

APPROVAL OF ANNUAL AUDIT

The Library Board will review the Comprehensive Annual Financial Report dated December 31, 2022.

THEREFORE BE IT RESOLVED:

That the Elmhurst Public Library Board of Trustees accepts the Comprehensive Annual Financial Report for the Elmhurst Public Library, December 31, 2022.

COMPONENT UNIT - PUBLIC LIBRARY

Component Unit (the Library Fund) - The Library Fund is used to account for the resources necessary to provide the educational, cultural, and recreational activities of the Public Library.

CITY OF ELMHURST, ILLINOIS

COMBINING BALANCE SHEET/STATEMENT OF NET POSITION
ALL GOVERNMENTAL FUNDS
PUBLIC LIBRARY

December 31, 2022

		ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
		General	Library Debt Service G.O. Bonds	Nonmajor Governmental Funds	Total	Adjustments	Statement of Net Position
ASSETS							
Cash	\$ 3,210,695	\$ -	\$ 1,018,116	\$ 4,228,811	\$ -	\$ 4,228,811	
Investments							
U.S. Treasury bills	1,397,159	-	599,348	1,996,507	-	1,996,507	
Receivables							
Property taxes	6,654,520	-	-	6,654,520	-	6,654,520	
Other	3,496	-	-	3,496	-	3,496	
Net pension asset	-	-	-	-	1,676,066	1,676,066	
Capital assets not being depreciated							
Land	-	-	-	-	621,421	621,421	
Improvements other than buildings	-	-	-	-	35,000	35,000	
Tangible and Intangible Capital assets being depreciated or amortized, net							
Buildings and equipment	-	-	-	-	16,268,996	16,268,996	
Total assets	11,265,870	-	1,617,464	12,883,334	18,601,483	31,484,817	
DEFERRED OUTFLOWS OF RESOURCES							
Pension - IMRF	-	-	-	-	-	447,664	447,664
OPEB items	-	-	-	-	-	196,185	196,185
Total deferred outflows of resources	-	-	-	-	-	643,849	643,849
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		\$ 11,265,870	\$ -	\$ 1,617,464	\$ 12,883,334	\$ 19,245,332	\$ 32,128,666

(This schedule is continued on the following page.)

CITY OF ELMHURST, ILLINOIS

COMBINING BALANCE SHEET/STATEMENT OF NET POSITION
ALL GOVERNMENTAL FUNDS (Continued)
PUBLIC LIBRARY

December 31, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES/NET POSITION						
	General	Library Debt Service G.O. Bonds	Nonmajor Governmental Funds	Total	Adjustments	Statement of Net Position
LIABILITIES						
Accounts payable	\$ 93,426	\$ -	\$ -	\$ 93,426	\$ -	\$ 93,426
Accrued payroll	73,007	-	-	73,007	-	73,007
Lease payable	-	-	-	-	446,737	446,737
OPRB liability	-	-	-	-	353,764	353,764
Total liabilities	166,433	-	-	166,433	800,501	966,934
DEFERRED INFLOWS OF RESOURCES						
Pension - IMRF	-	-	-	-	2,172,449	2,172,449
OPRB items	-	-	-	-	76,233	76,233
Unavailable revenue - property taxes	6,654,520	-	-	6,654,520	-	6,654,520
Total deferred inflows of resources	6,654,520	-	-	6,654,520	2,248,682	8,903,202
Total liabilities and deferred inflows of resources	6,820,953	-	-	6,820,953	3,049,183	9,870,136
FUND BALANCES/NET POSITION						
Net position	-	-	-	-	16,478,680	16,478,680
Net investment in capital assets	-	-	-	-	-	-
Fund balances	-	-	10,739	10,739	-	10,739
Restricted for employee appreciation	-	-	-	-	1,676,066	1,676,066
Restricted for retirement	-	-	-	-	-	-
Assigned for capital replacement and maintenance	-	-	1,606,725	1,606,725	(1,606,725)	-
Unrestricted/unassigned - general fund	4,444,917	-	-	4,444,917	(351,872)	4,093,045
Total fund balances/net position	4,444,917	-	1,617,464	6,062,381	16,196,149	22,258,530
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES/NET POSITION	\$ 11,265,870	\$ -	\$ 1,617,464	\$ 12,883,334	\$ 19,245,332	\$ 32,128,666

(See independent auditor's report.)

CITY OF ELMHURST, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
ALL GOVERNMENTAL FUNDS
PUBLIC LIBRARY**

For the Year Ended December 31, 2022

	General	Library Debt Service G.O. Bonds	Nonmajor Governmental Funds	Total	Adjustments	Statement of Activities
REVENUES						
Property taxes	\$ 6,670,955	\$ -	\$ -	\$ 6,670,955	\$ -	\$ 6,670,955
Intergovernmental	854,734	-	-	854,734	-	854,734
Replacement tax	67,534	-	-	67,534	-	67,534
State grants	-	-	-	-	-	-
Charges for services	4,502	-	-	4,502	-	4,502
Fines and rentals	34,650	-	-	34,650	-	34,650
Copier revenue	285	-	-	285	-	285
Fees	72,343	-	12,670	85,013	-	85,013
Investment income	176,230	-	-	176,230	-	176,230
Miscellaneous	-	-	-	-	-	-
Total revenues	7,881,233	-	12,670	7,893,903	-	7,893,903
EXPENDITURES/EXPENSES						
Current						
Culture and recreation	3,312,163	-	-	3,312,163	-	3,312,163
Personnel services	1,079,148	-	-	1,079,148	(764,173)	314,975
Employee benefits	527,427	-	-	527,427	-	527,427
Contractual services	1,306,117	-	-	1,306,117	-	1,306,117
Commodities	505,912	-	-	505,912	-	505,912
Repairs and maintenance	78,269	-	-	78,269	681,828	760,097
Other	31,279	-	-	31,279	-	31,279
Insurance	630,965	-	-	630,965	(630,965)	-
Capital outlay	65,316	2,080,000	-	2,145,316	(2,145,316)	-
Debt service - payment to primary government	18,676	31,253	-	49,929	16,909	66,838
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Total expenditures/expenses	7,555,272	2,111,253	-	9,666,525	(2,841,717)	6,824,808
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	325,961	(2,111,253)	12,670	(1,772,622)	2,841,717	1,069,095

(This schedule is continued on the following page.)

CITY OF ELMHURST, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES (Continued)
ALL GOVERNMENTAL FUNDS
PUBLIC LIBRARY

For the Year Ended December 31, 2022

	Library		Nonmajor		Total	Adjustments	Statement of
	General	Debt Service G.O. Bonds	Governmental Funds				
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ 3,000	\$ 53	\$ 250,000	\$ 253,053	\$ (253,053)	\$ -	-
Transfers (out)	(250,053)	-	(3,000)	(253,053)	253,053	-	-
Proceeds from lease issuance	476,345	-	-	476,345	(476,345)	-	-
Total other financing sources (uses)	229,292	53	247,000	476,345	(476,345)	-	-
NET CHANGE IN FUND BALANCES/NET POSITION	555,253	(2,111,200)	259,670	(1,296,277)	2,365,372	1,069,095	
FUND BALANCES/NET POSITION, JANUARY 1	3,889,664	2,111,200	1,357,794	7,358,658	13,830,777	21,189,435	
FUND BALANCES/NET POSITION, DECEMBER 31	\$ 4,444,917	\$ -	\$ 1,617,464	\$ 6,062,381	\$ 16,196,149	\$ 22,258,530	

(See independent auditor's report.)

CITY OF ELMHURST, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
PUBLIC LIBRARYFor the Year Ended December 31, 2022
(With Comparative Actual for 2021)

	2022		Variance with Final Budget Over (Under)	2021 Actual
	Original and Final Budget	Actual		
REVENUES				
Property taxes	\$ 6,663,500	\$ 6,670,955	\$ 7,455	\$ 8,026,122
Intergovernmental				
Replacement tax	230,000	854,734	624,734	423,870
State grants	55,000	67,534	12,534	65,078
Charges for services				
Fines and rentals	5,000	4,502	(498)	14,500
Copier revenue	45,000	34,650	(10,350)	21,369
Fees	1,000	285	(715)	74
Investment income	25,100	72,343	47,243	7,452
Miscellaneous	150,300	176,230	25,930	130,651
Total revenues	7,174,900	7,881,233	706,333	8,689,116
EXPENDITURES				
Current				
Culture and recreation				
Personnel services	3,450,000	3,312,163	(137,837)	3,219,660
Employee benefits	1,197,000	1,079,148	(117,852)	1,105,560
Contractual services	544,000	527,427	(16,573)	411,626
Commodities	1,266,000	1,306,117	40,117	917,264
Repairs and maintenance	610,000	505,912	(104,088)	456,773
Other	108,000	78,269	(29,731)	82,179
Insurance	34,000	31,279	(2,721)	53,712
Capital outlay	195,000	630,965	435,965	31,027
Debt service				
Principal	-	65,316	65,316	-
Interest and fees	-	18,676	18,676	-
Total expenditures	7,404,000	7,555,272	151,272	6,277,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(229,100)	325,961	555,061	2,411,315
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	-	3,000
Transfers (out)	(250,000)	(250,053)	(53)	(2,143,247)
Issuance of leases	-	476,345	476,345	-
Total other financing sources (uses)	(247,000)	229,292	476,292	(2,140,247)
NET CHANGE IN FUND BALANCE	\$ (476,100)	555,253	\$ 1,031,353	271,068
FUND BALANCE, JANUARY 1		3,889,664		3,618,596
FUND BALANCE, DECEMBER 31		\$ 4,444,917		\$ 3,889,664

(See independent auditor's report.)

CITY OF ELMHURST, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY DEBT SERVICE G.O. BONDS FUND
PUBLIC LIBRARY**

For the Year Ended December 31, 2022
(With Comparative Actual for 2021)

	2022		Variance with Final Budget Over (Under)	2021 Actual
	Original and Final Budget	Actual		
REVENUES				
None	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal series 2014A	2,080,000	2,080,000	-	1,860,000
Interest series 2014A	31,200	31,200	-	89,138
Bond fees	850	53	(797)	847
Total expenditures	2,112,050	2,111,253	(797)	1,949,985
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,112,050)	(2,111,253)	797	(1,949,985)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	53	53	2,143,247
Total other financing sources (uses)	-	53	53	2,143,247
NET CHANGE IN FUND BALANCE	<u>\$ (2,112,050)</u>	<u>(2,111,200)</u>	<u>\$ 850</u>	193,262
FUND BALANCE, JANUARY 1		<u>2,111,200</u>		<u>1,917,938</u>
FUND BALANCE, DECEMBER 31		<u>\$ -</u>		<u>\$ 2,111,200</u>

(See independent auditor's report.)

CITY OF ELMHURST, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
PUBLIC LIBRARY

December 31, 2022
(With Comparative Actual for 2021)

	Capital Projects	Special Revenue	Total	
	Capital Replacement	Employee Appreciation	2022	2021
ASSETS				
Cash	\$ 1,007,377	\$ 10,739	\$ 1,018,116	\$ 609,961
Investments				
Negotiable certificates of deposit	-	-	-	747,400
U.S. Treasury bills	599,348	-	599,348	-
Receivables				
Accrued interest	-	-	-	433
TOTAL ASSETS	<u>\$ 1,606,725</u>	<u>\$ 10,739</u>	<u>\$ 1,617,464</u>	<u>\$ 1,357,794</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted for employee appreciation	-	10,739	10,739	13,541
Assigned for capital replacement and maintenance	1,606,725	-	1,606,725	1,344,253
Total fund balances	<u>1,606,725</u>	<u>10,739</u>	<u>1,617,464</u>	<u>1,357,794</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,606,725</u>	<u>\$ 10,739</u>	<u>\$ 1,617,464</u>	<u>\$ 1,357,794</u>

(See independent auditor's report.)

CITY OF ELMHURST, ILLINOIS

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

For the Year Ended December 31, 2022

(With Comparative Actual for 2021)

	Capital Projects	Special Revenue	Total	
	Capital Replacement	Employee Appreciation	2022	2021
REVENUES				
Investment income	\$ 12,472	\$ 198	\$ 12,670	\$ 2,356
Total revenues	12,472	198	12,670	2,356
EXPENDITURES				
None	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,472	198	12,670	2,356
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	-	250,000	-
Transfers (out)	-	(3,000)	(3,000)	(3,000)
Total other financing sources (uses)	250,000	(3,000)	247,000	(3,000)
NET CHANGE IN FUND BALANCES	262,472	(2,802)	259,670	(644)
FUND BALANCES, JANUARY 1	1,344,253	13,541	1,357,794	1,358,438
FUND BALANCES, DECEMBER 31	\$ 1,606,725	\$ 10,739	\$ 1,617,464	\$ 1,357,794

(See independent auditor's report.)

CITY OF ELMHURST, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL REPLACEMENT FUND
PUBLIC LIBRARY**

For the Year Ended December 31, 2022
(With Comparative Actual for 2021)

	2022		Variance with	2021
	Original and	Actual	Final Budget	Actual
	Final Budget		Over (Under)	
REVENUES				
Investment income	\$ 2,500	\$ 12,472	\$ 9,972	\$ 2,350
Total revenues	2,500	12,472	9,972	2,350
EXPENDITURES				
None	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,500	12,472	9,972	2,350
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(367,000)	250,000	617,000	-
Total other financing sources (uses)	(367,000)	250,000	617,000	-
NET CHANGE IN FUND BALANCE	<u>\$ (364,500)</u>	262,472	<u>\$ 626,972</u>	2,350
FUND BALANCE, JANUARY 1		<u>1,344,253</u>		<u>1,341,903</u>
FUND BALANCE, DECEMBER 31		<u>\$ 1,606,725</u>		<u>\$ 1,344,253</u>

(See independent auditor's report.)

CITY OF ELMHURST, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EMPLOYEE APPRECIATION FUND
PUBLIC LIBRARY**

For the Year Ended December 31, 2022
(With Comparative Actual for 2021)

	2022			
	Original and Final Budget	Actual	Variance with Final Budget Over (Under)	2021 Actual
REVENUES				
Investment income	\$ 50	\$ 198	\$ 148	\$ 6
Total revenues	50	198	148	6
EXPENDITURES				
None	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	50	198	148	6
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(3,000)	(3,000)	-	(3,000)
NET CHANGE IN FUND BALANCE	<u>\$ (2,950)</u>	<u>(2,802)</u>	<u>\$ 148</u>	<u>(2,994)</u>
FUND BALANCE, JANUARY 1		<u>13,541</u>		<u>16,535</u>
FUND BALANCE, DECEMBER 31		<u>\$ 10,739</u>		<u>\$ 13,541</u>

(See independent auditor's report.)



CITY OF ELMHURST
209 NORTH YORK STREET
ELMHURST, ILLINOIS 60126-2759
(630) 530-3000
www.elmhurst.org

SCOTT M. LEVIN
MAYOR
JACKIE HADDAD-TAMER
CITY CLERK
DAN CURRAN
CITY TREASURER
JAMES A. GRABOWSKI
CITY MANAGER

August 16, 2023

To the Citizens of the City of Elmhurst:

The Annual Comprehensive Financial Report of the City of Elmhurst, Illinois for the fiscal year ended December 31, 2022, is hereby submitted. The City is required to issue an annual report on its financial position presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management. To the best of our knowledge and belief, the enclosed financial report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City.

Providing a reasonable basis to make this representation is an internal control system established by the City's management. The internal control system is designed to safeguard the assets of the City against loss, theft, or misuse. The internal control system also assures that the accounting system compiles reliable financial data for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Elmhurst for the fiscal year ended December 31, 2022, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting

principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Elmhurst's financial statements for the fiscal year ended December 31, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the City of Elmhurst

The City is ideally located approximately 16 miles west of downtown Chicago on the eastern border of prestigious DuPage County. The City has a land area of approximately ten square miles and a population of 45,786 based on the 2020 census. Founded in 1836 by German settlers, it was incorporated as a village in 1881 and as a city in 1910. Elmhurst was the 14th community in the state to be named as an Illinois Certified City and the first in DuPage County. Elmhurst has been named a "Tree City, U.S.A." every year since 1981.

The City operates under the council-manager form of government. Policy making and legislative authority are vested in the governing City Council, which consists of a mayor and a fourteen-member council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, and establishing policy. The City Manager is responsible for carrying out the policies and ordinances of the City Council, and for overseeing the day-to-day operations of the City. Council members are elected to four-year staggered terms with seven council members elected every two years. The Mayor, Treasurer, and City Clerk are elected for concurrent four-year terms. Two council members are elected from each of seven wards; the Mayor, Treasurer, and City Clerk are elected at large.

The financial reporting entity (the City) includes all the funds of the primary government (i.e., the City of Elmhurst as legally defined), as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services. These services include police and fire protection; storage and distribution of potable water; sewerage collection and treatment; sanitation services; construction and maintenance of highways, streets, and infrastructure; code enforcement; planning and zoning; and the parking system. The City owns and operates its'

own water and sewerage facilities with water supplied from Lake Michigan through the DuPage Water Commission, a separate unit of government.

The discretely presented component unit is reported in a separate column in the combined financial statements 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 Elmhurst Public Library is reported as a discretely presented component unit.

The functions of education, recreation, township, and county government, as well as special service districts such as the DuPage Water Commission and the DuPage Airport Authority are performed by separate governmental entities and, accordingly, are excluded from this report.

Budgeting Controls

The annual budget serves as the foundation for the City of Elmhurst's financial planning and control. Current citizen's survey results are taken into consideration as the City prepares the budget. Beginning in July of each year the City prepares a five-year capital improvement plan. The department heads are required to submit proposed capital improvements for the next five years to the City Manager. The City Manager, along with the department heads and the budget review team, reviews the requests and develops a proposed five-year capital improvement plan. The proposed five-year capital improvement plan is submitted to the City Council in September. The City Council reviews the five-year capital improvement plan by the second council meeting in September of each year. The annual budget process starts in August when the department heads are required to submit to the City Manager a proposed budget for the next fiscal year. The City Manager uses these requests and the five-year capital expenditure plan as a starting point for developing a proposed budget. After reviewing the department budget requests with each department head and the budget review team, the City Manager presents the proposed budget to the City Council by the first meeting in November. The City Council is required to hold a public hearing on the proposed budget and to adopt the final budget no later than December 31st of each year.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the General, Special Revenue, Debt Service, Capital Projects, Enterprise, and Police and Firefighter's Pension Trust Funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the budgeted amount) is established at the individual fund level. The City also maintains an encumbrance system as one technique of accomplishing budgetary control.

Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Factors Affecting Financial Condition

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

Local economy

The City of Elmhurst's overall economic outlook is bright. Although primarily residential, the City's close proximity to O'Hare International Airport has contributed to the development of several national and even international corporate headquarters within the City's boundaries. The 2015 - 2019 American Community Survey 5-year estimate figures indicate that approximately ninety percent of the City's work force are employed in either professional, managerial, sales, or technical positions. The City's current unemployment rate, provided by the Illinois Department of Employment Security - Economic Information Division, (not adjusted for seasonal employment) of 3.1% compares favorably with the statewide rate of 4.6%. Following statewide and national trends, the City's net assessed value decreased from 2011 - 2014, but began increasing in 2015. The City's net assessed value increased 7.6% in 2018, 7.0% during 2019, 4.1% in 2020, and 3.0% in 2022. In 2022, Elmhurst had total new construction net assessed value of \$33,404,190. Although significant infrastructure improvements have been completed recently, general obligation debt remains a modest 2.74% of 2022 assessed valuation.

The City also saw strong sales tax growth in 2021 as the economy rebounded from the pandemic closures. Sales tax in 2022 increased by 7.3%, with the City posting the highest total sales tax revenues in the last ten years.

Long-term Financial Planning

The City completes multi-year capital and operations planning activities which extend beyond the annual budget year. The annual operating budget process reviews the next two fiscal years' activities. In conjunction with the annual operating budget, a five-year Capital Expenditure Budget is prepared which identifies planned projects and funding sources that span a five-year period for all City departments. Examples of projects that are currently part of the City's five-year capital improvement plan include the following:

- Continuing response to widespread flooding experienced throughout the City in the summer of 2010, through the comprehensive flood plan that was developed by Christopher B. Burke Engineering Ltd. and RJN Group, Inc., which has been used by City staff and the City Council to assist in determining stormwater improvement projects. Additional study areas and improvement projects were added after the 2013 storm event. Several projects have been approved, started and/or completed and additional projects are planned.
- The five-year capital plan provides for additional major replacement projects at the Wastewater Treatment Plant. A significant portion of the equipment that had been in service over twenty years, in a harsh 24/7 environment, has been replaced. The remaining projects include rehabilitation of all clarifiers, disinfection processes, sludge drying beds, and boiler systems in multiple buildings (2023-2025) and mandates to update the facility for phosphorus removal (2027-2030). Illinois EPA loans have been issued to fund a significant portion of these projects.

In conjunction with the stormwater projects identified above, the City began long-term financial forecasting of the Stormwater Fund in 2022, projecting stormwater needs through 2040. As part of this process, a consultant was engaged to evaluate the feasibility of a stormwater fee. The City will continue this process in 2023.

The City also plans to update the long-term forecast and rate study for the Municipal Utility Fund in 2023.

Major Initiatives

Several initiatives are underway to positively impact the City and its stakeholders.

The City continues to invest in maintaining its roadways. The 2023 capital budget includes \$36.7 million of street improvements over the next five years. The City is also investing in bike and pedestrian improvements, including a pedestrian bridge at Route 83 (\$3.2 million) planned in 2025 and other bike and pedestrian improvements (\$1.2 million in the five-year plan)

The City continues to focus on development of property throughout the City and within the Tax Increment Financing (TIF) Districts. Within the Downtown TIF, the City is developing plans for significant upgrades to the existing train station, including the replacement of the station, the construction of a second underground pedestrian tunnel, and platform improvements with the anticipation that federal and local grants will provide funding for the majority of the related project costs. Additionally, the City has planned improvements to the Lift Station Force Mains, installation of a North York Street sidewalk, and North York roadway improvements within the North York TIF District.

The City will be updating its Enterprise Resource Program (ERP) system in 2022-2025. These updates will improve internal City operations as well as provide greater tools to communicate with residents online.

The City continues to focus on stormwater mitigation. The 2023 Capital Expenditure Budget includes \$17.3 million in stormwater projects over the next five years. The City has been fortunate to receive several grants which will assist in funding these projects.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. This was the thirty-third year the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine eligibility for another certificate.

Additionally, the City of Elmhurst received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year ended December 31, 2022. This was the sixteenth year that the City achieved this award. In order to qualify for the Distinguished Budget Presentation Award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

Acknowledgements

The preparation of this report was made possible by the dedicated service of the entire staff of the Finance Department. Particular credit should be given to Ryan Bruns, Lynette Zurawski and Matthew Plyman for their outstanding efforts in coordinating and completing this report. I would also like to express my appreciation to the accounting firm of Sikich LLP for their expertise, professionalism, and their assistance in the preparation of this report.

Finally, I would like to thank the members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Christina Coyle', written in a cursive style.

Christina Coyle
Director of Finance

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 Elmhurst, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elmhurst, Illinois (the City), as of and for the year ended December 31, 2022, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elmhurst, Illinois as of December 31, 2022, 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.

We have previously audited the basic financial statements of the City of Elmhurst, Illinois as of and for the year ended December 31, 2021 and our report dated July 29, 2022, expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Change in Accounting Principle

The City adopted new accounting guidance, GASB Statement No. 87, *Leases*, during the year ended December 31, 2022. The implementation of this guidance resulted in changes to the assets, liabilities, deferred inflows of resources, revenues, expenses, and notes to the financial statements (see notes 13-15 for additional information). Our opinion is 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 (GAAS) and the standards applicable to financial audits 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 and for 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 GAAS 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 is the responsibility of management and, 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

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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2021, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole.

The major and combining and individual nonmajor fund financial statements, related to the 2021 financial statements are presented for purposes of additional analysis and are 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 2021 basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of those 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 major and combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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 August 16, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
August 16, 2023

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

SIKICH.COM

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

Ladies and Gentlemen:

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Elmhurst, Illinois (the City), as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
August 16, 2023

City of Elmhurst, Illinois
Management's Discussion and Analysis

As the management of the City of Elmhurst, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv - x of this report.

USING THIS ANNUAL REPORT

In accordance with generally accepted accounting principles, the City presents two kinds of statements, each with a different snapshot of the City's finances. The government-wide financial statements present financial information on the City as a whole. The focus of the fund statements is 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 are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflow of resources, liabilities and deferred inflows of resources with the aggregate difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type) activities. The governmental activities of the City include general governmental, public safety, streets, rubbish disposal, public health and welfare, culture, and redevelopment. The business-type activities of the City include a water and sewer system and a parking system.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Elmhurst Public Library (the Library). The City is financially accountable for the Library, but the Library has a separate governing board. Because the Library is a component unit, its financial information is reported separately from the financial information of the City.

The government-wide financial statements can be found on pages 7 through 10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Stormwater Detention Project Fund, which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The City did not adopt any budget amendments for the fiscal year ended December 31, 2022.

The basic governmental fund financial statements can be found on pages 11 - 15 of this report.

Proprietary Funds. The City maintains only one type of proprietary fund: enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sanitary sewer systems and its parking system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Municipal Utility Fund and the Parking System Revenue Fund, which are major funds.

The basic proprietary fund financial statements can be found on pages 16 - 20 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains three fiduciary funds: the Police and the Firefighters' Pension Trust Funds, and the Special Assessment Custodial Fund.

The basic fiduciary fund financial statements can be found on pages 21 - 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 87 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on pages 88 - 106 of this report.

Schedules for the other major funds are presented immediately following the required supplementary information on pensions. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the schedules for the other major funds. Combining and individual fund statements and schedules for all governmental funds can be found on pages 107 - 127 of this report.