous year. Property taxes continue to be the City's largest single Governmental Activities revenue source. Property taxes decreased \$579,101 due to decreased levies within the Debt Service Fund and Illinois Municipal Tax Fund. The decreases were partly offset by increased receipts within the Central Area Tax Allocation Fund. The Debt Service levy decreased due to decreased principal and interest due on General Obligation Bonds. The Illinois Municipal Retirement Fund levy decreased due to a decrease in the contribution rate from 6.92% to 4.25% of covered payroll. Property tax receipts increased within the Central Area Tax Allocation Fund due to increased property values. Sales tax receipts of \$45,573,053 decreased by \$286,206 when compared to 2022. Utility taxes decreased 8.2% during the current year due to a decrease in natural gas tax. Other taxes decreased due to decreased replacement tax receipts. Gaming revenues remained relatively flat at \$9,616,509, an increase of \$110,946 over 2022. Income tax revenue, totaling \$18,335,305, decreased 2% from the previous year. The City receives income tax revenue from the State of Illinois based on the City's population and collected state revenues. Intergovernmental revenue of \$7,254,487 represents restricted revenue received from the American Rescue Plan Act of 2021 that provides emergency funding for eligible governments. Investment income increased greatly by \$9,111,031 to \$11,115,945 due the current interest rate environment. The combination of these major tax sources contributed 72.6% of the Governmental Activity revenues.

Program revenues related to charges for services increased by 11.4% to \$38,311,464. The increase within charges for service revenue is due to a large increases within General Government, Public Safety and Culture and Recreation. General Government increased due to increased permit revenue within the General Fund. Increased ambulance fees contributed to the increase within Public Safety. Culture and Recreation increased due to increased programming revenues within the Recreation Center Fund as the recovery from the COVID-19 pandemic continues.

Operating grants and contributions increased \$1,433,762 primarily due to increases within Highway and Streets and Health and Welfare when compared to 2022. Highway and Streets increased due to increased motor fuel tax allotments and Health and Welfare increased due to increases within Community Development Block Grant (CDBG). Capital grants and contributions increased \$2,708,524 within Highway and Streets and Culture and Recreation. Highway and Streets increased due to increased developer contributions of roadways. Culture and Recreation increased due to the receipt of the \$2,000,000 DCEO grant for the Civic Center Plaza.

(See independent auditor's report)

CITY OF ELGIN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Expenses:

Total expenses for Governmental Activities totaled \$200,912,606 a 16.3% increase from the prior year. Expenses within the functions of General Government, Public Safety, Culture and Recreation and Highway and Streets increased substantially when compared to 2022. General Government increased due to increased expense relating to net pension liability-IMRF. Public Safety increased \$8,277,908 and accounts for 50.28% of the Governmental Activities expense for 2023. The increase was the result of increased personnel spending within the Police and Fire departments and increased expense relating to net pension liability-IMRF offset by decreased expense relating to the net pension liability for the Police and Firefighters' Pensions. Culture and Recreation increased \$3,343,383 due to increased spending within the Recreation Center Fund, the creation of the Cultural Arts and Special Events department and increased expense relating to net pension liability-IMRF. Increased programming led to the increased spending within the Recreation Center Fund. Expanded programming within the department of Cultural Arts and Special Events for both the Hemmens Cultural Center and Special Events contributed to the increased expense. Highway and Streets increased due to increased spending on capital outlay that did not meet the criteria to be capitalized and to increased expense relating to net pension liability-IMRF.

Business-Type Activities

Revenues:

Business-Type Activity revenue (including transfers) increased when compared to 2022 and totaled \$48,866,499 as a result of increased charges for services and investment income. Charges for service revenue grew \$4,062,681 or 11.1%. Capital grants and contributions decreased \$595,598. A decrease in contributed capital from the ARPA Fund to the Water Fund caused the decrease. An increase in developer contributions of water and sewer main infrastructure from newly accepted developments partially offset this increase. Contributed capital received for lead service line replacements from an IEPA forgivable loan remained flat from the prior year.

General revenues and transfers increased due to increased investment income. Transfers out were consistent with the prior year.

Expenses:

For the fiscal year ended December 31, 2023, expenses for Business-Type Activities totaled \$43,230,988 which is an increase of \$4,988,497 or 13.0% when compared to the prior year. Water expenses increased 11.7% due to increased contractual services and expense relating to net pension liability-IMRF. Contractual services increased due to increased chemical expenses. Sewer expenses increased 16.0% and Golf expenses increased 17.8%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At December 31, 2023 the Governmental Funds (as presented on the balance sheet on page 11-12) reported a combined fund balance of \$205,816,622. The unassigned fund balance amount of \$109,061,140 indicates availability for continuing city services or new initiatives. The assigned fund balance of \$44,268,016 represents amounts constrained by the City's intent to use them for a specific purpose. The non-spendable portion of fund balance totals \$101,455 and is classified as such because it represents prepaid items. The remaining fund balance of \$52,386,011 is restricted primarily for capital outlay, public safety, maintenance of roadways and economic development.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. In 2023, the fund balance of the General Fund increased \$17,375,428. Revenues increased \$10,058,088 due to increased charges for services and investment income. Charges for services increased 17.7% as a result of the continued growth of ambulance fees and increased revenue from public safety impact fees. The growth of ambulance fees is due to the approved supplemental federal funding program called Ground Emergency Medical Transport (GEMT) that allows Illinois fire agencies that perform medical transports for Medicaid patients to submit for additional reimbursement for unrecovered costs associated with those transports. Prior year escrowed public safety impact fees were used for the purchase of vehicles within the Police Department resulting in an increase of revenue recognized. Investment income increased \$6,695,038 to \$7,963,878 due to the current interest rate environment. A decrease in utility taxes and intergovernmental revenue partially offset the increase. Intergovernmental revenue decreased due to reduced replacement taxes received. Utility tax decreased due to decreased natural gas taxes.

General Fund expenditures, in 2023, increased \$22,056,247 when compared to 2022. Public Safety increased 13.8% due to increased personal services, pension contributions and capital outlay within the Police and Fire departments. Capital outlay increased due to the purchase of vehicles within the Police department and the purchase of a fire truck within the Fire department.

Highway and Streets expenditures increased due to an LED street light conversion project and increased contractual spending. Culture and Recreation expenses increased 371.2% as compared to 2022. Prior to 2023, the Hemmens Cultural Center and Special Events were accounted for in the Recreation Center Fund. In 2023, the Department of Cultural Arts & Special Events was created and encompasses both the Hemmens Cultural Center and Special Events. This newly created department is accounted for in the City's General Fund and is the reason for the large increase in expenditures. Other expenditures increased due to increased expenditures on capital outlay offset by reduced contractual spending within the Nondepartmental department. Increased capital outlay within other was the result of spending for the Hemmens Cultural Center North Side Addition. Capital outlay increased 60.5%. Debt Service increased as a result of implementing GASB Statement No. 96 *Subscription –Based Information Technology Arrangements*.

(See independent auditor's report)

CITY OF ELGIN, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

The Debt Service Fund pays the principal and interest on the City’s general obligation debt. The fund balance at December 31, 2023 was \$1,363,722 which equates to a \$20,303 increase from the previous year. Investment income exceeding budget resulted in the increase.

Nonmajor Governmental Funds

The Nonmajor Governmental Funds ending fund balance of \$68,413,479, increased by \$11,342,780 when compared to 2022. The Nonmajor Special Revenue Funds balance increased \$5,581,198 and the Nonmajor Capital Projects Funds balance increased \$5,761,582. The ARPA Fund was reclassified as a Nonmajor Special Revenue fund for 2023 from a Major Fund in 2022. The increase within the Nonmajor Special Revenue funds was the result of revenue exceeding expenditures or revenues equaling expenditures within all the Nonmajor Special Revenue Funds excluding the Motor Fuel Tax and the Cemetery Funds. The decrease within the Motor Fuel Tax Fund was due to the planned use of reserves. The increase in fund balance within the Nonmajor Capital Projects Funds resulted from revenue exceeding budget within all funds excluding the 2019 Corporate Bond Fund, 2020 Corporate Bond Fund and the 2021 Corporate Bond Fund. The Capital Improvements Fund contributed \$5,602,652 of the increase due to delayed projects.

Major Enterprise Funds

The Water Fund provides for the treatment and distribution of high-quality water to the water customers of Elgin and a neighboring community. All activity necessary to provide such services is accounted for in the fund including, but not limited to operations, maintenance, debt service, billing and collections. The net position at December 31, 2023 was \$182,016,327 which is an increase of \$3,191,883, when compared to the prior year. Revenue from the sale of water increased \$3,099,895 during 2023 due in part to a 5% water rate increase resulting in an increase in operating revenues from 2022. Operating expenditures increased from 2022 due to increases within personal services, commodities and miscellaneous. Personal services increased due to increased pension expenses related to the net pension liability-IMRF. Commodities increased due to increased chemical expenses. Miscellaneous spending increased due to spending on lead service line replacements funded through a forgivable IEPA loan. Investment income increased to \$1,135,546 or 452.3%. Contribution revenue decreased as a result of decreased contributions from the APRA Fund that was partly offset by an increase in developer contributions. Operating expenses and depreciation exceeded operating revenue resulting in an operating loss of \$1,098,956. Contribution revenue of \$5,329,440 contributed to the increase in net position. In addition, the Water Fund received \$1,329,440 in water system contributions from developers.

The Sewer Fund provides for the maintenance of the existing sewer lines and finances the expansion of the collection system. While the City is responsible for the maintenance and additions to the sewer lines, the wastewater treatment services are provided by the Fox River Water Reclamation District (FRWRD), a separate governmental entity. The net position at December 31, 2023 was \$109,488,681 which is an increase of \$2,437,021 when compared to the prior year. Operating revenue increased due to increased revenue from sewer billings. Operating expenses

(See independent auditor’s report)

CITY OF ELGIN, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

increased slightly due to increased personal services. Personal services increased due to increased pension expenses related to the net pension liability-IMRF. Investment income increased from a loss of \$135,809 in 2022 to \$623,786 in 2023. Contribution income increased due to increased developer contributions. Operating expenses and depreciation exceeded operating revenue resulting in operating loss of \$93,632. In addition, the Sewer Fund received \$1,224,140 in sewer system contributions from developers.

Nonmajor Enterprise Funds

The Golf Course Fund is used to account for the revenue and expenses of the three golf courses owned and operated by the City. Financing of operations is provided by golf fees and commodity sales. The net position at December 31, 2023 was \$21,506,498 which is an increase of \$6,607 when compared to the prior year. Operating revenues increased \$524,769 from the prior year due to increased greens fees. Increased interest in golfing, seen throughout the golf industry, contributed to the increase in greens fees. Operating expenses increased due to increased expenses for personal services. Personal services increased due to increased pension expenses related to the net pension liability-IMRF. The Golf Fund had an operating gain before depreciation of \$965,566 for 2023. Depreciation expense was \$1,015,041.

General Fund Budgetary Highlights

Over the course of the year the City amended the budget once, which occurred at the end of the fiscal year. Below is a table which reflects the original and revised budget and the actual 2023 revenues and expenditures for the General Fund.

General Fund	Original Budget	FY2023 Amended Budget	Actual
Revenues			
Taxes	\$91,301,660	\$91,305,060	\$95,682,616
Licenses & Permits	2,695,930	2,695,930	4,444,125
Intergovernmental	31,299,140	31,504,132	32,585,522
Charges for Services	18,930,360	19,633,045	21,834,623
Other	8,007,800	8,799,378	13,804,400
Total	\$152,234,890	\$153,937,545	\$168,351,286
Expenditures	\$168,734,730	\$175,870,015	\$148,466,945
Other Financing Sources			
Transfers In	4,782,540	4,782,540	4,587,669
Transfers Out	(7,400,000)	(7,400,000)	(7,400,000)
Proceeds from lease/SBITA issuance	0	0	303,418
Total	\$171,352,190	\$178,487,475	\$150,975,858
Change in Fund Balance	\$ (19,117,300)	\$ (24,549,930)	\$ 17,375,428

(See independent auditor’s report)

CITY OF ELGIN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Actual General Fund revenues, which include the separately budgeted Riverboat Fund, were greater than the amended budget in all categories. Greater than anticipated sales tax revenue caused the positive variance within taxes. Increased revenue from building permits contributed to the positive variance in license and permits. The positive variance within intergovernmental revenue was due to greater than anticipated receipts of replacement taxes and income taxes partly offset by decreased federal grants-other. Ambulance fees exceeded budget causing the positive variance within charges for services. The positive variance in other was due to higher than anticipated investment income partly offset by the negative variance in roadway impact fees due to delayed projects.

Actual General Fund expenditures were significantly less than budget in total and expenditures were less than budget in all functions excluding Debt Service. The majority of the positive variance is due to less than planned capital outlay and decreased contractual services. Capital outlay expenditures were lower than planned due to projects being delayed or completed under budget. While the delayed projects will be finished in the next fiscal year any project savings will be reprogrammed to future projects. Contractual services were lower than anticipated due to delayed projects and due to GASB Statement No. 87 *Leases* and GASB Statement No. 96 *Subscription-Based Informational Technology Agreements (SBITA)* that reclassified certain expenses to debt service expense. The reclassification of certain expenses relating to leases and SBITA's resulted in the negative variance within Debt Service.

Capital Assets

At the end of Fiscal Year 2023, the City's Governmental Activities had invested \$465,330,192 (see Notes to Financial Statement No. 4) in a variety of tangible and intangible capital assets, as reflected in the following schedule. The beginning balances were restated for the implementation of GASB Statement No. 96 *Subscription-Based Information Technology Agreements*.

Table 3
Governmental Activities
Change in Capital Assets

	Balance January 1, 2023 (Restated)	Net Additions/ Deletions	Balance December 31, 2023
Non-Depreciable Assets			
Land & Land Right of Way & Easements	\$100,561,407	\$4,836,688	\$105,398,095
Other Tangible Capital Assets			
Buildings	205,435,091	5,177,255	210,612,346
Machinery & Equipment	36,872,087	1,145,015	38,017,102
Furniture and Equipment	90,408	80,371	170,779
Infrastructure	709,594,585	2,756,799	712,351,384
Internal Service Fund Capital Assets	21,453,928	999,803	22,453,731
Accumulated Depreciation on tangible other capital assets	(608,489,021)	(22,118,581)	(630,607,602)
Other Intangible Capital Assets			
Equipment	4,884,460	106,374	4,990,834
Building	147,973	51,173	199,146
Internal Service Fund machinery and equipment	1,839	2,889	4,728
Software	2,127,726	135,268	2,262,994
Internal Service Fund software	2,564,482	0	2,564,482
Accumulate amortization for intangible capital assets	(975,157)	(2,112,670)	(3,087,827)
Totals	\$474,269,808	\$(8,939,616)	\$465,330,192

(See independent auditor's report)

CITY OF ELGIN, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Debt Outstanding

As a home rule municipality, the City has no legal debt limit. The City’s outstanding General Obligation (G.O.) Bond debt at December 31, 2023 was \$54,645,000 of which \$42,380,000 was payable by Business-Type Activities (Water and Sewer).

The City’s outstanding general obligation rating is “AA+” from Standard & Poor’s. Standard & Poor’s cited very strong finances and conservative budgeting with a strong management profile with good financial management policies and a strong institutional framework. See Notes to Financial Statement No. 6 for additional information.

Economic Factors

The City has a highly diversified, well-balanced economy and is not dominated by any single commercial or industrial sector. Elgin offers a variety of housing types at costs competitive with neighboring suburban areas. New single family homes in Elgin range from \$310,000 to more than \$500,000.

The City currently anticipates that 4,500 new housing units will be added to Elgin’s housing stock once the major developments on the west side of Elgin are complete.

The City’s unemployment rate increased 0.1%, from 5.8% in 2022 to 5.9% in 2023.

The Grand Victoria Riverboat Casino has been operating in Elgin since October 1994. The local share of gaming proceeds are 5% of the casino operation’s net gaming receipts and a \$1 admission tax. The 2023 local share of gaming revenues increased to \$9.6 million, from \$9.5 million in the prior year. The local share of the riverboat proceeds are budgeted in conjunction with the development of the three year financial plan.

The financial plan invests riverboat proceeds into projects and programs that align with the City’s strategic outcome areas, which include; a Connected, Engaged and Inclusive Community, Financially Sustainable Infrastructure and Services, a Vibrant Community, Diverse Housing and Livable Neighborhoods, Environmental Stewardship and Diversified Growth as defined in the 2024 Strategic Plan, adopted by the City Council. The plan for investing Riverboat proceeds in 2023 was determined prior to a new Strategic plan being adopted. To help offset declining revenue within the Riverboat Fund, home rule sales tax was increased 0.25% in July 2018. This revenue stream produced \$6.6 million in 2023 and was directed to a Nonmajor Capital Project Fund to finance future infrastructure improvements.

The 2024 Operating Budget for the General Fund plans for revenues totaling \$164.5 million. Budgeted expenditures, totaling \$172.3 million exceed revenue by \$7.8 million. The planned draw on fund balance maintains reserves at levels consistent with financial policies.

CITY OF ELGIN, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

The City’s Water and Sewer Funds continue to provide for both the ongoing operational support and the cost of supporting future capital improvement projects. The water rates were increased 7% and sewer rates remained flat for 2024. The increased water and flat sewer rate will ensure water and sewer operations maintain expected service levels and infrastructure repairs continue in a timely manner.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Debra Nawrocki, Chief Financial Officer, City of Elgin, 150 Dexter Court, Elgin, Illinois 60120.

BASIC FINANCIAL STATEMENTS

CITY OF ELGIN, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2023

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and investments	\$ 249,092,814	\$ 47,073,028	\$ 296,165,842
Receivables (net of allowance where applicable)			
Property taxes	57,312,510	-	57,312,510
Accounts	463,595	4,437,492	4,901,087
Grants	2,000,000	-	2,000,000
Leases	40,542,464	39,842	40,582,306
Accrued interest	1,123,701	323,590	1,447,291
Other	5,582,545	5,628	5,588,173
Prepaid expenses	1,031,208	14,500	1,045,708
Inventories	87,066	1,323,162	1,410,228
Due from fiduciary	-	-	-
Due from other governments	16,099,102	791,776	16,890,878
Internal balances	(3,457,768)	3,457,768	-
Net pension asset - SLEP	589,456	-	589,456
OPEB asset	-	309,366	309,366
Capital assets not being depreciated nor amortized	105,398,095	2,931,639	108,329,734
Capital assets being depreciated and amortized, net of accumulated depreciation and amortization	359,932,097	299,964,608	659,896,705
Total assets	835,796,885	360,672,399	1,196,469,284
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	-	435,854	435,854
Asset retirement obligations	-	960,000	960,000
OPEB items	2,477,775	316,418	2,794,193
Pension items - IMRF	15,954,590	5,432,260	21,386,850
Pension items - IMRF - SLEP	51,680	-	51,680
Pension items - Police Pension	18,876,382	-	18,876,382
Pension items - Firefighters' Pension	9,707,222	-	9,707,222
Total deferred outflows of resources	47,067,649	7,144,532	54,212,181
Total assets and deferred outflows of resources	882,864,534	367,816,931	1,250,681,465
LIABILITIES			
Accounts payable	12,739,712	1,440,874	14,180,586
Accrued payroll	5,763,406	494,605	6,258,011
Retainage payable	1,823,093	146,889	1,969,982
Deposits payable	12,357,909	72,900	12,430,809
Unearned revenue	9,114,787	173,209	9,287,996
Long-term liabilities			
Due within one year	8,292,722	7,758,236	16,050,958
Due in more than one year	254,649,382	42,975,883	297,625,265
Total liabilities	304,741,011	53,062,596	357,803,607
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	97,280,995	39,698	97,320,693
Unamortized gain on refunding	-	113,170	113,170
OPEB items	11,120,514	1,522,731	12,643,245
Pension items - IMRF	197,454	67,230	264,684
Pension items - Police Pension	2,944,723	-	2,944,723
Pension items - Firefighters' Pension	3,348,954	-	3,348,954
Total deferred inflows of resources	114,892,640	1,742,829	116,635,469
Total liabilities and deferred inflows of resources	419,633,651	54,805,425	474,439,076

(This statement is continued on the following page.)

CITY OF ELGIN, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 447,537,982	\$ 260,831,038	\$ 708,369,020
Restricted for			
Public safety	8,075,837	-	8,075,837
Economic development	17,212,639	-	17,212,639
Employee retirement	2,394,295	-	2,394,295
Retiree healthcare	-	309,366	309,366
Maintenance of roadways	9,084,229	-	9,084,229
Cemetery	2,107,638	-	2,107,638
Recreation	1,222,843	-	1,222,843
Capital outlay	8,707,461	-	8,707,461
Unrestricted (deficit)	(33,112,041)	51,871,102	18,759,061
TOTAL NET POSITION	\$ 463,230,883	\$ 313,011,506	\$ 776,242,389

See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 15,170,761	\$ 10,432,663	\$ -	\$ -
Public safety	101,022,279	12,894,240	723,236	-
Highways and streets	51,476,402	146,187	5,286,004	4,944,199
Health and welfare	1,567,281	30,233	1,475,449	-
Culture and recreation	17,975,094	5,689,934	61,255	2,321,103
Economic development	4,165,968	-	-	-
Sanitation	8,413,949	9,118,207	-	-
Interest	1,120,872	-	-	-
Total governmental activities	200,912,606	38,311,464	7,545,944	7,265,302
Business-Type Activities				
Water	31,263,408	29,072,993	-	5,329,440
Sewer	6,715,676	6,509,899	-	2,019,012
Golf course	5,251,904	5,199,156	-	59,355
Total business-type activities	43,230,988	40,782,048	-	7,407,807
TOTAL PRIMARY GOVERNMENT	\$ 244,143,594	\$ 79,093,512	\$ 7,545,944	\$ 14,673,109

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (4,738,098)	\$ -	\$ (4,738,098)	
(87,404,803)	-	(87,404,803)	
(41,100,012)	-	(41,100,012)	
(61,599)	-	(61,599)	
(9,902,802)	-	(9,902,802)	
(4,165,968)	-	(4,165,968)	
704,258	-	704,258	
(1,120,872)	-	(1,120,872)	
(147,789,896)	-	(147,789,896)	
-	3,139,025	3,139,025	
-	1,813,235	1,813,235	
-	6,607	6,607	
-	4,958,867	4,958,867	
(147,789,896)	4,958,867	(142,831,029)	
General Revenues			
Taxes			
Property	55,581,864	-	55,581,864
Road and bridge	1,230,810	-	1,230,810
Hotel/motel	1,043,541	-	1,043,541
Sales	45,573,053	-	45,573,053
Utility	8,359,401	-	8,359,401
Other	5,534,511	-	5,534,511
Gaming	9,616,509	-	9,616,509
Income taxes	18,335,305	-	18,335,305
Intergovernmental	7,254,487	-	7,254,487
Investment income	11,115,945	1,759,332	12,875,277
Miscellaneous	4,364,791	-	4,364,791
Transfers in (out)	1,082,688	(1,082,688)	-
Total general revenues and transfers	169,092,905	676,644	169,769,549
CHANGE IN NET POSITION	21,303,009	5,635,511	26,938,520
NET POSITION, JANUARY 1	441,927,874	307,375,995	749,303,869
NET POSITION, DECEMBER 31	\$ 463,230,883	\$ 313,011,506	\$ 776,242,389

See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2023

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and investments	\$ 143,159,081	\$ 1,363,722	\$ 80,457,166	\$ 224,979,969
Receivables				
Property taxes	49,846,320	1,981,650	5,484,540	57,312,510
Accounts	463,595	-	-	463,595
Grants	-	-	2,000,000	2,000,000
Leases	39,616,383	-	926,081	40,542,464
Accrued interest	836,455	-	202,199	1,038,654
Other	4,693,037	-	855,044	5,548,081
Prepaid items	24,234	-	77,221	101,455
Due from other governments	12,662,675	-	3,436,427	16,099,102
Due from other funds	188,499	-	96,374	284,873
Total assets	251,490,279	3,345,372	93,535,052	348,370,703
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 251,490,279	\$ 3,345,372	\$ 93,535,052	\$ 348,370,703

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 7,607,230	\$ -	\$ 4,862,869	\$ 12,470,099
Accrued payroll	5,503,895	-	218,680	5,722,575
Retainage payable	391,058	-	1,432,035	1,823,093
Deposits payable	12,179,946	-	177,963	12,357,909
Unearned revenue	816,014	-	8,298,773	9,114,787
Due to other funds	21,431	-	266,284	287,715
Advance from other funds	-	-	3,454,926	3,454,926
Total liabilities	26,519,574	-	18,711,530	45,231,104
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	88,931,284	1,981,650	6,410,043	97,322,977
Total deferred inflows of resources	88,931,284	1,981,650	6,410,043	97,322,977
Total liabilities and deferred inflows of resources	115,450,858	1,981,650	25,121,573	142,554,081
FUND BALANCES				
Nonspendable				
Prepaid items	24,234	-	77,221	101,455
Restricted				
Public safety	-	-	8,075,837	8,075,837
Economic development	-	-	17,212,639	17,212,639
Employee retirement	-	-	1,804,839	1,804,839
Maintenance of roadways	-	-	9,084,229	9,084,229
Cemetery	-	-	2,107,638	2,107,638
Recreation	-	-	1,222,843	1,222,843
Capital outlay	-	-	12,877,986	12,877,986
Unrestricted				
Assigned				
Public safety	3,144,888	-	-	3,144,888
Highways and streets	3,417,792	-	-	3,417,792
Debt service	-	1,363,722	-	1,363,722
Cemetery	-	-	1,892,416	1,892,416
Economic development	1,984,000	-	-	1,984,000
Health and welfare	423,946	-	-	423,946
Recreation	5,837,007	-	5,468,232	11,305,239
Other purposes	9,995	-	-	9,995
Capital outlay	4,327,499	-	8,589,599	12,917,098
Subsequent Year's Budget	7,808,920	-	-	7,808,920
Unassigned	109,061,140	-	-	109,061,140
Total fund balances	136,039,421	1,363,722	68,413,479	205,816,622
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 251,490,279	\$ 3,345,372	\$ 93,535,052	\$ 348,370,703

See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

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

December 31, 2023

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 205,816,622
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds	465,330,192
Less amount reported in internal service funds below	(8,608,193)

Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the governmental funds	41,982
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Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions after the measurement date are recognized as deferred outflows and inflows of resources on the statement of net position	
Other Postemployment Benefits	(8,642,739)
Illinois Municipal Retirement Fund	15,757,136
Illinois Municipal Retirement Fund - SLEP	51,680
Police Pension Fund	15,931,659
Firefighters' Pension Fund	6,358,268

The net pension asset is reported only on the statement of net position	
Illinois Municipal Retirement Fund - SLEP	589,456

Long-term liabilities and related amounts are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds	(12,265,000)
Compensated absences	(5,041,706)
Lease obligation	(3,444,405)
SBITA obligation	(1,696,581)
Unamortized bond premiums	(853,796)
OPEB liability	(1,747,532)
Illinois Municipal Retirement Fund	(10,112,966)
Net pension liability for the Police Pension Fund	(130,930,468)
Net pension liability for the Firefighters' Pension Fund	(90,455,753)

The net positions of the internal service funds are included in the governmental activities in the statement of net position	27,153,027
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 463,230,883
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See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 42,227,384	\$ 1,896,614	\$ 11,457,866	\$ 55,581,864
Road and bridge	1,230,810	-	-	1,230,810
Hotel/motel	1,043,541	-	-	1,043,541
Sales	38,987,971	-	6,585,082	45,573,053
Utility	6,802,514	-	-	6,802,514
Telecommunications	1,556,887	-	-	1,556,887
Local liquor	1,825,186	-	-	1,825,186
Local motor fuel	1,677,194	-	-	1,677,194
Other	331,129	-	-	331,129
Intergovernmental	32,585,522	-	16,373,133	48,958,655
Licenses, fees and permits	4,444,125	-	-	4,444,125
Charges for services	21,834,623	-	6,166,487	28,001,110
Charges for commodities	20,626	-	-	20,626
Fines and forfeits	1,507,754	-	-	1,507,754
Investment income	7,963,878	23,826	3,128,241	11,115,945
Other	4,312,142	-	2,548,026	6,860,168
Total revenues	168,351,286	1,920,440	46,258,835	216,530,561
EXPENDITURES				
Current				
General government	9,168,111	-	643,278	9,811,389
Public safety	95,775,763	-	868,347	96,644,110
Highways and streets	17,464,845	-	1,923,295	19,388,140
Health and welfare	-	-	1,385,759	1,385,759
Culture and recreation	3,016,830	-	8,750,197	11,767,027
Economic development	1,600,693	-	2,565,275	4,165,968
Sanitation	8,413,949	-	-	8,413,949
Other	4,189,767	-	-	4,189,767
Capital outlay	7,192,216	-	20,274,027	27,466,243
Debt service				
Principal	1,469,769	1,425,000	43,300	2,938,069
Interest and fiscal charges	175,002	475,137	948	651,087
Total expenditures	148,466,945	1,900,137	36,454,426	186,821,508
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,884,341	20,303	9,804,409	29,709,053
OTHER FINANCING SOURCES (USES)				
Lease issuance	168,150	-	43,352	211,502
SBITA issuance	135,268	-	-	135,268
Transfers in	4,587,669	-	5,502,265	10,089,934
Transfers (out)	(7,400,000)	-	(4,007,246)	(11,407,246)
Total other financing sources (uses)	(2,508,913)	-	1,538,371	(970,542)
NET CHANGE IN FUND BALANCES	17,375,428	20,303	11,342,780	28,738,511
FUND BALANCES, JANUARY 1	118,663,993	1,343,419	57,070,699	177,078,111
FUND BALANCES, DECEMBER 31	\$ 136,039,421	\$ 1,363,722	\$ 68,413,479	\$ 205,816,622

See accompanying notes to financial statements.

CITY OF ELGIN, 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, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 28,738,511
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 or amortized in the statement of activities	11,796,436
Contributions of capital assets are reported only in the statement of activities	4,560,384
Less internal service fund	(1,789,984)
Sales of capital assets are reported as a proceed in governmental funds but as a gain (loss) from sale on the statement of activities	(16,895)
The change in the net pension asset is only reported in the statement of activities Illinois Municipal Retirement Fund - SLEP	(326,796)
The change in the net pension liabilities/assets are only reported only in the statement of activities	
Illinois Municipal Retirement Fund	(39,599,306)
Police Pension Fund	2,815,657
Firefighters' Pension Fund	9,561,129
The change in deferred inflows and outflows of resources for net pension liabilities are reported only in the statement of activities	
Illinois Municipal Retirement Fund	38,270,335
Illinois Municipal Retirement Fund - SLEP	380,717
Police Pension Fund	(5,087,712)
Firefighters' Pension Fund	(9,204,960)
The change in OPEB liabilities are reported only in the statement of activities	4,300,260
The change in deferred inflows and outflows of resources for OPEB liabilities are reported only in the statement of activities	(700,930)
Miscellaneous revenues that are deferred in the fund financial statements because they are not available but are recognized in the government-wide financial statements	41,982
The repayment and refunding of the principal portion long-term debt are reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	
Principal repaid	2,938,069
Amortization of debt related costs	96,628
The issuance of bonds is reported as an other financing source in governmental funds but as an increase of principal outstanding on the statement of activities	
Leases issued	(211,502)
SBITAs issued	(135,268)
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	
Depreciation	(22,765,285)
Amortization	(1,539,717)
Change in compensated absences payable	49,216
The change in net position of certain activities of internal service funds is in governmental funds	(867,960)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 21,303,009

See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2023

	Business-Type Activities			Governmental Activities
			Nonmajor Enterprise Fund	Internal Service Funds
	Water	Sewer		
CURRENT ASSETS				
Cash and investments	\$ 26,960,737	\$ 17,266,007	\$ 2,846,284	\$ 47,073,028
Receivables				\$ 24,112,845
Accounts	3,633,973	803,519	-	4,437,492
Leases	-	-	39,842	39,842
Accrued interest	274,403	49,187	-	323,590
Other	5,628	-	-	5,628
Prepaid expenses	-	-	14,500	14,500
Inventories	1,234,362	-	88,800	1,323,162
Due from other governments	791,776	-	-	791,776
Due from other funds	3,037	3,973	-	7,010
				86,920
Total current assets	32,903,916	18,122,686	2,989,426	54,016,028
				25,336,095
NONCURRENT ASSETS				
Capital assets not being depreciated nor amortized	2,843,478	80,901	7,260	2,931,639
Capital assets being depreciated and amortized, net of accumulated depreciation and amortization	184,204,976	96,394,672	19,364,960	299,964,608
				8,608,193
Net capital assets	187,048,454	96,475,573	19,372,220	302,896,247
				8,608,193
OPEB asset	244,867	25,500	38,999	309,366
Advance to other funds	2,986,884	468,042	-	3,454,926
				-
Total noncurrent assets	190,280,205	96,969,115	19,411,219	306,660,539
				8,608,193
Total assets	223,184,121	115,091,801	22,400,645	360,676,567
				33,944,288
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	393,197	42,657	-	435,854
Asset retirement obligation items	960,000	-	-	960,000
Pension items - IMRF	3,789,750	994,489	648,021	5,432,260
OPEB items	219,564	69,805	27,049	316,418
				-
Total deferred outflows of resources	5,362,511	1,106,951	675,070	7,144,532
				-
Total assets and deferred outflows of resources	228,546,632	116,198,752	23,075,715	367,821,099
				33,944,288

(This statement is continued on the following page.)

CITY OF ELGIN, ILLINOIS

STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS

December 31, 2023

	Business-Type Activities				Governmental Activities
	Nonmajor Enterprise Fund			Total	Internal Service Funds
	Water	Sewer	Fund		
CURRENT LIABILITIES					
Accounts payable	\$ 1,122,097	\$ 244,147	\$ 74,630	\$ 1,440,874	\$ 269,613
Retainage payable	126,182	20,707	-	146,889	-
Accrued payroll	351,661	86,547	56,397	494,605	40,831
Deposits payable	72,900	-	-	72,900	-
SBITA payable	42,653	-	-	42,653	642,447
Lease payable	3,367	-	193,797	197,164	3,955
Unearned revenue	-	-	173,209	173,209	-
Due to other funds	4,112	-	56	4,168	86,920
Claims payable	-	-	-	-	1,207,403
Compensated absences payable	228,446	40,314	44,659	313,419	35,055
General obligation bonds payable	5,330,000	1,875,000	-	7,205,000	-
Total current liabilities	7,281,418	2,266,715	542,748	10,090,881	2,286,224
LONG-TERM LIABILITIES					
Compensated absences payable	68,181	-	36,300	104,481	-
SBITA payable	-	-	-	-	1,233,460
Lease payable	3,904	-	349,028	352,932	-
General obligation bonds payable	34,514,526	3,540,654	-	38,055,180	-
Asset retirement obligations	1,020,000	-	-	1,020,000	-
Net pension liability	2,402,169	630,366	410,755	3,443,290	-
OPEB liability	-	-	-	-	-
Claims payable	-	-	-	-	3,271,577
Total long-term liabilities	38,008,780	4,171,020	796,083	42,975,883	4,505,037
Total liabilities	45,290,198	6,437,735	1,338,831	53,066,764	6,791,261
DEFERRED INFLOWS OF RESOURCES					
Unamortized gain on refunding	106,726	6,444	-	113,170	-
Leases	-	-	39,698	39,698	-
Pension items - IMRF	46,902	12,308	8,020	67,230	-
OPEB items	1,086,479	253,584	182,668	1,522,731	-
Total deferred inflows of resources	1,240,107	272,336	230,386	1,742,829	-
Total liabilities and deferred inflows of resources	46,530,305	6,710,071	1,569,217	54,809,593	6,791,261
NET POSITION					
Net investment in capital assets	150,457,354	91,544,289	18,829,395	260,831,038	6,728,331
Restricted for retiree healthcare	244,867	25,500	38,999	309,366	-
Unrestricted	31,314,106	17,918,892	2,638,104	51,871,102	20,424,696
TOTAL NET POSITION	\$ 182,016,327	\$ 109,488,681	\$ 21,506,498	\$ 313,011,506	\$ 27,153,027

See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended December 31, 2023

	Business-Type Activities			Governmental Activities
			Nonmajor Enterprise Fund	Internal Service Funds
	Water	Sewer	Total	
OPERATING REVENUES				
Charges for services	\$ 726,710	\$ 363,734	\$ 4,491,399	\$ 5,581,843
Charges for commodities	28,168,165	6,144,801	706,755	35,019,721
Miscellaneous	178,118	1,364	1,002	180,484
				297,680
Total operating revenues	29,072,993	6,509,899	5,199,156	40,782,048
				19,540,667
OPERATING EXPENSES				
Administration	1,702,700	334,220	25,800	2,062,720
Personal services	7,949,821	1,916,225	2,029,946	11,895,992
Commodities	4,050,576	109,447	985,101	5,145,124
Contractual services	5,844,161	880,199	1,183,653	7,908,013
Insurance	181,570	-	9,090	190,660
Self-insurance claims and fees	-	-	-	-
Miscellaneous	4,751,196	167,443	-	4,918,639
				-
Total operating expenses	24,480,024	3,407,534	4,233,590	32,121,148
				23,660,653
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	4,592,969	3,102,365	965,566	8,660,900
				(4,119,986)
Depreciation and amortization	5,691,925	3,195,997	1,015,041	9,902,963
				1,613,709
OPERATING INCOME (LOSS)	(1,098,956)	(93,632)	(49,475)	(1,242,063)
				(5,733,695)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,135,546	623,786	-	1,759,332
Interest expense and fiscal charges	(1,091,459)	(112,145)	(3,273)	(1,206,877)
Gain (loss) on sale of capital assets	-	-	-	-
				(79,721)
Total non-operating revenues (expenses)	44,087	511,641	(3,273)	552,455
				675,751
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(1,054,869)	418,009	(52,748)	(689,608)
				(5,057,944)
TRANSFERS				
Transfers in	202,712	-	-	202,712
Transfers (out)	(1,285,400)	-	-	(1,285,400)
				-
Total transfers	(1,082,688)	-	-	(1,082,688)
				2,400,000
CONTRIBUTIONS	5,329,440	2,019,012	59,355	7,407,807
				1,789,984
CHANGE IN NET POSITION	3,191,883	2,437,021	6,607	5,635,511
				(867,960)
NET POSITION, JANUARY 1	178,824,444	107,051,660	21,499,891	307,375,995
				28,020,987
NET POSITION, DECEMBER 31	\$ 182,016,327	\$ 109,488,681	\$ 21,506,498	\$ 313,011,506
				\$ 27,153,027

See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2023

	Business-Type Activities				Governmental Activities
			Nonmajor Enterprise Fund		Internal Service Funds
	Water	Sewer		Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 28,512,611	\$ 6,475,654	\$ 4,699,820	\$ 39,688,085	\$ 1,712,206
Receipts from interfund service transactions	-	-	-	-	17,540,052
Receipts from miscellaneous revenues	178,118	1,364	1,002	180,484	297,680
Payments to other funds	(1,702,700)	(334,220)	(25,800)	(2,062,720)	(266,470)
Payments to suppliers	(14,594,905)	(1,046,117)	(2,160,841)	(17,801,863)	(23,131,042)
Payments to employees	(7,947,193)	(1,939,872)	(1,476,958)	(11,364,023)	(880,841)
Net cash from operating activities	4,445,931	3,156,809	1,037,223	8,639,963	(4,728,415)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	202,712	-	-	202,712	2,400,000
Transfers (out)	(1,285,400)	-	-	(1,285,400)	-
Due from other funds	3,765	17,229	-	20,994	(46,458)
Due to other funds	(50,837)	(40)	56	(50,821)	46,477
Advances to other funds	9,214,162	397,666	-	9,611,828	-
Net cash from noncapital financing activities	8,084,402	414,855	56	8,499,313	2,400,019
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Intergovernmental grants	4,871,591	-	-	4,871,591	-
Capital assets purchased	(10,398,781)	(765,319)	-	(11,164,100)	(727,165)
Bond principal payments	(5,755,000)	(2,170,000)	-	(7,925,000)	-
Bond interest payments	(1,415,850)	(267,750)	-	(1,683,600)	-
Lease principal payments	(6,901)	-	(196,520)	(203,421)	(1,141)
Lease interest payments	(75)	-	(3,273)	(3,348)	(41)
SBITA principal payments	(42,540)	-	-	(42,540)	(675,575)
SBITA interest payments	(931)	-	-	(931)	(15,402)
Net cash from capital and related financing activities	(12,748,487)	(3,203,069)	(199,793)	(16,151,349)	(1,419,324)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments	(675,176)	(365,808)	-	(1,040,984)	725,346
Interest received	675,176	365,808	-	1,040,984	475,525
Net cash from investing activities	-	-	-	-	1,200,871
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(218,154)	368,595	837,486	987,927	(2,546,849)
CASH AND CASH EQUIVALENTS, JANUARY 1	2,755,360	3,951,163	2,008,798	8,715,321	11,165,515
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 2,537,206	\$ 4,319,758	2,846,284	\$ 9,703,248	\$ 8,618,666

(This statement is continued on the following page.)

CITY OF ELGIN, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	Business-Type Activities				Governmental Activities
	Water	Sewer	Nonmajor Enterprise Fund	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM					
Operating income (loss)	\$ (1,098,956)	\$ (93,632)	\$ (49,475)	\$ (1,242,063)	\$ (5,733,695)
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation and amortization	5,691,925	3,195,997	1,015,041	9,902,963	1,613,709
(Increase) decrease in					
Receivables	(380,951)	(32,881)	104,118	(309,714)	(5,989)
Prepaid expenses	-	-	2,000	2,000	(231,734)
Inventories	(183,557)	-	(18,170)	(201,727)	(14,104)
OPEB asset	(235,692)	(25,500)	(36,597)	(297,789)	-
Deferred outflows	(3,152,057)	(848,648)	(551,254)	(4,551,959)	-
Increase (decrease) in					
Accounts payable	416,155	110,972	15,003	542,130	(101,284)
Accrued salaries	(27,990)	12,367	6,332	(9,291)	(108)
Compensated absences payable	(65,187)	1,437	3,767	(59,983)	2,213
OPEB liability	-	(34,695)	-	(34,695)	-
Deposits payable	(1,313)	-	-	(1,313)	-
Unearned revenue	-	-	18,623	18,623	-
Net pension liability	9,157,757	2,139,800	1,462,314	12,759,871	-
Deferred inflows	(5,674,203)	(1,268,408)	(934,479)	(7,877,090)	-
Claims payable	-	-	-	-	(257,423)
NET CASH FROM OPERATING ACTIVITIES	\$ 4,445,931	\$ 3,156,809	\$ 1,037,223	\$ 8,639,963	\$ (4,728,415)
CASH AND INVESTMENTS					
Cash and cash equivalents	\$ 2,537,206	\$ 4,319,758	\$ 2,846,284	\$ 9,703,248	\$ 8,618,666
Investments	24,423,531	12,946,249	-	37,369,780	15,494,179
TOTAL CASH AND INVESTMENTS	\$ 26,960,737	\$ 17,266,007	\$ 2,846,284	\$ 47,073,028	\$ 24,112,845
NONCASH TRANSACTIONS					
Capital assets purchased through accounts and retainage payable	\$ 363,202	\$ 62,542	\$ -	\$ 425,744	\$ -
Gain (loss) on sale of capital assets	-	-	-	-	(79,721)
Intangible capital assets acquired	30,336	-	117,440	147,776	4,728
Lease and SBITA issuances	(30,336)	-	(117,440)	(147,776)	(4,728)
Contributions of capital assets by developers	1,329,440	1,234,168	-	2,563,608	-
Contributions of capital assets by other funds	-	784,844	59,355	844,199	1,789,984
TOTAL NONCASH TRANSACTIONS	\$ 1,692,642	\$ 2,081,554	\$ 59,355	\$ 3,833,551	\$ 1,710,263

See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
ASSETS		
Cash and short-term investments	\$ 4,036,774	\$ 508,439
Receivables		
Property taxes	-	55,650
Accounts	26,958	-
Special assessments	-	24,151
Accrued interest	553,909	13,042
Investments		
U.S. Treasury obligations	17,485,758	-
U.S. agency obligations	14,238,254	-
State and local obligations	260,000	-
Corporate bonds	26,935,924	-
Corporate equity securities	13,468,738	-
Equity mutual funds	93,694,829	-
Bond mutual funds	10,169,078	-
Balanced mutual funds	2,429,797	-
Money market mutual funds	1,144,319	-
Pooled real estate	13,972,232	-
Investments held in the Illinois Firefighters' Pension Investment Fund	123,370,477	-
Prepays	25,304	-
	<hr/>	<hr/>
Total assets	321,812,351	601,282
	<hr/>	<hr/>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
LIABILITIES		
Accounts payable	90,990	-
Deposits payable	137,361	-
	<hr/>	<hr/>
Total liabilities	228,351	-
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	-	55,650
	<hr/>	<hr/>
Total deferred inflows of resources	-	55,650
	<hr/>	<hr/>
Total liabilities and deferred inflows of resources	228,351	55,650
	<hr/>	<hr/>
NET POSITION		
Restricted		
Pension benefits	298,061,146	-
OPEB benefits	23,522,854	-
Debt service	-	545,632
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 321,584,000	\$ 545,632
	<hr/>	<hr/>

See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
ADDITIONS		
Contributions		
Employer	\$ 24,342,229	\$ -
Employee	3,780,002	-
Property owner	-	55,557
	<hr/>	<hr/>
Total contributions	28,122,231	55,557
	<hr/>	<hr/>
Investment income		
Net appreciation in fair value of investments	32,059,798	-
Interest	6,299,001	80
	<hr/>	<hr/>
Total investment income	38,358,799	80
	<hr/>	<hr/>
Less investment expense	(435,963)	-
	<hr/>	<hr/>
Net investment income	37,922,836	80
	<hr/>	<hr/>
Total additions	66,045,067	55,637
	<hr/>	<hr/>
DEDUCTIONS		
Benefits and refunds	24,641,453	-
Administration	280,944	-
Miscellaneous	-	525
Debt service		
Principal	-	34,000
Interest and fiscal charges	-	21,060
	<hr/>	<hr/>
Total deductions	24,922,397	55,585
	<hr/>	<hr/>
NET INCREASE	41,122,670	52
	<hr/>	<hr/>
NET POSITION		
January 1	280,461,330	545,580
	<hr/>	<hr/>
December 31	\$ 321,584,000	\$ 545,632
	<hr/>	<hr/>

See accompanying notes to financial statements.

CITY OF ELGIN, ILLINOIS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Elgin, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 City's accounting policies are described below.

a. Reporting Entity

The City is a municipal corporation operating under a Mayor-Council-City Manager form of government. As required by GAAP, these financial statements present the City (the primary government) and its component units.

The City's financial statements include three fiduciary component units:

Police Pension Employees Retirement System

The City'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 City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The City 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 City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Accordingly, the PPERS is fiscally dependent on the City. Separate financial statements are not available for the PPERS.

Firefighters' Pension Employees Retirement System

The City'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 City's Mayor, one elected pension beneficiary and two elected firefighters' employees constitute the pension board. The City 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 City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Accordingly, the FPERS is fiscally dependent on the City. Separate financial statements are not available for the FPERS.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Retiree Health Insurance Trust Fund

The Retiree Health Insurance Trust Fund (RHITF) was created to provide health insurance benefits to qualified retirees of the City, in accordance with a retiree health insurance plan established by the City. The RHITF is a trust fund of the City operated in accordance with Section 115(1) of the Internal Revenue Code. It was established on October 10, 2007 pursuant to a trust document approved by the City of Elgin's City Council. The RHITF is governed by a five member Board of Trustees appointed by the City Council. Accordingly, the RHITF meets the definition of a fiduciary component unit and is reported as an other postemployment benefit (OPEB) trust fund in these financial statements. The OPEB plan does not issue a separate report.

b. Fund Accounting

The City 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. The minimum numbers of funds are maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds restricted, committed or assigned for the servicing of long-term debt (debt service funds). The General Fund is used to account for all activities of the City 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 for 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 government (internal service funds).

Fiduciary funds are used to account for fiduciary activities that meet the definition contained in GASB Statement No. 84, *Fiduciary Activities*. The City utilizes pension and OPEB trust funds (for its Police and Firefighters' Pension Funds and Retiree Health Insurance Fund) and custodial funds (for its Special Service Area #19 and Special Assessments Funds), which are generally used to account for assets that the City holds in a fiduciary capacity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity, other than interfund sales and services, 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.

The City reports the following major governmental funds:

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

The Debt Service Fund is used to accumulate monies for the payment of principal and interest on all general obligation bonds not repaid by Proprietary Funds. The City has elected to present this fund as major.

The City reports the following major enterprise funds:

The Water Fund accounts for the provision of water service to the residents of the City. All activity necessary to provide such services is accounted for in this fund including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collections.

The Sewer Fund is used to account for the funds necessary to provide sewer transmission services to the residents of the City. Financing is provided through a sewer maintenance charge on the water bill.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the City reports the following internal service funds:

Internal service funds account for the City's equipment replacement program; self-insured property, casualty and workers' compensation insurance programs (risk management) and the employee health benefits (medical insurance) provided to other departments or agencies of the City on a cost reimbursement basis.

The City reports the following fiduciary funds:

The City reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund. In addition, the City reports an OPEB fund to account for the Retiree Health Insurance Fund. Furthermore, the City reports the following custodial funds as fiduciary funds: the Special Assessments Fund, which accounts for collection of special assessments from benefited property owners and the Special Service Area #19, which accounts for the repayment of no commitment debt.

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. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for property taxes, which are recognized when collected before year end, and sales taxes and telecommunications tax, which use a 90-day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due by the end of the year or the first of the following year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Sales and telecommunication taxes owed to the state at year end, franchise taxes, licenses, charges for services, food and beverage taxes 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. Fines and permit revenue are considered to be measurable and available only when cash is received by the City.

The City reports unavailable/deferred revenue and unearned revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet both the measurable and available or year intended to finance criteria for recognition in the current period. Unearned revenues arise when resources are received by the City 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 City has a legal claim to the resources, the deferred inflow for unavailable/deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures/expenses incurred. In the other, monies are virtually unrestricted as to purpose of expenditures/expenses and are generally revocable only for failure to comply with prescribed eligibility requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the eligibility criterion.

e. Cash and Investments

Cash and Cash Equivalents

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

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. Money market mutual funds are stated at amortized cost, which approximates fair value. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments (Continued)

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

The Illinois Public Reserves Investment Management Trust, known as IPRIME, is a Local Government Investment Pool (LGIP) and operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 79 defines how LGIPs that comply with certain rules may continue to be valued at amortized cost and maintain a stable \$1.00 share price. IPRIME meets all of these requirements and is exempt from the requirements of Rule 2a-7 promulgated under the Investment Company Act of 1940. IPRIME ISC deposits do not have any limitations or restrictions on participant withdrawals. IPRIME LTD deposits may only be withdrawn once per quarter. For the fiscal year ending 2023, IPRIME is audited under GASB accounting standards.

f. Property Taxes

Property taxes are recognized as receivable in the year that they attach as an enforceable lien and are levied. Funds utilizing the modified accrual basis of accounting treat property taxes receivable as unavailable revenue until the measurable and available criteria have been met (the year intended to finance and collected before year end). On the accrual basis, property taxes are recognized as revenue in the year for which they are levied (i.e., intended to finance). Property taxes receivable more than one year old have been fully offset by an allowance account.

g. Interfund Receivable/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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Interfund Receivable/Payables (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds fund financial statements to indicate that they are not available for appropriation and are not expendable available financial resources.

h. Inventories

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

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. Prepaid items are recognized as expenditures on the consumption method in governmental funds.

j. Tangible and Intangible Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, storm sewers and similar items since the City's inception), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Building improvements, land improvements	\$ 50,000
Vehicles, machinery, furniture and equipment	50,000
Works of art, historical artifacts	50,000
Infrastructure	100,000
Intangible assets	50,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Tangible and Intangible Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, equipment and infrastructure assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building improvements	15-30
Buildings and structures	30-50
Distribution system	30-75
Machinery and equipment	5-20
Mobile equipment	3-20
Furniture and fixtures	3-20
Office equipment	3-10
Infrastructure	30-75

Intangible assets represent the City's right-to-use a leased asset. These intangible assets, as defined by GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, are for lease or subscription contracts of nonfinancial assets including equipment, buildings, and software and are amortized over the shorter of the lease term or useful life of the intangible asset.

k. Compensated Absences

Vested or accumulated vacation leave that is due to employees who have retired or terminated by the end of the year is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees.

Sick pay benefits accumulated above a minimum number of hours may be converted to vacation hours based on preset conversion ratios. Such conversions are limited to a maximum number of hours each year and are expected to be liquidated within the next year. The remaining sick pay benefits may be converted for cash payment based on preset conversion ratios upon retirement in good standing.

No liability is recognized for nonvested accumulated rights to receive sick pay benefits. A liability is recognized for that portion of accumulating sick leave benefits that it is estimated to be converted and taken as vacation prior to retirement or converted to a cash payment upon retirement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Long-Term Obligations

In the government-wide financial statements, 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 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. Bond issuance costs are recognized as expenses during the current period.

In the fund financial statements, governmental funds 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.

m. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the City. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision-making authority. Formal actions include resolutions and ordinances (both equally binding) approved by the City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City's Chief Financial Officer through an approved resolution of the City. Any residual fund balance of the General Fund and any deficit fund balance of any other governmental fund is reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Restricted net position and restricted fund balance resulting from enabling legislation adopted by the City consists of \$12,185,622 restricted by the original ordinances to be used for capital outlay.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Interfund Transactions

Interfund service transactions 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 service transactions and reimbursements, are reported as transfers.

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

p. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The City 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 City's funds. The deposits and investments of the pension trust funds and the investments of the Retiree Health Insurance Fund are held separately from those of other funds. The investments are governed by four separate investment policies; one policy for the City adopted by the City Council, one policy each for the Police Pension Fund and the Firefighters' Pension Fund approved by their respective boards and one policy for the Retiree Health Insurance Fund approved by their board.

2. DEPOSITS AND INVESTMENTS (Continued)

The City's investment policy (Ordinance No. G59-19) authorizes the City to make deposits/invest in any type of security allowed by law as set out in the Illinois Compiled Statutes, Chapter 30 ILCS 235/2 including 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 Government 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, investment grade municipal obligations (rated AA or better by a nationally recognized ratings agency) and The Illinois Funds.

The Police Pension Fund can invest in the same securities as the City, plus the following: certain non-U.S. obligations (corporate debt securities managed through an investment advisor, rated A or higher by one of the two largest rating services at the time of purchase and liquidated within 90 days if downgraded below an A rating), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions, Illinois insurance company general and separate accounts, mutual funds, equity securities and real estate investment trusts.

The Retiree Health Insurance Fund can invest in the same securities as the City, plus mutual funds and equity securities.

It is the policy of the City 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 City 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 objective of the policy is safety (preservation of capital and protection of investment principal), legality, liquidity, yield, diversification and public confidence.

a. City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral with a fair value of 105% of all bank balances in excess of federal depository insurance. Collateral is to be held by the City or in safekeeping or evidenced by a tri-party signed safekeeping agreement. At December 31, 2023, the City had no uncollateralized deposits.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. City Investments

The following table presents the investments and maturities of the City's debt securities as of December 31, 2023:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 63,952,281	\$ 63,952,281	\$ -	\$ -	\$ -
Municipal bonds	16,614,065	16,614,065	-	-	-
Negotiable CDs	3,644,385	3,644,385	-	-	-
TOTAL	\$ 84,210,731	\$ 84,210,731	\$ -	\$ -	\$ -

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of December 31, 2023: the U.S. Treasury obligations, municipal bonds, and negotiable CDs are valued using quoted matrix pricing models (Level 2 inputs).

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 City limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a three-year period. The investment policy limits the maximum maturity length of investments in the General Fund and the special revenue funds to three years from date of purchase. Investments in other funds may be purchased with maturities to match future projects or liability requirements. In addition, the policy requires the City to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

The City limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. agency obligations, state and local obligations, municipal bonds, short-term money market funds rated AA to AAA and limiting investments in commercial paper to the highest three rating categories. The municipal bonds are rated AAA to AA by Standard and Poor's. The negotiable CDs are not rated.

2. DEPOSITS AND INVESTMENTS (Continued)

b. City Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the City's name. The Illinois Funds and the money market mutual fund are not subject to custodial credit risk.

Concentration of credit risk - The City's investment policy diversifies investments by: limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities and federal agency securities), limiting investments in securities that have higher credit risks, investing in securities with varying maturities and continuously investing a portion of the portfolio in readily available funds such as local government inventory pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

The City's investment policy does not specifically prohibit the use of or the investment in derivatives.

3. RECEIVABLES - TAXES

Property taxes for 2023 attach as an enforceable lien on January 1, 2023, 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 May 2024, and are payable in two installments, on or about June 1, 2024 and September 1, 2024. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience. Since the levy is intended to fund the 2024 fiscal year, the levy has been recorded as a receivable and unavailable/deferred revenue as of December 31, 2023.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balances, Restated*	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 50,993,033	\$ 401,178	\$ -	\$ 51,394,211
Land right of way	44,956,676	866,110	-	45,822,786
Easements	4,611,698	302,965	-	4,914,663
Construction in progress	-	3,266,435	-	3,266,435
Total capital assets not being depreciated	100,561,407	4,836,688	-	105,398,095
Tangible capital assets being depreciated				
Buildings and structures	205,435,091	5,177,255	-	210,612,346
Office equipment	5,147,791	-	-	5,147,791
Machinery and equipment	31,724,296	1,368,951	223,936	32,869,311
Furniture and fixtures	90,408	80,371	-	170,779
Infrastructure	709,594,585	2,756,799	-	712,351,384
Internal Service Fund machinery and equipment	21,453,928	2,565,177	1,565,374	22,453,731
Total tangible capital assets being depreciated	973,446,099	11,948,553	1,789,310	983,605,342
Intangible capital assets being amortized				
Equipment	4,884,460	160,329	53,955	4,990,834
Buildings	147,973	51,173	-	199,146
Internal Service Fund machinery and equipment	1,839	4,728	1,839	4,728
Software	2,127,726	135,268	-	2,262,994
Internal Service Fund software	2,564,482	-	-	2,564,482
Total intangible capital assets being amortized	9,726,480	351,498	55,794	10,022,184
Less accumulated depreciation for tangible capital assets				
Buildings and structures	125,655,101	5,584,955	-	131,240,056
Office equipment	4,871,465	82,572	-	4,954,037
Machinery and equipment	21,330,827	1,199,946	207,041	22,323,732
Furniture and fixtures	90,408	4,019	-	94,427
Infrastructure	440,315,167	15,893,793	-	456,208,960
Internal Service Fund machinery and equipment	16,226,053	984,962	1,424,625	15,786,390
Total accumulated depreciation for tangible capital assets	608,489,021	23,750,247	1,631,666	630,607,602
Less accumulated amortization for intangible capital assets				
Equipment	924,384	936,206	53,955	1,806,635
Buildings	49,324	49,395	-	98,719
Internal Service Fund machinery and equipment	1,449	1,178	1,839	788
Software	-	554,116	-	554,116
Internal Service Fund software	-	627,569	-	627,569
Total accumulated amortization for intangible capital assets	975,157	2,168,464	55,794	3,087,827
Total tangible and intangible capital assets being depreciated and amortized, net	373,708,401	(13,618,660)	157,644	359,932,097
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 474,269,808	\$ (8,781,972)	\$ 157,644	\$ 465,330,192

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Beginning Balances, Restated*	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,642,289	\$ -	\$ -	\$ 2,642,289
Easements	289,350	-	-	289,350
Total capital assets not being depreciated	2,931,639	-	-	2,931,639
Tangible capital assets being depreciated				
Land improvements	32,326,136	-	-	32,326,136
Buildings and structures	83,063,905	-	-	83,063,905
Distribution system	330,503,414	6,659,699	-	337,163,113
Machinery and equipment	12,918,032	7,404,125	-	20,322,157
Mobile equipment	1,903,035	357,619	-	2,260,654
Total tangible capital assets being depreciated	460,714,522	14,421,443	-	475,135,965
Intangible capital assets being amortized				
Equipment	804,142	13,345	5,518	811,969
Buildings	26,252	111,785	26,252	111,785
Software	62,547	22,646	-	85,193
Total intangible capital assets being amortized	892,941	147,776	31,770	1,008,947
Less accumulated depreciation for tangible capital assets				
Land improvements	15,777,939	699,504	-	16,477,443
Buildings and structures	49,079,510	2,214,729	-	51,294,239
Distribution system	94,273,978	5,684,995	-	99,958,973
Machinery and equipment	6,270,060	833,669	-	7,103,729
Mobile equipment	706,241	223,420	-	929,661
Total accumulated depreciation for tangible capital assets	166,107,728	9,656,317	-	175,764,045
Less accumulated amortization for intangible capital assets				
Equipment	181,694	180,743	5,518	356,919
Buildings	19,689	25,194	26,252	18,631
Software	-	40,709	-	40,709
Total accumulated amortization for intangible capital assets	201,383	246,646	31,770	416,259
Total tangible and intangible capital assets being depreciated and amortized, net	295,298,352	4,666,256	-	299,964,608
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 298,229,991	\$ 4,666,256	\$ -	\$ 302,896,246

*Beginning balances were restated in connection with the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES

General government	\$ 1,228,513
Public safety	3,594,736
Highways and streets, including depreciation of general infrastructure assets	16,583,968
Culture and recreation	2,846,041
Health and welfare	51,744
Internal Service Fund	<u>1,613,709</u>

**TOTAL DEPRECIATION AND AMORTIZATION EXPENSE -
GOVERNMENTAL ACTIVITIES**

\$ 25,918,711

BUSINESS-TYPE ACTIVITIES

Water	\$ 5,691,925
Sewer	3,195,997
Golf	<u>1,015,041</u>

**TOTAL DEPRECIATION AND AMORTIZATION EXPENSE -
BUSINESS-TYPE ACTIVITIES**

\$ 9,902,963

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. The City has purchased insurance from private insurance companies for illnesses of employees, employee bonds, boiler and machinery, cyber liability, pollution and property risks. The policies call for various levels of deductibles or self-insured retentions.

The City is self-insured for all other risks and has established a risk financing fund (Risk Management Fund) for all risks, except employee health which is accounted for in a separate fund (Medical Insurance Fund). These are accounted for as Internal Service Funds where assets are set aside for claim settlements. Under this program, the funds provide coverage up to a maximum of \$250,000 for each general liability claim, \$650,000 for each workers' compensation claim and \$25,000 for each property damage claim. The City purchases commercial insurance for claims in excess of the coverages provided by the funds up to a maximum of \$15,000,000. Settled claims have not exceeded the funds coverage and the commercial coverage has not been exceeded in any of the past three fiscal years.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RISK MANAGEMENT (Continued)

All funds of the City participate and make payments to the funds based upon actuarial estimates of the amounts are needed to pay prior and current year claims. Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and societal factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	2023	2022
CLAIMS PAYABLE, JANUARY 1	\$ 4,736,403	\$ 6,138,071
Add claims incurred	4,943,175	4,773,553
Less claims paid	5,200,598	6,175,221
CLAIMS PAYABLE, DECEMBER 31	<u>\$ 4,478,980</u>	<u>\$ 4,736,403</u>

6. LONG-TERM DEBT

a. General Obligation Bonds and Notes

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the City. General obligation bonds and notes currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$4,785,000 2012B Series General Obligation Refunding Bonds dated June 27, 2012, due in annual installments of \$240,000 to \$680,000 with interest ranging from 2% to 4%.	Sewer	\$ 240,000	\$ -	\$ 240,000	\$ -	\$ -
\$13,190,000 2013A Series General Obligation Refunding Bonds dated April 1, 2013, due in annual installments of \$295,000 to \$2,430,000 with interest ranging from 1% to 5%.	Water	1,100,000	-	465,000	635,000	470,000
	Sewer	2,230,000	-	930,000	1,300,000	1,000,000

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

a. General Obligation Bonds and Notes (Continued)

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$8,855,000 2015A Series General Obligation Refunding Bonds dated April 8, 2015, due in annual installments of \$105,000 to \$1,095,000 with interest ranging from 2% to 3%.	Water	\$ 3,860,000	\$ -	\$ 860,000	\$ 3,000,000	\$ 885,000
	Sewer	575,000	-	190,000	385,000	195,000
\$24,995,000 2016 Series General Obligation Bonds dated February 10, 2016, due in annual installments of \$1,335,000 to \$1,995,000 with interest at 3%.	Debt Service	9,110,000	-	995,000	8,115,000	1,105,000
	Water	5,765,000	-	650,000	5,115,000	665,000
\$9,000,000 2019 Series General Obligation Bonds dated April 3, 2019, due in annual installments of \$525,000 to \$775,000 with interest at 3%.	Water	6,600,000	-	520,000	6,080,000	535,000
	Sewer	775,000	-	55,000	720,000	60,000
\$8,990,000 2020A Series General Obligation Refunding Bonds dated January 15, 2020, due in annual installments of \$5,000 to \$2,130,000 with interest ranging from 2% to 3%.	Debt Service	-	-	-	-	-
	Water	5,450,000	-	825,000	4,625,000	830,000
	Sewer	880,000	-	200,000	680,000	210,000
\$2,905,000 2020B Series General Obligation Bonds dated May 6, 2020, due in annual installments of \$370,000 to \$460,000 with interest at 4%.	Water	1,785,000	-	335,000	1,450,000	345,000
	Sewer	295,000	-	95,000	200,000	100,000
\$7,230,000 2021A Series General Obligation Refunding Bonds dated April 28, 2021, due in annual installments of \$335,000 to \$2,125,000 with interest at 5%.	Debt Service	-	-	-	-	-
	Water	2,555,000	-	800,000	1,755,000	260,000
	Sewer	465,000	-	240,000	225,000	75,000

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

a. General Obligation Bonds and Notes (Continued)

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$9,545,000 2021B Series General Obligation Bonds dated April 28, 2021, due in annual installments of \$595,000 to \$775,000 with interest at 2%.						
	Water	\$ 7,815,000	\$ -	\$ 535,000	\$ 7,280,000	\$ 540,000
	Sewer	1,135,000	-	75,000	1,060,000	80,000
\$13,360,000 2022 Series General Obligation Bonds dated April 13, 2022, due in annual installments of \$1,340,000 to \$1,670,000 with interest ranging from 4% to 5%.						
	Debt Service	4,580,000	-	430,000	4,150,000	450,000
	Water	8,155,000	-	765,000	7,390,000	800,000
	Sewer	625,000	-	145,000	480,000	155,000
TOTAL GENERAL OBLIGATION BONDS		\$ 63,995,000	\$ -	\$ 9,350,000	\$ 54,645,000	\$ 8,760,000

b. Debt Service Requirements to Maturity

Annual debt service requirement to maturity are as follows:

Fiscal Year Ending December 31,	General Obligation Bonds			General Obligation Bonds		
	Payable from Governmental Activities			Payable by Enterprise Funds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,555,000	\$ 426,650	\$ 1,981,650	\$ 7,205,000	\$ 1,387,450	\$ 8,592,450
2025	1,590,000	375,500	1,965,500	6,480,000	1,127,400	7,607,400
2026	1,640,000	323,150	1,963,150	5,735,000	912,000	6,647,000
2027	1,680,000	269,100	1,949,100	5,110,000	723,900	5,833,900
2028	1,720,000	213,650	1,933,650	4,455,000	556,950	5,011,950
2029	1,715,000	156,800	1,871,800	3,115,000	412,000	3,527,000
2030	1,765,000	94,450	1,859,450	3,235,000	306,000	3,541,000
2031	600,000	30,000	630,000	2,515,000	195,550	2,710,550
2032	-	-	-	1,480,000	105,850	1,585,850
2033	-	-	-	1,520,000	68,750	1,588,750
2034	-	-	-	755,000	30,600	785,600
2035	-	-	-	775,000	15,500	790,500
TOTAL	\$ 12,265,000	\$ 1,889,300	\$ 14,154,300	\$ 42,380,000	\$ 5,841,950	\$ 48,221,950

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities

During the fiscal year the following changes occurred in long-term liabilities reported in the governmental activities:

	Balances January 1, Restated**	Issuances	Retirements	Balances December 31	Current Portion
Compensated absences*	\$ 5,123,764	\$ 3,352,029	\$ 3,399,032	\$ 5,076,761	\$ 3,359,045
General obligation bonds	13,690,000	-	1,425,000	12,265,000	1,555,000
Leases payable*	4,179,928	216,229	947,797	3,448,360	985,606
Subscriptions payable	4,679,208	135,268	1,241,988	3,572,488	1,185,668
Net OPEB liability*	6,047,792	-	4,300,260	1,747,532	-
Net pension liability - Police Pension*	133,746,125	-	2,815,657	130,930,468	-
Net pension liability - Firefighters' Pension*	100,016,882	-	9,561,129	90,455,753	-
Net pension liability - IMRF	-	10,112,966	-	10,112,966	-
Unamortized bond premium	950,424	-	96,628	853,796	-
Claims payable	4,736,403	4,943,175	5,200,598	4,478,980	1,207,403
TOTAL GOVERNMENTAL ACTIVITIES	\$ 273,170,526	\$ 18,759,667	\$ 28,988,089	\$ 262,942,104	\$ 8,292,722

*Primarily retired by the General Fund.

**Beginning balances were restated for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

During the fiscal year, the following changes occurred in long-term liabilities reported in the business-type activities:

	Balances January 1, Restated*	Issuances	Retirements	Balances December 31	Current Portion
Compensated absences	\$ 477,883	\$ 293,998	\$ 353,981	\$ 417,900	\$ 313,419
General obligation bonds	50,305,000	-	7,925,000	42,380,000	7,205,000
Leases payable	628,387	125,130	203,421	550,096	197,164
Subscriptions payable	62,547	22,646	42,540	42,653	42,653
Asset retirement obligation	1,020,000	-	-	1,020,000	-
Net OPEB liability	34,695	-	34,695	-	-
Net pension liability - IMRF	-	3,443,290	-	3,443,290	-
Unamortized bond premium	3,525,376	-	645,196	2,880,180	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 56,053,888	\$ 3,885,064	\$ 9,204,833	\$ 50,734,119	\$ 7,758,236

*Beginning Balances were restated for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

6. LONG-TERM DEBT (Continued)

d. Legal Debt Margin

The City 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.

e. Special Service Area Bonds

Special Service Area Bonds outstanding as of the date of this report totaled \$260,000. These bonds are not an obligation of the City and are to be paid solely from the collections of the special assessments on the real property within the special service area. The City is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the tax and forwarding the collections to the bondholders.

f. Conduit Debt

The City has issued industrial revenue bonds to provide financing for various economic development projects. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2023, there were three series of bonds outstanding. The aggregate principal amount payable for the series of bonds could not be determined; however, their original issue amounts of the bonds totaled \$13,190,000.

6. LONG-TERM DEBT (Continued)

g. Asset Retirement Obligations

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells range from 10 to 100 years. The City had \$1,020,000 in asset retirement obligations and \$960,000 in deferred outflows as of December 31, 2023.

h. Leases Payable

The City has entered into leases arrangements to lease out a robotic stripe painter, art showcase, copiers, golf carts and haulers, GPS equipment, public safety radios, and a cardiac monitor. The leases are due to unrelated third parties in monthly, semi-annual, or yearly installments. In accordance with GASB Statement No. 87, *Leases*, the City recorded the following activity:

Lease arrangements associated with the robotic stripe painter extend through December 31, 2027. Payments of \$15,000 are due in yearly installments. Total intangible right-to-use assets acquired under this agreement are \$89,798.

Lease arrangements associated with the art showcase extend through December 31, 2025. Payments ranging from \$4,053 to \$4,398 are due in monthly installments. Total intangible right-to-use assets acquired under these agreements are \$199,147.

Lease arrangements associated with copiers extend through June 30, 2026. Payments ranging from \$1,999 to \$5,124 are due in monthly installments. Total intangible right-to-use assets acquired under these agreements are \$230,258.

Lease arrangements associated with golf carts and haulers extend through November 30, 2026. Payments ranging from \$10,500 to \$51,899 are due in monthly and semi-annual installments. Total intangible right-to-use assets acquired under these agreements are \$782,029.

Lease arrangements associated with GPS equipment extend through April 30, 2027. Payments of \$28,890 are due in yearly installments. Total intangible right-to-use assets acquired under these agreements are \$111,785.

Lease arrangements associated with public safety radios extend through December 31, 2026. Payments of \$921,306 are due in annual installments. Total intangible right-to-use assets acquired under these agreements are \$4,010,922.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

h. Leases Payable (Continued)

Lease arrangements associated with a cardiac monitor extend through December 31, 2032. Payments of \$78,871 are due in yearly installments. Total intangible right-to-use assets acquired under these agreements are \$694,521.

Annual debt service requirement to maturity are as follows:

Fiscal Year Ending December 31,	Leases			Leases		
	Payable from Governmental Activities			Payable by Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 985,606	\$ 141,188	\$ 1,126,794	\$ 197,164	\$ 4,403	\$ 201,567
2025	1,024,948	99,132	1,124,080	197,504	2,784	200,288
2026	988,487	55,136	1,043,623	155,428	1,160	156,588
2027	82,896	10,975	93,871	-	-	-
2028	69,711	9,161	78,872	-	-	-
2029	71,453	7,418	78,871	-	-	-
2030	73,240	5,631	78,871	-	-	-
2031	75,071	3,800	78,871	-	-	-
2032	76,948	1,924	78,872	-	-	-
TOTAL	\$ 3,448,360	\$ 334,365	\$ 3,782,725	\$ 550,096	\$ 8,347	\$ 558,443

i. Subscriptions Payable

The City entered into subscription arrangements for mobile software, public safety software, and administrative and financial software. In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, the City's SBITA activity is as follows:

The City entered into subscription arrangements for mobile software lasting up to four years and four months. At December 31, 2023, the City reported SBITA assets of \$288,683 and liabilities in the amount of \$196,878. Principal reduction of \$91,806 was reported for the year ended December 31, 2023.

The City entered into subscription arrangements for public safety software lasting up to five years. At December 31, 2023, the City reported SBITA assets of \$2,127,703 and liabilities in the amount of \$1,592,161. Principal reduction of \$535,541 was reported for the year ended December 31, 2023.

The City entered into subscription arrangements for administrative and financial software lasting up to five years. At December 31, 2023, the City reported SBITA assets of \$2,496,284 and liabilities in the amount of \$1,826,102. Principal reduction of \$657,181 was reported for the year ended December 31, 2023.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

i. Subscriptions Payable (Continued)

Annual debt service requirement to maturity are as follows:

Fiscal Year Ending December 31,	Subscriptions			Subscriptions		
	Payable from Governmental Activities			Payable by Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,185,668	\$ 91,027	\$ 1,276,695	\$ 42,653	\$ 818	\$ 43,471
2025	1,203,423	61,556	1,264,979	-	-	-
2026	1,141,286	30,624	1,171,910	-	-	-
2027	42,111	1,087	43,198	-	-	-
TOTAL	\$ 3,572,488	\$ 184,294	\$ 3,756,782	\$ 42,653	\$ 818	\$ 43,471

7. INTERFUND ASSETS/LIABILITIES

Due from/to other funds are as follows:

	Due From	Due To
General		
Nonmajor Governmental	\$ 188,304	\$ 18,394
Water	139	3,037
Nonmajor Enterprise	56	-
Total General	188,499	21,431
Water		
General	3,037	139
Sewer	-	3,973
Total Water	3,037	4,112
Sewer		
Water	3,973	-
Total Sewer	3,973	-
Nonmajor Governmental		
General	18,394	188,304
Nonmajor Governmental	77,980	77,980
Total Nonmajor Governmental	96,374	266,284
Nonmajor Enterprise		
General	-	56
Total Nonmajor Enterprise	-	56

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INTERFUND ASSETS/LIABILITIES (Continued)

	Due From	Due To
Internal Service		
Internal Service	\$ 86,920	\$ 86,920
Total Internal Service	<u>86,920</u>	<u>86,920</u>
 TOTAL	 <u>\$ 378,803</u>	 <u>\$ 378,803</u>

The purpose of significant due from/to other funds are as follows:

- \$188,304 due from the Nonmajor Governmental Funds to the General Fund to cover cash deficits while awaiting reimbursement.

Advances from/to other funds are as follows:

Receivable Fund	Payable Fund	Amount
Water	Nonmajor Governmental	\$ 2,986,884
Sewer	Nonmajor Governmental	<u>468,042</u>
 TOTAL		 <u><u>\$ 3,454,926</u></u>

The purpose of significant advances from/to other funds are as follows:

- \$2,986,884 to Water Fund from Nonmajor Governmental Funds is for bond proceeds that will be repaid with completed assets.
- \$468,042 to Sewer Fund from Nonmajor Governmental Funds is for bond proceeds that will be repaid with completed assets.

8. INTERFUND TRANSFERS

Interfund transfers between funds for the year ended December 31, 2023 were as follows:

	Transfers In	Transfers Out
General		
Water	\$ 1,285,400	\$ -
Nonmajor Governmental	3,302,269	5,000,000
Internal Service	-	<u>2,400,000</u>
Total General	<u>4,587,669</u>	<u>7,400,000</u>

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND TRANSFERS (Continued)

	Transfers In	Transfers Out
Water		
General	\$ -	\$ 1,285,400
Nonmajor Governmental	202,712	-
Total Water	202,712	1,285,400
Nonmajor Governmental		
General	5,000,000	3,302,269
Nonmajor Governmental	502,265	5,502,265
Water	-	202,712
Total Nonmajor Governmental	5,502,265	4,007,246
Internal Service		
General	2,400,000	-
Total Internal Service	2,400,000	-
TOTAL	\$ 12,692,646	\$ 12,692,646

The purpose of significant transfers is as follows:

- \$360,000 transferred from the Water Fund to General Fund for road repairs made by the Public Works Department related to utility cuts. An additional \$925,400 was transferred from the Water Fund to the General Fund in lieu of taxes.
- \$7,400,000 transferred from the General Fund to other funds. \$2,400,000 was transferred from the General Fund to the Equipment Replacement Fund for operations and vehicle and equipment purchases. \$5,000,000 was transferred to Nonmajor Governmental Funds to fund operations of the Recreation Fund.

9. CONTINGENT LIABILITIES

a. Litigation

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

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 that may be disallowed by the grantor cannot be determined at this time; although, the City expects such amounts, if any, to be immaterial.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. COMMITMENTS

The City has entered into contracts for the construction or renovation of various facilities as follows:

Project	Project Authorization	Expended To Date	Commitment
DuPage Court Revitalization	\$ 3,299,650	\$ 643,345	\$ 2,656,305
Hemmens Chiller Replacement	1,125,890	188,290	937,600
2023 Street Resurfacing - Country Knoll	2,231,055	2,159,970	71,085
2023 Street Resurfacing - Providence	2,004,380	1,849,420	154,960
2023 Street Resurfacing - Eastside	2,277,480	2,091,100	186,380
2024 Street Resurfacing - Fremont Willard	172,765	13,720	159,045
2024 Street Resurfacing - Woodbridge	135,470	47,430	88,040
2024 Street Resurfacing - Various	235,180	33,170	202,010
Jack Cook Regional Park - Final Phase	4,824,090	348,830	4,475,260
Festival Park Splash Pad	943,930	267,000	676,930
Well 1 Rehabilitation	684,920	85,875	599,045
Baffle Wall Replacement	1,566,210	43,020	1,523,190
2023 Sewer Lining	512,490	176,820	335,670
Poplar Creek Flood Improvements	278,055	57,180	220,875
McLean/Timber Railroad Crossing	100,020	45,015	55,005
Dundee/Summit Intersection Reconstruction	5,480,700	2,827,810	2,652,890
Dundee Ave. Reconstruction	946,045	664,850	281,195
LED Street Light Conversion Project	3,651,060	3,356,540	294,520
Randall/Alft Intersection Improvements	1,599,660	1,495,150	104,510
Coombs Rd. Resurfacing	703,565	528,710	174,855
Larkin Pedestrian Crossing	246,850	118,810	128,040
Dundee Center Villa Reconstruction	356,530	187,230	169,300
McLean/Bowes Pedestrian Improvements	55,070	10,280	44,790
Mulberry Grove Park Renovation	920,380	32,040	888,340
Sports Complex Soccer Field 6	290,640	140,295	150,345
Chicago St. Bridge Rehabilitation	737,310	70,525	666,785
Kimball St. Bridge Rehabilitation	1,230,100	202,520	1,027,580
Sports Complex - Synthetic Turf Fields	2,696,000	403,785	2,292,215
Bikeway Route 4	1,311,230	1,083,740	227,490
Riverside WTP Switchgear Improvements	9,334,500	4,902,810	4,431,690
Abbott Drive Detention Basin	135,200	97,160	38,040
2021 Deep Well Projects	218,900	187,580	31,320
Water Distribution System Improvements	330,000	316,920	13,080
2023 - Emergency Lead Service Line Replacement (LSLR)	964,500	555,900	408,600
2023 - Engineering LSLR	1,123,945	874,635	249,310
2023 - LSLR - Contract A	4,349,575	4,333,670	15,905
2023 - LSLR - Contract B	4,898,910	3,597,860	1,301,050
2023 - LSLR - Contract C	1,463,120	1,303,460	159,660
East Chicago Street Sewer Lining	673,490	295,580	377,910
Bluff City CSS Phase 3	6,527,725	6,516,810	10,915
Hemmens Cultural Center Addition	14,435,010	3,005,920	11,429,090
Route 20 and Reinking Road Interchange	546,280	446,780	99,500
US 20 Long Common Coombs	130,460	51,655	78,805
Millennium Park Renovation	698,710	155,365	543,345
TOTAL	\$ 86,447,050	\$ 45,814,575	\$ 40,632,475

11. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Administration

In addition to providing the pension benefits described, the City provides OPEB for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan does not issue a separate report.

Management of the plan is vested with the plan's Board of Trustees. The Board of Trustees consists of five members: three ex officio members and two elected retiree plan participants.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

b. Benefits Provided

The City provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the City is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime.

All health care benefits are provided through the City's insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

c. Membership

At December 31, 2023, membership consisted of:

Inactive fund members and beneficiaries	
currently receiving benefit payments	78
Inactive fund members entitled to but not	
yet receiving benefit payments	-
Active fund members	<u>730</u>
 TOTAL	 <u><u>808</u></u>
 Participating employers	 <u><u>1</u></u>

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Contributions

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees hired before March 1, 2010, contribute 0% of the premium from ages 60 to 62 and 50% of premiums for age 63 to 65 to the plan and the City contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan. Retirees hired after March 1, 2010, contribute 100% of premiums. For the fiscal year ended December 31, 2023, the City's contribution rate was 3.35% of covered payroll.

e. Deposits and Investments

Investment Policy

The fund's Board of Trustees adopted an investment policy which can be amended by a majority vote of the Board of Trustees. During the year ended December 31, 2023, no changes to the investment policy were made. See Note 2 for a list of allowable investments.

The investment policy calls for the following allocation of the Fund's assets:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	45.00%	2.50%
Domestic Equities	25.00%	5.10%
International Equities	17.50%	5.20%
Global	10.00%	3.70%
Cash and Cash Equivalents	2.50%	0.20%

The long-term expected real rates of return shown for the asset classes above are long-term expected returns after adjustment to eliminate inflation.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the fund's deposits may not be returned to them. The fund does not specifically address custodial credit risk for deposits, however the fund's deposits have been fully insured or collateralized as of December 31, 2023.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Deposits and Investments (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the fund's debt securities as of December 31, 2023:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
State and local obligations	\$ 260,000	\$ -	\$ 162,000	\$ 98,000	\$ -
Bond mutual funds	10,169,078	1,885,533	8,283,545	-	-
TOTAL	\$ 10,429,078	\$ 1,885,533	\$ 8,445,545	\$ 98,000	\$ -

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 fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for the monthly benefit payments for the Retiree Health Insurance Trust for three years while maintaining an average duration of three and a half years or less.

Credit Risk

The fund investment policy does not contain guidance on credit risk. However, the fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The bond mutual funds held investments rated AAA to CCC, the state and local obligations are rated AAA.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the 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 fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the fund's agent separate from where the investment was purchased in the fund's name. The equity mutual funds, bond mutual funds, and balanced mutual funds are not subject to custodial credit risk.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Deposits and Investments (Continued)

Concentration of Credit Risk

The fund's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle as follows:

Diversification by Instrument	Targeted Percent of Portfolio
Fixed income	45.00%
Domestic equity	25.00%
International equity	17.50%
Global	10.00%
Cash/other	2.50%

The fund's investment policy does not specifically prohibit the use of or the investment in derivatives.

The fund did not hold any investments in any one organization (excluding those issued or explicitly guaranteed by the United States Government) that represented 5% or more of the fund's fiduciary net position.

Fair Value Measurement

The City has the following recurring fair value measurements as of December 31, 2023: the equity, bond and balanced mutual funds are valued using quoted prices in active markets for identical assets. The state and local obligations are valued using quoted matrix pricing models (Level 2 inputs).

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on the fund's investments, net of investment expense, was 13.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Actuarial Assumptions

The total OPEB liability above, after considering the sharing of benefit-related costs with inactive fund members, was determined by an actuarial valuation performed as of December 31, 2023, using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Investment rate of return	
(net of fund investment expense, including inflation)	6.25%
Healthcare cost trend rates	4.00% to 7.00%
Asset valuation method	Fair value

For public employees, mortality rates were based on the Pub-2010 mortality tables. Rates were projected to five years past the valuation date using mortality improvement scale MP-2020. For Illinois Municipal Retirement Fund employees, mortality rates were based on the tables as described below:

Active Lives:

The PubG-2010, Amount-Weighted, below-median income, General Employee, Male and Female tables, with future mortality improvements projected using scale MP-2020.

Healthy Inactive Lives:

The PubG-2010, Amount-Weighted, below-median income, General Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, with future mortality improvements projected using scale MP-2020.

Disabled Lives:

The PubG-2010, Amount-Weighted, General Disabled Retiree, Male and Female tables, with future mortality improvements projected using scale MP-2020.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Actuarial Assumptions (Continued)

The long-term rate of return on the fund's investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2023, are indicated in the investment allocation table on page 51.

g. Discount Rate

The discount rate used to measure the total OPEB liability was 6.25% for the year ended December 31, 2023. The projection of cash flows used to determine the discount rate assumed that current plan member and sponsor contributions will be made at the current contribution rate (i.e., funding policy). Based on this assumption, the OPEB Plan's Fiduciary Net Position was projected to provide all future benefit payments. Therefore, the long-term expected rate of return on trust investments of 6.25% was used to determine the total OPEB liability.

h. Changes in the Net OPEB Liability

	(a) Total OPEB Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net OPEB Liability
BALANCES AT JANUARY 1, 2023	\$ 25,072,108	\$ 19,001,197	\$ 6,070,911
Changes for the period			
Service cost	1,130,068	-	1,130,068
Interest	1,369,768	-	1,369,768
Difference between expected and actual experience	(581,224)	-	(581,224)
Changes in assumptions	(815,776)	-	(815,776)
Employer trust contributions	-	2,604,000	(2,604,000)
Pay-as-you-go contributions	-	356,091	(356,091)
Net investment income	-	2,775,490	(2,775,490)
Benefit payments and refunds	(1,213,924)	(1,213,924)	-
Administrative expense	-	-	-
Other	-	-	-
Net changes	(111,088)	4,521,657	(4,632,745)
BALANCES AT DECEMBER 31, 2023	\$ 24,961,020	\$ 23,522,854	\$ 1,438,166

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

h. Changes in the Net OPEB Liability (Continued)

In 2023, there were changes related to health care costs and premiums and the discount rate.

The plan's fiduciary net position as a percentage of the total OPEB liability was 94.24% at December 31, 2023.

i. Rate Sensitivity

The following is a sensitive analysis of the net OPEB liability (asset) to changes in the discount rate and the healthcare cost trend rate. The table below presents the net OPEB liability (asset) of the City calculated using the discount rate of 6.25% as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability (asset)	\$ 3,503,868	\$ 1,438,166	\$ (443,678)

The table below presents the net OPEB liability (asset) of the City calculated using the healthcare rate of 4.00% to 7.00% as well as what the City's net OPEB liability (asset) would be if it were calculated using a healthcare rate that is 1 percentage point lower (3.00% to 6.00%) or 1 percentage point higher (5.00% to 8.00%) than the current rate:

	1% Decrease (3.00% to 6.00%)	Current Healthcare Rate (4.00% to 7.00%)	1% Increase (5.00% to 8.00%)
Net OPEB liability (asset)	\$ (1,024,317)	\$ 1,438,166	\$ 4,285,887

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

- j. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB income of \$882,762. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,722,796
Changes in assumption	2,341,574	9,920,449
Net difference between projected and actual earnings on pension plan investments	452,619	-
TOTAL	\$ 2,794,193	\$ 12,643,245

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending December 31,</u>	
2024	\$ (1,969,430)
2025	(1,771,042)
2026	(1,426,076)
2027	(1,485,558)
2028	(1,159,017)
Thereafter	(2,037,929)
TOTAL	\$ (9,849,052)

12. EMPLOYEE RETIREMENT SYSTEMS

The City contributes to four defined benefit pension plans (collectively referred to as the Pension Plans), the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Sheriff's Law Enforcement Personnel Fund (SLEP), which is administered by IMRF and is also 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 four plans are governed by

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. Those reports can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at imrf.org.

The aggregate amount of net pension asset, net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and pension income for all plans was \$589,456, \$234,942,477, \$50,022,134, \$6,558,361, \$26,732,128 and \$53,921, respectively, for the year ended December 31, 2023.

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration and Benefits Provided

All employees (other than those covered by the Police Pension Plan, Firefighters' Pension Plan, or IMRF-SLEP) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Contributions

These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the fiscal year ended December 31, 2023, was 4.25% of covered payroll.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2022 (most recent information available), IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	620
Inactive employees entitled to but not yet receiving benefits	266
Active employees	<u>391</u>
 TOTAL	 <u><u>1,277</u></u>

Actuarial Assumptions

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Asset valuation method	Fair value

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% was used to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2022	\$ 222,853,122	\$ 261,656,042	\$ (38,802,920)
Changes for the period			
Service cost	2,969,611	-	2,969,611
Interest	15,807,367	-	15,807,367
Difference between expected and actual experience	2,854,535	-	2,854,535
Changes in assumptions	-	-	-
Employer contributions	-	2,247,912	(2,247,912)
Employee contributions	-	1,495,355	(1,495,355)
Net investment income	-	(33,995,873)	33,995,873
Benefit payments and refunds	(12,610,562)	(12,610,562)	-
Administrative expense	-	-	-
Other (net transfer)	-	(475,057)	475,057
Net changes	9,020,951	(43,338,225)	52,359,176
BALANCES AT DECEMBER 31, 2022	\$ 231,874,073	\$ 218,317,817	\$ 13,556,256

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2023, the City recognized pension expense of \$3,078,013. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,153,522	\$ 120,311
Changes in assumption	-	144,373
Net difference between projected and actual earnings on pension plan investments	17,765,795	-
Employer contributions subsequent to the measurement date	1,467,533	-
TOTAL	<u><u>\$ 21,386,850</u></u>	<u><u>\$ 264,684</u></u>

\$1,467,533 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2024	\$ (742,937)
2025	3,756,225
2026	6,115,891
2027	10,525,454
2028	-
Thereafter	-
TOTAL	<u><u>\$ 19,654,633</u></u>

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the City calculated using the discount rate of 7.25% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 39,861,421	\$ 13,556,256	\$ (7,474,099)

Sheriff's Law Enforcement Personnel

Benefits Provided

SLEP members having accumulated at least 20 years of SLEP service and terminating IMRF participation or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings for each year of credited service up to 20 years, 2% of their final earnings rate for the next ten years of credited service and 1% for each year thereafter. For SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS.

Contributions

Participating members are required to contribute 7.50% of their annual salary to SLEP. The City is required to contribute the remaining amounts necessary to fund SLEP as specified by statute. The employer contribution for the year ended December 31, 2023, was 0.00% of covered payroll.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Sheriff's Law Enforcement Personnel (Continued)

Plan Membership

At December 31, 2022 (most recent information available), SLEP membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
	<hr/>
TOTAL	<u>4</u>

Actuarial Assumptions

The City's net pension liability (asset) was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Asset valuation method	Fair value

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Sheriff's Law Enforcement Personnel (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, SLEP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2022	\$ 778,569	\$ 1,694,821	\$ (916,252)
Changes for the period			
Interest	53,548	-	53,548
Difference between expected and actual experience	16,711	-	16,711
Changes of assumptions	-	-	-
Net investment income	-	(267,231)	267,231
Benefit payments and refunds	(79,964)	(79,964)	-
Administrative expense	-	-	-
Other (net transfer)	-	10,694	(10,694)
Net changes	(9,705)	(336,501)	326,796
BALANCES AT DECEMBER 31, 2022	\$ 768,864	\$ 1,358,320	\$ (589,456)

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Sheriff's Law Enforcement Personnel (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2023, the City recognized pension income of \$53,921. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to SLEP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	51,680	-
TOTAL	\$ 51,680	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to SLEP will be recognized in pension expense as follows:

Year Ending
December 31,

2024	\$ (53,160)
2025	(1,738)
2026	29,060
2027	77,518
2028	-
Thereafter	-
TOTAL	\$ 51,680

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Sheriff's Law Enforcement Personnel (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the City calculated using the discount rate of 7.25% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ (536,179)	\$ (589,456)	\$ (636,933)

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Police Pension Plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2023, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	174
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	195
TOTAL	388

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to 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 benefit 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% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$113,645, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. 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 ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Contributions

Employees are required by ILCS 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 City is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary, including amounts for administrative costs. Benefits and refunds are recorded as a liability when due and payable. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the City has elected to fund 100% of the past service cost by 2040. The City's contribution was 54.27% of covered payroll for the year ended December 31, 2023.

Investment Policy

ILCS limit the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. During the year ended December 31, 2023, there were changes to the investment policy. See Note 2 for a list of allowable investments.

The Fund's investment policy establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income*	35.00%	2.50%
U.S. equity**	35.00%	5.10%
International equity	20.00%	5.20%
Real estate	10.00%	3.90%

*No single security >10% of total bond portfolio, average duration +/- 20% of the appropriate index, up to 10% in cash or cash equivalents.

**No single stock >5% of the total cash and investments of the Fund and no single stock >5% of total stock outstanding for the corporation.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

The Fund's investment policy does not specifically prohibit the use of or the investment in derivatives, but does prohibit the purchase of securities on margin.

The long-term expected real rate of return are based on the investment manager's proprietary asset allocation software, which utilizes Monte-Carlo simulations to develop expected asset class returns and volatility values. The primary inputs into the model are straightforward economic data such as yields, inflation, BBB spreads and long-dated asset class return series data.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investment Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.33%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2023:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 17,485,758	\$ 674,534	\$ 10,453,207	\$ 6,358,017	\$ -
U.S. agency obligations	14,238,254	449,620	4,197,638	7,539,121	2,051,875
Corporate bonds	26,935,924	1,628,537	15,439,684	9,387,912	479,791
TOTAL	\$ 58,659,936	\$ 2,752,691	\$ 30,090,529	\$ 23,285,050	\$ 2,531,666

The Fund categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Fund has the following recurring fair value measurements as of December 31, 2023: the U.S. Treasury obligations, U.S. agency obligations, equity securities, and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs), corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

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 Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk

The Fund's investment policy does not contain guidance on credit risk. However, the Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment-grade corporate bonds rated at or above BBB- by Standard and Poor's or Baa3 by Moody's. The U.S. agency obligations are rated Aaa and the money market mutual funds are not rated. The corporate bonds are rated Aaa to Baa3.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the 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 Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The Illinois Funds, money market mutual funds, and equity mutual funds are not subject to custodial credit risk.

Concentration of Credit Risk

There are no significant investments (other than United States Government guaranteed obligations and mutual funds) in any one organization that represents 5% or more of the Fund's investments.

Pooled Real Estate Fund

The Fund invests in a pooled real estate fund measured at net asset value (NAV) valued at \$13,972,232 as of December 31, 2023. This investment focuses primarily on private equity commercial real estate, which will generate returns based on lease income and appreciation in building values. There are no unfunded commitments at December 31, 2023. Requests for withdrawals and transfers may be subject to contractual limitations in the investment, which allows for the investment to pay them out in a series of payments over the span of three years from the effective date of the limitation, begun on July 1, 2022.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2023	\$ 286,541,050	\$ 152,794,925	\$ 133,746,125
Changes for the period			
Service cost	4,646,839	-	4,646,839
Interest	19,582,612	-	19,582,612
Difference between expected and actual experience	4,473,197	-	4,473,197
Changes in assumptions	-	-	-
Changes of benefit terms	1,314,377	-	1,314,377
Employer contributions	-	11,991,196	(11,991,196)
Employee contributions	-	2,297,732	(2,297,732)
Net investment income	-	18,753,453	(18,753,453)
Benefit payments and refunds	(13,581,486)	(13,581,486)	-
Administrative expense	-	(209,699)	209,699
Net changes	16,435,539	19,251,196	(2,815,657)
BALANCES AT DECEMBER 31, 2023	\$ 302,976,589	\$ 172,046,121	\$ 130,930,468

The plan's fiduciary net position as a percentage of the total pension liability was 56.79% at December 31, 2023. See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

In 2023, there were changes in plan benefits related to surviving spouse benefit eligibility.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2023, using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	3.75% to 12.23%
Investment rate of return	7.00%
Cost of living adjustments	Tier 1 at 3.00%
	Tier 2 at 2.00%
Asset valuation method	Fair value

The discount rate was based on The Bond Buyer 20-Bond GO Index, which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Mortality rates were based on the PubS-2010(A) Study using improvement scale MP-2019 on a fully generational basis. The other non-economic actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study conducted by the L&A 2020 study for Illinois Police Officers.

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 175,035,206	\$ 130,930,468	\$ 95,087,367

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2023, the City recognized police pension expense of \$14,263,251. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,850,541	\$ 2,944,723
Changes in assumption	1,943,249	-
Net difference between projected and actual earnings on pension plan investments	10,082,592	-
TOTAL	\$ 18,876,382	\$ 2,944,723

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2024	\$ 4,053,632
2025	4,996,357
2026	6,159,363
2027	(763,193)
2028	1,006,233
Thereafter	<u>479,267</u>
TOTAL	<u>\$ 15,931,659</u>

Firefighters' Pension Plan

Plan Administration

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Firefighters' Pension Plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active firefighter employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Plan Membership

At December 31, 2023, the Firefighters' Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	132
Inactive plan members entitle to but not yet receiving benefits	4
Active plan members	<u>137</u>
TOTAL	<u><u>273</u></u>

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. 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 ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee 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% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$113,645, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. 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 ten years may

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required to contribute 9.455% of their base 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 City is required to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary including amounts for administrative costs. Benefits and refunds are recorded as a liability when due and payable. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past services costs for the Firefighters' Pension Plan. However, the City has elected to fund 100% of the past service cost by 2040. The City's contribution was 62.58% of covered payroll for the year ended December 31, 2023.

Illinois Firefighters' Pension Investment Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory. The pension fund transferred their investment assets to the IFPIF in January 2022.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Deposits with Financial Institutions

The plan retains all of its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the plan. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the plan.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires that any funds deposited directly in financial institutions should be made with fully federally insured financial institutions and that any deposits in excess of FDIC insurance should be collateralized at 110% of the fair market value of the deposits. The collateral will be held in a safekeeping by a third party and evidenced by a written agreement.

Investments

Investments of the plan are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report. A copy of that report can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at <https://ifpif.org>.

Fair Value Measurement

The plan categorizes fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The plan held no investments subject to fair value measurement at December 31, 2023.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Net Asset Value

The Net Asset Value (NAV) of the plan's pooled investment in IFPIF was \$123,370,477 at December 31, 2023. The pooled investments consist of the investments as noted in the target allocation table available at <https://ifpif.org>. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at December 31, 2023. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

Investment Policy

IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by ILCS. The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

Investment Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2023	\$ 208,682,090	\$ 108,665,208	\$ 100,016,882
Changes for the period			
Service cost	3,806,782	-	3,806,782
Interest	14,251,131	-	14,251,131
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(67,091)	-	(67,091)
Changes in assumptions	-	-	-
Employer contributions	-	9,747,033	(9,747,033)
Employee contributions	-	1,482,270	(1,482,270)
Net investment income	-	16,393,893	(16,393,893)
Benefit payments and refunds	(10,202,134)	(10,202,134)	-
Administrative expense	-	(71,245)	71,245
Net changes	7,788,688	17,349,817	(9,561,129)
BALANCES AT DECEMBER 31, 2023	\$ 216,470,778	\$ 126,015,025	\$ 90,455,753

The plan's fiduciary net position as a percentage of the total pension liability was 58.21% at December 31, 2023. See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2023 using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	3.75% to 8.52%
Investment rate of return	7.00%
Cost of living adjustments	Tier 1 at 3.00% Tier 2 at 2.00%
Asset valuation method	Fair value

The discount rate was based on The Bond Buyer 20-Bond GO Index, which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Mortality rates were based on the PubS-2010(A) Study using improvement scale MP-2019 applied on a fully generational basis. The other non-economic actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study conducted by the L&A 2020 study for Illinois Firefighters.

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 119,541,169	\$ 90,455,753	\$ 66,449,699

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2023, the City recognized firefighters' pension expense of \$9,390,864. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the firefighters' pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 439,488	\$ 3,348,954
Changes in assumption	2,339,693	-
Net difference between projected and actual earnings on pension plan investments	6,928,041	-
TOTAL	\$ 9,707,222	\$ 3,348,954

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the firefighters pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2024	\$ 2,620,878
2025	2,714,643
2026	3,073,710
2027	(2,054,287)
2028	5,483
Thereafter	(2,159)
TOTAL	\$ 6,358,268

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Fiduciary Funds Summary Financial Information

The following is summary financial information for the Police Pension Plan and the Firefighters' Pension Plan and the Retiree Health Insurance Plan.

Statement of Net Position

	Pension Trust		Other Employee Benefits Trust	
	Police Pension	Firefighters' Pension	Retiree Health Insurance	Total
ASSETS				
Cash and short-term investments	\$ 1,184,975	\$ 2,644,994	\$ 206,805	\$ 4,036,774
Receivables				
Accounts	-	-	26,958	26,958
Accrued interest	541,462	-	12,447	553,909
Investments				
U.S. Treasury obligations	17,485,758	-	-	17,485,758
U.S. agency obligations	14,238,254	-	-	14,238,254
State and local obligations	-	-	260,000	260,000
Corporate bonds	26,935,924	-	-	26,935,924
Corporate equity securities	13,468,738	-	-	13,468,738
Equity mutual funds	83,143,866	-	10,550,963	93,694,829
Bond mutual funds	-	-	10,169,078	10,169,078
Balanced mutual funds	-	-	2,429,797	2,429,797
Money market mutual funds	1,144,319	-	-	1,144,319
Pooled real estate fund	13,972,232	-	-	13,972,232
Investments held in the Illinois Firefighters' Pension Investment Fund	-	123,370,477	-	123,370,477
Prepaid items	16,975	4,162	4,167	25,304
Total assets	172,132,503	126,019,633	23,660,215	321,812,351
LIABILITIES				
Accounts payable	86,382	4,608	-	90,990
Deposits	-	-	137,361	137,361
Total liabilities	86,382	4,608	137,361	228,351
NET POSITION HELD IN TRUST FOR PENSION/OPEB BENEFITS				
	<u>\$ 172,046,121</u>	<u>\$ 126,015,025</u>	<u>\$ 23,522,854</u>	<u>\$ 321,584,000</u>

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Fiduciary Funds Summary Financial Information (Continued)

Changes in Plan Net Position

	Pension Trust		Other Employee Benefits Trust	
	Police Pension	Firefighters' Pension	Retiree Health Insurance	Total
ADDITIONS				
Contributions				
Employer	\$ 11,991,196	\$ 9,747,033	\$ 2,604,000	\$ 24,342,229
Employee/retiree	2,297,732	1,482,270	-	3,780,002
Total contributions	14,288,928	11,229,303	2,604,000	28,122,231
Investment income				
Net appreciation in fair value of investments	15,437,301	14,509,120	2,113,377	32,059,798
Interest	3,597,409	2,008,369	693,223	6,299,001
Total investment income	19,034,710	16,517,489	2,806,600	38,358,799
Less investment expense	(281,257)	(123,596)	(31,110)	(435,963)
Net investment income	18,753,453	16,393,893	2,775,490	37,922,836
Total additions	33,042,381	27,623,196	5,379,490	66,045,067
DEDUCTIONS				
Benefits and refunds	13,581,486	10,202,134	857,833	24,641,453
Miscellaneous				
Contractual professional services	191,498	65,458	-	256,956
Insurance	18,201	5,787	-	23,988
Total deductions	13,791,185	10,273,379	857,833	24,922,397
NET INCREASE	19,251,196	17,349,817	4,521,657	41,122,670
NET POSITION HELD IN TRUST FOR PENSION BENEFITS				
January 1	152,794,925	108,665,208	19,001,197	280,461,330
December 31	\$ 172,046,121	\$ 126,015,025	\$ 23,522,854	\$ 321,584,000

13. ECONOMIC DEVELOPMENT ASSISTANCE

The City has entered into various agreements with private organizations to encourage economic development in the City. Some of these agreements provide for job creation payments and rebating a portion of sales taxes to the private organization if certain benchmarks of development are achieved. During the fiscal year ended December 31, 2023, approximately \$1,096,738 in sales tax rebates were paid under these agreements. Approximately \$9,683,364 in sales tax rebates may be paid if certain criteria are met in future years.

14. TAX ABATEMENTS

The City rebates home rule sales tax and property taxes to encourage economic development in the City. The terms of these rebate arrangements are specified within written agreements with the business concerned through the City's economic development program. Certain rebates may be recaptured if the business fails to meet or maintain the criteria established in the written agreements. These agreements are authorized through resolutions approved by the City Council. The City rebated \$608,337 in property taxes during the year ended December 31, 2023. The City rebated \$181,858 of home rule sales tax during the year ended December 31, 2023.

15. LESSOR DISCLOSURES

In accordance with GASB Statement No. 87, *Leases*, the City's lessor activity is as follows:

The City entered into a lease arrangement on April 28, 2021 to lease Highlands Restaurant. Payments of \$40,000 are due to the City in annual installments through December 31, 2024. The lease agreement is noncancelable and maintains an interest rate of 0.396%. During the fiscal year, the City collected \$40,000 and recognized a \$39,698 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement is \$39,842 and \$39,698, respectively, as of December 31, 2023.

The City entered into a lease arrangement on January 1, 2020 to lease Bowes Creek Restaurant. Payments of \$12,000 are due to the City in annual installments through December 31, 2023. The lease arrangement is noncancelable and maintains an interest rate of 0.402%. During the fiscal year, the City collected \$12,000 and recognized an \$11,952 reduction in the related deferred inflow of resource. As of December 31, 2023, there is no further lease receivable nor deferred inflow for this arrangement.

The City entered into a ground lease arrangement on January 1, 2015 for the Elgin Riverboat Resort. Payments of \$296,557 are due to the City in variable quarterly installments based on CPI index through December 31, 2070. The lease arrangement is noncancelable and maintains an interest rate of 1.541%. During the fiscal year, the City collected \$1,266,107 and recognized an \$831,595 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement is \$39,616,383 and \$39,084,964, respectively, as of December 31, 2023.

15. LESSOR DISCLOSURES (Continued)

The City entered into a lease arrangement on June 1, 2002 to lease the Summit Water Tower. Payments of \$3,507 are due to the City in monthly installments through June 30, 2027. The lease arrangement is noncancelable and maintains an interest rate of 0.690%. During the fiscal year, the City collected \$44,105 and recognized a \$44,886 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement is \$162,755 and \$157,102, respectively, as of December 31, 2023.

The City entered into a lease arrangement on September 1, 2016 to lease the Second Summit Water Tower. Payments of \$2,632 are due to the City in monthly installments through August 31, 2041. The lease arrangement is noncancelable and maintains an interest rate of 1.353%. During the fiscal year, the City collected \$33,503 and recognized a \$41,118 reduction in the related deferred inflow of resource. The remaining lease receivable and offsetting deferred inflow of resource for this agreement is \$763,326 and \$726,419, respectively, as of December 31, 2023.

16. CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended December 31, 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. With the implementation, the City is required to record the beginning net position/fund balance associated with the intangible right-to-use software and related liability.

The beginning net position of the following opinion units have been restated to reflect the new guidance as follows:

Governmental Activities

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	<u>\$ 441,927,874</u>
Recording of SBITA liability	(4,679,208)
Recording of intangible right-to-use software	<u>4,679,208</u>
Total net restatement	<u>-</u>
BEGINNING NET POSITION, AS RESTATED	<u><u>\$ 441,927,874</u></u>

Business-Type Activities

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	<u>\$ 307,375,995</u>
Recording of SBITA liability	(62,547)
Recording of intangible right-to-use software	<u>62,547</u>
Total net restatement	<u>-</u>
BEGINNING NET POSITION, AS RESTATED	<u><u>\$ 307,375,995</u></u>

CITY OF ELGIN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

16. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

Water Fund

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	<u>\$ 178,824,444</u>
Recording of SBITA liability	(62,547)
Recording of intangible right-to-use software	<u>62,547</u>
Total net restatement	<u>-</u>
BEGINNING NET POSITION, AS RESTATED	<u><u>\$ 178,824,444</u></u>

Internal Service Funds

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	<u>\$ 28,020,987</u>
Recording of SBITA liability	(2,551,482)
Recording of intangible right-to-use software	<u>2,551,482</u>
Total net restatement	<u>-</u>
BEGINNING NET POSITION, AS RESTATED	<u><u>\$ 28,020,987</u></u>

17. SUBSEQUENT EVENTS

The City received an \$11,134,010 30-year, interest-free loan from IEPA in May 2024. Additionally, the City approved an Ordinance on May 22, 2024 providing for the issuance of approximately \$4,885,000 General Obligation Corporate Purpose Bonds, Series 2024 for the purpose of financing water and sewer utility projects.



REQUIRED SUPPLEMENTARY INFORMATION



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property	\$ 42,607,660	\$ 42,607,660	\$ 42,227,384	\$ (380,276)
Road and bridge	1,060,000	1,060,000	1,230,810	170,810
Hotel/motel	900,000	900,000	1,043,541	143,541
Sales	34,560,000	34,560,000	38,987,971	4,427,971
Utility	7,400,000	7,400,000	6,802,514	(597,486)
Telecommunications	1,374,000	1,374,000	1,556,887	182,887
Local liquor	1,700,000	1,700,000	1,825,186	125,186
Local motor fuel	1,700,000	1,700,000	1,677,194	(22,806)
Other	-	3,400	331,129	327,729
Licenses and permits	2,695,930	2,695,930	4,444,125	1,748,195
Intergovernmental	31,299,140	31,504,132	32,585,522	1,081,390
Charges for services	18,930,360	19,633,045	21,834,623	2,201,578
Charges for commodities	23,000	23,000	20,626	(2,374)
Fines and forfeits	1,345,400	1,345,400	1,507,754	162,354
Investment income	1,120,000	1,120,000	7,963,878	6,843,878
Miscellaneous	5,519,400	6,310,978	4,312,142	(1,998,836)
Total revenues	152,234,890	153,937,545	168,351,286	14,413,741
EXPENDITURES				
Current				
General government	10,557,070	10,744,017	9,168,111	(1,575,906)
Public safety	95,351,300	96,907,422	95,775,763	(1,131,659)
Highways and streets	17,008,490	19,969,103	17,464,845	(2,504,258)
Culture and recreation	4,594,180	3,568,447	3,016,830	(551,617)
Economic development	2,990,770	2,990,199	1,600,693	(1,389,506)
Sanitation	8,374,390	8,424,500	8,413,949	(10,551)
Other	19,205,990	20,154,475	4,189,767	(15,964,708)
Capital outlay	10,652,540	13,111,852	7,192,216	(5,919,636)
Debt service				
Principal	-	-	1,469,769	1,469,769
Interest and fiscal charges	-	-	175,002	175,002
Total expenditures	168,734,730	175,870,015	148,466,945	(27,403,070)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,499,840)	(21,932,470)	19,884,341	41,816,811
OTHER FINANCING SOURCES (USES)				
Transfers in	4,782,540	4,782,540	4,587,669	(194,871)
Transfers (out)	(7,400,000)	(7,400,000)	(7,400,000)	-
SBITA issuance	-	-	135,268	135,268
Lease issuance	-	-	168,150	168,150
Total other financing sources (uses)	(2,617,460)	(2,617,460)	(2,508,913)	108,547
NET CHANGE IN FUND BALANCE	\$ (19,117,300)	\$ (24,549,930)	17,375,428	\$ 41,925,358
FUND BALANCE, JANUARY 1			118,663,993	
FUND BALANCE, DECEMBER 31			\$ 136,039,421	

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2023

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the General, Special Revenue (except for the EECBG Grant Fund and NSP Grant Fund), Debt Service and Capital Projects Funds on the modified accrual basis and Enterprise, Internal Service and Pension Trust Funds on the accrual basis and a current financial resources measurement focus. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year-end.

Budgets

All departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity and includes information on the past year, current year estimates and requested appropriations for the next year.

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

The City 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 City Council.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, there were supplementary appropriations made.

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Nine Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 3,390,871	\$ 3,416,642	\$ 3,276,069	\$ 3,310,032	\$ 2,502,698	\$ 3,247,812	\$ 3,165,385	\$ 2,249,317	\$ 1,467,533
Contributions in relation to the actuarially determined contribution	3,390,871	3,416,642	3,276,069	3,310,032	2,502,698	3,247,812	3,165,385	2,249,317	1,467,533
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,657,999	\$ 27,755,007	\$ 28,537,181	\$ 29,606,721	\$ 30,444,547	\$ 30,582,034	\$ 31,717,285	\$ 32,504,581	\$ 34,530,188
Contributions as a percentage of covered payroll	12.26%	12.31%	11.48%	11.18%	8.22%	10.62%	9.98%	6.92%	4.25%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 21 years; the asset valuation method was five-year smoothed fair value; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 2.85% to 13.75% compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP**

Last Nine Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was aggregate entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 21 years; the asset valuation method was five-year smoothed fair value; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 2.85% to 13.75% compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 5,659,869	\$ 6,553,044	\$ 7,549,368	\$ 8,891,497	\$ 8,708,536	\$ 8,524,142	\$ 10,453,934	\$ 11,187,262	\$ 11,024,424	\$ 10,562,884
Contributions in relation to the actuarially determined contribution	10,498,071	8,937,885	7,991,936	8,812,140	8,604,338	10,407,934	11,061,054	10,974,069	8,352,202	11,991,196
CONTRIBUTION DEFICIENCY (Excess)	\$ (4,838,202)	\$ (2,384,841)	\$ (442,568)	\$ 79,357	\$ 104,198	\$ (1,883,792)	\$ (607,120)	\$ 213,193	\$ 2,672,222	\$ (1,428,312)
Covered payroll	\$ 16,536,069	\$ 17,662,058	\$ 18,159,396	\$ 18,524,223	\$ 18,909,118	\$ 19,618,365	\$ 19,019,547	\$ 20,569,517	\$ 21,038,009	\$ 22,094,450
Contributions as a percentage of covered payroll	63.49%	50.61%	44.01%	47.57%	45.50%	53.05%	58.16%	53.35%	39.70%	54.27%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 18 years; the asset valuation method was at five-year smoothed fair value; and the significant actuarial assumptions were an investment rate of return at 7.00% annually, projected salary increases assumption of 3.25% compounded annually and postretirement benefit increases of 3.00% compounded annually (Tier 1) and lesser of 3.00% or 50.00% of CPI, simple (Tier 2).

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 3,797,278	\$ 4,454,657	\$ 5,366,457	\$ 6,167,330	\$ 6,268,458	\$ 6,413,430	\$ 8,353,732	\$ 9,023,472	\$ 8,991,011	\$ 8,297,903
Contributions in relation to the actuarially determined contribution	3,690,051	6,875,628	5,824,657	6,111,021	6,193,093	8,327,476	8,929,201	8,950,403	6,277,692	9,747,033
CONTRIBUTION DEFICIENCY (Excess)	\$ 107,227	\$ (2,420,971)	\$ (458,200)	\$ 56,309	\$ 75,365	\$ (1,914,046)	\$ (575,469)	\$ 73,069	\$ 2,713,319	\$ (1,449,130)
Covered payroll	\$ 12,166,388	\$ 12,158,581	\$ 13,094,740	\$ 13,369,957	\$ 13,323,476	\$ 13,290,459	\$ 14,397,328	\$ 14,402,755	\$ 14,987,543	\$ 15,576,228
Contributions as a percentage of covered payroll	30.33%	56.55%	44.48%	45.71%	46.48%	62.66%	62.02%	62.14%	41.89%	62.58%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 18 years; the asset valuation method was at five-year smooth fair value; and the significant actuarial assumptions were an investment rate of return at 7.00% annually, projected salary increases assumption of 3.25% compounded annually and postretirement benefit increases of 3.00% compounded annually (Tier 1) and lesser of 3.00% or 50.00% of CPI, simple (Tier 2).

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
RETIREE HEALTH INSURANCE FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 2,159,830	\$ 1,660,566	\$ 1,757,083	\$ 2,022,618	\$ 1,933,879	\$ 1,850,175	\$ 1,851,119	\$ 1,308,837	\$ 1,276,091	\$ 1,131,508
Contributions in relation to the actuarially determined contribution	2,135,225	1,655,000	1,620,559	1,602,106	1,627,171	1,597,738	1,604,000	1,854,000	2,104,000	2,604,000
CONTRIBUTION DEFICIENCY (Excess)	\$ 24,605	\$ 5,566	\$ 136,524	\$ 420,512	\$ 306,708	\$ 252,437	\$ 247,119	\$ (545,163)	\$ (827,909)	\$ (1,472,492)
Covered-employee payroll	\$ 50,110,442	\$ 55,657,463	\$ 58,278,568	\$ 55,997,007	\$ 58,559,321	\$ 66,626,560	\$ 66,551,996	\$ 68,704,568	\$ 71,316,403	\$ 77,763,853
Contributions as a percentage of covered-employee payroll	4.26%	2.97%	2.78%	2.86%	2.78%	2.40%	2.41%	2.70%	2.95%	3.35%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, open and the amortization period was 28 years; the asset valuation method was at fair value; and the significant actuarial assumptions were an investment rate of return at 6.25% annually and projected salary increases assumption of 5.00%.

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Nine Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL PENSION LIABILITY									
Service cost	\$ 2,981,268	\$ 2,864,703	\$ 3,135,364	\$ 3,041,413	\$ 2,874,542	\$ 3,086,491	\$ 3,159,131	\$ 2,957,606	\$ 2,969,611
Interest	12,002,574	12,965,121	13,611,190	13,939,038	13,994,195	14,510,779	15,083,095	15,342,341	15,807,367
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,469,367	2,337,041	(2,341,789)	181,350	1,587,089	1,371,887	(1,275,281)	450,084	2,854,535
Changes of assumptions	5,841,025	224,657	(454,926)	(6,050,712)	5,596,761	-	(1,530,330)	-	-
Benefit payments, including refunds of member contributions	(8,897,534)	(9,444,848)	(9,871,446)	(10,162,172)	(10,422,271)	(10,776,042)	(11,446,878)	(12,073,209)	(12,610,562)
Net change in total pension liability	13,396,700	8,946,674	4,078,393	948,917	13,630,316	8,193,115	3,989,737	6,676,822	9,020,951
Total pension liability - beginning	162,992,448	176,389,148	185,335,822	189,414,215	190,363,132	203,993,448	212,186,563	216,176,300	222,853,122
TOTAL PENSION LIABILITY - ENDING	\$ 176,389,148	\$ 185,335,822	\$ 189,414,215	\$ 190,363,132	\$ 203,993,448	\$ 212,186,563	\$ 216,176,300	\$ 222,853,122	\$ 231,874,073
PLAN FIDUCIARY NET POSITION									
Contributions - employer	\$ 3,285,554	\$ 3,390,871	\$ 3,416,642	\$ 3,276,069	\$ 3,310,032	\$ 2,502,698	\$ 3,247,812	\$ 3,165,355	\$ 2,247,912
Contributions - member	1,223,855	1,256,048	1,311,734	1,298,563	1,346,808	1,405,932	1,378,461	1,517,850	1,495,355
Net investment income	9,608,416	816,865	11,293,220	30,926,361	(11,380,015)	34,388,893	30,054,699	39,597,113	(33,995,873)
Benefit payments, including refunds of member contributions	(8,897,534)	(9,444,848)	(9,871,446)	(10,162,172)	(10,422,271)	(10,776,042)	(11,446,878)	(12,073,209)	(12,610,562)
Administrative expense	842,651	1,621,507	603,430	(3,156,036)	3,332,258	863,196	1,082,404	(1,787,878)	(475,057)
Net change in plan fiduciary net position	6,062,942	(2,359,557)	6,753,580	22,182,785	(13,813,188)	28,384,677	24,316,498	30,419,231	(43,338,225)
Plan fiduciary net position - beginning	159,709,074	165,772,016	163,412,459	170,166,039	192,348,824	178,535,636	206,920,313	231,236,811	261,656,042
PLAN FIDUCIARY NET POSITION - ENDING	\$ 165,772,016	\$ 163,412,459	\$ 170,166,039	\$ 192,348,824	\$ 178,535,636	\$ 206,920,313	\$ 231,236,811	\$ 261,656,042	\$ 218,317,817
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 10,617,132	\$ 21,923,363	\$ 19,248,176	\$ (1,985,692)	\$ 25,457,812	\$ 5,266,250	\$ (15,060,511)	\$ (38,802,920)	\$ 13,556,256

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022
Plan fiduciary net position as a percentage of the total pension liability	94.00%	88.20%	89.80%	101.00%	87.50%	97.50%	107.00%	117.40%	94.20%
Covered payroll	\$ 25,005,566	\$ 27,657,999	\$ 27,755,007	\$ 28,537,181	\$ 29,606,721	\$ 30,444,547	\$ 30,524,558	\$ 31,630,945	\$ 32,501,780
Employer's net pension liability (asset) as a percentage of covered payroll	42.50%	79.30%	69.40%	(7.00%)	86.00%	17.30%	(49.30%)	(122.70%)	41.70%

Notes to Required Supplementary Information

There were changes in assumptions related to inflation, salary increases and mortality rates in 2020.

There were changes in assumptions related to the discount rate in 2018.

There were changes in assumptions related to inflation and salary increases in 2017.

The discount rate assumption was changed from 7.49% to 7.50% in 2016.

The discount rate assumption was changed from 7.48% to 7.49% in 2015.

The retirement age and mortality assumptions were changed in 2014.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP

Last Nine Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL PENSION LIABILITY									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	107,620	111,503	111,014	110,388	105,584	103,615	88,121	87,876	53,548
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	13,625	21,635	22,978	24,287	27,260	(188,105)	26,521	(472,239)	16,711
Changes of assumptions	65,519	-	-	(53,705)	26,475	-	(4,388)	-	-
Benefit payments, including refunds of member contributions	(131,662)	(138,305)	(141,031)	(143,641)	(146,392)	(129,470)	(128,984)	(98,291)	(79,964)
Net change in total pension liability	55,102	(5,167)	(7,039)	(62,671)	12,927	(213,960)	(18,730)	(482,654)	(9,705)
Total pension liability - beginning	1,500,761	1,555,863	1,550,696	1,543,657	1,480,986	1,493,913	1,279,953	1,261,223	778,569
TOTAL PENSION LIABILITY - ENDING	\$ 1,555,863	\$ 1,550,696	\$ 1,543,657	\$ 1,480,986	\$ 1,493,913	\$ 1,279,953	\$ 1,261,223	\$ 778,569	\$ 768,864
PLAN FIDUCIARY NET POSITION									
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	-	-	-	-	-	-	-	-	-
Net investment income	108,716	8,857	122,019	358,019	(157,125)	368,834	276,759	360,172	(267,231)
Benefit payments, including refunds of member contributions	(131,662)	(138,305)	(141,031)	(143,641)	(146,392)	(129,470)	(128,984)	(98,291)	(79,964)
Administrative expense/other	15,529	65,211	21,049	(38,615)	53,112	(196,359)	22,447	(484,090)	10,694
Net change in plan fiduciary net position	(7,417)	(64,237)	2,037	175,763	(250,405)	43,005	170,222	(222,209)	(336,501)
Plan fiduciary net position - beginning	1,848,062	1,840,645	1,776,408	1,778,445	1,954,208	1,703,803	1,746,808	1,917,030	1,694,821
PLAN FIDUCIARY NET POSITION - ENDING	\$ 1,840,645	\$ 1,776,408	\$ 1,778,445	\$ 1,954,208	\$ 1,703,803	\$ 1,746,808	\$ 1,917,030	\$ 1,694,821	\$ 1,358,320
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ (284,782)	\$ (225,712)	\$ (234,788)	\$ (473,222)	\$ (209,890)	\$ (466,855)	\$ (655,807)	\$ (916,252)	\$ (589,456)

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022
Plan fiduciary net position as a percentage of the total pension liability	118.30%	114.60%	115.20%	132.00%	114.00%	136.50%	152.00%	217.70%	176.70%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's net pension liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Required Supplementary Information

There were changes in assumptions related to inflation, salary increases and mortality rates in 2020.

There were changes in assumptions related to the discount rate in 2018.

There were changes in assumptions related to inflation and salary increases in 2017.

The retirement age and mortality assumptions were changed in 2014.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

Last Ten Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
TOTAL PENSION LIABILITY										
Service cost	\$ 3,935,502	\$ 4,216,872	\$ 4,602,008	\$ 4,477,049	\$ 3,740,764	\$ 4,424,253	\$ 4,530,758	\$ 4,497,400	\$ 4,557,862	\$ 4,646,839
Interest	11,499,693	13,311,213	15,199,450	15,478,030	15,467,607	16,344,367	17,231,280	17,697,864	18,675,532	19,582,612
Changes of benefit terms	-	-	-	-	-	1,279,184	-	-	(173,902)	1,314,377
Differences between expected and actual experience	937,761	2,140,108	(968,483)	(3,263,579)	(6,330,160)	902,138	890,706	(3,745,800)	3,345,678	4,473,197
Changes of assumptions	16,793,174	15,008,812	(6,934,808)	(8,324,311)	8,840,448	2,146,581	-	-	-	-
Benefit payments, including refunds of member contributions	(6,945,180)	(7,629,359)	(7,775,050)	(8,061,853)	(8,970,327)	(9,416,703)	(10,480,203)	(11,633,326)	(12,731,922)	(13,581,486)
Net change in total pension liability	26,220,950	27,047,646	4,123,117	305,336	12,748,332	15,679,820	12,172,541	6,816,138	13,673,248	16,435,539
Total pension liability - beginning	167,753,922	193,974,872	221,022,518	225,145,635	225,450,971	238,199,303	253,879,123	266,051,664	272,867,802	286,541,050
TOTAL PENSION LIABILITY - ENDING	\$ 193,974,872	\$ 221,022,518	\$ 225,145,635	\$ 225,450,971	\$ 238,199,303	\$ 253,879,123	\$ 266,051,664	\$ 272,867,802	\$ 286,541,050	\$ 302,976,589
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 10,498,071	\$ 8,937,885	\$ 7,991,936	\$ 8,812,140	\$ 8,604,338	\$ 10,407,934	\$ 11,061,054	\$ 10,974,069	\$ 8,352,202	\$ 11,991,196
Contributions - member	2,111,231	1,950,540	1,815,304	1,960,184	1,936,667	2,348,104	2,016,323	2,175,195	2,084,869	2,189,374
Contributions - other	-	-	-	-	-	-	-	-	470,720	108,358
Net investment income	4,258,499	572,188	7,741,951	15,382,126	(4,931,756)	20,734,724	16,289,270	18,072,452	(21,971,751)	18,753,453
Benefit payments, including refunds of member contributions	(6,945,180)	(7,629,359)	(7,775,050)	(8,061,853)	(8,970,327)	(9,416,703)	(10,480,203)	(11,633,326)	(12,731,922)	(13,581,486)
Administrative expense	(124,164)	(120,289)	(112,103)	(117,917)	(123,175)	(134,712)	(120,396)	(142,451)	(160,551)	(209,699)
Net change in plan fiduciary net position	9,798,457	3,710,965	9,662,038	17,974,680	(3,484,253)	23,939,347	18,766,048	19,445,939	(23,956,433)	19,251,196
Plan fiduciary net position - beginning	76,938,137	86,736,594	90,447,559	100,109,597	118,084,277	114,600,024	138,539,371	157,305,419	176,751,358	152,794,925
PLAN FIDUCIARY NET POSITION - ENDING	\$ 86,736,594	\$ 90,447,559	\$ 100,109,597	\$ 118,084,277	\$ 114,600,024	\$ 138,539,371	\$ 157,305,419	\$ 176,751,358	\$ 152,794,925	\$ 172,046,121
EMPLOYER'S NET PENSION LIABILITY	\$ 107,238,278	\$ 130,574,959	\$ 125,036,038	\$ 107,366,694	\$ 123,599,279	\$ 115,339,752	\$ 108,746,245	\$ 96,116,444	\$ 133,746,125	\$ 130,930,468

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Plan fiduciary net position as a percentage of the total pension liability	44.72%	40.92%	44.46%	52.38%	48.11%	54.57%	59.13%	64.78%	53.32%	56.79%
Covered payroll	\$ 16,536,069	\$ 17,662,058	\$ 18,159,396	\$ 18,524,223	\$ 18,909,118	\$ 19,618,365	\$ 19,019,547	\$ 20,569,517	\$ 21,038,009	\$ 22,094,450
Employer's net pension liability as a percentage of covered payroll	648.50%	739.30%	688.50%	579.60%	653.60%	587.90%	571.80%	467.30%	635.70%	592.60%

Notes to Required Supplementary Information

In 2023, there were changes in plan benefits related to surviving spouse benefit eligibility.

In 2022, there were changes in plan benefits related to COLA increases.

In 2019, there were changes to the inflation rate, individual pay increases, mortality rates, mortality improvement rates, retirement rates, termination rates, disability rates and marital assumptions. In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300).

In 2018, there were changes to the mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

The interest rate assumption was changed from 7.25% to 7.00% in 2014. In addition, there was a change with respect to actuarial assumptions from 2013 to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates. There was a change in 2015, 2016 and 2017 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality tables. In 2017, there was a change with respect to new Department of Insurance assumptions reported in the GRS Experience Study released in 2017.

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND

Last Ten Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
TOTAL PENSION LIABILITY										
Service cost	\$ 2,965,263	\$ 3,233,954	\$ 3,334,457	\$ 3,404,176	\$ 3,020,286	\$ 3,399,456	\$ 3,683,108	\$ 3,637,383	\$ 3,672,036	\$ 3,806,782
Interest	8,209,344	9,424,863	10,651,663	11,007,073	11,141,531	12,320,087	12,911,096	13,004,600	13,716,082	14,251,131
Changes of benefit terms	-	-	-	-	-	921,795	-	-	(233,737)	-
Differences between expected and actual experience	(123,774)	(1,305,697)	2,870,992	(1,009,934)	337,398	(99,787)	170,203	(6,158,928)	461,109	(67,091)
Changes of assumptions	12,004,649	12,177,401	(5,443,655)	(4,657,289)	9,806,406	2,398,983	-	-	-	-
Benefit payments, including refunds of member contributions	(5,536,840)	(5,845,018)	(6,164,598)	(6,507,749)	(7,138,654)	(7,799,548)	(8,377,431)	(8,937,846)	(9,907,587)	(10,202,134)
Net change in total pension liability	17,518,642	17,685,503	5,248,859	2,236,277	17,166,967	11,140,986	8,386,976	1,545,209	7,707,903	7,788,688
Total pension liability - beginning	120,044,768	137,563,410	155,248,913	160,497,772	162,734,049	179,901,016	191,042,002	199,428,978	200,974,187	208,682,090
TOTAL PENSION LIABILITY - ENDING	\$ 137,563,410	\$ 155,248,913	\$ 160,497,772	\$ 162,734,049	\$ 179,901,016	\$ 191,042,002	\$ 199,428,978	\$ 200,974,187	\$ 208,682,090	\$ 216,470,778
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 3,690,051	\$ 6,875,628	\$ 5,824,657	\$ 6,111,021	\$ 6,193,093	\$ 8,327,476	\$ 8,929,201	\$ 8,950,403	\$ 6,277,692	\$ 9,747,033
Contributions - member	1,146,223	1,197,974	1,331,992	1,286,742	1,266,642	1,263,926	1,466,006	1,370,664	1,453,983	1,482,270
Net investment income	2,995,181	311,633	4,684,072	12,495,935	(4,246,824)	16,159,104	13,324,993	12,744,189	(19,293,945)	16,393,893
Benefit payments, including refunds of member contributions	(5,536,840)	(5,845,018)	(6,164,598)	(6,507,749)	(7,138,654)	(7,799,548)	(8,377,431)	(8,937,846)	(9,907,587)	(10,202,134)
Administrative expense	(98,817)	(77,118)	(75,153)	(69,162)	(80,691)	(64,519)	(73,122)	(109,999)	(77,499)	(71,245)
Net change in plan fiduciary net position	2,195,798	2,463,099	5,600,970	13,316,787	(4,006,434)	17,886,439	15,269,647	14,017,411	(21,547,356)	17,349,817
Plan fiduciary net position - beginning	63,468,847	65,664,645	68,127,744	73,728,714	87,045,501	83,039,067	100,925,506	116,195,153	130,212,564	108,665,208
PLAN FIDUCIARY NET POSITION - ENDING	\$ 65,664,645	\$ 68,127,744	\$ 73,728,714	\$ 87,045,501	\$ 83,039,067	\$ 100,925,506	\$ 116,195,153	\$ 130,212,564	\$ 108,665,208	\$ 126,015,025
EMPLOYER'S NET PENSION LIABILITY	\$ 71,898,765	\$ 87,121,169	\$ 86,769,058	\$ 75,688,548	\$ 96,861,949	\$ 90,116,496	\$ 83,233,825	\$ 70,761,623	\$ 100,016,882	\$ 90,455,753

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Plan fiduciary net position as a percentage of the total pension liability	47.73%	43.88%	45.94%	53.49%	46.16%	52.83%	58.26%	64.79%	52.07%	58.21%
Covered payroll	\$ 12,166,388	\$ 12,158,581	\$ 13,094,740	\$ 13,369,957	\$ 13,323,476	\$ 13,290,459	\$ 14,397,328	\$ 14,402,755	\$ 14,987,543	\$ 15,576,228
Employer's net pension liability as a percentage of covered payroll	591.00%	716.50%	662.60%	566.10%	727.00%	678.10%	578.10%	491.30%	667.30%	580.70%

Notes to Required Supplementary Information

In 2022, there were changes in plan benefits related to COLA increases.

In 2019, there were changes to the inflation rate, individual pay increases, mortality rates, mortality improvement rates, retirement rates, termination rates, disability rates and marital assumptions. In addition, there were changes in plan benefits required under PA-101-0610 (SB 1300).

In 2018, there were changes to the mortality rates, mortality improvement rates retirement rates disability rates and termination rates.

The interest rate assumption was changed from 7.25% to 7.00% in 2014. In addition, there was a change with respect to actuarial assumptions from 2013 to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates. There was a change in 2015, 2016 and 2017 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality tables. In 2017, there was a change with respect to new Department of Insurance assumptions reported in the GRS Experience Study released in 2017.

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH INSURANCE FUND**

Last Seven Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2017	2018	2019	2020	2021	2022	2023
TOTAL OPEB LIABILITY							
Service cost	\$ 1,393,396	\$ 1,449,132	\$ 1,417,928	\$ 1,406,455	\$ 1,848,562	\$ 1,092,147	\$ 1,130,068
Interest	1,427,066	1,512,144	1,660,237	1,614,955	1,407,682	1,484,003	1,369,768
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(1,086,074)	(591,968)	(755,145)	(856,374)	(928,548)	(581,224)
Changes of assumptions	-	(561,076)	(4,893,046)	4,214,833	(9,980,853)	(728,044)	(815,776)
Benefit payments, including refunds of member contributions	(981,387)	(1,064,805)	(1,169,640)	(1,169,640)	(1,159,817)	(1,112,557)	(1,213,924)
Net change in total OPEB liability	1,839,075	249,321	(3,576,489)	5,311,458	(8,740,800)	(192,999)	(111,088)
Total OPEB liability - beginning	30,182,542	32,021,617	32,270,938	28,694,449	34,005,907	25,265,107	25,072,108
TOTAL OPEB LIABILITY - ENDING	\$ 32,021,617	\$ 32,270,938	\$ 28,694,449	\$ 34,005,907	\$ 25,265,107	\$ 25,072,108	\$ 24,961,020
PLAN FIDUCIARY NET POSITION							
Contributions - employer	\$ 1,602,106	\$ 1,627,171	\$ 1,597,738	\$ 1,604,000	\$ 1,854,000	\$ 2,104,000	\$ 2,604,000
Net investment income	1,131,251	(528,319)	2,032,746	1,851,510	1,727,039	(2,523,385)	2,775,490
Benefit payments, including refunds of member contributions	(582,315)	(630,595)	(649,438)	(562,361)	(613,116)	(868,963)	(857,833)
Other	-	-	-	(32)	-	-	-
Net change in plan fiduciary net position	2,151,042	468,257	2,981,046	2,893,117	2,967,923	(1,288,348)	4,521,657
Plan fiduciary net position - beginning	8,828,160	10,979,202	11,447,459	14,428,505	17,321,622	20,289,545	19,001,197
PLAN FIDUCIARY NET POSITION - ENDING	\$ 10,979,202	\$ 11,447,459	\$ 14,428,505	\$ 17,321,622	\$ 20,289,545	\$ 19,001,197	\$ 23,522,854
EMPLOYER'S NET OPEB LIABILITY	\$ 21,042,415	\$ 20,823,479	\$ 14,265,944	\$ 16,684,285	\$ 4,975,562	\$ 6,070,911	\$ 1,438,166

MEASUREMENT DATE DECEMBER 31,	2017	2018	2019	2020	2021	2022	2023
Plan fiduciary net position as a percentage of the total OPEB liability	34.29%	35.47%	50.28%	50.94%	80.31%	75.79%	94.24%
Covered-employee payroll	\$ 55,997,007	\$ 58,559,321	\$ 66,626,560	\$ 66,551,996	\$ 68,704,568	\$ 71,316,403	\$ 77,763,853
Employer's net OPEB liability as a percentage of covered-employee payroll	37.60%	35.60%	21.40%	25.10%	7.20%	8.50%	1.80%

Notes to Required Supplementary Information

In 2023, there were changes made to the assumptions related to health care costs and premiums and the discount rate.

In 2022, there were changes made to the assumptions related to health care costs and premiums and the discount rate.

In 2021, there were changes made to the assumptions related to health care costs and premiums, health care cost trend rates, mortality rates and retirement and terminations for IMRF participants.

In 2020, there were changes made to the assumptions related to annual per capita claims cost, premium rates, health care cost trend rates, mortality rates and the discount rate.

In 2019, there were changes made to the assumptions related to premiums, health care cost trend rates, disablement rates, participation rates, coverage costs, mortality rates and the discount rate.

In 2018, there were changes made to the assumptions related to premiums, mortality rates and the discount rate.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual money-weighted rate of return, net of investment expense	5.57%	0.62%	8.50%	15.26%	(4.25%)	18.05%	11.80%	11.56%	(12.51%)	12.33%

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual money-weighted rate of return, net of investment expense	4.84%	0.50%	6.90%	16.95%	(4.83%)	19.51%	13.30%	11.07%	(15.31%)	15.01%

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
RETIREE HEALTH INSURANCE FUND**

Last Seven Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2017	2018	2019	2020	2021	2022	2023
Annual money-weighted rate of return, net of investment expense	11.80%	(4.17%)	16.40%	12.04%	9.38%	(11.56%)	13.07%

Notes to Required Supplementary Information

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

An aerial, grayscale photograph of a city street. On the left, a car is parked on the side of the road. A large truck is visible further down the street. The street curves to the right. On the right side of the street, there are several multi-story brick buildings with many windows. A tree is visible in the foreground on the right. The overall scene is a typical urban environment.

NONMAJOR GOVERNMENTAL FUNDS



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

CITY OF ELGIN, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2023

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash and investments	\$ 56,718,417	\$ 23,738,749	\$ 80,457,166
Receivables			
Property taxes	5,484,540	-	5,484,540
Grants	2,000,000	-	2,000,000
Leases	926,081	-	926,081
Accrued interest	127,294	74,905	202,199
Other	781,194	73,850	855,044
Prepaid items	77,221	-	77,221
Due from other governments	833,638	2,602,789	3,436,427
Due from other funds	96,374	-	96,374
	<hr/>	<hr/>	<hr/>
Total assets	67,044,759	26,490,293	93,535,052
	<hr/>	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES			
None	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<hr/>	<hr/>	<hr/>
	\$ 67,044,759	\$ 26,490,293	\$ 93,535,052
	<hr/>	<hr/>	<hr/>

(This statement is continued on the following page.)

CITY OF ELGIN, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2023

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,479,647	\$ 1,383,222	\$ 4,862,869
Accrued payroll	218,680	-	218,680
Retainage payable	673,080	758,955	1,432,035
Deposits payable	177,963	-	177,963
Unearned revenue	8,298,773	-	8,298,773
Due to other funds	190,297	75,987	266,284
Advance from other funds	-	3,454,926	3,454,926
Total liabilities	13,038,440	5,673,090	18,711,530
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	6,368,061	41,982	6,410,043
Total deferred inflows of resources	6,368,061	41,982	6,410,043
Total liabilities and deferred inflows of resources	19,406,501	5,715,072	25,121,573
FUND BALANCES			
Nonspendable			
Prepaid items	77,221	-	77,221
Restricted			
Public safety	8,075,837	-	8,075,837
Economic development	17,212,639	-	17,212,639
Employee retirement	1,804,839	-	1,804,839
Maintenance of roadways	9,084,229	-	9,084,229
Cemetery	2,107,638	-	2,107,638
Recreation	1,222,843	-	1,222,843
Capital outlay	692,364	12,185,622	12,877,986
Unrestricted			
Assigned			
Cemetery	1,892,416	-	1,892,416
Recreation	5,468,232	-	5,468,232
Capital outlay	-	8,589,599	8,589,599
Total fund balances	47,638,258	20,775,221	68,413,479
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 67,044,759	\$ 26,490,293	\$ 93,535,052

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Taxes			
Property	\$ 11,457,866	\$ -	\$ 11,457,866
Local sales	-	6,585,082	6,585,082
Intergovernmental	16,154,696	218,437	16,373,133
Charges for services	6,166,487	-	6,166,487
Investment income	1,895,522	1,232,719	3,128,241
Miscellaneous	1,534,872	1,013,154	2,548,026
	<hr/>	<hr/>	<hr/>
Total revenues	37,209,443	9,049,392	46,258,835
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General government	643,278	-	643,278
Public safety	868,347	-	868,347
Highways and streets	1,923,295	-	1,923,295
Health and welfare	1,385,759	-	1,385,759
Culture and recreation	8,750,197	-	8,750,197
Economic development	2,565,275	-	2,565,275
Capital outlay	17,188,929	3,085,098	20,274,027
Debt service			
Principal	43,300	-	43,300
Interest and fiscal charges	948	-	948
	<hr/>	<hr/>	<hr/>
Total expenditures	33,369,328	3,085,098	36,454,426
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,840,115	5,964,294	9,804,409
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,502,265	-	5,502,265
Transfers (out)	(3,804,534)	(202,712)	(4,007,246)
Lease issuance	43,352	-	43,352
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,741,083	(202,712)	1,538,371
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	5,581,198	5,761,582	11,342,780
	<hr/>	<hr/>	<hr/>
FUND BALANCES, JANUARY 1	42,057,060	15,013,639	57,070,699
	<hr/>	<hr/>	<hr/>
FUND BALANCES, DECEMBER 31	\$ 47,638,258	\$ 20,775,221	\$ 68,413,479
	<hr/>	<hr/>	<hr/>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Community Development Grant Fund - to account for revenues received from the Federal Government and the expenditure of these monies, which are restricted for the improvement of living conditions.

NSP Grant Fund - to account for revenues received from the Federal Government and expenditure of these monies, which are restricted for the neighborhood stabilization program.

EECBG Grant Fund - to account for revenues received from the Federal Government and the expenditure of these monies, which are restricted for the energy efficiency community block grant program.

Motor Fuel Tax Fund - to account for the operation of street maintenance programs and capital projects as authorized by the Illinois Department of Transportation. Financing is provided from the City's share of gasoline taxes. State law restricts the use of these gasoline taxes for street-related purposes.

Illinois Municipal Retirement Fund - to account for restricted revenues derived from a specific annual property tax levy and employee contributions, which are fixed by law and subsequently paid to the state sponsored Illinois Municipal Retirement Fund.

Drug Asset Forfeiture Fund - to account for the restricted resources provided by seizure of assets through application of the drug laws.

Recreation Center Fund - to account for the revenues and expenditures of providing recreational programs, operating the recreation center and maintaining the City's parks and trees. Financing is provided by program fees and concession sales. Certain program fees are restricted via enabling legislation for the operations of the health club and payment of debt.

Special Recreation Fund - to account for the restricted revenues derived from a specific annual property tax levy related to the City's special recreation program.

Emergency Telephone System Fund - to account for restricted revenues from E-911 surcharge tax and expenditures related to the City's emergency telephone system.

Central Area Tax Allocation Fund - to account for the incremental tax revenues restricted for expenditures made in the Central Area Tax Allocation District.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Route 20 Tax Allocation Fund - to account for the incremental tax revenues restricted for expenditures made in the Route 20 Tax Allocation District.

Bluff City Tax Allocation Fund - to account for incremental tax revenues restricted for expenditures made in the Bluff City Tax Allocation District.

ARPA Fund - to account for the restricted revenue provided by the American Rescue Plan Act.

Cemetery Fund - to account for the revenues and expenditures of a cemetery owned and operated by the City. Financing is provided by lot sales, interments, seasonal care and endowment investment earnings. Certain revenues are restricted for cemetery perpetual care expenditures.

CITY OF ELGIN, ILLINOIS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

December 31, 2023
(With Comparative Actual)

	Community Development Grant	NSP Grant	EECBG Grant	Motor Fuel Tax	Illinois Municipal Retirement	Drug Asset Forfeiture
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS						
Cash and investments	\$ -	\$ 33,997	\$ 187,419	\$ 9,408,665	\$ 2,088,334	\$ 851,036
Receivables						
Property taxes	-	-	-	-	4,225,240	-
Grants	-	-	-	-	-	-
Leases	-	-	-	-	-	-
Accrued interest	-	-	-	819	-	-
Other	-	-	-	-	568	-
Prepaid items	-	-	-	-	-	-
Due from other governments	251,092	-	32,243	519,693	-	2,164
Due from other funds	-	-	1,993	-	-	17,091
Total assets	251,092	33,997	221,655	9,929,177	6,314,142	870,291
DEFERRED OUTFLOWS OF RESOURCES						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 251,092</u>	<u>\$ 33,997</u>	<u>\$ 221,655</u>	<u>\$ 9,929,177</u>	<u>\$ 6,314,142</u>	<u>\$ 870,291</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 61,432	\$ -	\$ -	\$ 750,190	\$ 284,063	\$ 53,040
Retainage payable	-	-	-	94,758	-	-
Accrued payroll	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenue	-	33,997	221,655	-	-	817,251
Due to other funds	189,660	-	-	-	-	-
Total liabilities	251,092	33,997	221,655	844,948	284,063	870,291
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	4,225,240	-
Total deferred inflows of resources	-	-	-	-	4,225,240	-
Total liabilities and deferred inflows of resources	251,092	33,997	221,655	844,948	4,509,303	870,291

Recreation Center	Special Recreation	Emergency Telephone System	Central Area Tax Allocation	Route 20 Tax Allocation	Bluff City Tax Allocation	ARPA	Cemetery	Total	
								2023	2022
\$ 6,350,086	\$ 1,222,843	\$ 7,614,218	\$ 13,005,378	\$ 1,165,762	\$ 2,088,259	\$ 8,704,788	\$ 3,997,632	\$ 56,718,417	\$ 59,582,478
-	1,259,300	-	-	-	-	-	-	5,484,540	5,387,918
-	-	-	2,000,000	-	-	-	-	2,000,000	-
926,081	-	-	-	-	-	-	-	926,081	991,905
-	-	19,363	74,736	-	-	1,556	30,820	127,294	45,783
218,431	-	534,741	-	-	-	-	27,454	781,194	799,751
-	-	77,221	-	-	-	-	-	77,221	99,277
-	-	-	28,446	-	-	-	-	833,638	563,571
1,303	-	-	75,987	-	-	-	-	96,374	500
7,495,901	2,482,143	8,245,543	15,184,547	1,165,762	2,088,259	8,706,344	4,055,906	67,044,759	67,471,183
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$ 7,495,901	\$ 2,482,143	\$ 8,245,543	\$ 15,184,547	\$ 1,165,762	\$ 2,088,259	\$ 8,706,344	\$ 4,055,906	\$ 67,044,759	\$ 67,471,183
\$ 220,637	\$ -	\$ 92,485	\$ 543,130	\$ -	\$ 608,337	\$ 828,411	\$ 37,922	\$ 3,479,647	\$ 1,784,482
21,024	-	-	74,462	-	-	472,376	10,460	673,080	727,985
211,223	-	-	-	-	-	-	7,457	218,680	220,881
177,963	-	-	-	-	-	-	-	177,963	970,618
512,677	-	-	-	-	-	6,713,193	-	8,298,773	15,693,074
624	-	-	-	-	-	-	13	190,297	62,287
1,144,148	-	92,485	617,592	-	608,337	8,013,980	55,852	13,038,440	19,459,327
883,521	1,259,300	-	-	-	-	-	-	6,368,061	5,954,796
883,521	1,259,300	-	-	-	-	-	-	6,368,061	5,954,796
2,027,669	1,259,300	92,485	617,592	-	608,337	8,013,980	55,852	19,406,501	25,414,123

(This statement is continued on the following page.)

CITY OF ELGIN, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2023
(With Comparative Actual)

	Community Development Grant	NSP Grant	EECBG Grant	Motor Fuel Tax	Illinois Municipal Retirement	Drug Asset Forfeiture
FUND BALANCES						
Nonspendable						
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted						
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Employee retirement	-	-	-	-	1,804,839	-
Maintenance of roadways	-	-	-	9,084,229	-	-
Cemetery	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Assigned						
Cemetery	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Total fund balances	-	-	-	9,084,229	1,804,839	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 251,092	\$ 33,997	\$ 221,655	\$ 9,929,177	\$ 6,314,142	\$ 870,291

Recreation Center	Special Recreation	Emergency Telephone System	Central Area Tax Allocation	Route 20 Tax Allocation	Bluff City Tax Allocation	ARPA	Cemetery	Total	
								2023	2022
\$ -	\$ -	\$ 77,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,221	\$ 99,277
-	-	8,075,837	-	-	-	-	-	8,075,837	6,573,103
-	-	-	14,566,955	1,165,762	1,479,922	-	-	17,212,639	14,159,811
-	-	-	-	-	-	-	-	1,804,839	1,586,826
-	-	-	-	-	-	-	-	9,084,229	10,948,023
-	-	-	-	-	-	-	2,107,638	2,107,638	2,043,333
-	1,222,843	-	-	-	-	-	-	1,222,843	636,395
-	-	-	-	-	-	692,364	-	692,364	130,142
-	-	-	-	-	-	-	1,892,416	1,892,416	2,044,320
5,468,232	-	-	-	-	-	-	-	5,468,232	3,835,830
5,468,232	1,222,843	8,153,058	14,566,955	1,165,762	1,479,922	692,364	4,000,054	47,638,258	42,057,060
\$ 7,495,901	\$ 2,482,143	\$ 8,245,543	\$ 15,184,547	\$ 1,165,762	\$ 2,088,259	\$ 8,706,344	\$ 4,055,906	\$ 67,044,759	\$ 67,471,183

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended December 31, 2023
(With Comparative Actual)

	Community Development Grant	NSP Grant	EECBG Grant	Motor Fuel Tax	Illinois Municipal Retirement	Drug Asset Forfeiture
REVENUES						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ 3,764,758	\$ -
Intergovernmental	1,385,759	-	-	5,286,004	200,000	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	508,584	57,789	-
Miscellaneous	-	-	-	-	-	521,787
Total revenues	1,385,759	-	-	5,794,588	4,022,547	521,787
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	366,393
Highways and streets	-	-	-	1,923,295	-	-
Health and welfare	1,385,759	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	-	5,735,087	-	155,394
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	1,385,759	-	-	7,658,382	-	521,787
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	(1,863,794)	4,022,547	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(3,804,534)	-
Lease issuance	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(3,804,534)	-
NET CHANGE IN FUND BALANCES	-	-	-	(1,863,794)	218,013	-
FUND BALANCES, JANUARY 1	-	-	-	10,948,023	1,586,826	-
FUND BALANCES, DECEMBER 31	\$ -	\$ -	\$ -	\$ 9,084,229	\$ 1,804,839	\$ -

Recreation Center	Special Recreation	Emergency Telephone System	Central Area Tax Allocation	Route 20 Tax Allocation	Bluff City Tax Allocation	ARPA	Cemetery	Total	
								2023	2022
\$ -	\$ 1,174,299	\$ -	\$ 5,474,439	\$ 147,706	\$ 896,664	\$ -	\$ -	\$ 11,457,866	\$ 11,299,986
-	-	-	2,028,446	-	-	7,254,487	-	16,154,696	13,103,783
3,702,019	-	1,901,171	-	-	-	-	563,297	6,166,487	6,465,882
57,091	-	248,506	373,498	214	534	562,222	87,084	1,895,522	313,966
1,003,558	1,503	-	7,914	-	-	-	110	1,534,872	2,060,468
4,762,668	1,175,802	2,149,677	7,884,297	147,920	897,198	7,816,709	650,491	37,209,443	33,244,085
-	-	-	-	-	-	-	643,278	643,278	600,165
-	-	501,954	-	-	-	-	-	868,347	880,746
-	-	-	-	-	-	-	-	1,923,295	1,882,188
-	-	-	-	-	-	-	-	1,385,759	543,693
8,231,467	518,730	-	-	-	-	-	-	8,750,197	9,484,433
-	-	-	1,956,938	-	608,337	-	-	2,565,275	1,354,530
406,977	70,624	145,341	3,311,312	-	-	7,254,487	109,707	17,188,929	11,662,518
23,512	-	18,954	-	-	-	-	834	43,300	30,198
903	-	-	-	-	-	-	45	948	37
8,662,859	589,354	666,249	5,268,250	-	608,337	7,254,487	753,864	33,369,328	26,438,508
(3,900,191)	586,448	1,483,428	2,616,047	147,920	288,861	562,222	(103,373)	3,840,115	6,805,577
5,491,593	-	-	-	-	-	-	10,672	5,502,265	5,981,396
-	-	-	-	-	-	-	-	(3,804,534)	(4,179,840)
38,250	-	-	-	-	-	-	5,102	43,352	88,298
5,529,843	-	-	-	-	-	-	15,774	1,741,083	1,889,854
1,629,652	586,448	1,483,428	2,616,047	147,920	288,861	562,222	(87,599)	5,581,198	8,695,431
3,838,580	636,395	6,669,630	11,950,908	1,017,842	1,191,061	130,142	4,087,653	42,057,060	33,361,629
\$ 5,468,232	\$ 1,222,843	\$ 8,153,058	\$ 14,566,955	\$ 1,165,762	\$ 1,479,922	\$ 692,364	\$ 4,000,054	\$ 47,638,258	\$ 42,057,060

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023			Variance Over (Under)	2022 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Intergovernmental					
Federal grants	\$ 2,068,310	\$ 2,661,141	\$ 1,385,759	\$ (1,275,382)	\$ 543,693
Total revenues	2,068,310	2,661,141	1,385,759	(1,275,382)	543,693
EXPENDITURES					
Health and welfare					
Rehabilitation grants	1,718,310	1,721,310	626,614	(1,094,696)	543,693
Capital repair and replacement	350,000	939,831	759,145	(180,686)	-
Total expenditures	2,068,310	2,661,141	1,385,759	(1,275,382)	543,693
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -	-
FUND BALANCE, JANUARY 1			-		-
FUND BALANCE, DECEMBER 31			\$ -		\$ -

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Intergovernmental					
Motor fuel tax allotments	\$ 4,300,000	\$ 4,300,000	\$ 5,214,360	\$ 914,360	\$ 4,449,766
Federal grant	-	-	71,644	71,644	-
Rebuild Illinois	-	-	-	-	2,376,672
Investment income	30,000	30,000	508,584	478,584	110,366
Total revenues	4,330,000	4,330,000	5,794,588	1,464,588	6,936,804
EXPENDITURES					
Highways and streets					
Commodities and supplies	1,170,000	1,164,185	643,539	(520,646)	768,268
Contractual services	1,000,000	1,808,391	1,279,756	(528,635)	1,111,410
Capital outlay	7,500,000	6,753,196	5,735,087	(1,018,109)	4,452,693
Total expenditures	9,670,000	9,725,772	7,658,382	(2,067,390)	6,332,371
NET CHANGE IN FUND BALANCE	<u>\$ (5,340,000)</u>	<u>\$ (5,395,772)</u>	(1,863,794)	<u>\$ 3,531,978</u>	604,433
FUND BALANCE, JANUARY 1			<u>10,948,023</u>		<u>10,343,590</u>
FUND BALANCE, DECEMBER 31			<u>\$ 9,084,229</u>		<u>\$ 10,948,023</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Property taxes	\$ 3,799,970	\$ 3,799,970	\$ 3,764,758	\$ (35,212)	\$ 4,197,414
Intergovernmental					
Personal property replacement taxes	200,000	200,000	200,000	-	200,000
Investment income	12,000	12,000	57,789	45,789	13,299
Total revenues	4,011,970	4,011,970	4,022,547	10,577	4,410,713
EXPENDITURES					
Current					
General government	-	-	-	-	3,070
Public safety	-	-	-	-	1,999
Highways and streets	-	-	-	-	2,510
Culture and recreation	-	-	-	-	1,008
Total expenditures	-	-	-	-	8,587
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,011,970	4,011,970	4,022,547	10,577	4,402,126
OTHER FINANCING SOURCES (USES)					
Transfers (out)	(4,011,970)	(4,011,970)	(3,804,534)	207,436	(4,179,840)
Total other financing sources (uses)	(4,011,970)	(4,011,970)	(3,804,534)	207,436	(4,179,840)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	218,013	<u>\$ 218,013</u>	222,286
FUND BALANCE, JANUARY 1			<u>1,586,826</u>		<u>1,364,540</u>
FUND BALANCE, DECEMBER 31			<u>\$ 1,804,839</u>		<u>\$ 1,586,826</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG ASSET FORFEITURE FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				2022 Actual
	Original Budget	Final Budget	Actual	Variance Over (Under)	
REVENUES					
Miscellaneous					
Drug asset forfeiture	\$ 240,000	\$ 601,991	\$ 521,787	\$ (80,204)	\$ 653,015
Total revenues	240,000	601,991	521,787	(80,204)	653,015
EXPENDITURES					
Public safety					
Contingencies	240,000	398,250	366,393	(31,857)	394,583
Capital outlay	-	203,741	155,394	(48,347)	258,432
Total expenditures	240,000	601,991	521,787	(80,204)	653,015
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
FUND BALANCE, JANUARY 1			-		-
FUND BALANCE, DECEMBER 31			<u>\$ -</u>		<u>\$ -</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECREATION CENTER FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Charges for services					
Program fees	\$ 2,389,100	\$ 2,404,019	\$ 3,702,019	\$ 1,298,000	\$ 3,283,152
Special events	-	-	-	-	628,544
Charges for commodities					
Concession sales	-	-	-	-	19,007
Investment income	6,500	6,500	57,091	50,591	23,936
Miscellaneous					
Rents	515,900	515,900	606,519	90,619	818,864
Other	315,000	376,302	397,039	20,737	587,291
Total revenues	3,226,500	3,302,721	4,762,668	1,459,947	5,360,794
EXPENDITURES					
Culture and recreation					
Personal services					
Salaries	5,120,216	5,120,216	4,983,335	(136,881)	4,925,974
Pension contributions	545,740	545,740	536,479	(9,261)	621,040
Other employee costs	561,024	561,024	591,205	30,181	712,925
Commodities	499,680	504,525	519,029	14,504	648,434
Contractual services	1,863,020	1,634,740	1,601,419	(33,321)	2,095,092
Capital outlay	140,000	484,360	406,977	(77,383)	316,740
Debt service					
Principal	-	-	23,512	23,512	30,198
Interest and fiscal charges	-	-	903	903	37
Total expenditures	8,729,680	8,850,605	8,662,859	(187,746)	9,350,440
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,503,180)	(5,547,884)	(3,900,191)	1,647,693	(3,989,646)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	5,503,180	5,503,180	5,491,593	(11,587)	5,971,099
Proceeds from lease issuance	-	-	38,250	38,250	88,298
Total other financing sources (uses)	5,503,180	5,503,180	5,529,843	26,663	6,059,397
NET CHANGE IN FUND BALANCE	\$ -	\$ (44,704)	1,629,652	\$ 1,674,356	2,069,751
FUND BALANCE, JANUARY 1			3,838,580		1,768,829
FUND BALANCE, DECEMBER 31			\$ 5,468,232		\$ 3,838,580

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EMERGENCY TELEPHONE SYSTEM FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				2022 Actual
	Original Budget	Final Budget	Actual	Variance Over (Under)	
REVENUES					
Charges for services					
Telephone surcharge tax	\$ 1,500,000	\$ 1,500,000	\$ 1,901,171	\$ 401,171	\$ 1,874,747
Investment income	25,000	25,000	248,506	223,506	(16,245)
Total revenues	1,525,000	1,525,000	2,149,677	624,677	1,858,502
EXPENDITURES					
Public safety					
Contractual services					
Miscellaneous professional services	11,500	11,500	10,193	(1,307)	11,474
Computer software	6,200	16,200	15,652	(548)	19,802
Training	12,600	16,900	2,880	(14,020)	-
Minor equipment, tools	-	5,000	10,371	5,371	-
Repair and maintenance services	128,200	138,200	137,858	(342)	127,888
City of Elgin	325,000	325,000	325,000	-	325,000
Contingency	1,041,500	866,823	-	(866,823)	-
Capital outlay	-	145,377	145,341	(36)	25,178
Debt service					
Principal	-	-	18,954	18,954	-
Total expenditures	1,525,000	1,525,000	666,249	(858,751)	509,342
NET CHANGE IN FUND BALANCE	\$ -	\$ -	1,483,428	\$ 1,483,428	1,349,160
FUND BALANCE, JANUARY 1			6,669,630		5,320,470
FUND BALANCE, DECEMBER 31			\$ 8,153,058		\$ 6,669,630

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CENTRAL AREA TAX ALLOCATION FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023			Variance Over (Under)	2022 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes					
Property	\$ 4,700,000	\$ 5,393,168	\$ 5,474,439	\$ 81,271	\$ 4,870,959
Investment income	40,000	200,000	373,498	173,498	36,520
Intergovernmental	1,077,000	1,077,000	2,028,446	951,446	-
Miscellaneous	-	-	7,914	7,914	986
Total revenues	5,817,000	6,670,168	7,884,297	1,214,129	4,908,465
EXPENDITURES					
Economic development					
Contractual services	3,265,000	5,784,808	1,956,938	(3,827,870)	632,705
Capital outlay	10,186,250	12,179,818	3,311,312	(8,868,506)	1,075,823
Total expenditures	13,451,250	17,964,626	5,268,250	(12,696,376)	1,708,528
NET CHANGE IN FUND BALANCE	<u>\$ (7,634,250)</u>	<u>\$ (11,294,458)</u>	2,616,047	<u>\$ 13,910,505</u>	3,199,937
FUND BALANCE, JANUARY 1			<u>11,950,908</u>		<u>8,750,971</u>
FUND BALANCE, DECEMBER 31			<u>\$ 14,566,955</u>		<u>\$ 11,950,908</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROUTE 20 TAX ALLOCATION FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Taxes					
Property	\$ 120,000	\$ 120,000	\$ 147,706	\$ 27,706	\$ 118,944
Investment income	-	-	214	214	25
Total revenues	120,000	120,000	147,920	27,920	118,969
EXPENDITURES					
Capital outlay	1,000,000	1,000,000	-	(1,000,000)	-
Total expenditures	1,000,000	1,000,000	-	(1,000,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ (880,000)</u>	<u>\$ (880,000)</u>	147,920	<u>\$ 1,027,920</u>	118,969
FUND BALANCE, JANUARY 1			<u>1,017,842</u>		<u>898,873</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 1,165,762</u></u>		<u><u>\$ 1,017,842</u></u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BLUFF CITY TAX ALLOCATION FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Taxes					
Property	\$ 1,100,000	\$ 1,100,000	\$ 896,664	\$ (203,336)	\$ 996,506
Investment income	-	-	534	534	98
Total revenues	1,100,000	1,100,000	897,198	(202,802)	996,604
EXPENDITURES					
Economic development					
Economic incentives	1,100,000	1,100,000	608,337	(491,663)	721,825
Total expenditures	1,100,000	1,100,000	608,337	(491,663)	721,825
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	288,861	<u>\$ 288,861</u>	274,779
FUND BALANCE, JANUARY 1			<u>1,191,061</u>		<u>916,282</u>
FUND BALANCE, DECEMBER 31			<u>\$ 1,479,922</u>		<u>\$ 1,191,061</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Charges for services	\$ 368,890	\$ 368,890	\$ 360,835	\$ (8,055)	\$ 407,768
Charges for commodities	232,400	232,400	202,462	(29,938)	252,664
Investment income	8,100	8,100	87,084	78,984	14,858
Miscellaneous	-	-	110	110	120
Total revenues	609,390	609,390	650,491	41,101	675,410
EXPENDITURES					
General government					
Personal services					
Salaries	98,240	98,240	99,757	1,517	80,446
Pension contributions	11,650	11,650	10,797	(853)	10,228
Other employee costs	22,220	22,220	40,578	18,358	38,303
Commodities	55,630	43,807	30,896	(12,911)	28,810
Contractual services	448,360	500,048	461,250	(38,798)	439,308
Capital outlay	-	169,735	109,707	(60,028)	-
Debt service					
Principal	-	-	834	834	-
Interest and fiscal charges	-	-	45	45	-
Total expenditures	636,100	845,700	753,864	(91,836)	597,095
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,710)	(236,310)	(103,373)	132,937	78,315
OTHER FINANCING SOURCES (USES)					
Transfers in	11,650	11,650	10,672	(978)	10,297
Proceeds from lease issuance	-	-	5,102	5,102	-
Total other financing sources (uses)	11,650	11,650	15,774	4,124	10,297
NET CHANGE IN FUND BALANCE	\$ (15,060)	\$ (224,660)	(87,599)	\$ 137,061	88,612
FUND BALANCE, JANUARY 1			4,087,653		3,999,041
FUND BALANCE, DECEMBER 31			\$ 4,000,054		\$ 4,087,653

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL RECREATION FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023			Variance Over (Under)	2022 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes					
Property	\$ 1,185,300	\$ 1,185,300	\$ 1,174,299	\$ (11,001)	\$ 1,116,163
Miscellaneous	-	-	1,503	1,503	192
Total revenues	1,185,300	1,185,300	1,175,802	(9,498)	1,116,355
EXPENDITURES					
Culture and recreation					
Contractual services	518,730	518,730	518,730	-	479,960
Capital outlay	666,570	666,570	70,624	(595,946)	-
Total expenditures	1,185,300	1,185,300	589,354	(595,946)	479,960
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	586,448	<u>\$ 586,448</u>	636,395
FUND BALANCE, JANUARY 1			<u>636,395</u>		<u>-</u>
FUND BALANCE, DECEMBER 31			<u>\$ 1,222,843</u>		<u>\$ 636,395</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Intergovernmental					
Federal grant	\$ -	\$ -	\$ 7,254,487	\$ 7,254,487	\$ 5,533,652
Investment income	100,000	100,000	562,222	462,222	131,109
Total revenues	100,000	100,000	7,816,709	7,716,709	5,664,761
EXPENDITURES					
Capital outlay	13,366,160	14,394,598	7,254,487	(7,140,111)	5,533,652
Total expenditures	13,366,160	14,394,598	7,254,487	(7,140,111)	5,533,652
NET CHANGE IN FUND BALANCE	<u>\$ (13,266,160)</u>	<u>\$ (14,294,598)</u>	562,222	<u>\$ 14,856,820</u>	131,109
FUND BALANCE (DEFICIT), JANUARY 1			<u>130,142</u>		<u>(967)</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 692,364</u></u>		<u><u>\$ 130,142</u></u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR CAPITAL PROJECTS FUNDS

Park Development Fund - to account for capital and land park development impact fees, normally collected from developers, to fund projects in neighborhood, district and community parks.

Tyler Creek Fund - to account for the resources assigned for the acquisition and development of the Tyler Creek Detention Area.

Capital Improvement Fund - to account for revenues restricted (home rule sales tax) or assigned for capital improvements throughout the City.

2019 Corporate Bond Fund - to account for the proceeds of a general obligation bond issue for the construction of various water and sewer capital improvements.

2020 Corporate Bond Fund - to account for the proceeds of a general obligation bond issue for the construction of various water and sewer capital improvements.

2021 Corporate Bond Fund - to account for the proceeds of a general obligation bond issue for the construction of various water and sewer capital improvements.

2022 Corporate Bond Fund - to account for the proceeds of a general obligation bond issue for the construction of various water and sewer capital improvements.

CITY OF ELGIN, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2023
(With Comparative Actual)

	Park Development	Tyler Creek	Capital Improvement
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash and investments	\$ 888,369	\$ 648,069	\$ 11,990,565
Receivables			
Accrued interest	-	409	74,496
Other	-	40,156	33,694
Due from other governments	-	-	2,602,789
Total assets	888,369	688,634	14,701,544
DEFERRED OUTFLOWS OF RESOURCES			
None	-	-	-
Total deferred outflows of resources	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 888,369	\$ 688,634	\$ 14,701,544
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,193	\$ -	\$ 425,675
Retainage payable	14,030	-	52,806
Unearned revenue	-	-	-
Due to other funds	-	-	75,987
Advance from other funds	-	-	-
Total liabilities	20,223	-	554,468
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	41,982	-
Total deferred inflows of resources	-	41,982	-
Total liabilities and deferred inflows of resources	20,223	41,982	554,468
FUND BALANCES			
Restricted for capital outlay	-	-	12,185,622
Unrestricted			
Assigned for capital outlay	868,146	646,652	1,961,454
Total fund balances	868,146	646,652	14,147,076
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 888,369	\$ 688,634	\$ 14,701,544

2019 Corporate Bond	2020 Corporate Bond	2021 Corporate Bond	2022 Corporate Bond	Total	
				2023	2022
\$ -	\$ -	\$ 707,058	\$ 9,504,688	\$ 23,738,749	\$ 28,979,128
-	-	-	-	74,905	1,797
-	-	-	-	73,850	2,461
-	-	-	-	2,602,789	1,792,525
-	-	707,058	9,504,688	26,490,293	30,775,911
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ 707,058	\$ 9,504,688	\$ 26,490,293	\$ 30,775,911
\$ -	\$ -	\$ 382,337	\$ 569,017	\$ 1,383,222	\$ 2,199,777
-	-	156,366	535,753	758,955	495,741
-	-	-	-	-	-
-	-	-	-	75,987	-
-	-	57,047	3,397,879	3,454,926	13,066,754
-	-	595,750	4,502,649	5,673,090	15,762,272
-	-	-	-	41,982	-
-	-	-	-	41,982	-
-	-	595,750	4,502,649	5,715,072	15,762,272
-	-	-	-	12,185,622	12,599,807
-	-	111,308	5,002,039	8,589,599	2,413,832
-	-	111,308	5,002,039	20,775,221	15,013,639
\$ -	\$ -	\$ 707,058	\$ 9,504,688	\$ 26,490,293	\$ 30,775,911

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**

For the Year Ended December 31, 2023
(With Comparative Actual)

	Park Development	Tyler Creek	Capital Improvement
REVENUES			
Local sales tax	\$ -	\$ -	\$ 6,585,082
Intergovernmental	-	-	218,437
Investment income	12,250	29,774	473,461
Miscellaneous	383,525	12,777	616,852
Total revenues	395,775	42,551	7,893,832
EXPENDITURES			
Capital outlay	256,356	-	2,291,180
Total expenditures	256,356	-	2,291,180
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	139,419	42,551	5,602,652
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	-	-
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	139,419	42,551	5,602,652
FUND BALANCES, JANUARY 1	728,727	604,101	8,544,424
FUND BALANCES, DECEMBER 31	\$ 868,146	\$ 646,652	\$ 14,147,076

2019 Corporate Bond	2020 Corporate Bond	2021 Corporate Bond	2022 Corporate Bond	Total	
				2023	2022
\$ -	\$ -	\$ -	\$ -	\$ 6,585,082	\$ 6,676,188
-	-	-	-	218,437	-
2,831	6,024	81,295	627,084	1,232,719	415,720
-	-	-	-	1,013,154	555,551
2,831	6,024	81,295	627,084	9,049,392	7,647,459
-	-	-	537,562	3,085,098	2,570,372
-	-	-	537,562	3,085,098	2,570,372
2,831	6,024	81,295	89,522	5,964,294	5,077,087
(106,623)	(14,134)	(81,955)	-	(202,712)	(44,247)
-	-	-	-	-	4,580,000
-	-	-	-	-	468,133
(106,623)	(14,134)	(81,955)	-	(202,712)	5,003,886
(103,792)	(8,110)	(660)	89,522	5,761,582	10,080,973
103,792	8,110	111,968	4,912,517	15,013,639	4,932,666
\$ -	\$ -	\$ 111,308	\$ 5,002,039	\$ 20,775,221	\$ 15,013,639

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARK DEVELOPMENT FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				2022 Actual
	Original Budget	Final Budget	Actual	Variance Over (Under)	
REVENUES					
Investment income	\$ 3,000	\$ 11,825	\$ 12,250	\$ 425	\$ 3,386
Miscellaneous	345,000	345,000	383,525	38,525	496,998
Total revenues	348,000	356,825	395,775	38,950	500,384
EXPENDITURES					
Capital outlay					
Land and land improvements	630,000	714,658	256,356	(458,302)	77,005
Total expenditures	630,000	714,658	256,356	(458,302)	77,005
NET CHANGE IN FUND BALANCE	<u>\$ (282,000)</u>	<u>\$ (357,833)</u>	139,419	<u>\$ 497,252</u>	423,379
FUND BALANCE, JANUARY 1			<u>728,727</u>		<u>305,348</u>
FUND BALANCE, DECEMBER 31			<u>\$ 868,146</u>		<u>\$ 728,727</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TYLER CREEK FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Investment income	\$ 1,800	\$ 1,800	\$ 29,774	\$ 27,974	\$ 3,075
Miscellaneous	-	-	12,777	12,777	1,679
Total revenues	1,800	1,800	42,551	40,751	4,754
EXPENDITURES					
Capital outlay					
Land and land improvements	125,000	125,000	-	(125,000)	109,017
Total expenditures	125,000	125,000	-	(125,000)	109,017
NET CHANGE IN FUND BALANCE	<u>\$ (123,200)</u>	<u>\$ (123,200)</u>	42,551	<u>\$ 165,751</u>	(104,263)
FUND BALANCE, JANUARY 1			<u>604,101</u>		<u>708,364</u>
FUND BALANCE, DECEMBER 31			<u>\$ 646,652</u>		<u>\$ 604,101</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				2022 Actual
	Original Budget	Final Budget	Actual	Variance Over (Under)	
REVENUES					
Local sales tax	\$ 6,000,000	\$ 6,000,000	\$ 6,585,082	\$ 585,082	\$ 6,676,188
Intergovernmental	1,576,000	1,576,000	218,437	(1,357,563)	-
Investment income	25,000	25,000	473,461	448,461	86,258
Miscellaneous	1,250,000	1,250,000	616,852	(633,148)	56,199
Total revenues	8,851,000	8,851,000	7,893,832	(957,168)	6,818,645
EXPENDITURES					
Capital outlay					
Capital additions	9,798,000	12,255,876	2,291,180	(9,964,696)	2,043,629
Total expenditures	9,798,000	12,255,876	2,291,180	(9,964,696)	2,043,629
NET CHANGE IN FUND BALANCE	<u>\$ (947,000)</u>	<u>\$ (3,404,876)</u>	5,602,652	<u>\$ 9,007,528</u>	4,775,016
FUND BALANCE, JANUARY 1			<u>8,544,424</u>		<u>3,769,408</u>
FUND BALANCE, DECEMBER 31			<u>\$ 14,147,076</u>		<u>\$ 8,544,424</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2019 CORPORATE BOND FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Investment income	\$ -	\$ 2,149	\$ 2,831	\$ 682	\$ 4,002
Total revenues	-	2,149	2,831	682	4,002
EXPENDITURES					
Capital outlay					
Capital additions	-	106,624	-	(106,624)	-
Total expenditures	-	106,624	-	(106,624)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(104,475)	2,831	107,306	4,002
OTHER FINANCING SOURCES (USES)					
Transfers (out)	-	-	(106,623)	(106,623)	(43,545)
Total other financing sources (uses)	-	-	(106,623)	(106,623)	(43,545)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (104,475)</u>	<u>(103,792)</u>	<u>\$ 683</u>	<u>(39,543)</u>
FUND BALANCE, JANUARY 1			<u>103,792</u>		<u>143,335</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ -</u></u>		<u><u>\$ 103,792</u></u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2020 CORPORATE BOND FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Investment income	\$ -	\$ 4,974	\$ 6,024	\$ 1,050	\$ 4,354
Total revenues	-	4,974	6,024	1,050	4,354
EXPENDITURES					
Capital outlay					
Capital additions	-	116,936	-	(116,936)	-
Total expenditures	-	116,936	-	(116,936)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(111,962)	6,024	117,986	4,354
OTHER FINANCING SOURCES (USES)					
Transfers (out)	-	-	(14,134)	(14,134)	(702)
Total other financing sources (uses)	-	-	(14,134)	(14,134)	(702)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (111,962)</u>	<u>(8,110)</u>	<u>\$ 103,852</u>	<u>3,652</u>
FUND BALANCE, JANUARY 1			<u>8,110</u>		<u>4,458</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ -</u></u>		<u><u>\$ 8,110</u></u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2021 CORPORATE BOND FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Investment income	\$ -	\$ -	\$ 81,295	\$ 81,295	\$ 110,215
Total revenues	-	-	81,295	81,295	110,215
EXPENDITURES					
Capital outlay					
Capital additions	-	3,576,863	-	(3,576,863)	-
Total expenditures	-	3,576,863	-	(3,576,863)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(3,576,863)	81,295	3,658,158	110,215
OTHER FINANCING SOURCES (USES)					
Transfers (out)	-	-	(81,955)	(81,955)	-
Total other financing sources (uses)	-	-	(81,955)	(81,955)	110,215
NET CHANGE IN FUND BALANCE	\$ -	\$ (3,576,863)	(660)	\$ 3,576,203	110,215
FUND BALANCE, JANUARY 1			111,968		1,753
FUND BALANCE, DECEMBER 31			<u>\$ 111,308</u>		<u>\$ 111,968</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2022 CORPORATE BOND FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Investment income	\$ 100,000	\$ 100,000	\$ 627,084	\$ 527,084	\$ 204,430
Miscellaneous	34,460	34,460	-	(34,460)	675
Total revenues	134,460	134,460	627,084	492,624	205,105
EXPENDITURES					
Capital outlay					
Capital additions	14,255,960	14,739,050	537,562	(14,201,488)	340,721
Total expenditures	14,255,960	14,739,050	537,562	(14,201,488)	340,721
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,121,500)	(14,604,590)	89,522	14,694,112	(135,616)
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	-	-	-	4,580,000
Premium on bonds issued	-	-	-	-	468,133
Total other financing sources (uses)	-	-	-	-	5,048,133
NET CHANGE IN FUND BALANCE	<u>\$ (14,121,500)</u>	<u>\$ (14,604,590)</u>	89,522	<u>\$ 14,694,112</u>	4,912,517
FUND BALANCE, JANUARY 1			4,912,517		-
FUND BALANCE, DECEMBER 31			<u>\$ 5,002,039</u>		<u>\$ 4,912,517</u>

(See independent auditor's report.)



PROPRIETARY FUNDS



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023



NONMAJOR ENTERPRISE FUNDS



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

NONMAJOR ENTERPRISE FUND

Golf Course Fund - to account for the revenues and expenses of three golf courses owned and operated by the City. Financing is provided by golf revenues.

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
GOLF COURSE FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
OPERATING REVENUES					
Charges for services					
Greens fees	\$ 2,914,500	\$ 3,305,971	\$ 3,474,643	\$ 168,672	\$ 3,040,080
Season ticket sales	500,000	500,000	721,736	221,736	718,025
Driving range fees	150,000	150,000	114,236	(35,764)	137,076
Remote range	85,000	89,000	180,784	91,784	114,778
Charges for commodities					
Merchandise sales	200,000	246,000	250,413	4,413	213,655
Concession sales	14,000	14,000	21,014	7,014	15,278
Golf cart and club rental	280,000	280,000	383,315	103,315	325,147
Restaurant fees	52,000	52,000	52,013	13	52,131
Miscellaneous	-	-	1,002	1,002	58,217
Total operating revenues	<u>\$ 4,195,500</u>	<u>\$ 4,636,971</u>	<u>\$ 5,199,156</u>	<u>\$ 562,185</u>	<u>\$ 4,674,387</u>
OPERATING EXPENSES					
Administrative					
Administrative support	\$ 25,800	\$ 25,800	\$ 25,800	\$ -	\$ 25,800
Personal services					
Salaries	1,501,241	1,511,241	1,597,413	86,172	1,383,634
Pension contributions	177,816	177,816	188,122	10,306	190,772
Other employee costs	238,073	238,073	238,777	704	239,544
Total personal services	<u>1,917,130</u>	<u>1,927,130</u>	<u>2,024,312</u>	<u>97,182</u>	<u>1,813,950</u>
Commodities	<u>667,000</u>	<u>728,349</u>	<u>685,155</u>	<u>(43,194)</u>	<u>659,756</u>
Contractual services	<u>1,198,190</u>	<u>1,360,051</u>	<u>1,183,653</u>	<u>(176,398)</u>	<u>1,086,375</u>
Insurance	<u>9,090</u>	<u>9,090</u>	<u>9,090</u>	<u>-</u>	<u>9,090</u>
Debt service					
Principal	-	-	196,520	196,520	-
Interest and fiscal charges	-	-	3,273	3,273	3,148
Total debt service	<u>-</u>	<u>-</u>	<u>199,793</u>	<u>199,793</u>	<u>3,148</u>
Other					
Capital repair and replacement	293,000	718,413	299,946	(418,467)	492,156
Contingencies	39,600	350	-	(350)	-
Total other	<u>332,600</u>	<u>718,763</u>	<u>299,946</u>	<u>(418,817)</u>	<u>492,156</u>
Total operating expenses	<u>4,149,810</u>	<u>4,769,183</u>	<u>4,427,749</u>	<u>(341,434)</u>	<u>4,090,275</u>
ADJUSTMENTS TO GAAP BASIS					
Pension and OPEB expense adjustment	14,000	14,000	5,634	(8,366)	(280,515)
Lease principal payment	-	-	(196,520)	(196,520)	-
Capital assets capitalized	(293,000)	(718,413)	-	718,413	(348,230)
Depreciation and amortization	-	-	1,015,041	1,015,041	997,587
Total adjustments to GAAP basis	<u>(279,000)</u>	<u>(704,413)</u>	<u>824,155</u>	<u>1,528,568</u>	<u>368,842</u>
TOTAL OPERATING EXPENSES - GAAP BASIS	<u>\$ 3,870,810</u>	<u>\$ 4,064,770</u>	<u>\$ 5,251,904</u>	<u>\$ 1,187,134</u>	<u>\$ 4,459,117</u>

(See independent auditor's report.)



INTERNAL SERVICE FUNDS



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

INTERNAL SERVICE FUNDS

Equipment Replacement Fund - to account for the purchase and maintenance of city vehicles, computer equipment and telephone equipment used by all city departments. Financing is provided by a rental charge that is paid by the using departments.

Risk Management Fund - to account for the City's risk management program. The City maintains a partial self-insurance program for workers' compensation, liability and vehicle loss and other claims in excess of self-insured limits. Financing is provided from city operating funds based upon personnel costs and also established premium rates for various insurance coverage.

Medical Insurance Fund - to account for the medical and life insurance and unemployment insurance portions of the City's risk management program. Financing is provided from city operating funds based upon personnel costs.

CITY OF ELGIN, ILLINOIS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

December 31, 2023
(With Comparative Totals)

	Equipment Replacement	Risk Management	Medical Insurance	Total	
				2023	2022
CURRENT ASSETS					
Cash and investments	\$ 2,679,412	\$ 13,436,971	\$ 7,996,462	\$ 24,112,845	\$ 27,156,612
Receivables					
Accrued interest	-	85,047	-	85,047	18,084
Other	10,293	1,452	22,719	34,464	28,475
Prepaid expenses	72,272	857,481	-	929,753	698,019
Inventories	87,066	-	-	87,066	72,962
Due from fiduciary funds	-	-	-	-	19
Due from other funds	-	86,920	-	86,920	40,443
Total current assets	2,849,043	14,467,871	8,019,181	25,336,095	28,014,614
CAPITAL ASSETS					
Capital assets being depreciated and amortized, net of accumulated depreciation and amortization	8,608,193	-	-	8,608,193	5,228,265
Net capital assets	8,608,193	-	-	8,608,193	5,228,265
Total assets	11,457,236	14,467,871	8,019,181	33,944,288	33,242,879
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	11,457,236	14,467,871	8,019,181	33,944,288	33,242,879
CURRENT LIABILITIES					
Accounts payable	107,526	141,399	20,688	269,613	370,897
Accrued payroll	40,831	-	-	40,831	40,939
Lease payable	3,955	-	-	3,955	368
SBITA Payable	642,447	-	-	642,447	-
Due to other funds	86,920	-	-	86,920	40,443
Claims payable	-	1,207,403	-	1,207,403	1,306,095
Compensated absences payable	35,055	-	-	35,055	32,842
Total current liabilities	916,734	1,348,802	20,688	2,286,224	1,791,584
LONG-TERM LIABILITIES					
SBITA payable	1,233,460	-	-	1,233,460	-
Claims payable	-	3,271,577	-	3,271,577	3,430,308
Total long-term liabilities	1,233,460	3,271,577	-	4,505,037	3,430,308
Total liabilities	2,150,194	4,620,379	20,688	6,791,261	5,221,892
DEFERRED INFLOWS OF RESOURCES					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Total liabilities and deferred inflows of resources	2,150,194	4,620,379	20,688	6,791,261	5,221,892
NET POSITION					
Net investment in capital assets	6,728,331	-	-	6,728,331	5,227,897
Unrestricted	2,578,711	9,847,492	7,998,493	20,424,696	22,793,090
TOTAL NET POSITION	\$ 9,307,042	\$ 9,847,492	\$ 7,998,493	\$ 27,153,027	\$ 28,020,987

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Totals)

	Equipment Replacement	Risk Management	Medical Insurance	Total	
				2023	2022
OPERATING REVENUES					
Charges for services	\$ 2,525,601	\$ 3,511,512	\$ 13,205,874	\$ 19,242,987	\$ 19,567,479
Miscellaneous	-	147,680	150,000	297,680	713,124
Total operating revenues	2,525,601	3,659,192	13,355,874	19,540,667	20,280,603
OPERATING EXPENSES					
Administration	28,370	138,100	100,000	266,470	266,470
Personal services	882,946	-	-	882,946	964,262
Commodities - supplies	2,436,637	4,232	-	2,440,869	1,788,455
Contractual services	1,157,513	57,600	94,497	1,309,610	1,993,034
Insurance	166,438	1,736,394	13,141,948	15,044,780	13,960,789
Self-insurance claims and fees	-	3,715,978	-	3,715,978	3,648,683
Depreciation and amortization	1,613,709	-	-	1,613,709	1,139,721
Total operating expenses	6,285,613	5,652,304	13,336,445	25,274,362	23,761,414
OPERATING INCOME (LOSS)	(3,760,012)	(1,993,112)	19,429	(5,733,695)	(3,480,811)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	634,151	136,765	770,916	(860)
Interest expense and fiscal charges	(15,444)	-	-	(15,444)	(3)
Gain (loss) on sale of capital assets	(79,721)	-	-	(79,721)	17,000
Total non-operating revenues (expenses)	(95,165)	634,151	136,765	675,751	16,137
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(3,855,177)	(1,358,961)	156,194	(5,057,944)	(3,464,674)
TRANSFERS					
Transfers in	2,400,000	-	-	2,400,000	2,850,000
Total transfers	2,400,000	-	-	2,400,000	2,850,000
CONTRIBUTIONS	1,789,984	-	-	1,789,984	313,196
CHANGE IN NET POSITION	334,807	(1,358,961)	156,194	(867,960)	(301,478)
NET POSITION, JANUARY 1	8,972,235	11,206,453	7,842,299	28,020,987	28,322,465
NET POSITION, DECEMBER 31	\$ 9,307,042	\$ 9,847,492	\$ 7,998,493	\$ 27,153,027	\$ 28,020,987

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2023
(With Comparative Totals)

	Equipment Replacement	Risk Management	Medical Insurance	Total	
				2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from interfund service transactions	\$ 2,521,596	\$ 3,524,788	\$ 11,493,668	\$ 17,540,052	\$ 18,021,837
Receipts from customers and users	-	-	1,712,206	1,712,206	1,635,734
Receipts from miscellaneous revenue	-	147,680	150,000	297,680	713,124
Payments to other funds	(28,370)	(138,100)	(100,000)	(266,470)	(266,470)
Payments to suppliers	(3,867,625)	(6,007,006)	(13,256,411)	(23,131,042)	(23,114,917)
Payments to employees	(880,841)	-	-	(880,841)	(972,607)
Net cash from operating activities	(2,255,240)	(2,472,638)	(537)	(4,728,415)	(3,983,299)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due from other funds	-	(46,477)	19	(46,458)	34,980
Due to other funds	46,477	-	-	46,477	(34,999)
Transfers in	2,400,000	-	-	2,400,000	2,850,000
Net cash from noncapital financing activities	2,446,477	(46,477)	19	2,400,019	2,849,981
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets purchased	(727,165)	-	-	(727,165)	(172,607)
Lease principal payments	(1,141)	-	-	(1,141)	(1,471)
Lease interest payments	(41)	-	-	(41)	(3)
SBITA principal payments	(675,575)	-	-	(675,575)	-
SBITA interest payments	(15,402)	-	-	(15,402)	-
Net cash from capital and related financing activities	(1,419,324)	-	-	(1,419,324)	(174,081)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments	-	862,090	(136,744)	725,346	(1,255,708)
Investment income	-	338,760	136,765	475,525	256,582
Net cash from investing activities	-	1,200,850	21	1,200,871	(999,126)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,228,087)	(1,318,265)	(497)	(2,546,849)	(2,306,525)
CASH AND CASH EQUIVALENTS, JANUARY 1	3,907,499	2,080,756	5,177,260	11,165,515	13,472,040
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 2,679,412</u>	<u>\$ 762,491</u>	<u>\$ 5,176,763</u>	<u>\$ 8,618,666</u>	<u>\$ 11,165,515</u>

(This statement is continued on the following page.)

CITY OF ELGIN, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS (Continued)
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2023
(With Comparative Totals)

	Equipment Replacement	Risk Management	Medical Insurance	Total	
				2023	2022
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (3,760,012)	\$ (1,993,112)	\$ 19,429	\$ (5,733,695)	\$ (3,480,811)
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation and amortization	1,613,709	-	-	1,613,709	1,139,721
(Increase) decrease in					
Receivables	(4,005)	13,276	(15,260)	(5,989)	109,614
Prepaid expenses	(72,272)	(159,462)	-	(231,734)	(35,357)
Inventories	(14,104)	-	-	(14,104)	(909)
Increase (decrease) in					
Accounts payable	(20,661)	(75,917)	(4,706)	(101,284)	(305,544)
Accrued salaries	(108)	-	-	(108)	(6,085)
Compensated absences payable	2,213	-	-	2,213	(2,260)
Claims payable	-	(257,423)	-	(257,423)	(1,401,668)
NET CASH FROM OPERATING ACTIVITIES	\$ (2,255,240)	\$ (2,472,638)	\$ (537)	\$ (4,728,415)	\$ (3,983,299)
CASH AND INVESTMENTS					
Cash and cash equivalents	\$ 2,679,412	\$ 762,491	\$ 5,176,763	\$ 8,618,666	\$ 11,165,515
Investments	-	12,674,480	2,819,699	15,494,179	15,991,097
TOTAL CASH AND INVESTMENTS	\$ 2,679,412	\$ 13,436,971	\$ 7,996,462	\$ 24,112,845	\$ 27,156,612
NONCASH TRANSACTIONS					
Contributions of capital assets by other funds	\$ 1,789,984	\$ -	\$ -	\$ 1,789,984	\$ 313,196
Gain (loss) on sale of capital assets	(79,721)	-	-	(79,721)	-
Intangible capital assets acquired	4,728	-	-	4,728	-
Lease and SBITA issuances	(4,728)	-	-	(4,728)	-
TOTAL NONCASH TRANSACTIONS	\$ 1,710,263	\$ -	\$ -	\$ 1,710,263	\$ 313,196

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF OPERATING REVENUES AND EXPENSES - BUDGET AND ACTUAL
EQUIPMENT REPLACEMENT FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
OPERATING REVENUES					
Charges for services					
Garage service charges	\$ 900,000	\$ 900,000	\$ 900,301	\$ 301	\$ 900,998
Equipment rental	1,625,000	1,625,000	1,625,000	-	1,625,000
Miscellaneous	-	-	300	300	-
Total operating revenues	<u>\$ 2,525,000</u>	<u>\$ 2,525,000</u>	<u>\$ 2,525,601</u>	<u>\$ 601</u>	<u>\$ 2,525,998</u>
OPERATING EXPENSES					
Operations					
Administration support	\$ 28,370	\$ 28,370	\$ 28,370	\$ -	\$ 28,370
Personal services					
Salaries	756,280	756,280	657,901	(98,379)	694,721
Pension contributions	32,269	32,269	28,037	(4,232)	47,593
Other employee costs	221,411	221,411	197,008	(24,403)	221,948
Total personal services	<u>1,009,960</u>	<u>1,009,960</u>	<u>882,946</u>	<u>(127,014)</u>	<u>964,262</u>
Commodities	<u>1,594,380</u>	<u>1,707,760</u>	<u>1,686,275</u>	<u>(21,485)</u>	<u>1,699,237</u>
Contractual services	<u>1,980,230</u>	<u>1,948,876</u>	<u>1,157,513</u>	<u>(791,363)</u>	<u>1,858,815</u>
Insurance	<u>163,330</u>	<u>163,330</u>	<u>166,438</u>	<u>3,108</u>	<u>156,328</u>
Debt service					
Interest and fiscal charges	-	-	15,444	15,444	3
Total debt service	<u>-</u>	<u>-</u>	<u>15,444</u>	<u>15,444</u>	<u>3</u>
Other					
Capital repair and replacement	<u>1,175,000</u>	<u>2,232,029</u>	<u>1,464,527</u>	<u>(767,502)</u>	<u>257,676</u>
Total operating expenses	<u>5,951,270</u>	<u>7,090,325</u>	<u>5,401,513</u>	<u>(1,688,812)</u>	<u>4,964,691</u>
ADJUSTMENTS TO GAAP BASIS					
Capital assets capitalized	(1,175,000)	(2,232,029)	(714,165)	(1,517,864)	(172,607)
Depreciation and amortization	-	-	1,613,709	1,613,709	1,139,721
Total adjustments to GAAP basis	<u>(1,175,000)</u>	<u>(2,232,029)</u>	<u>899,544</u>	<u>95,845</u>	<u>967,114</u>
TOTAL OPERATING EXPENSES - GAAP BASIS	<u>\$ 4,776,270</u>	<u>\$ 4,858,296</u>	<u>\$ 6,301,057</u>	<u>\$ (1,592,967)</u>	<u>\$ 5,931,805</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF OPERATING REVENUES AND EXPENSES - BUDGET AND ACTUAL
RISK MANAGEMENT FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023			Variance	2022
	Original Budget	Final Budget	Actual	Over (Under)	Actual
OPERATING REVENUES					
Charges for services	\$ 3,263,250	\$ 3,263,250	\$ 3,511,512	\$ 248,262	\$ 4,233,532
Miscellaneous	-	44,500	147,680	103,180	272,686
Total operating revenues	\$ 3,263,250	\$ 3,307,750	\$ 3,659,192	\$ 351,442	\$ 4,506,218
OPERATING EXPENSES					
Operations					
Administration	\$ 138,100	\$ 138,100	\$ 138,100	\$ -	\$ 138,100
Commodities					
Office supplies	5,420	5,420	4,232	(1,188)	4,149
Contractual services					
Professional services	98,000	98,000	57,600	(40,400)	46,148
Other miscellaneous services	1,500	1,500	-	(1,500)	-
Total contractual services	103,500	103,500	57,600	(45,900)	46,148
Insurance					
HMO medical plan	7,030	7,030	14,035	7,005	6,911
Public official liability	123,080	135,580	129,307	(6,273)	114,187
Workers' compensation	297,300	297,300	276,111	(21,189)	252,457
Automobile	171,000	171,000	163,421	(7,579)	153,606
Liability	357,000	445,270	355,194	(90,076)	321,091
Umbrella liability	175,000	195,700	185,325	(10,375)	144,135
Property	687,000	687,000	609,708	(77,292)	523,458
Crime and faithful performance	4,790	4,790	3,293	(1,497)	6,599
Total insurance	1,822,200	1,943,670	1,736,394	(207,276)	1,522,444
Self-insurance claims					
Workers' compensation	3,000,000	3,000,000	2,833,739	(166,261)	2,572,014
General liability	450,000	450,000	573,272	123,272	676,050
Auto liability	185,000	192,500	192,236	(264)	319,580
Other	85,000	122,000	116,731	(5,269)	81,039
Total self-insurance claims	3,720,000	3,764,500	3,715,978	(48,522)	3,648,683
TOTAL OPERATING EXPENSES	\$ 5,789,220	\$ 5,955,190	\$ 5,652,304	\$ (302,886)	\$ 5,359,524

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS**SCHEDULE OF OPERATING REVENUES AND EXPENSES - BUDGET AND ACTUAL
MEDICAL INSURANCE FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023			Variance Over (Under)	2022 Actual
	Original Budget	Final Budget	Actual		
OPERATING REVENUES					
Charges for services	\$ 13,368,140	\$ 13,368,140	\$ 13,205,874	\$ (162,266)	\$ 12,807,949
Miscellaneous	-	-	150,000	150,000	440,438
Total operating revenues	<u>\$ 13,368,140</u>	<u>\$ 13,368,140</u>	<u>\$ 13,355,874</u>	<u>\$ (12,266)</u>	<u>\$ 13,248,387</u>
OPERATING EXPENSES					
Operations					
Administration	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Contractual services					
Professional services	<u>101,500</u>	<u>101,500</u>	<u>94,497</u>	<u>(7,003)</u>	<u>88,071</u>
Insurance					
Medical	9,590,300	9,590,300	9,894,749	304,449	9,003,191
Life	84,000	84,000	82,727	(1,273)	82,232
Employment	100,000	100,000	59,464	(40,536)	113,166
HMO	<u>3,593,540</u>	<u>3,593,540</u>	<u>3,105,008</u>	<u>(488,532)</u>	<u>3,083,428</u>
Total insurance	<u>13,367,840</u>	<u>13,367,840</u>	<u>13,141,948</u>	<u>(225,892)</u>	<u>12,282,017</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 13,569,340</u></u>	<u><u>\$ 13,569,340</u></u>	<u><u>\$ 13,336,445</u></u>	<u><u>\$ (232,895)</u></u>	<u><u>\$ 12,470,088</u></u>

(See independent auditor's report.)

An aerial, grayscale photograph of a city street. On the left, a car is parked on the side of the road. A large truck is visible further down the street. The street curves to the right. On the right side of the street, there are several multi-story brick buildings with many windows. A tree is visible in the middle of the street. The overall scene is a typical urban environment.

FIDUCIARY FUNDS



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

FIDUCIARY FUNDS

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Police Pension Fund - to account for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by state statutes and by the City through an annual property tax levy.

Firefighters' Pension Fund - to account for the accumulation of resources to pay pension costs. Resources are contributed by fire personnel members at rates fixed by state statutes and by the City through an annual property tax levy.

Retiree Health Insurance Fund - to account for the accumulation of resources to pay retiree health insurance costs.

CUSTODIAL FUNDS

Special Assessments Fund - to account for the collection of assessments levied to retire special assessment bonds for which the City has no obligation.

Special Service Area #19 Fund - to account for the collection of property taxes levied to retire special service area bonds for which the City has no obligation.

CITY OF ELGIN, ILLINOIS

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

December 31, 2023

	Pension Trust		Other Employee Benefit Trust	
	Police Pension	Firefighters' Pension	Retiree Health Insurance	Total
ASSETS				
Cash and short-term investments	\$ 1,184,975	\$ 2,644,994	\$ 206,805	\$ 4,036,774
Receivables				
Accounts	-	-	26,958	26,958
Accrued interest	541,462	-	12,447	553,909
Investments				
U.S. Treasury obligations	17,485,758	-	-	17,485,758
U.S. agency obligations	14,238,254	-	-	14,238,254
State and local obligations	-	-	260,000	260,000
Corporate bonds	26,935,924	-	-	26,935,924
Corporate equity securities	13,468,738	-	-	13,468,738
Equity mutual funds	83,143,866	-	10,550,963	93,694,829
Bond mutual funds	-	-	10,169,078	10,169,078
Balanced mutual funds	-	-	2,429,797	2,429,797
Money market mutual funds	1,144,319	-	-	1,144,319
Pooled real estate fund	13,972,232	-	-	13,972,232
Investments held in the Illinois				
Firefighters' Pension Investment Fund	-	123,370,477	-	123,370,477
Prepaid items	16,975	4,162	4,167	25,304
 Total assets	 172,132,503	 126,019,633	 23,660,215	 321,812,351
LIABILITIES				
Accounts payable	86,382	4,608	-	90,990
Deposits payable	-	-	137,361	137,361
 Total liabilities	 86,382	 4,608	 137,361	 228,351
NET POSITION RESTRICTED FOR PENSION/OPEB BENEFITS	 \$ 172,046,121	 \$ 126,015,025	 \$ 23,522,854	 \$ 321,584,000

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

For the Year Ended December 31, 2023

	Pension Trust		Other Employee Benefit Trust		
	Police Pension	Firefighters' Pension	Retiree Health Insurance		Total
ADDITIONS					
Contributions					
Employer	\$ 11,991,196	\$ 9,747,033	\$ 2,604,000	\$	24,342,229
Employee	2,297,732	1,482,270	-		3,780,002
Total contributions	14,288,928	11,229,303	2,604,000		28,122,231
Investment income					
Net appreciation in fair value of investments	15,437,301	14,509,120	2,113,377		32,059,798
Interest	3,597,409	2,008,369	693,223		6,299,001
Total investment income	19,034,710	16,517,489	2,806,600		38,358,799
Less investment expense	(281,257)	(123,596)	(31,110)		(435,963)
Net investment income	18,753,453	16,393,893	2,775,490		37,922,836
Total additions	33,042,381	27,623,196	5,379,490		66,045,067
DEDUCTIONS					
Benefits and refunds	13,581,486	10,202,134	2,160,483		25,944,103
Less retiree contributions	-	-	(1,302,650)		(1,302,650)
Miscellaneous					
Contractual professional services	191,498	65,458	-		256,956
Insurance	18,201	5,787	-		23,988
Total deductions	13,791,185	10,273,379	857,833		24,922,397
NET INCREASE	19,251,196	17,349,817	4,521,657		41,122,670
RESTRICTED NET POSITION FOR PENSION/OPEB BENEFITS					
January 1	152,794,925	108,665,208	19,001,197		280,461,330
December 31	\$ 172,046,121	\$ 126,015,025	\$ 23,522,854	\$	321,584,000

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

December 31, 2023

	Special Assessments	Special Service Area #19	Total
<hr/>			
ASSETS			
Cash and short-term investments	\$ 497,502	\$ 10,937	\$ 508,439
Receivables			
Property	-	55,650	55,650
Special assessments	24,151	-	24,151
Interest	13,042	-	13,042
	<hr/>		
Total assets	534,695	66,587	601,282
	<hr/>		
LIABILITIES			
None	-	-	-
 DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	-	55,650	55,650
	<hr/>		
Total liabilities and deferred inflows of resources	-	55,650	55,650
	<hr/>		
NET POSITION			
Restricted for debt service	534,695	10,937	545,632
	<hr/>		
TOTAL NET POSITION	\$ 534,695	\$ 10,937	\$ 545,632
	<hr/>		

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS**COMBINING STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION
CUSTODIAL FUNDS**

For the Year Ended December 31, 2023

	Special Assessments	Special Service Area #19	Total
ADDITIONS			
Contributions			
Property owners	\$ 149	\$ 55,408	\$ 55,557
Investment income	-	80	80
Total additions	149	55,488	55,637
DEDUCTIONS			
Miscellaneous	525	-	525
Debt service			
Principal	-	34,000	34,000
Interest and fiscal charges	-	21,060	21,060
Total deductions	525	55,060	55,585
NET INCREASE (DECREASE)	(376)	428	52
NET POSITION RESTRICTED			
January 1	535,071	10,509	545,580
December 31	\$ 534,695	\$ 10,937	\$ 545,632

(See independent auditor's report.)



SUPPLEMENTAL DATA



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

CITY OF ELGIN, ILLINOIS

COMBINING BALANCE SHEET
GENERAL FUND

December 31, 2023

	General	Elgin Riverboat	Eliminations	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and investments	\$ 125,935,204	\$ 17,223,877	\$ -	\$ 143,159,081
Receivables				
Property taxes	49,846,320	-	-	49,846,320
Accounts	463,595	-	-	463,595
Leases	-	39,616,383	-	39,616,383
Accrued interest	774,260	62,195	-	836,455
Other	4,362,723	330,314	-	4,693,037
Prepaid items	24,234	-	-	24,234
Due from other governments	10,746,081	1,916,594	-	12,662,675
Due from other funds	188,499	-	-	188,499
Total assets	192,340,916	59,149,363	-	251,490,279
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 192,340,916	\$ 59,149,363	\$ -	\$ 251,490,279

(This schedule is continued on the following page.)

CITY OF ELGIN, ILLINOIS

COMBINING BALANCE SHEET (Continued)
GENERAL FUND

December 31, 2023

	General	Elgin Riverboat	Eliminations	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 4,490,346	\$ 3,116,884	\$ -	\$ 7,607,230
Accrued payroll	5,503,895	-	-	5,503,895
Retainage payable	187,255	203,803	-	391,058
Deposits payable	12,176,203	3,743	-	12,179,946
Unearned revenue	816,014	-	-	816,014
Due to other funds	21,431	-	-	21,431
Total liabilities	23,195,144	3,324,430	-	26,519,574
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	49,846,320	39,084,964	-	88,931,284
Total deferred inflows of resources	49,846,320	39,084,964	-	88,931,284
Total liabilities and deferred inflows of resources	73,041,464	42,409,394	-	115,450,858
FUND BALANCES				
Nonspendable				
Prepaid items	24,234	-	-	24,234
Assigned				
Public safety	3,144,888	-	-	3,144,888
Recreation	5,301,223	535,784	-	5,837,007
Health and welfare	273,897	150,049	-	423,946
Highways and streets	670,401	2,747,391	-	3,417,792
Economic development	484,000	1,500,000	-	1,984,000
Other purposes	9,995	-	-	9,995
Capital outlay	2,302,840	2,024,659	-	4,327,499
Subsequent Year's Budget	7,808,920	-	-	7,808,920
Unassigned	99,279,054	9,782,086	-	109,061,140
Total fund balances	119,299,452	16,739,969	-	136,039,421
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 192,340,916	\$ 59,149,363	\$ -	\$ 251,490,279

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND**

For the Year Ended December 31, 2023

	General	Elgin Riverboat	Eliminations	Total
REVENUES				
Taxes				
Property	\$ 42,227,384	\$ -	\$ -	\$ 42,227,384
Road and bridge	1,230,810	-	-	1,230,810
Hotel/motel	1,043,541	-	-	1,043,541
Sales	38,987,971	-	-	38,987,971
Utility	6,802,514	-	-	6,802,514
Local liquor	1,825,186	-	-	1,825,186
Local motor fuel	1,677,194	-	-	1,677,194
Telecommunications	1,556,887	-	-	1,556,887
Other	331,129	-	-	331,129
Intergovernmental	22,635,629	9,949,893	-	32,585,522
Licenses, fees and permits	4,444,125	-	-	4,444,125
Charges for services	21,834,623	-	-	21,834,623
Charges for commodities	20,626	-	-	20,626
Fines and forfeits	1,507,754	-	-	1,507,754
Investment income	6,492,195	1,471,683	-	7,963,878
Other	3,319,590	992,552	-	4,312,142
Total revenues	155,937,158	12,414,128	-	168,351,286
EXPENDITURES				
Current				
General government	9,168,111	-	-	9,168,111
Public safety	95,775,763	-	-	95,775,763
Highways and streets	15,100,878	2,363,967	-	17,464,845
Culture and recreation	2,496,165	520,665	-	3,016,830
Economic development	799,025	801,668	-	1,600,693
Sanitation	8,413,949	-	-	8,413,949
Other	4,007,639	182,128	-	4,189,767
Capital outlay	-	7,192,216	-	7,192,216
Debt service				
Principal	1,469,769	-	-	1,469,769
Interest and fiscal charges	175,002	-	-	175,002
Total expenditures	137,406,301	11,060,644	-	148,466,945
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,530,857	1,353,484	-	19,884,341
OTHER FINANCING SOURCES (USES)				
Transfers in	4,587,669	-	-	4,587,669
Transfers (out)	(6,600,000)	(800,000)	-	(7,400,000)
Proceeds from SBITA issuance	135,268	-	-	135,268
Proceeds from lease issuance	168,150	-	-	168,150
Total other financing sources (uses)	(1,708,913)	(800,000)	-	(2,508,913)
NET CHANGE IN FUND BALANCES	16,821,944	553,484	-	17,375,428
FUND BALANCES, JANUARY 1	102,477,508	16,186,485	-	118,663,993
FUND BALANCES, DECEMBER 31	\$ 119,299,452	\$ 16,739,969	\$ -	\$ 136,039,421

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
TAXES					
Property tax - current	\$ 42,607,660	\$ 42,607,660	\$ 42,227,384	\$ (380,276)	\$ 42,106,629
Road and bridge	1,060,000	1,060,000	1,230,810	170,810	1,152,617
Hotel/motel	900,000	900,000	1,043,541	143,541	1,051,729
Sales	23,560,000	23,560,000	25,618,259	2,058,259	25,628,387
Local sales	11,000,000	11,000,000	13,369,712	2,369,712	13,554,684
Utility taxes	7,400,000	7,400,000	6,802,514	(597,486)	7,618,208
Telecommunications	1,374,000	1,374,000	1,556,887	182,887	1,492,471
Local liquor	1,700,000	1,700,000	1,825,186	125,186	1,728,390
Local motor fuel	1,700,000	1,700,000	1,677,194	(22,806)	1,640,531
Foreign fire insurance	-	3,400	331,129	327,729	211,007
Total taxes	91,301,660	91,305,060	95,682,616	4,377,556	96,184,653
LICENSES AND PERMITS					
Licenses					
Business licenses	658,240	658,240	695,857	37,617	649,505
Liquor licenses	133,940	133,940	120,427	(13,513)	157,883
Total licenses	792,180	792,180	816,284	24,104	807,388
Permits					
Building	1,200,000	1,200,000	2,501,804	1,301,804	1,755,238
Electrical	150,000	150,000	270,445	120,445	310,330
Heating and air conditioning	82,500	82,500	179,670	97,170	157,420
Occupancy	105,000	105,000	137,350	32,350	149,555
Plumbing	157,500	157,500	252,287	94,787	268,340
Sign	20,000	20,000	21,520	1,520	24,945
Engineering	20,000	20,000	48,550	28,550	64,048
Parking lot	30,000	30,000	42,110	12,110	46,690
Miscellaneous	138,750	138,750	174,105	35,355	157,564
Total permits	1,903,750	1,903,750	3,627,841	1,724,091	2,934,130
Total licenses and permits	2,695,930	2,695,930	4,444,125	1,748,195	3,741,518
INTERGOVERNMENTAL					
Replacement taxes	2,340,000	2,340,000	3,326,188	986,188	4,038,472
State income taxes	16,500,000	16,500,000	18,335,305	1,835,305	18,705,859
State route maintenance	115,200	115,200	126,207	11,007	118,460
State grants - other	-	140,921	82,457	(58,464)	22,042
State revenues - other	5,000	5,000	5,944	944	4,265
Federal grants - other	1,995,630	2,059,701	180,237	(1,879,464)	343,421
School District U-46 Liaison Program	545,660	545,660	579,291	33,631	576,117
Total intergovernmental	21,501,490	21,706,482	22,635,629	929,147	23,808,636
CHARGES FOR SERVICES					
Ambulance fees	7,300,000	7,300,000	8,442,834	1,142,834	7,836,097
CPR training	9,000	9,000	8,420	(580)	4,050
Elevator inspection fees	60,000	60,000	94,565	34,565	17,310
Rental fees	248,710	248,710	239,444	(9,266)	30,408
Engineering services	58,000	83,000	95,668	12,668	68,155

(This schedule is continued on the following page.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
CHARGES FOR SERVICES (Continued)					
Miscellaneous police services	\$ 120,000	\$ 120,000	\$ 171,306	\$ 51,306	\$ 151,748
Fire protection services	80,000	80,000	74,280	(5,720)	76,261
Vacant home fee	20,000	20,000	8,500	(11,500)	12,400
Housing inspection fees	20,000	20,000	11,500	(8,500)	20,000
Rental inspection fees	567,000	567,000	397,069	(169,931)	464,652
Plan check fees	187,500	187,500	572,015	384,515	300,418
Program registration fees	10,000	16,555	44,026	27,471	3,894
ESD sewer collection fees	550,000	550,000	647,369	97,369	557,713
Special event ticket sales	-	14,040	59,903	45,863	5,231
Tree removal fees	5,000	5,000	4,010	(990)	4,100
IRB application fees	-	-	1,485	1,485	40
Weed control fees	25,000	25,000	28,056	3,056	30,778
Zoning petitions and variations	97,500	97,500	69,760	(27,740)	161,242
Refuse collection	7,702,450	7,716,582	7,747,851	31,269	7,428,452
Fire services - tollway	-	-	18,000	18,000	3,000
Miscellaneous services	1,870,200	2,513,158	3,098,562	585,404	1,370,232
Total charges for services	18,930,360	19,633,045	21,834,623	2,201,578	18,546,181
CHARGES FOR COMMODITIES					
Concession sales	23,000	23,000	20,626	(2,374)	-
Total charges for commodities	23,000	23,000	20,626	(2,374)	-
FINES AND FORFEITS					
Court and parking fines					
Cook County fines	5,400	5,400	2,917	(2,483)	3,487
Kane County fines	537,500	537,500	584,357	46,857	575,138
Building permit fines	1,500	1,500	525	(975)	1,005
Parking tickets - current	275,000	275,000	357,296	82,296	292,822
Alarm fees	20,000	20,000	18,500	(1,500)	19,500
Code violation fines	421,000	421,000	445,888	24,888	441,113
Animal control fines	20,000	20,000	18,471	(1,529)	14,299
Overweight trucks	65,000	65,000	79,800	14,800	78,450
Total fines and forfeits	1,345,400	1,345,400	1,507,754	162,354	1,425,814
INVESTMENT INCOME	1,020,000	1,020,000	6,492,195	5,472,195	574,358
MISCELLANEOUS					
Gas franchise	50,000	50,000	59,465	9,465	71,494
Cable TV franchise	1,214,000	1,214,000	1,095,492	(118,508)	1,215,716
Security system franchise	15,000	15,000	13,662	(1,338)	14,225
Roadway impact fee	2,104,050	2,234,510	153,097	(2,081,413)	227,065
Other	746,500	1,374,591	1,971,600	597,009	972,424
Special events	650	650	800	150	646
Police reports	15,000	15,000	24,643	9,643	16,981
Photocopies	500	500	831	331	1,042
Total miscellaneous	4,145,700	4,904,251	3,319,590	(1,584,661)	2,519,593
TOTAL REVENUES	\$ 140,963,540	\$ 142,633,168	\$ 155,937,158	\$ 13,303,990	\$ 146,800,753

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
GENERAL GOVERNMENT					
Mayor and City Council	\$ 271,380	\$ 271,380	\$ 284,967	\$ 13,587	\$ 266,627
Office of the City Manager	1,804,210	1,804,210	1,263,595	(540,615)	1,230,836
Purchasing and research	359,860	359,860	359,352	(508)	362,175
Human resources	1,067,450	1,203,784	1,050,720	(153,064)	841,569
Legal department	1,495,090	1,495,090	1,335,204	(159,886)	1,202,045
Boards and commissions	566,200	586,590	442,819	(143,771)	495,791
Finance department	2,733,570	2,755,979	2,551,375	(204,604)	2,534,675
City Clerk	293,970	293,970	311,120	17,150	284,126
Planning department	1,412,310	1,419,574	1,244,663	(174,911)	1,326,528
Management information	1,852,540	1,852,540	1,793,050	(59,490)	1,826,176
311 department	1,029,680	1,030,230	860,436	(169,794)	886,905
Less administrative expenditures paid by other funds	(2,329,190)	(2,329,190)	(2,329,190)	-	(2,329,190)
Total general government	10,557,070	10,744,017	9,168,111	(1,575,906)	8,928,263
PUBLIC SAFETY					
Police department	56,342,940	57,270,547	56,217,631	(1,052,916)	50,297,662
Fire department	35,146,520	35,777,674	35,948,637	170,963	30,272,863
Bureau of inspection services	3,861,840	3,859,201	3,609,495	(249,706)	3,555,797
Total public safety	95,351,300	96,907,422	95,775,763	(1,131,659)	84,126,322
HIGHWAYS AND STREETS					
Public works administration	406,460	406,460	365,740	(40,720)	414,720
Engineering division	660,580	712,962	338,601	(374,361)	446,165
Traffic division	1,807,400	2,119,831	1,867,614	(252,217)	1,520,680
Streets division	3,996,610	3,952,219	3,383,758	(568,461)	3,595,083
Building maintenance	3,475,490	3,475,490	3,188,623	(286,867)	3,236,820
Park maintenance	6,197,820	6,195,904	5,956,542	(239,362)	5,258,015
Total highways and streets	16,544,360	16,862,866	15,100,878	(1,761,988)	14,471,483
CULTURE AND RECREATION					
Cultural arts and special events	2,619,180	2,750,497	2,496,165	(254,332)	-
Total culture and recreation	2,619,180	2,750,497	2,496,165	(254,332)	-
ECONOMIC DEVELOPMENT	727,950	727,950	799,025	71,075	502,576
SANITATION	8,374,390	8,424,500	8,413,949	(10,551)	8,037,324
MISCELLANEOUS	18,655,990	19,810,540	4,007,639	(15,802,901)	2,682,508
DEBT SERVICE	-	-	1,644,771	1,644,771	1,014,261
TOTAL EXPENDITURES	\$ 152,830,240	\$ 156,227,792	\$ 137,406,301	\$ (18,821,491)	\$ 119,762,737

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				2022
	Original Budget	Final Budget	Actual	Variance Over (Under)	Actual
GENERAL GOVERNMENT					
Mayor and City Council					
Personal services	\$ 197,830	\$ 197,830	\$ 228,117	\$ 30,287	\$ 207,925
Commodities	70,550	70,550	53,850	(16,700)	55,702
Contractual services	3,000	3,000	3,000	-	3,000
Total Mayor and City Council	271,380	271,380	284,967	13,587	266,627
Office of the City Manager					
Personal services	1,404,200	1,404,200	1,021,229	(382,971)	917,095
Commodities	63,270	56,270	29,986	(26,284)	42,573
Contractual services	286,740	293,740	162,380	(131,360)	271,168
Capital outlay	50,000	50,000	50,000	-	-
Total Office of the City Manager	1,804,210	1,804,210	1,263,595	(540,615)	1,230,836
Purchasing and research					
Personal services	257,930	257,930	258,919	989	286,421
Commodities	1,210	738	330	(408)	1,102
Contractual services	86,970	87,442	100,103	12,661	61,152
Insurance	13,750	13,750	-	(13,750)	13,500
Total purchasing and research	359,860	359,860	359,352	(508)	362,175
Human resources					
Personal services	708,340	708,340	642,899	(65,441)	518,932
Commodities	36,690	36,491	33,038	(3,453)	33,452
Contractual services	300,420	436,953	365,076	(71,877)	278,029
Capital outlay	-	-	4,430	4,430	-
Other	22,000	22,000	5,277	(16,723)	11,156
Total human resources	1,067,450	1,203,784	1,050,720	(153,064)	841,569
Legal department					
Personal services	1,190,820	1,190,820	1,123,940	(66,880)	1,030,214
Commodities	9,970	13,370	13,270	(100)	8,220
Contractual services	294,100	290,700	197,949	(92,751)	163,586
Insurance	200	200	45	(155)	25
Total legal department	1,495,090	1,495,090	1,335,204	(159,886)	1,202,045
Boards and commissions					
Contractual services	-	-	-	-	6,440
Other	566,200	586,590	442,819	(143,771)	489,351
Total boards and commissions	566,200	586,590	442,819	(143,771)	495,791

(This schedule is continued on the following pages.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
GENERAL GOVERNMENT (Continued)					
Finance department					
Personal services	\$ 2,030,480	\$ 2,030,480	\$ 1,945,724	\$ (84,756)	\$ 1,886,769
Commodities	7,750	20,778	17,210	(3,568)	5,604
Contractual services	695,310	697,507	581,227	(116,280)	642,262
Insurance	30	30	30	-	40
Capital outlay	-	7,184	7,184	-	-
Total finance department	2,733,570	2,755,979	2,551,375	(204,604)	2,534,675
City Clerk					
Personal services	247,320	247,320	269,958	22,638	254,308
Commodities	2,700	2,700	2,076	(624)	490
Contractual services	43,950	43,950	39,086	(4,864)	29,328
Total City Clerk	293,970	293,970	311,120	17,150	284,126
Planning department					
Personal services	1,331,370	1,332,090	1,175,298	(156,792)	1,292,108
Commodities	21,500	22,391	12,480	(9,911)	12,852
Contractual services	34,540	38,633	33,342	(5,291)	21,568
Capital outlay	24,900	26,460	23,543	(2,917)	-
Total planning department	1,412,310	1,419,574	1,244,663	(174,911)	1,326,528
Management information					
Personal services	1,614,880	1,614,880	1,624,019	9,139	1,599,039
Commodities	202,920	196,465	138,019	(58,446)	193,254
Contractual services	34,740	34,520	31,012	(3,508)	33,883
Capital outlay	-	6,675	-	(6,675)	-
Total management information	1,852,540	1,852,540	1,793,050	(59,490)	1,826,176
311 department					
Personal services	1,015,340	1,015,340	849,197	(166,143)	875,967
Commodities	3,780	5,680	3,169	(2,511)	2,132
Contractual services	10,560	9,210	8,070	(1,140)	8,806
Total 311 department	1,029,680	1,030,230	860,436	(169,794)	886,905
Total general government	12,886,260	13,073,207	11,497,301	(1,575,906)	11,257,453
Less administrative expenditures paid by other funds	(2,329,190)	(2,329,190)	(2,329,190)	-	(2,329,190)
Total general government	10,557,070	10,744,017	9,168,111	(1,575,906)	8,928,263

(This schedule is continued on the following pages.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
PUBLIC SAFETY					
Police department					
Personal services	\$ 44,289,335	\$ 44,289,335	\$ 39,024,141	\$ (5,265,194)	\$ 37,733,945
Commodities	1,186,940	1,227,470	1,095,274	(132,196)	1,056,912
Contractual services	3,885,410	3,993,770	2,707,564	(1,286,206)	3,036,084
Insurance	1,680	1,680	745	(935)	610
Other	1,500	1,500	-	(1,500)	200
Pension contribution	6,096,355	6,096,355	11,991,196	5,894,841	8,352,202
Capital outlay	881,720	1,660,437	1,398,711	(261,726)	117,709
Total police department	56,342,940	57,270,547	56,217,631	(1,052,916)	50,297,662
Fire department					
Personal services	24,560,973	24,613,973	22,550,486	(2,063,487)	21,717,108
Commodities	1,549,990	1,706,297	1,478,596	(227,701)	1,195,704
Contractual services	285,030	270,030	252,025	(18,005)	256,984
Pension contribution	7,484,687	7,484,687	9,747,033	2,262,346	6,277,692
Capital outlay	1,265,840	1,702,687	1,920,497	217,810	825,375
Total fire department	35,146,520	35,777,674	35,948,637	170,963	30,272,863
Bureau of inspection services					
Personal services	3,470,850	3,434,336	3,241,045	(193,291)	3,113,781
Commodities	33,300	35,526	25,012	(10,514)	12,171
Contractual services	357,690	389,339	343,438	(45,901)	429,845
Total bureau of inspection services	3,861,840	3,859,201	3,609,495	(249,706)	3,555,797
Total public safety	95,351,300	96,907,422	95,775,763	(1,131,659)	84,126,322
HIGHWAYS AND STREETS					
Public works administration					
Personal services	298,800	298,800	230,362	(68,438)	293,320
Commodities	27,550	26,050	13,774	(12,276)	14,048
Contractual services	80,110	81,610	121,604	39,994	107,352
Total public works administration	406,460	406,460	365,740	(40,720)	414,720
Engineering division					
Personal services	230,430	230,430	124,467	(105,963)	125,452
Commodities	13,150	15,128	11,761	(3,367)	11,739
Contractual services	417,000	467,404	202,373	(265,031)	295,884
Capital outlay	-	-	-	-	13,090
Total engineering division	660,580	712,962	338,601	(374,361)	446,165

(This schedule is continued on the following pages.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
HIGHWAYS AND STREETS (Continued)					
Traffic division					
Personal services	\$ 1,034,210	\$ 1,034,210	\$ 1,092,531	\$ 58,321	\$ 878,832
Commodities	233,410	269,871	233,660	(36,211)	136,811
Contractual services	339,780	421,840	400,053	(21,787)	317,547
Capital outlay	200,000	393,910	141,370	(252,540)	187,490
Total traffic division	1,807,400	2,119,831	1,867,614	(252,217)	1,520,680
Street division					
Personal services	2,616,290	2,616,290	2,200,216	(416,074)	2,312,165
Commodities	99,000	105,453	95,239	(10,214)	83,618
Contractual services	1,281,320	1,230,476	1,088,303	(142,173)	1,199,300
Total street division	3,996,610	3,952,219	3,383,758	(568,461)	3,595,083
Building maintenance					
Personal services	2,108,780	2,108,780	1,906,869	(201,911)	1,949,427
Commodities	422,600	423,797	425,333	1,536	417,001
Contractual services	944,110	942,913	856,421	(86,492)	870,392
Total building maintenance	3,475,490	3,475,490	3,188,623	(286,867)	3,236,820
Park maintenance					
Personal services	4,163,660	4,163,660	3,955,077	(208,583)	3,739,803
Commodities	314,100	327,414	315,018	(12,396)	293,903
Contractual services	1,570,060	1,557,064	1,541,547	(15,517)	1,117,266
Capital outlay	150,000	147,766	144,900	(2,866)	107,043
Total park maintenance	6,197,820	6,195,904	5,956,542	(239,362)	5,258,015
Total highways and streets	16,544,360	16,862,866	15,100,878	(1,761,988)	14,471,483
CULTURE AND RECREATION					
Cultural arts and special events					
Personal services	1,079,120	1,079,120	1,015,160	(63,960)	-
Commodities	187,300	227,560	199,163	(28,397)	-
Contractual services	1,273,870	1,364,927	1,277,634	(87,293)	-
Capital outlay	78,890	78,890	4,208	(74,682)	-
Total cultural arts and special events	2,619,180	2,750,497	2,496,165	(254,332)	-
Total culture and recreation	2,619,180	2,750,497	2,496,165	(254,332)	-
ECONOMIC DEVELOPMENT					
Commodities	192,950	192,950	178,956	(13,994)	22,965
Contractual services	535,000	535,000	620,069	85,069	479,611
Total economic development	727,950	727,950	799,025	71,075	502,576

(This schedule is continued on the following page.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
SANITATION					
Personal services	\$ 123,290	\$ 123,290	\$ 140,563	\$ 17,273	\$ 131,720
Commodities	7,650	10,650	9,060	(1,590)	7,383
Contractual services	8,243,450	8,290,560	8,264,326	(26,234)	7,898,221
Total sanitation	8,374,390	8,424,500	8,413,949	(10,551)	8,037,324
MISCELLANEOUS					
Other nondepartmental					
Personal services	671,300	671,300	578,268	(93,032)	595,949
Commodities	39,500	39,500	26,114	(13,386)	41,391
Contractual services	1,996,630	2,283,002	910,967	(1,372,035)	1,469,262
Insurance	70,690	70,690	70,690	-	70,690
Capital outlay	14,860,870	15,901,352	2,220,543	(13,680,809)	388,089
Other	1,017,000	844,696	201,057	(643,639)	117,127
Total miscellaneous	18,655,990	19,810,540	4,007,639	(15,802,901)	2,682,508
DEBT SERVICE					
Principal retirement	-	-	1,469,769	1,469,769	821,174
Interest and fiscal charges	-	-	175,002	175,002	193,087
Total debt service	-	-	1,644,771	1,644,771	1,014,261
TOTAL EXPENDITURES	\$ 152,830,240	\$ 156,227,792	\$ 137,406,301	\$ (18,821,491)	\$ 119,762,737

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ELGIN RIVERBOAT FUND**

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Casino admission tax	\$ 900,000	\$ 900,000	\$ 943,480	\$ 43,480
Gaming taxes	8,200,000	8,200,000	8,673,029	473,029
State grants - other	479,230	479,230	135,190	(344,040)
Federal grants - other	218,420	218,420	198,194	(20,226)
Investment income	100,000	100,000	1,471,683	1,371,683
Rental fees	1,245,000	1,245,000	911,474	(333,526)
Miscellaneous	128,700	161,727	81,078	(80,649)
Total revenues	11,271,350	11,304,377	12,414,128	1,109,751
EXPENDITURES				
Current				
Culture and recreation	1,975,000	817,950	520,665	(297,285)
Highways and streets	464,130	3,106,237	2,363,967	(742,270)
Economic development	2,262,820	2,262,249	801,668	(1,460,581)
Miscellaneous				
Contingencies	400,000	182,477	-	(182,477)
Other	150,000	161,458	182,128	20,670
Capital outlay	10,652,540	13,111,852	7,192,216	(5,919,636)
Total expenditures	15,904,490	19,642,223	11,060,644	(8,581,579)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,633,140)	(8,337,846)	1,353,484	9,691,330
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(800,000)	(800,000)	(800,000)	-
Total other financing sources (uses)	(800,000)	(800,000)	(800,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ (5,433,140)</u>	<u>\$ (9,137,846)</u>	553,484	<u>\$ 9,691,330</u>
FUND BALANCE, JANUARY 1			16,186,485	
FUND BALANCE, DECEMBER 31			<u>\$ 16,739,969</u>	

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

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

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
REVENUES					
Property taxes	\$ 1,898,700	\$ 1,898,700	\$ 1,896,614	\$ (2,086)	\$ 2,754,350
Investment income	1,000	1,000	23,826	22,826	6,388
Miscellaneous					
Other	-	-	-	-	140,400
Total revenues	1,899,700	1,899,700	1,920,440	20,740	2,901,138
EXPENDITURES					
Debt service					
Principal retirement	1,425,000	1,425,000	1,425,000	-	2,545,000
Interest and fiscal charges	496,200	496,200	475,137	(21,063)	488,090
Total expenditures	1,921,200	1,921,200	1,900,137	(21,063)	3,033,090
NET CHANGE IN FUND BALANCE	<u>\$ (21,500)</u>	<u>\$ (21,500)</u>	20,303	<u>\$ 41,803</u>	(131,952)
FUND BALANCE, JANUARY 1			<u>1,343,419</u>		<u>1,475,371</u>
FUND BALANCE, DECEMBER 31			<u>\$ 1,363,722</u>		<u>\$ 1,343,419</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
WATER FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023				
	Original Budget	Final Budget	Actual	Variance Over (Under)	2022 Actual
OPERATING REVENUES					
Charges for services					
Service connections	\$ 200,000	\$ 200,000	\$ 203,395	\$ 3,395	\$ 184,641
Water service fees	25,000	25,000	137,415	112,415	3,977
Water impact fees	275,000	275,000	385,900	110,900	426,009
Charges for commodities					
Sale of water	26,127,680	26,127,680	28,168,165	2,040,485	25,068,270
Miscellaneous					
Other	50,500	50,500	178,118	127,618	206,030
Total operating revenues	<u>\$ 26,678,180</u>	<u>\$ 26,678,180</u>	<u>\$ 29,072,993</u>	<u>\$ 2,394,813</u>	<u>\$ 25,888,927</u>
OPERATING EXPENSES					
Administration					
Administrative support	\$ 1,702,700	\$ 1,702,700	\$ 1,702,700	\$ -	\$ 1,702,700
Personal services					
Salaries	6,407,039	6,407,039	5,878,700	(528,339)	5,815,027
Pension contributions	853,641	853,641	799,859	(53,782)	932,960
Other employee costs	1,286,020	1,286,020	1,187,458	(98,562)	1,318,893
Total personal services	<u>8,546,700</u>	<u>8,546,700</u>	<u>7,866,017</u>	<u>(680,683)</u>	<u>8,066,880</u>
Commodities	<u>3,405,450</u>	<u>4,543,072</u>	<u>4,038,576</u>	<u>(504,496)</u>	<u>3,013,710</u>
Contractual services	<u>6,279,550</u>	<u>7,016,329</u>	<u>5,844,161</u>	<u>(1,172,168)</u>	<u>5,961,947</u>
Insurance	<u>181,570</u>	<u>181,570</u>	<u>181,570</u>	<u>-</u>	<u>181,570</u>
Debt service					
Principal	5,755,000	5,755,000	5,804,441	49,441	5,132,473
Interest and fiscal charges	1,570,850	1,570,850	1,091,459	(479,391)	1,217,157
Total debt service	<u>7,325,850</u>	<u>7,325,850</u>	<u>6,895,900</u>	<u>(429,950)</u>	<u>6,349,630</u>
Other					
Capital repair and replacement	1,283,000	2,264,892	729,639	(1,535,253)	637,337
Major repairs	340,000	5,306,829	4,828,472	(478,357)	4,252,739
Total other	<u>1,623,000</u>	<u>7,571,721</u>	<u>5,558,111</u>	<u>(2,013,610)</u>	<u>4,890,076</u>
Total operating expenses	<u>29,064,820</u>	<u>36,887,942</u>	<u>32,087,035</u>	<u>(4,800,907)</u>	<u>30,166,513</u>
ADJUSTMENTS TO GAAP BASIS					
Debt service	(5,755,000)	(5,755,000)	(5,755,000)	(5,705,559)	(5,125,000)
Lease and subscription expense	-	-	(49,441)	5,755,000	-
Amortization of asset retirement obligations	-	-	12,000	(12,000)	12,000
Pension and OPEB expense adjustment	-	-	83,804	83,804	(1,885,236)
Capital assets capitalized	-	-	(806,915)	806,915	(443,567)
Depreciation and amortization	-	-	5,691,925	5,691,925	5,271,326
Total adjustments to GAAP basis	<u>(5,755,000)</u>	<u>(5,755,000)</u>	<u>(823,627)</u>	<u>6,620,085</u>	<u>(2,170,477)</u>
TOTAL EXPENSES - GAAP BASIS	<u>\$ 23,309,820</u>	<u>\$ 31,132,942</u>	<u>\$ 31,263,408</u>	<u>\$ 1,819,178</u>	<u>\$ 27,996,036</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

**SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
SEWER FUND**

For the Year Ended December 31, 2023
(With Comparative Actual)

	2023			Variance	
	Original Budget	Final Budget	Actual	Over (Under)	2022 Actual
OPERATING REVENUES					
Charges for services					
Sewer impact fees	\$ 200,000	\$ 200,000	\$ 363,734	\$ 163,734	\$ 366,637
Charges for commodities					
Sewer billings	5,916,440	5,916,440	6,144,801	228,361	5,789,416
Miscellaneous	-	-	1,364	1,364	-
Total operating revenues	<u>\$ 6,116,440</u>	<u>\$ 6,116,440</u>	<u>\$ 6,509,899</u>	<u>\$ 393,459</u>	<u>\$ 6,156,053</u>
OPERATING EXPENSES					
Administration					
Administrative support	\$ 334,220	\$ 334,220	\$ 334,220	\$ -	\$ 334,220
Personal services					
Salaries	1,432,731	1,432,731	1,397,455	(35,276)	1,183,178
Pension contributions	193,600	193,600	191,143	(2,457)	192,356
Other employee costs	343,269	343,269	365,078	21,809	346,231
Total personal services	<u>1,969,600</u>	<u>1,969,600</u>	<u>1,953,676</u>	<u>(15,924)</u>	<u>1,721,765</u>
Commodities	<u>114,700</u>	<u>117,248</u>	<u>109,447</u>	<u>(7,801)</u>	<u>83,581</u>
Contractual services	<u>691,280</u>	<u>1,016,298</u>	<u>880,199</u>	<u>(136,099)</u>	<u>726,791</u>
Insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service					
Principal	2,170,000	2,170,000	2,170,000	-	2,040,000
Interest and fiscal charges	319,750	319,750	112,145	(207,605)	202,161
Total debt service	<u>2,489,750</u>	<u>2,489,750</u>	<u>2,282,145</u>	<u>(207,605)</u>	<u>2,242,161</u>
Other					
Capital repair and replacement	880,000	1,300,503	750,534	(549,969)	33,244
Contingencies	230,000	219,600	-	(219,600)	-
Total other	<u>1,110,000</u>	<u>1,520,103</u>	<u>750,534</u>	<u>(769,569)</u>	<u>33,244</u>
Total operating expenses	<u>6,709,550</u>	<u>7,447,219</u>	<u>6,310,221</u>	<u>(1,136,998)</u>	<u>5,141,762</u>
ADJUSTMENTS TO GAAP BASIS					
Debt service	(2,170,000)	(2,170,000)	(2,170,000)	-	(2,040,000)
Pension and OPEB expense adjustment	-	-	(37,451)	(37,451)	(424,245)
Capital assets capitalized	-	-	(583,091)	(583,091)	(25,000)
Depreciation	-	-	3,195,997	3,195,997	3,134,821
Total adjustments to GAAP basis	<u>(2,170,000)</u>	<u>(2,170,000)</u>	<u>405,455</u>	<u>2,575,455</u>	<u>645,576</u>
TOTAL EXPENSES - GAAP BASIS	<u>\$ 4,539,550</u>	<u>\$ 5,277,219</u>	<u>\$ 6,715,676</u>	<u>\$ 1,438,457</u>	<u>\$ 5,787,338</u>

(See independent auditor's report.)

CITY OF ELGIN, ILLINOIS

SCHEDULE OF BONDED DEBT

December 31, 2023

	Interest Rates	Interest Dates	Amount of Original Issue	Redeemed	Bonds Outstanding December 31
GENERAL OBLIGATION BONDS					
Refunding Bond Series of 2013A					
Water Fund Portion	1.00% - 5.00%	June 15 and December 15	\$ 6,550,000	\$ 5,915,000	\$ 635,000
Sewer Fund Portion	1.00% - 5.00%	June 15 and December 15	5,895,000	4,595,000	1,300,000
Refunding Bond Series of 2015A					
Water Fund Portion	2.00% - 3.00%	June 15 and December 15	7,160,000	4,160,000	3,000,000
Sewer Fund Portion	2.00% - 3.00%	June 15 and December 15	1,695,000	1,310,000	385,000
Corporate Purpose Bonds Series of 2016					
Debt Service Fund Portion	3.00%	June 15 and December 15	14,995,000	6,880,000	8,115,000
Water Fund Portion	3.00%	June 15 and December 15	10,000,000	4,885,000	5,115,000
Corporate Purpose Bonds Series 2019					
Water Fund Portion	3.00%	June 15 and December 15	8,065,000	1,985,000	6,080,000
Sewer Fund Portion	3.00%	June 15 and December 15	935,000	215,000	720,000
Refunding Bond Series of 2020A					
Water Fund Portion	2.00% - 3.00%	June 15 and December 15	6,625,000	2,000,000	4,625,000
Sewer Fund Portion	2.00% - 3.00%	June 15 and December 15	1,150,000	470,000	680,000
Corporate Purpose Bonds Series 2020B					
Water Fund Portion	4.00%	June 15 and December 15	2,430,000	980,000	1,450,000
Sewer Fund Portion	4.00%	June 15 and December 15	475,000	275,000	200,000
Refunding Bond Series of 2021A					
Water Fund Portion	5.00%	June 15 and December 15	5,125,000	3,370,000	1,755,000
Sewer Fund Portion	5.00%	June 15 and December 15	1,270,000	1,045,000	225,000
Corporate Purpose Bonds Series 2021B					
Water Fund Portion	2.00%	June 15 and December 15	8,335,000	1,055,000	7,280,000
Sewer Fund Portion	2.00%	June 15 and December 15	1,210,000	150,000	1,060,000
Corporate Purpose Bonds Series 2022					
Debt Service Fund Portion	4.00% - 5.00%	June 15 and December 15	4,580,000	430,000	4,150,000
Water Fund Portion	4.00% - 5.00%	June 15 and December 15	8,155,000	765,000	7,390,000
Sewer Fund Portion	4.00% - 5.00%	June 15 and December 15	625,000	145,000	480,000
TOTAL GENERAL OBLIGATION BONDS			<u>\$ 95,275,000</u>	<u>\$ 40,630,000</u>	<u>\$ 54,645,000</u>

(See independent auditor's report.)

STATISTICAL



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2023

STATISTICAL SECTION

This part of the City of Elgin's annual comprehensive 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 City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have been changed over time.	170-179
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	180-186
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	187-192
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	193-194
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	195-197

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF ELGIN, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2014	2015*	2016	2017
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 553,444,727	\$ 554,592,394	\$ 541,856,090	\$ 520,374,530
Restricted	16,794,950	16,938,214	15,245,603	14,331,839
Unrestricted	83,400,820	(130,714,118)	(130,296,654)	(140,006,697)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 653,640,497	\$ 440,816,490	\$ 426,805,039	\$ 394,699,672
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 236,220,665	\$ 243,978,508	\$ 247,013,617	\$ 250,566,625
Restricted	-	-	-	-
Unrestricted	43,332,992	39,282,855	37,840,940	35,021,118
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 279,553,657	\$ 283,261,363	\$ 284,854,557	\$ 285,587,743
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 789,665,392	\$ 798,570,902	\$ 788,869,707	\$ 770,941,155
Restricted	16,794,950	16,938,214	15,245,603	14,331,839
Unrestricted	126,733,812	(91,431,263)	(92,455,714)	(104,985,579)
TOTAL PRIMARY GOVERNMENT	\$ 933,194,154	\$ 724,077,853	\$ 711,659,596	\$ 680,287,415

*The City implemented GASB Statement No. 68 for the year ended December 31, 2015.

**The City implemented GASB Statement No. 75 for the year ended December 31, 2018.

Data Source

Audited Financial Statements

2018**	2019	2020	2021	2022	2023
\$ 503,534,676	\$ 487,876,510	\$ 478,470,962	\$ 469,314,361	\$ 452,208,142	\$ 447,537,982
19,974,101	22,264,218	27,097,144	32,877,299	43,969,353	48,804,942
(144,626,428)	(141,684,370)	(131,177,838)	(92,526,497)	(54,249,621)	(33,112,041)
<u>\$ 378,882,349</u>	<u>\$ 368,456,358</u>	<u>\$ 374,390,268</u>	<u>\$ 409,665,163</u>	<u>\$ 441,927,874</u>	<u>\$ 463,230,883</u>
\$ 251,466,784	\$ 252,012,721	\$ 252,165,955	\$ 255,433,844	\$ 257,718,635	\$ 260,831,038
-	-	-	-	-	309,366
35,353,321	37,748,779	39,699,368	46,633,229	49,657,360	51,871,102
<u>\$ 286,820,105</u>	<u>\$ 289,761,500</u>	<u>\$ 291,865,323</u>	<u>\$ 302,067,073</u>	<u>\$ 307,375,995</u>	<u>\$ 313,011,506</u>
\$ 755,001,460	\$ 739,889,231	\$ 730,636,917	\$ 724,748,205	\$ 709,926,777	\$ 708,369,020
19,974,101	22,264,218	27,097,144	32,877,299	43,969,353	49,114,308
(109,273,107)	(103,935,591)	(91,478,470)	(45,893,268)	(4,592,261)	18,759,061
<u>\$ 665,702,454</u>	<u>\$ 658,217,858</u>	<u>\$ 666,255,591</u>	<u>\$ 711,732,236</u>	<u>\$ 749,303,869</u>	<u>\$ 776,242,389</u>

CITY OF ELGIN, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2014	2015*	2016	2017
EXPENSES				
Governmental activities				
General government	\$ 12,945,844	\$ 12,051,141	\$ 12,022,018	\$ 12,995,103
Public safety	72,544,165	92,816,963	88,538,700	85,777,884
Highways and streets	40,944,103	42,143,740	48,169,201	45,535,293
Health and welfare	4,040,042	1,680,529	954,336	1,324,457
Culture and recreation	11,400,492	13,122,168	13,089,139	13,241,535
Economic development	1,851,051	2,039,588	2,035,435	8,343,984
Sanitation	5,555,868	5,825,952	6,104,343	6,766,654
Interest	870,259	588,833	681,323	637,911
Total governmental activities expenses	150,151,824	170,268,914	171,594,495	174,622,821
Business-type activities				
Water	19,528,702	21,971,424	23,243,893	23,756,341
Sewer	5,420,281	6,209,358	6,541,033	6,215,050
Golf	3,732,519	3,903,664	3,902,736	4,024,523
Total business-type activities expenses	28,681,502	32,084,446	33,687,662	33,995,914
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 178,833,326	\$ 202,353,360	\$ 205,282,157	\$ 208,618,735
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 6,100,809	\$ 5,559,994	\$ 6,091,738	\$ 4,974,922
Public safety	5,430,449	5,473,176	5,463,950	5,673,617
Highways and streets	94,720	97,221	106,548	102,390
Health and welfare	363,610	239,158	158,587	102,032
Culture and recreation	4,856,453	4,916,764	5,208,983	5,385,246
Sanitation	5,398,416	5,313,692	6,012,162	6,230,945
Operating grants and contributions	5,446,733	4,690,279	4,118,087	5,102,825
Capital grants and contributions	7,892,999	12,614,899	9,676,314	1,568,738
Total governmental activities program revenues	35,584,189	38,905,183	36,836,369	29,140,715
Business-type activities				
Charges for services				
Water	23,684,939	23,229,324	23,764,012	24,950,482
Sewer	5,956,508	5,436,713	5,583,163	5,531,590
Golf course	2,928,860	3,063,639	2,914,851	3,182,937
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,312,687	6,188,320	2,644,545	2,571,525
Total business-type activities program revenues	33,882,994	37,917,996	34,906,571	36,236,534
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 69,467,183	\$ 76,823,179	\$ 71,742,940	\$ 65,377,249

2018**	2019	2020	2021	2022	2023
\$ 12,895,941	\$ 11,574,279	\$ 14,494,976	\$ 12,072,053	\$ 10,985,192	\$ 15,170,761
91,363,608	91,785,493	81,957,355	74,493,271	92,744,371	101,022,279
37,899,617	45,276,294	42,704,233	40,261,686	42,398,897	51,476,402
1,190,933	984,609	1,466,450	1,327,491	872,030	1,567,281
12,277,316	14,355,427	11,455,567	12,069,038	14,631,711	17,975,094
2,721,315	2,827,673	3,624,714	3,251,436	2,613,822	4,165,968
6,863,022	7,454,753	7,319,715	7,681,298	8,037,324	8,413,949
544,850	431,801	408,458	281,044	520,255	1,120,872
165,756,602	174,690,329	163,431,468	151,437,317	172,803,602	200,912,606
22,919,616	22,193,625	23,520,923	21,256,621	27,996,036	31,263,408
6,048,523	5,926,757	5,888,048	5,538,259	5,787,338	6,715,676
3,837,585	3,926,420	4,154,446	4,102,132	4,459,117	5,251,904
32,805,724	32,046,802	33,563,417	30,897,012	38,242,491	43,230,988
\$ 198,562,326	\$ 206,737,131	\$ 196,994,885	\$ 182,334,329	\$ 211,046,093	\$ 244,143,594
\$ 6,262,481	\$ 6,824,637	\$ 5,695,326	\$ 8,417,555	\$ 8,140,815	\$ 10,432,663
7,645,526	7,536,255	8,139,385	10,488,561	12,026,877	12,894,240
105,892	109,561	258,612	176,096	167,160	146,187
77,580	68,861	51,020	60,045	47,719	30,233
5,140,720	5,305,790	1,997,913	3,215,473	5,203,621	5,689,934
6,898,729	7,095,462	8,002,640	8,462,526	8,799,509	9,118,207
4,949,524	5,065,201	14,246,971	6,618,305	6,112,182	7,545,944
2,669,503	2,340,227	6,171,720	10,040,253	4,556,778	7,265,302
33,749,955	34,345,994	44,563,587	47,478,814	45,054,661	53,122,710
26,316,708	24,808,287	24,203,591	26,213,239	25,888,927	29,072,993
6,246,920	6,467,079	6,143,290	6,425,294	6,156,053	6,509,899
2,907,266	3,088,574	3,911,522	4,460,838	4,674,387	5,199,156
-	-	-	-	-	-
361,150	1,096,075	2,272,956	5,244,242	8,003,405	7,407,807
35,832,044	35,460,015	36,531,359	42,343,613	44,722,772	48,189,855
\$ 69,581,999	\$ 69,806,009	\$ 81,094,946	\$ 89,822,427	\$ 89,777,433	\$ 101,312,565

CITY OF ELGIN, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2014	2015*	2016	2017
NET (EXPENSE) REVENUE				
Governmental activities	\$ (114,567,635)	\$ (131,363,731)	\$ (134,758,126)	\$ (145,482,106)
Business-type activities	5,201,492	5,833,550	1,218,909	2,240,620
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (109,366,143)	\$ (125,530,181)	\$ (133,539,217)	\$ (143,241,486)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Taxes				
Property	\$ 43,258,079	\$ 44,740,472	\$ 50,623,985	\$ 52,099,180
Gaming	10,078,400	10,125,667	9,702,764	10,007,419
Sales	26,338,972	27,610,851	27,875,322	29,233,891
Utility	10,368,821	9,367,779	9,147,568	8,828,028
Other	2,607,953	2,853,913	2,756,679	2,814,282
Income taxes	10,358,332	11,511,549	10,531,456	9,936,978
Intergovernmental	-	-	-	-
Investment income	164,917	205,210	520,153	997,557
Miscellaneous	4,923,567	3,530,408	3,524,347	3,376,358
Gain (loss) on sale of capital assets	(249,243)	-	-	-
Transfers	1,468,228	1,467,145	1,103,418	1,274,745
Total governmental activities	109,318,026	111,412,994	115,785,692	118,568,438
Business-type activities				
Investment earnings	66,618	94,261	188,334	343,764
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	(1,468,228)	(1,467,145)	(1,103,418)	(1,274,745)
Total business-type activities	(1,401,610)	(1,372,884)	(915,084)	(930,981)
TOTAL PRIMARY GOVERNMENT	\$ 107,916,416	\$ 110,040,110	\$ 114,870,608	\$ 117,637,457
CHANGE IN NET POSITION				
Governmental activities	\$ (5,249,609)	\$ (19,950,737)	\$ (18,972,434)	\$ (26,913,668)
Business-type activities	3,799,882	4,460,666	303,825	1,309,639
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ (1,449,727)	\$ (15,490,071)	\$ (18,668,609)	\$ (25,604,029)

*The City implemented GASB Statement No. 68 for the year ended December 31, 2015.

**The City implemented GASB Statement No. 75 for the year ended December 31, 2018.

Data Source

Audited Financial Statements

2018**	2019	2020	2021	2022	2023
\$ (132,006,647)	\$ (140,344,335)	\$ (118,867,881)	\$ (103,958,503)	\$ (127,748,941)	\$ (147,789,896)
3,026,320	3,413,213	2,967,942	11,446,601	6,480,281	4,958,867
\$ (128,980,327)	\$ (136,931,122)	\$ (115,899,939)	\$ (92,511,902)	\$ (121,268,660)	\$ (142,831,029)
\$ 53,245,175	\$ 53,161,780	\$ 54,273,544	\$ 55,635,588	\$ 56,160,965	\$ 55,581,864
9,571,074	9,307,828	4,242,665	8,434,851	9,505,563	9,616,509
32,591,567	34,585,621	35,848,307	42,000,404	45,859,259	45,573,053
9,088,808	8,558,920	7,906,961	8,172,007	9,110,680	8,359,401
4,166,995	5,187,839	4,328,873	5,697,243	8,294,357	7,808,862
10,360,740	11,515,427	11,756,673	14,341,173	18,705,859	18,335,305
-	-	-	-	5,533,652	7,254,487
1,714,217	2,735,763	1,062,272	71,315	2,004,914	11,115,945
3,417,212	3,579,766	4,097,096	3,614,720	3,595,250	4,364,791
-	-	-	-	-	-
1,234,149	1,285,400	1,285,400	1,266,097	1,241,153	1,082,688
125,389,937	129,918,344	124,801,791	139,233,398	160,011,652	169,092,905
651,211	813,582	421,281	16,738	69,794	1,759,332
-	-	-	4,508	-	-
(1,234,149)	(1,285,400)	(1,285,400)	(1,266,097)	(1,241,153)	(1,082,688)
(582,938)	(471,818)	(864,119)	(1,244,851)	(1,171,359)	676,644
\$ 124,806,999	\$ 129,446,526	\$ 123,937,672	\$ 137,988,547	\$ 158,840,293	\$ 169,769,549
\$ (6,616,710)	\$ (10,425,991)	\$ 5,933,910	\$ 35,274,895	\$ 32,262,711	\$ 21,303,009
2,443,382	2,941,395	2,103,823	10,201,750	5,308,922	5,635,511
\$ (4,173,328)	\$ (7,484,596)	\$ 8,037,733	\$ 45,476,645	\$ 37,571,633	\$ 26,938,520

CITY OF ELGIN, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2014	2015	2016	2017
GENERAL FUND				
Nonspendable	\$ 218,964	\$ 11,830	\$ 10,000	\$ 508,785
Unrestricted				
Assigned	19,740,046	16,285,075	7,203,250	5,352,265
Unassigned	48,828,469	46,727,018	59,532,075	56,885,253
TOTAL GENERAL FUND	\$ 68,787,479	\$ 63,023,923	\$ 66,745,325	\$ 62,746,303
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750
Restricted	17,095,005	17,154,921	17,533,603	14,459,638
Unrestricted				
Assigned	7,947,835	6,678,423	7,393,553	5,973,565
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 25,045,590	\$ 23,836,094	\$ 24,929,906	\$ 20,435,953

Data Source

Audited Financial Statements

2018	2019	2020	2021	2022	2023
\$ 26,238	\$ 105,437	\$ 1,153,511	\$ 25,617	\$ 804,816	\$ 24,234
4,502,793	6,354,980	4,579,765	6,793,901	8,401,410	26,954,047
68,773,923	69,765,248	69,268,200	82,633,610	109,457,767	109,061,140
\$ 73,302,954	\$ 76,225,665	\$ 75,001,476	\$ 89,453,128	\$ 118,663,993	\$ 136,039,421
\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 99,277	\$ 77,221
19,974,101	22,264,218	27,097,144	32,877,299	48,677,440	52,386,011
5,320,661	5,437,338	5,640,702	6,889,617	9,637,401	17,313,969
\$ 25,297,512	\$ 27,704,306	\$ 32,740,596	\$ 39,769,666	\$ 58,414,118	\$ 69,777,201

CITY OF ELGIN, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2014	2015	2016	2017
REVENUES				
Taxes				
Property	\$ 43,258,079	\$ 44,740,472	\$ 50,623,985	\$ 52,099,180
Road and bridge	854,460	881,621	918,861	936,928
Sales	26,338,972	27,610,851	27,875,322	29,233,891
Utility	7,106,287	6,221,044	6,196,315	6,057,398
Telecommunications	3,262,535	3,146,736	2,951,253	2,770,630
Local liquor	1,236,894	1,308,871	1,330,649	1,363,927
Local motor fuel	-	-	-	-
Other	569,581	709,913	719,239	696,090
Intergovernmental	28,618,115	27,742,896	25,766,420	26,287,248
Licenses, fees and permits	2,572,904	2,445,889	2,821,463	1,866,686
Charges for services	14,126,260	13,798,120	14,777,302	14,912,553
Charges for commodities	-	-	-	-
Fines and forfeitures	1,785,253	1,712,225	1,659,099	1,719,374
Investment income	164,917	205,210	520,152	997,554
Miscellaneous	7,519,085	7,373,630	12,654,019	5,960,275
Total revenues	137,413,342	137,897,478	148,814,079	144,901,734
EXPENDITURES				
General government	8,746,221	8,345,415	8,386,962	8,187,698
Public safety	72,370,768	75,296,893	74,197,795	78,402,200
Highways and streets	17,465,781	17,537,159	15,194,604	16,096,539
Health and welfare	525,289	1,234,838	659,092	1,082,821
Culture and recreation	8,200,543	8,767,744	10,000,232	8,828,205
Economic development	1,156,880	1,367,158	1,458,187	7,781,862
Sanitation	5,555,868	5,825,952	6,104,343	6,766,654
Other	4,068,232	5,664,564	11,844,836	2,164,068
Capital outlay	19,761,539	12,864,749	26,877,192	18,881,598
Debt service				
Principal	6,485,000	6,580,000	3,770,000	3,330,000
Interest	1,057,727	803,203	897,887	857,809
Total expenditures	145,393,848	144,287,675	159,391,130	152,379,454
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,980,506)	(6,390,197)	(10,577,051)	(7,477,720)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,374,861	12,368,100	9,172,574	8,720,335
Transfers (out)	(12,910,633)	(12,950,955)	(9,569,156)	(9,735,590)
Bonds issued	-	-	14,995,000	-
Premium on bonds issued	-	-	793,847	-
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Lease issuance	-	-	-	-
SBITA issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Notes payable issued	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources (uses)	(535,772)	(582,855)	15,392,265	(1,015,255)
NET CHANGE IN FUND BALANCES	\$ (8,516,278)	\$ (6,973,052)	\$ 4,815,214	\$ (8,492,975)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	5.49%	5.39%	3.30%	2.85%

Data Source

Audited Financial Statements

2018	2019	2020	2021	2022	2023
\$ 53,245,174	\$ 53,161,780	\$ 54,273,544	\$ 55,635,588	\$ 56,160,965	\$ 55,581,864
974,468	990,885	1,037,283	1,092,444	1,152,617	1,230,810
32,591,567	34,585,621	35,848,307	42,000,404	45,859,259	45,573,053
6,568,379	6,427,861	6,133,510	6,597,039	7,618,208	6,802,514
2,520,429	2,131,059	1,773,450	1,574,968	1,492,471	1,556,887
1,451,207	1,482,895	1,432,199	1,653,503	1,728,390	1,825,186
987,231	1,837,684	1,532,911	1,677,111	1,640,531	1,677,194
1,131,393	1,024,145	565,418	832,903	1,262,736	1,374,670
26,008,717	27,546,065	31,692,165	34,217,795	46,635,683	48,958,655
2,348,217	2,882,203	2,123,136	3,425,797	3,741,518	4,444,125
17,671,747	18,085,353	18,220,365	22,154,854	25,012,063	28,001,110
-	-	-	-	-	20,626
1,747,366	1,734,371	1,291,666	1,402,664	1,425,814	1,507,754
1,714,218	2,735,763	1,062,272	71,315	2,004,914	11,115,945
6,308,960	6,121,116	4,967,509	5,446,149	6,350,711	6,860,168
155,269,073	160,746,801	161,953,735	177,782,534	202,085,880	216,530,561
8,670,522	8,045,304	8,717,656	9,281,879	9,528,428	9,811,389
79,127,010	85,097,690	86,938,929	85,521,081	85,007,068	96,644,110
15,615,106	17,028,100	16,147,624	18,318,783	16,896,179	19,388,140
970,568	830,369	1,322,968	997,288	543,693	1,385,759
9,218,501	9,880,492	7,351,074	8,979,018	10,124,709	11,767,027
2,721,315	2,827,673	3,624,714	3,251,436	2,613,822	4,165,968
6,863,022	7,454,753	7,319,715	7,681,298	8,037,324	8,413,949
1,654,948	1,919,780	4,619,956	2,853,258	2,910,387	4,189,767
10,199,742	17,602,641	18,038,800	15,359,764	18,713,472	27,466,243
3,045,000	3,125,000	2,470,000	2,520,000	3,396,372	2,938,069
749,278	640,894	548,580	464,977	681,214	651,087
138,835,012	154,452,696	157,100,016	155,228,782	158,452,668	186,821,508
16,434,061	6,294,105	4,853,719	22,553,752	43,633,212	29,709,053
8,819,751	8,938,064	10,493,637	11,056,893	10,865,240	10,089,934
(9,835,602)	(9,902,664)	(11,558,237)	(12,140,796)	(12,474,087)	(11,407,246)
-	-	-	-	4,580,000	-
-	-	-	-	468,133	-
-	-	1,215,000	835,000	-	-
-	-	81,168	98,038	-	-
-	-	-	-	782,819	211,502
-	-	-	-	-	135,268
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(1,273,186)	(922,165)	-	-
(1,015,851)	(964,600)	(1,041,618)	(1,073,030)	4,222,105	(970,542)
\$ 15,418,210	\$ 5,329,505	\$ 3,812,101	\$ 21,480,722	\$ 47,855,317	\$ 28,738,511
2.78%	2.50%	2.00%	2.01%	2.69%	2.05%

CITY OF ELGIN, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential	Commercial Property	Industrial Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2014	\$ 1,240,570,263	\$ 309,883,818	\$ 326,265,362	\$ -	\$ 1,876,719,443	\$ 2.3218	\$ 5,630,158,329	33.333%
2015	1,310,470,008	329,709,978	369,913,393	-	2,010,093,379	2.4110	6,030,280,137	33.333%
2016	1,477,630,557	349,351,890	398,765,431	-	2,225,747,878	2.2396	6,677,243,634	33.333%
2017	1,593,641,298	359,257,227	416,687,403	-	2,369,585,928	2.1494	7,108,757,784	33.333%
2018	1,662,210,539	365,108,865	431,642,742	-	2,458,962,146	2.0240	7,376,886,438	33.333%
2019	1,793,043,990	438,916,349	456,354,663	-	2,688,315,002	1.8786	8,064,945,006	33.333%
2020	1,901,186,776	413,043,329	509,883,884	-	2,824,113,989	1.7707	8,472,341,967	33.333%
2021	1,947,921,353	465,476,188	518,248,238	-	2,931,645,779	1.7049	8,794,937,337	33.333%
2022	2,212,851,869	479,533,095	555,131,650	-	3,247,516,614	1.5384	9,742,549,842	33.333%
2023*	2,385,735,968	526,304,484	651,309,714	-	3,563,350,166	1.5740	10,690,050,498	33.333%

*2023 Equalized Assessed Value for Cook County is estimated.

Note: Property in the City is reassessed each year. Property is assessed at 33% of actual value.

Data Source

Office of the County Clerk

CITY OF ELGIN, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CITY DIRECT RATES										
General	1.4121	1.3663	1.2498	1.1688	1.1129	1.0353	0.9793	0.9335	0.8638	0.7768
Illinois Municipal Retirement	0.0309	0.0884	0.0966	0.0945	0.0697	0.0900	0.0801	0.0529	0.0292	0.0318
Social Security	0.1139	0.1082	0.1051	0.1014	0.0972	0.0947	0.0889	0.0897	0.0888	0.0863
Debt Service	0.2188	0.2428	0.1380	0.1550	0.1463	0.1072	0.1008	0.0937	0.0596	0.0559
Police Service	0.3255	0.3538	0.3840	0.3661	0.3412	0.3148	0.2978	0.2839	0.2627	0.3275
Fire Pension	0.2206	0.2515	0.2660	0.2636	0.2567	0.2366	0.2238	0.2133	0.1974	0.2606
Rec Programs/Handicap	-	-	-	-	-	-	-	0.0379	0.0368	0.0352
TOTAL DIRECT RATES	2.3218	2.4110	2.2396	2.1494	2.0240	1.8786	1.7707	1.7049	1.5383	1.5741
OVERLAPPING RATES										
Kane County	0.4684	0.4479	0.4201	0.4025	0.3877	0.3739	0.3618	0.3522	0.3322	0.3094
Kane County Forest Preserve District	0.3126	0.2944	0.2253	0.1658	0.1607	0.1549	0.1477	0.1435	0.1367	0.1289
School District 46	8.0229	7.1238	6.5487	6.3696	6.1237	5.7890	5.7275	5.6180	5.5971	5.4618
Community College 509	0.6076	0.5609	0.5296	0.4999	0.5075	0.4865	0.4439	0.4514	0.4225	0.4207
Elgin Township	0.1160	0.1102	0.1020	0.1192	0.1164	0.1121	0.1069	0.1035	0.1006	0.0987
Fox River Reclamation District	0.0409	0.0339	0.0315	0.0302	0.0291	0.0278	0.0266	0.0256	0.0249	0.0237
Gail Borden Library District	0.5796	0.5294	0.4898	0.4729	0.4630	0.4445	0.4647	0.4542	0.4518	0.4423
Elgin Township Road and Bridge	0.0893	0.0849	0.0785	0.0758	0.0745	0.0723	0.0707	0.0684	0.0667	0.0650
TOTAL OVERLAPPING RATES	10.2373	9.1854	8.4255	8.1360	7.8626	7.4610	7.3498	7.2168	7.1325	6.9505
TOTAL DIRECT AND OVERLAPPING	12.5591	11.5964	10.6651	10.2854	9.8866	9.3396	9.1205	8.9217	8.6708	8.5246

Note: District value by tax code.

Data Source

Office of the County Clerk

CITY OF ELGIN, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Levy Year and Nine Years Ago

Taxpayer	2022 Levy Year			Taxpayer	2013 Levy Year		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
Northwest Logistics Park Portfolio Investors LLC	\$ 53,882,312	1	1.69%	John B. Sanfilippo & Son	\$ 16,117,689	1	0.76%
John B. Sanfilippo & Son	22,053,750	2	0.69%	TLF Northwest Business Park VII LLC	10,573,907	2	0.50%
Watermark Apartments LLC	14,665,200	3	0.46%	Adventus US Realty #1P	8,062,474	3	0.38%
1323 Brewster Creek LLC	14,577,770	4	0.46%	MHC Deanza Financing Limited Partnership	7,324,225	4	0.35%
MHC Deanza Financing LP	12,307,086	5	0.39%	Wal-Mart Stores Inc	6,376,349	5	0.30%
Adventus US Realty #1 LP	10,817,167	6	0.34%	Willo Arms Associates Limited II Et Al	6,280,311	6	0.30%
Hunter Ridge Apartments LLC	10,430,540	7	0.33%	Sherman Hospital	5,653,651	7	0.27%
Aireit Elgin Industrial Center	9,996,408	8	0.31%	MP Holdings LLC	5,035,637	8	0.24%
Stag Industrial Holdings LLC	9,446,778	9	0.30%	DCT 305-325 Corporate Drive LLC	4,515,284	9	0.21%
Connor Globe Elgin III LLC	9,292,376	10	0.29%	HRT of Illinois Inc	4,149,329	10	0.20%
	<u>\$ 167,469,387</u>		<u>5.26%</u>		<u>\$ 74,088,856</u>		<u>3.51%</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

CITY OF ELGIN, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Collections for Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 42,959,380	\$ 43,100,765	100.33%	\$ 12,863	\$ 43,113,628	100.36%
2015	48,620,779	48,531,694	99.82%	16,481	48,548,175	99.85%
2016	49,785,670	49,319,020	99.06%	4,690	49,323,710	99.07%
2017	51,085,970	50,406,251	98.67%	3,242	50,409,493	98.68%
2018	50,523,120	49,833,428	98.63%	5,497	49,838,925	98.65%
2019	50,418,210	49,668,336	98.51%	10,779	49,679,115	98.53%
2020	50,237,020	49,953,699	99.44%	4,145	49,957,844	99.44%
2021	50,747,750	50,171,478	98.86%	3,078	50,174,556	98.87%
2022	49,491,630	49,051,569	99.11%	11,486	49,063,055	99.13%
2023*	56,312,510	-	0.00%	-	-	0.00%

*Tax extension from Kane County and estimate levy for Cook County.

Property in the City is reassessed each year. Property is assessed at 33% of actual value.

Total collections to date represents collections during the current levy year for both current and prior levy years.

Data Source

Tax extensions received from Cook and Kane County

CITY OF ELGIN, ILLINOIS

**SALES TAX BY CATEGORY
KANE COUNTY**

Last Ten Fiscal Years

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General merchandise	\$ 3,825,520	\$ 3,734,507	\$ 2,907,225	\$ 2,862,740	\$ 3,092,236	\$ 3,196,297	\$ 3,307,109	\$ 3,337,553	\$ 3,457,463	\$ 3,480,222
Food	1,176,728	1,488,356	2,216,226	2,469,283	3,131,419	3,308,529	3,278,331	3,738,227	4,380,783	4,237,948
Drinking and eating places	2,689,161	2,913,951	3,020,792	3,135,315	3,550,069	3,889,205	3,439,051	4,214,036	4,610,976	4,491,047
Apparel	226,187	246,894	252,002	256,925	291,170	290,274	211,352	392,968	399,434	408,915
Furniture, H.H. and radio	163,391	179,663	167,000	182,463	374,887	399,326	427,235	557,221	554,395	516,848
Lumber, building hardware	1,942,148	2,022,541	1,963,336	2,203,141	2,423,686	2,642,067	2,880,954	3,127,201	3,052,061	3,146,469
Automobile and filling stations	2,905,825	2,841,346	2,921,176	3,015,918	3,557,468	3,591,499	2,982,362	3,730,585	4,143,281	4,414,805
Drugs and miscellaneous retail	2,753,227	2,539,938	3,630,873	3,829,358	3,660,912	3,636,140	4,482,666	6,828,922	7,102,410	7,046,004
Agriculture and all others	2,985,737	3,824,836	3,096,429	3,486,431	3,978,877	4,085,605	4,200,693	4,794,126	5,805,681	5,594,378
Manufacturers	809,351	884,037	941,651	964,290	1,015,328	1,155,832	1,085,442	1,239,556	1,248,490	1,232,129
TOTAL	\$ 19,477,275	\$ 20,676,069	\$ 21,116,710	\$ 22,405,864	\$ 25,076,052	\$ 26,194,774	\$ 26,295,195	\$ 31,960,395	\$ 34,754,974	\$ 34,568,765
CITY DIRECT SALES TAX RATES	2.25%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%

Data Source

Illinois Department of Revenue

CITY OF ELGIN, ILLINOIS

**SALES TAX BY CATEGORY
COOK COUNTY**

Last Ten Fiscal Years

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General merchandise	\$ 74,922	\$ 64,891	\$ 65,522	\$ 34,843	\$ 11,571	\$ 5,346	\$ 4,776	\$ 11,755	\$ 12,484	\$ 7,430
Food	563,997	550,422	529,994	527,096	629,221	715,862	797,165	743,104	859,951	890,383
Drinking and eating places	248,161	276,118	288,554	305,366	333,989	327,857	350,146	443,944	414,396	422,910
Apparel	-	-	342	494	690	475	82,622	50,960	25,884	25,420
Furniture, H.H. and radio	4,068	5,356	3,233	5,792	8,286	11,449	16,208	30,955	23,062	43,236
Lumber, building hardware	25,148	25,715	45,191	26,690	32,577	46,112	17,915	27,619	32,903	27,628
Automobile and filling stations	2,951,586	2,765,798	2,399,603	2,397,159	2,594,678	2,761,349	2,666,040	2,710,524	2,870,320	2,948,507
Drugs and miscellaneous retail	407,868	475,079	463,607	507,264	529,946	513,069	555,916	1,179,221	1,226,304	1,287,678
Agriculture and all others	229,743	216,166	230,901	195,859	207,199	232,696	206,519	555,477	599,282	710,067
Manufacturers	96,032	81,838	87,613	144,749	112,872	138,109	87,569	138,053	123,633	82,692
TOTAL	\$ 4,601,525	\$ 4,461,383	\$ 4,114,560	\$ 4,145,312	\$ 4,461,029	\$ 4,752,324	\$ 4,784,876	\$ 5,891,612	\$ 6,188,219	\$ 6,445,951

**CITY DIRECT SALES
TAX RATES**

2.25%	2.25%	2.25%	2.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
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Data Source

Illinois Department of Revenue

CITY OF ELGIN, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	City Direct Rate	State Rate
2014	2.25%	5.00%
2015	2.25%	5.00%
2016	2.25%	5.25%
2017	2.25%	5.25%
2018	2.50%	5.25%
2019	2.50%	5.25%
2020	2.50%	5.25%
2021	2.50%	5.25%
2022	2.50%	5.25%
2023	2.50%	5.25%

Data Source

City and County Records

CITY OF ELGIN, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities			Business-Type Activities				General Obligation Capital Appreciation Bonds	Total Primary Government	Ratio to Equalized Assessed	Ratio to Total Personal Income	Per Capita*
	General Obligation Bonds	Leases Payable	Subscriptions Payable	General Obligation Bonds	Leases Payable	Subscriptions Payable						
2014	\$ 23,125,207	\$ -	\$ -	\$ 70,831,748	\$ -	\$ -	\$ -	\$ -	\$ 93,956,955	5.01%	3.62%	\$ 853
2015	16,108,037	-	-	63,880,659	-	-	-	-	79,988,696	3.98%	3.06%	720
2016	27,861,806	-	-	65,292,481	-	-	-	-	93,154,287	4.29%	3.41%	831
2017	24,261,145	-	-	57,771,771	-	-	-	-	82,032,916	3.47%	2.92%	732
2018	20,969,244	-	-	50,553,017	-	-	-	-	71,522,261	2.90%	2.42%	635
2019	17,590,743	-	-	53,389,234	-	-	-	-	70,979,977	2.71%	2.23%	628
2020	14,999,663	-	-	49,804,206	-	-	-	-	64,803,869	2.29%	1.95%	575
2021	12,320,636	4,249,953	-	51,942,862	830,394	-	-	-	69,343,845	2.17%	1.95%	573
2022	14,640,424	4,179,928	4,679,208	53,830,376	628,387	62,547	-	-	78,020,870	2.33%	2.03%	642
2023	13,118,796	3,448,360	3,572,488	45,260,180	550,096	42,653	-	-	65,992,573	1.85%	1.65%	578

*See the schedule of Demographic and Economic Information for personal income and population data.

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

CITY OF ELGIN, 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
2014	\$ 93,956,955	\$ -	\$ 93,956,955	1.67%	\$ 853.03
2015	79,988,696	-	79,988,696	1.33%	719.86
2016	93,154,287	-	93,154,287	1.43%	830.91
2017	82,032,916	-	82,032,916	1.16%	731.63
2018	71,522,261	-	71,522,261	0.97%	635.03
2019	70,979,977	-	70,979,977	0.90%	628.01
2020	64,803,869	-	64,803,869	0.76%	575.25
2021	64,263,498	-	64,263,498	0.72%	573.46
2022	68,470,800	-	68,470,800	0.72%	599.80
2023	58,378,976	-	58,378,976	0.55%	511.24

*See the schedule of Assessed Value and Actual Value of Taxable Property for property value data.

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

CITY OF ELGIN, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2023

Government Unit	Gross Debt	Percentage Debt Applicable to the City	City's Share of Debt
City of Elgin	\$ 20,139,644	100.00%	\$ 20,139,644
Cook County	2,951,286,750	0.29%	8,663,069
Kane County	16,905,000	15.13%	2,557,992
Cook County Forest Preserve District	98,005,000	0.29%	287,679
Kane County Forest Preserve District	82,160,000	15.13%	12,432,100
Metropolitan Water Reclamation District	2,503,179,075	0.03%	653,015
Bartlett Park District	14,760,000	0.14%	20,555
Dundee Township Park District	14,756,000	21.65%	3,194,904
Campton Township	8,179,000	0.22%	17,847
Community Unit School District Number 46	204,735,000	39.21%	80,276,191
Unit School District #300	195,250,000	10.65%	20,798,708
Unit School District #301	27,385,781	53.34%	14,607,960
Unit School District #303	20,430,000	0.05%	10,713
Elgin Community College District #509	127,385,000	21.69%	27,632,061
	<u>6,264,416,606</u>		<u>171,152,794</u>
TOTAL	<u>\$ 6,284,556,250</u>		<u>\$ 191,292,438</u>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's assessed value that is within the City's boundaries and dividing it by the district's total taxable assessed value.

Data Source

Office of the County Clerk

CITY OF ELGIN, ILLINOIS

LEGAL DEBT MARGIN

December 31, 2023

The City 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... 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.

CITY OF ELGIN, ILLINOIS

**PLEDGED-REVENUE COVERAGE
WATER REVENUE BONDS**

Last Ten Fiscal Years

Fiscal Year	Water Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ 23,725,777	\$ 13,436,739	\$ 10,289,038	\$ 5,190,000	\$ 1,917,888	1.45
2015	23,281,454	16,194,636	7,086,818	4,610,000	1,537,958	1.15
2016	23,871,782	17,141,404	6,730,378	6,155,000	1,715,307	0.86
2017	25,185,434	17,979,499	7,205,935	4,400,000	1,367,931	1.25
2018	26,758,750	17,261,543	9,497,207	4,150,000	1,211,560	1.77
2019	25,377,816	16,150,604	9,227,212	3,855,000	1,404,857	1.75
2020	24,499,756	17,288,800	7,210,956	4,280,000	1,358,694	1.28
2021	26,217,295	14,954,325	11,262,970	4,600,000	1,255,172	1.92
2022	26,094,530	21,507,553	4,586,977	5,125,000	1,217,157	0.72
2023	30,208,539	24,480,024	5,728,515	5,755,000	1,091,459	0.84

Note: Details of the City's outstanding debt can be found in the notes to financial statements. Water charges and other includes investment earnings. Operating expenses do not include interest or depreciation.

CITY OF ELGIN, ILLINOIS**PLEDGED-REVENUE COVERAGE
SEWER REVENUE BONDS**

Last Ten Fiscal Years

Fiscal Year	Sewer Charges and Other		Less Operating Expenses		Net Available Revenue	Debt Service		Coverage
						Principal	Interest	
2014	\$	5,982,288	\$	1,841,409	\$ 4,140,879	\$ 2,515,000	\$ 772,134	1.26
2015		5,478,844		2,506,034	2,972,810	2,510,000	855,741	0.88
2016		5,663,727		2,934,117	2,729,610	2,490,000	718,268	0.85
2017		5,640,402		2,675,536	2,964,866	2,610,000	631,382	0.91
2018		6,456,089		2,547,336	3,908,753	2,595,000	552,755	1.24
2019		6,711,132		2,429,006	4,282,126	2,170,000	493,615	1.61
2020		6,268,406		2,432,603	3,835,803	2,160,000	412,107	1.49
2021		6,437,976		2,131,982	4,305,994	2,185,000	324,304	1.72
2022		6,020,244		2,450,356	3,569,888	2,040,000	202,161	1.59
2023		7,133,685		3,407,534	3,726,151	2,170,000	112,145	1.63

Note: Details of the City's outstanding debt can be found in the notes to financial statements. Sewer charges and other includes investment earnings. Operating expenses do not include interest or depreciation.

CITY OF ELGIN, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2014	110,145	\$ 2,593,143,735	\$ 23,543	8.40%
2015	111,117	2,614,805,244	23,532	6.90%
2016	112,111	2,731,023,960	24,360	6.50%
2017	112,123	2,811,596,348	25,076	5.50%
2018	112,628	2,959,525,956	26,277	5.40%
2019	113,023	3,184,423,025	28,175	5.10%
2020	112,653	3,316,166,361	29,437	10.70%
2021	112,062	3,297,200,226	29,423	7.30%
2022	114,156	3,615,662,988	31,673	5.80%
2023	114,190	4,000,875,030	35,037	5.90%

Data Sources

Illinois Department of Employment Security
United States Census Bureau

CITY OF ELGIN, ILLINOIS

MAJOR AREA EMPLOYERS

Current Year and Nine Years Ago

2023				2014			
Employer	Rank	Employment	% of Total City Population	Employer	Rank	Employment	% of Total City Population
Northwest Community Healthcare	1	4,000	3.50%	Sears Holding Corp.	1	5,000	4.54%
Transform Holdco, LLC	2	3,200	2.80%	Northwest Community Hospital	2	4,000	3.63%
Beacon Sales Acquisition, Inc.	3	3,000	2.63%	AT&T Services	3	2,500	2.27%
Northrop Grumman Corp.	4	2,800		Zurich Insurance Company	4	2,500	2.27%
St. Alexius Medical Center	5	2,500	2.19%	St. Alexius Medical Center	5	2,045	1.86%
Zurich North America	5	2,500	2.19%	North Grumman Corp.	6	1,900	1.72%
Nation Pizza Products LP	6	2,000	1.75%	Clearbrook	7	1,000	0.91%
International Services, Inc.	7	1,200	1.05%	Motorola, Inc.	8	970	0.88%
Clearbrook	8	1,000	0.88%	Catamaran Corp	9	800	0.73%
Arthur J. Gallagher & Co.	9	825	0.72%	Nation Pizza Products LP	10	700	0.64%
OptumRx, Inc.	10	800	0.70%	Verizon Wireless	11	670	0.61%
Paylocity Corp.	10	800	0.70%	The Nielson Co	12	650	0.59%
Gallgher-Bassett Services, Inc.	11	675	0.59%	CDK Global	13	600	0.54%
CDK Global	12	600	0.53%	Experience Information Solutions, Inc.	13	600	0.54%
Experian Information Solutions, Inc.	12	600	0.53%	Motorola Networks and Enterprise	13	600	0.54%
Siemens Healthcare Diagnostics, Inc.	13	550	0.48%				
Assurance Agency Ltd.	14	500	0.44%				
Comcast Corp.	14	500	0.44%				
Kelso-Burnett Co.	14	500	0.44%				
Lumen Technologies, Inc.	14	500	0.44%				
Plote Construction, Inc.	14	500	0.44%				
Total population		<u>114,190</u>		Total population		<u>110,145</u>	

The COVID-19 pandemic, and the response thereto, has negatively impacted businesses throughout the state and may have had an adverse impact on these employers. The City makes no prediction as to the effect of COVID-19 on the information set forth in this table.

Data Sources

2023 Illinois Manufacturers Directory

2023 Illinois Services Directory and a selective telephone survey

CITY OF ELGIN, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GENERAL GOVERNMENT										
City Manager's Office	21.75	22.75	19.00	21.00	20.50	20.00	16.50	17.50	18.00	18.00
Legal	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00
311	16.00	16.00	16.00	10.00	10.00	9.00	9.50	9.50	9.50	10.50
Finance	19.25	19.25	20.75	26.75	30.00	30.50	30.50	31.50	32.00	33.50
Human Resources	3.50	3.50	4.50	4.50	4.50	4.50	4.50	5.25	4.75	6.00
Planning	3.00	3.00	3.00	3.00	2.00	2.00	9.00	9.00	9.25	9.25
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PUBLIC SAFETY										
Police	252.50	257.00	257.50	255.00	253.50	254.50	257.25	260.25	264.75	267.00
Fire	136.50	136.00	136.50	136.50	136.50	136.50	133.25	133.25	138.50	140.25
Code Enforcement	24.00	26.00	26.00	26.00	24.00	25.00	27.75	27.75	30.75	31.75
HIGHWAYS AND STREETS										
Administration	2.50	3.00	4.25	1.50	1.00	1.00	2.00	2.00	2.00	2.00
Engineering	5.00	7.00	7.00	5.00	8.00	8.00	1.00	1.25	1.25	1.00
Traffic	5.00	5.00	6.00	6.00	7.00	7.00	7.00	7.25	7.25	8.00
Maintenance	48.50	53.50	53.50	51.25	52.75	54.75	56.00	58.75	59.75	60.00
Sanitation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CULTURE AND RECREATION										
Administration	3.50	3.50	3.50	3.50	3.50	6.50	6.75	5.75	5.50	5.00
Recreation Programs	70.00	71.00	71.00	71.50	70.75	70.75	55.50	78.50	85.50	91.00
Cultural Arts	11.25	11.25	10.75	11.25	11.25	11.25	6.75	7.50	10.75	0.00
Cultural Arts & Special Events	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.75
Parks Maintenance	28.00	27.75	27.50	31.25	31.25	31.25	29.25	35.75	35.75	39.50
ENTERPRISE FUNDS										
Water	53.25	53.25	55.25	57.00	61.00	61.00	60.00	60.50	61.25	62.75
Sewer	11.00	11.00	11.00	11.00	11.00	11.00	13.00	13.00	17.00	17.00
Golf	12.00	13.00	13.00	14.00	14.00	14.00	21.25	31.50	29.00	30.00
TOTAL	733.50	749.75	753.00	753.00	759.50	765.50	753.75	801.75	828.50	852.25

Data Source

City Payroll Records

CITY OF ELGIN, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PUBLIC SAFETY										
Police										
Physical arrests	4,879	4,287	3,984	3,715	3,287	2,970	2,090	1,943	2,253	2,328
Parking violations	11,227	11,138	13,093	14,841	12,864	11,830	8,579	12,412	15,917	20,684
Traffic violations	21,505	17,981	22,535	20,791	18,915	16,716	8,368	7,959	11,832	17,471
Fire										
Emergency responses	11,541	11,396	11,634	11,973	12,424	12,824	12,799	13,430	14,423	14,994
Fires extinguished	161	161	192	179	158	138	157	127	132	114
COMMUNITY DEVELOPMENT										
Housing permits issued	339	293	186	241	193	149	181	308	307	264
PUBLIC WORKS										
Street resurfacing (miles)	10.9	9.9	16.4	22.4	7.9	10.6	9.4	9.3	5.4	11.2
SANITATION										
Households served	31,070	31,537	31,677	30,979	31,074	31,151	31,245	31,438	31,728	31,978
WATER										
New connections	355	368	324	195	140	105	130	286	312	292
Water main breaks	195	141	98	94	107	87	72	99	102	91
Average daily consumption	13,779,000	13,087,000	12,415,000	13,292,000	13,345,000	12,275,000	11,365,000	12,876,000	11,180,000	10,824,000
Peak daily consumption	20,340,000	18,969,000	17,712,000	22,664,000	19,554,000	19,873,000	15,808,000	22,117,000	15,237,000	17,714,000

Data Source

Various City departments

CITY OF ELGIN, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	15	15	15	15	15	15	15	22	15	15
Patrol units	64	61	61	61	64	70	75	79	72	73
Fire										
Fire stations	7	7	7	7	7	7	7	7	7	7
Fire engines	9	9	9	9	9	9	9	9	9	9
PUBLIC WORKS										
City streets (miles)	382	390	390	392	392	378	379	371	373	373
Streetlights	6,747	8,268	8,419	8,419	8,419	8,453	9,418	9,513	9,535	9,562
Traffic signals	56	56	57	57	57	57	46	45	43	44
CULTURE AND RECREATION										
Number of parks	74	75	74	75	75	74	77	77	77	77
Acres of park land	1,699	1,702	1,643	1,646	1,712	1,615	1,696	1,696	1,696	1,696
WATER										
Water mains (miles)	538	540	543	546	433	438	483	438	465	493
Fire hydrants	5,961	6,152	6,192	6,275	6,356	6,391	6,460	6,494	6,584	6,696
Storage capacity (gallons)	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000

Data Source

Various city departments



150 Dexter Court, Elgin, IL 60120

www.elginil.gov

phone 847-931-6100

fax 847-931-5610

APPENDIX B

DESCRIBING BOOK-ENTRY ONLY ISSUANCE

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

1. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

2. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

3. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

4. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

5. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

City of Elgin
Kane and Cook Counties, Illinois

We hereby certify that we have examined certified copy of the proceedings (the "*Proceedings*") of the City Council of the City of Elgin, Kane and Cook Counties, Illinois (the "*City*"), passed preliminary to the issue by the City of its fully registered General Obligation Corporate Purpose Bonds, Series 2025 (the "*Bonds*"), to the amount of \$____,000, dated _____, 2025, due serially on December 15 of the years and in the amounts and bearing interest as follows:

2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039

the Bonds due on or after December 15, 20____, being subject to redemption prior to maturity at the option of the City as a whole, or in part as selected by the Bond Registrar, on December 15, 20____, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization

and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX D

**CITY OF ELGIN
KANE AND COOK COUNTIES, ILLINOIS**

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by the City of Elgin, Kane and Cook Counties, Illinois (the “*Issuer*”), in connection with the issuance of \$_____ General Obligation Corporate Purpose Bonds, Series 2025 (the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the Issuer on the 23rd day of April, 2025 (the “*Ordinance*”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the Issuer as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means information of the type contained under the following headings and subheadings of the Official Statement:

1. The table under the heading “Retailers’ Occupation, Service Occupation and Use Tax”;
2. All of the tables under the heading “PROPERTY ASSESSMENT AND TAX INFORMATION”;
3. All of the tables under the heading “DEBT INFORMATION”; and
4. All of the tables under the heading “FINANCIAL INFORMATION” (excluding General Fund Budget and Estimated Financial Information).

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Financial Obligation of the Issuer means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated _____, 2025, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the Issuer pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the Issuer will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the Issuer remains legally liable for the payment of such Bonds; *provided, however*, that the Issuer will not be required to make such filings under new CUSIP Numbers unless the Issuer has been notified in writing by the Participating Underwriter or the Issuer’s financial advisor that new CUSIP Numbers have been assigned to the Bonds. The Issuer will not make any filings pursuant to this Agreement under new CUSIP Numbers assigned to any of the Bonds after the date hereof for any reason other than a refunding, as described in the previous sentence, including, but not limited to, new CUSIP Numbers assigned to the Bonds as a result of a holder of the Bonds obtaining a bond insurance policy or other credit enhancement with respect to some or all of the outstanding Bonds in the secondary market.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Issuer (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the Issuer has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the Issuer shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the Issuer shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in

this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The Issuer shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

CITY OF ELGIN, KANE AND COOK COUNTIES,
ILLINOIS

By: _____
Its: Chief Financial Officer

Date: _____, 2025

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 270 days after the last day of the Issuer's fiscal year (currently December 31), beginning with the fiscal year ended December 31, 2024. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statement will be submitted to EMMA within 30 days after availability to the Issuer.

Audited Financial Statements will be prepared in accordance with the accounting principles described in the Official Statement.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. (a) Incurrence of a Financial Obligation, if material, or (b) an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

EXHIBIT III
CUSIP NUMBERS

MATURITY (Dec. 15)	CUSIP NUMBERS (286300)
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	

OFFICIAL BID FORM
(Open Speer Auction)

City of Elgin
150 Dexter Court
Elgin, IL 60120

April 23, 2025
Speer Financial, Inc.

Members of the City Council:

For the \$15,220,000* General Obligation Corporate Purpose Bonds, Series 2025 (the "Bonds"), of the City of Elgin, Kane and Cook Counties, Illinois, as described in the annexed Official Notice of Sale, which is expressly made a part of this bid, we will pay you \$_____ (no less than \$15,098,240). The Bonds are dated the date of delivery, expected to be on or about May 7, 2025. The Bonds will bear interest as follows (each rate a multiple of 1/8 or 1/100 of 1%). **The premium or discount, if any, is subject to adjustment allowing the same \$_____ gross spread per \$1,000 bond as bid herein.**

MATURITIES* - DECEMBER 15

\$ 780,000	.....	2026	\$1,090,000	.....	2033
815,000	.....	2027	1,145,000	.....	2034
855,000	.....	2028	1,205,000	.....	2035
900,000	.....	2029	1,265,000	.....	2036
945,000	.....	2030	1,330,000	.....	2037
990,000	.....	2031	1,395,000	.....	2038
1,040,000	.....	2032	1,465,000	.....	2039

*Any consecutive maturities may be aggregated into term bonds at the option of the bidder,
in which case the mandatory redemption provisions shall be on the same schedule as above.*

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois. The City will pay for the legal opinion. The underwriter agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by CUSIP Global Services and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the City's good faith bank and under the terms provided in the Official Notice of Sale for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the order of the Treasurer of the City in the amount of the Deposit under the terms provided in the Official Notice of Sale for the Bonds. In submitting this bid, we represent that (i) this bid constitutes a firm offer to purchase the Bonds, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds.

Form of Deposit (Check One)

Prior to Bid Opening:
Certified/Cashier's Check ☐
Wire Transfer ☐

Within **TWO hours** of Bidding:
Wire Transfer ☐

Amount: \$304,400

Account Manager Information

Name _____
Address _____
By _____
City _____ State/Zip _____
Direct Phone (_____) _____
FAX Number (_____) _____
E-Mail Address _____

Bidders Option Insurance

**We have purchased
insurance from:**

Name of Insurer
(Please fill in)

Premium: _____

Maturities: (Check One)

☐ _____ Years

☐ All

The foregoing bid was accepted and the Bonds sold by ordinance of the City on April 23, 2025, and receipt is hereby acknowledged of the Deposit which is being held in accordance with the terms of the annexed Official Notice of Sale.

CITY OF ELGIN, KANE AND COOK COUNTIES, ILLINOIS

Mayor

*Subject to change.

----- **NOT PART OF THE BID** -----
(Calculation of true interest cost)

	Bid	Post Sale Revision
Gross Interest	\$	
Less Premium/Plus Discount	\$	
True Interest Cost	\$	
True Interest Rate	%	
TOTAL BOND YEARS	135,331.56	
AVERAGE LIFE	8.892 Years	

OFFICIAL NOTICE OF SALE

\$15,220,000*

CITY OF ELGIN

Kane and Cook Counties, Illinois

General Obligation Corporate Purpose Bonds, Series 2025

(Open Speer Auction)

The City of Elgin, Kane and Cook Counties, Illinois (the "City"), will receive electronic bids on the SpeerAuction ("SpeerAuction") website address "www.SpeerAuction.com" for its \$15,220,000* General Obligation Corporate Purpose Bonds, Series 2025 (the "Bonds"), on an all or none basis between 10:00 A.M. and 10:15 A.M., C.D.T., Wednesday, April 23, 2025. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City's sale (as described below). Award will be made or all bids rejected at a meeting of the City on that date. The City reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids for the Bonds and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount.

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds.

- (1) All bids must be submitted on the SpeerAuction website at www.SpeerAuction.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the City shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.
- (2) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid the prior bid will remain valid.
- (3) If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.
- (4) The last valid bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.
- (5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.)
- (6) On the Auction Page, bidders will be able to see whether a bid has been submitted.

Rules of SpeerAuction

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

Establishment of Issue Price

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Official Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"). All actions to be taken by the City under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor, Speer Financial, Inc., Chicago, Illinois ("Speer") and any notice or report to be provided to the City may be provided to Speer.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

**Subject to change.*

- (1) The City shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the competitive sale requirements are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the Underwriter. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the Underwriter on its bid form to determine the issue price for the Bonds. On its bid form, each Underwriter must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule") in each case applied on a maturity-by-maturity basis. If the winning bidder selects to hold-the-offering-price rule, the winning bidder shall promptly advise the City, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds have not satisfied the 10% test and will be subject to the hold-the-offering-price rule. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule or the 10% test, as selected on the bid form, in order to establish the issue price of the Bonds. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the winning bidder shall provide the City with a representation as to the price or prices as the date of closing at which the winning bidder reasonably expects to sell the remaining Bonds of such maturity.

(d) If all of the competitive sale requirements are not satisfied and the Underwriter selects the hold-the-offering price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public. Within one hour of the award, the winning bidder will inform the City of the initial offering price for each maturity of the Bonds.

(e) If the competitive sale requirements are not satisfied and the winning bidder selects the 10% test, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the winning bidder's reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the City or Bond Counsel. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the winning bidder shall provide the City with a representation as to the price or prices as of the date of closing at which the winning bidder reasonably expects to sell the remaining Bonds of such maturity.

(f) The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

- (i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,
- (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and
- (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

- (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.
- (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, which shall be until the 10% test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5th) business day following the date of award,
- (C) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a winning bidder who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and
- (D) to acknowledge that, unless otherwise advised by the underwriter, the winning bidder shall assume that each order submitted by the underwriter is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

- (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or until it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and
- (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5th) business day following the date of the award.

(h) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

Rules

- (1) A bidder (“Bidder”) submitting a winning bid (“Winning Bid”) is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the City, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the City.
- (2) Neither the City, Speer, nor Grant Street Group (the “Auction Administrator”) is responsible for technical difficulties that result in loss of Bidder’s internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.
- (3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the City exercises its right to reject bids, as set forth herein.
- (4) Bids which generate error messages are not accepted until the error is corrected and bid is received prior to the deadline.
- (5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.
- (6) Neither the City, Speer, nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Official Statement as they appear on SpeerAuction.
- (7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.
- (8) Neither the City, Speer, nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder’s SpeerAuction password.
- (9) If two bids submitted in the same auction by the same or two or more different Bidders result in same True Interest Cost, the first confirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.
- (10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to SpeerAuction within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Bonds are definitively awarded to the winning bidder only upon official award by the City. If, for any reason, the City fails to: (i) award Bonds to the winner reported by SpeerAuction, or (ii) deliver Bonds to winning bidder at settlement, neither the City, Speer, nor the Auction Administrator will be liable for damages.

The City reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the City reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry only form. Interest on each Bond shall be paid by check or draft of the Registrar to the person in whose name such bond is registered at the close of business on the first day of the month in which an interest payment date occurs. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office maintained for the purpose by the Registrar in Chicago, Illinois. Semiannual interest is due June 15 and December 15 of each year commencing December 15, 2025, and is payable by U.S. Bank Trust Company, National Association, Chicago, Illinois (the “Registrar”). The Bonds are dated the date of delivery, expected to be on or about May 7, 2025.

If the winning bidder is not a direct participant of DTC and does not have clearing privileges with DTC, the Bonds will be issued as Registered Bonds in the name of the purchaser. At the request of such winning bidder, the City will assist in the timely conversion of the Registered Bonds into book-entry bonds with DTC as described herein.

MATURITIES* – DECEMBER 15

\$ 780,000	2026	\$1,090,000	2033
815,000	2027	1,145,000	2034
855,000	2028	1,205,000	2035
900,000	2029	1,265,000	2036
945,000	2030	1,330,000	2037
990,000	2031	1,395,000	2038
1,040,000	2032	1,465,000	2039

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds due December 15, 2026-2034, inclusive, are not subject to optional redemption. The Bonds due December 15 2035-2039, inclusive, are callable in whole or in part and on any date on or after December 15, 2034, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the City and within any maturity by lot.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed three percent (3%). All bids must be for all of the Bonds, must be for not less than \$15,098,240.

**Subject to change.*

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Bonds will be awarded to the bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the City as determined by the City's Municipal Advisor, which determination shall be conclusive and binding on all bidders; *provided*, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, allowing the same dollar amount of profit per \$1,000 bond as submitted on the Official Bid Form. The dollar amount of profit must be written on the Official Bid Form for any adjustment to be allowed and is subject to verification.

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Municipal Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Municipal Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-32. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per bond.

The winning bidder is required to wire transfer from a solvent bank or trust company to the City's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the City. The City reserves the right to award the Bonds to a bidder whose wire transfer is initiated but not received within such two hour time period provided that such bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

The Deposit of the successful bidder will be retained by the City pending delivery of the Bonds and all others, if received, will be promptly returned. Should the successful bidder fail to take up and pay for the Bonds when tendered in accordance with this Official Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the City caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
30 North LaSalle Street
38th Floor
Chicago, IL 60602
ABA (for wires only) # 071003405
Credit To: 3281 Speer Bidding Escrow
RE: City of Elgin, Kane and Cook Counties, Illinois
Bid for \$15,220,000* General Obligation Corporate Purpose Bonds, Series 2025

Contemporaneously with such wire transfer, the winning bidder shall send an email to biddingscrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such bidder is not awarded the Bonds. The City and any bidder who chooses to wire the Deposit hereby agree irrevocably that Speer shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to such bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the City; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) no interest on the Deposit will accrue to the winning bidder.

The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Bonds.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the City in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the City in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about May 7, 2025. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in the Rule. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled "Final Official Statement" rather than through supplementing the Official Statement by an addendum or addenda. By awarding the Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 50 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Bonds to the purchaser in New York, New York, through the facilities of DTC and will pay for bond counsel's opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the unqualified opinion of Bond Counsel, that the Bonds are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate of the City.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Bonds. Copies of such Official Statement or additional information may be obtained from Ms. Debra Nawrocki, Chief Financial Officer/Budget Director, City of Elgin, 150 Dexter Court, Elgin, Illinois 60120 or an electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Sales Calendar" from the Municipal Advisor to the City, Speer Financial, Inc., 230 W. Monroe Street, Suite 2630, Chicago, Illinois 60606, telephone (312) 346-3700.

/s/ **DEBRA NAWROCKI**
Chief Financial Officer/Budget Director
CITY OF ELGIN
Kane and Cook Counties, Illinois

/s/ **RICHARD G. KOZAL**
City Manager
CITY OF ELGIN
Kane and Cook Counties, Illinois

*Subject to change.

Exhibit A

CERTIFICATE OF PURCHASER

The undersigned, on behalf of _____ (the “Purchaser”), hereby certifies as set forth below with respect to the sale and issuance of the \$_____ General Obligation Corporate Purpose Bonds, Series 2025 (the “Bonds”), of the City of Elgin, Kane and Cook Counties, Illinois (the “City”).

I. General

On the Sale Date the Purchaser purchased the Bonds from the City by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the City. The Purchaser has not modified the terms of the purchase since the Sale Date.

II. Price

Competitive Sale Requirements Met – 3 Bids Received

Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in *Exhibit A* (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Exhibit B* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given an exclusive opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

3 Bids Not Received – At Least 10% of Each Maturity Sold by Closing

As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A* (the “First Sale Price”).

3 Bids Not Received – At Least 10% of Certain Maturities Not Sold by Closing; Expected First Sale Price

1. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A* (the “*First Sale Price*”).

2. Expected First Sale Price.

With respect to each of the _____ Maturities of the Bonds:

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Bonds of this Maturity at any Price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Bonds of this Maturity equal to 10% or more of this Maturity will be at or below the Expected Sale Price listed on the attached *Exhibit A* (the “*Expected First Sale Price*”).

3 Bids Not Received – At Least 10% of Certain Maturities Not Sold by Closing; Hold-the-Offering-Price Rule

1. As of the date of this certificate, for each of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A* (the “*First Sale Price*”).

2. (a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Exhibit A* (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Exhibit B*.

(b) As set forth in the Official Notice of Sale and the Official Bid Form, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “*Hold-the-Offering-Price Rule*”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-the-Offering-Price Rule.

(c) No Underwriter (as defined below) has offered or sold any Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.

III. Defined Terms

[1. “*General Rule Maturities*” means those Maturities of the Bonds not listed in *Schedule A* hereto as the “*Hold-the-Offering-Price Maturities*.”]

[2. “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in *Schedule A* hereto as the “Hold-the-Offering-Price Maturities.”]

[3. “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2025), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

4. “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

5. “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

6. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2025.

8. “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the City (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

IV. Use of Representations

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in its documents and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion concerning interest on the Bonds, the

preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

IN WITNESS WHEREOF, I hereunto affix my signature, this _____ day of _____,
2025.

_____,
_____, _____

By: _____
Title: _____

EXHIBIT A

The Bonds are dated _____, 2025, and are due on December 15 of the years and in the amounts, bear interest at the rates and were sold and offered to the Public as described in the attached Certificate of Purchaser at the prices, in percentages and dollars, as follows:

HOLD-THE- OFFER-PRICE MATURITY IF MARKED (*)	YEAR	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)	[EXPECTED] FIRST SALE PRICE OF AT LEAST 10% [% OF PAR)]	[EXPECTED] FIRST SALE PRICE OF AT LEAST 10%[/TOTAL ISSUE PRICE (\$)]	[INITIAL OFFERING PRICE [/TOTAL ISSUE PRICE (\$)]	[INITIAL OFFERING PRICE [/TOTAL ISSUE PRICE (\$)]	[TOTAL ISSUE PRICE (\$)]
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Total

EXHIBIT B

[PURCHASER'S BID]

[PRICING WIRE OR EQUIVALENT COMMUNICATION]