City of Crystal Lake

CRYSTAL LAKE, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2008

CITY OF CRYSTAL LAKE, ILLINOIS

Comprehensive Annual Financial Report

For the Year Ended April 30, 2008

Prepared By Finance Department:

Mark Nannini
Director of Finance

City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2008

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INTRODUCTORY SECTION

City of Crystal Lake

Mayor
Aaron T. Shepley
City Clerk
Roger T. Dreher
City Manager
Gary J. Mayerhofer

100 W. Woodstock Street
Crystal Lake, IL 60014
(815) 459-2020

City Council
Ellen Brady Mueller
Ralph M. Dawson
Cathy A. Ferguson
David Goss
Brett Hopkins
Jeffrey T. Thorsen

October 13, 2008

Honorable Mayor Aaron T. Shepley
Members of the City Council
Citizens of the City of Crystal Lake, Illinois

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Crystal Lake for the fiscal year ended April 30, 2008.

This report consists of management's representations concerning the finances of the City of Crystal Lake. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis to make these representations, management of the City of Crystal Lake has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Crystal Lake's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Crystal Lake's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Crystal Lake's financial statements have been audited by Selden Fox, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Crystal Lake for the fiscal year ended April 30, 2008, are free of 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 unqualified opinion that the City of Crystal Lake's financial statements for the fiscal year ended April 30, 2008, 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.

The City of Crystal Lake is not required to undergo an annual single audit in conformity with the provisions of the single Audit Amendments of 1996 and the U.S. Office of Management and

Budget Circular A-133, Audits of State and Local Governments. Therefore, such information is not included within this report.

The City of Crystal Lake's financial presentation reflects GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for state and local governments.* The comprehensive annual report presents the MD&A, basic financial statements and required supplemental information. The MD&A provides an analytical overview of the City's financial activity. 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 the budgetary comparison schedules and other schedules. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Crystal Lake's MD&A can be found immediately following the report of the independent auditors. The City of Crystal Lake has met the requirements of Statement of Auditing Standards 112 as it relates to internal financial reporting.

PROFILE OF THE CITY OF CRYSTAL LAKE

The City of Crystal Lake, incorporated in 1914, is located in the southeastern portion of McHenry County, which is the furthest northwestern county in the Chicago metropolitan region. McHenry County was recognized as the fastest growing county in the state of Illinois in the 1990 census. This particular development trend is most prevalent in the southeastern portion of McHenry County, which includes the Crystal Lake area. The 2000 Census further substantiated this experience. The City of Crystal Lake currently occupies a land area of 18 3/4 square miles and serves a certified population of 39,788. The City of Crystal Lake is empowered by State Statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Crystal Lake has operated under the Council-Manager form of government since 1957. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring of the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments, including the City Attorney. The City Council is elected at-large on a non-partisan basis. Council members serve four-year staggered terms.

This report encompasses all funds of the City of Crystal Lake. The City of Crystal Lake provides a full range of services, including police and fire protection; construction and maintenance of highways, streets, and infrastructure; maintenance of the public storm drainage system; water, sanitary sewer service and wastewater treatment; and growth management, planning and development control through the activities of the Engineering and Building Department, and the Planning and Economic Development Department. In addition to these general governmental activities, the City has certain information relative to the public library (a discretely presented component unit) and police and fire pension systems (blended component units). Therefore, these activities have been included in the City of Crystal Lake's financial reporting entity. However, as separate governmental entities, the Crystal Lake Elementary and High School Districts, the Crystal Lake Park District, and the Crystal Lake Civic Center

Authority have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

The annual budget serves as the foundation for the City of Crystal Lake's financial planning and control. All agencies of the City of Crystal Lake are required to submit requests for appropriation to the City Manager. The City Manager and Director of Finance use these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than April 30th, the close of the City of Crystal Lake's fiscal year. The appropriated budget is prepared by fund and department. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

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 Crystal Lake operates.

LOCAL ECONOMY

The City of Crystal Lake currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. The largest single source of revenue is sales tax, which has remained stable.

Development management represents a significant challenge and priority for the City. Utilization of impact fees and sophisticated policies requiring development to fund its own infrastructure cost illustrates the fact that the City has maintained growth management initiatives. The City's impact fees and growth-funded infrastructure requirements have ensured that the City's taxpayers are not burdened by development.

The non-residential sector of economic activity has continued to be built out, but not at the same pace as prior years. The City's property valuation growth has remained constant over the past year through the addition of new non-residential development and the continued increase in the value of existing non-residential properties in the City. This is evidence of the City's continued strong economic activity level and further underscores the City's strong non-residential tax base.

Despite substantial competition that has occurred from commercial growth in many of the areas surrounding Crystal Lake, the difficult retail environment for certain players in the very competitive Chicago arena, and state retail sales showing a decline from prior years, the City's retail sector has remained stable over the past year. The City has continued to maintain strength as a retail base for serving the regular commercial needs for the immediate City population, and has continued as a regional point for commercial activities.

Route 14 serves as a retail corridor for the City of Crystal Lake, highlighted by Crystal Point Shopping Center, Crystal Court Shopping Center and The Commons Shopping Center. The Bohl Farm Marketplace, consisting of nearly 400,000 sq. ft. of retail space, anchors Kohl's department store, Linens-n-Things, a Target store, and a Dominick's Fresh Foods store, including other national tenants such as Pier One, Barnes and Noble, and Chili's restaurant.

The Archway East Center development includes a Portillo's restaurant, TGI Friday's restaurant, Corner Bakery, Sports Authority, Mario Tricoci, a recently expanded Menards and three additional small independent retailers. Chipotle Mexican Grill, Noodles & Company, Culver's, Fast Eddie's Car Wash, the Village Squire Restaurant, and the Showplace Theaters are all located near this center. Construction of an 84-unit Staybridge Suites hotel is currently underway for a projected opening in 2009. A four-story, one hundred thirteen-unit Fairfield Inn will be under construction during 2009.

The downtown sector of the City, which has continued to show substantial strength, exhibits a very low vacancy rate and continues to be a viable commercial destination. A Starbuck's and an independent ice cream shop are located in the Downtown area, as well as a number of unique fine dining establishments including Benedict's La Strata, Williams Street Public House, and Cucina Bella Due. Downtown Crystal Lake is also home to Finn McCool's restaurant. The downtown district is home to the Raue Center for the Arts, which is an 800-seat theatre that is one of the finest examples of restored art and decor in the nation. The Raue Center provides a unique draw for the downtown area as the largest performing arts theater in McHenry County.

Porter's Oyster Bar has reopened under new management and expanded with the addition of the Yellowtails Sports Bar & Grill. In addition, Fox River Grove caterer Three Chefs Catering has recently announced that it will be expanding through their location of a new catering facility on Route 14.

Anderson Motors, a major auto retailer of BMW, Volkswagen, and Mazda vehicles, located on North Route 31, has expanded their service facilities and indoor display areas. In addition, Pauly Toyota has relocated their auto dealership to the Lutter Center at the intersection of Route 31 and Rakow Road, near the new Super Wal-Mart. Crystal Lake is also home to Viking Dodge, Brilliance Honda, and Extreme Ford.

US Granite has purchased an existing 100,000 square foot manufacturing facility to consolidate four divisions of granite and marble stone purchasing, cutting and finishing. US Granite Sales, Marble Tech, Natural Stonework, and US Granite Machinery will be occupying the facility by the end of 2008, bringing 80 jobs and $10 million in annual sales to Crystal Lake.

Other new additions to Crystal Lake during the current fiscal year include Kids R Kids Daycare facility, CVS Pharmacy, 2nd Wind, Al & Joe's Deli, and Infinity Day Spa.

The City of Crystal Lake is fortunate to have two Metra train stations within our corporate limits. The second station, 2,000 square foot Pingree Road Metra Station, was completed in the winter of 2005 at a cost of $2.1 million. Metra funded the construction of the Pingree Road Station as well as recent renovations to the Downtown Train Station, which were completed the summer of 2006. Metra plans to expand parking at the Pingree Station at some point in the near future.

Once again, the City has continued to have a very low property tax rate for municipal services compared to other municipalities in southeastern McHenry County. The continued development of the City's non-residential tax base and the stable retail sector of the community have facilitated this position. The City's retail base helps defray the cost of most General Fund supported services, such as police protection, street maintenance, brush and leaf pickup, and other services.

LONG TERM FINANCIAL PLANNING

A number of potential future projects may significantly impact the City's future financial planning. These projects include the extension of sewer and water to the City's far northwest border. This utility extension is funded through Special Service Area Number 45, as part of the Bryn Mawr residential development. These improvements are projected to stimulate additional development on the City's northern and northwest boundaries.

Another future project that is currently under construction is a Waste Transfer Station. Host benefit fees associated with the Waste Transfer Station will provide increased revenue for the City.

The City currently has four active Tax Increment Financing Districts (TIF). The TIF District for Downtown Crystal Lake, which expires in 2008, has driven redevelopment of that area. Roadway improvements and streetscape elements were funded with TIF funds. The original 1985 equalized assessed valuation (EAV) for the Downtown TIF was $3,640,512. Upon completion of redevelopment, it is estimated that the EAV will be in excess of $100 million in 2008.

The other three TIF Districts include the Virginia Street Corridor, Crystal Lake Avenue and Main Street, and Vulcan Lakes. The 2003 EAV for the Virginia Street Corridor TIF is $10,829,922. It is estimated that the EAV will be in excess of $26 million in 2003 dollars upon completion of redevelopment. The Virginia Street Corridor TIF as approved will fund the installation of streetscape elements, such as pavers, sidewalks, and decorative pedestrian lighting, as well as utility pole relocation and facade improvements.

The 2004 EAV for the Crystal Lake Avenue and Main Street TIF is $3,284,612. It is estimated that the EAV will be in excess of $108 million in 2004 dollars upon completion of redevelopment. The Crystal Lake Avenue and Main Street TIF District is contiguous to the original Downtown TIF. The revitalization plan includes a continuation of streetscape elements found throughout the Downtown area, as well as relocation of the Main Street railroad spur, parking, environmental remediation and potential major redevelopment of key under-utilized parcels at the Crystal Lake Avenue and Main Street intersection. The north leg of the intersection of Main Street and Crystal Lake Avenue is anticipated to be completed by fall of 2008.

The 2005 EAV for the Vulcan Lakes TIF is $4,506,145. It is estimated that the EAV will be in excess of $96 million in 2005 dollars upon completion of redevelopment. The revitalization of the Vulcan Lakes project area envisions the creation of a vibrant activity center with recreational, residential and commercial activities complementing the lakes. It anticipates commercial

activities along U.S. Route 14, such as restaurants and entertainment venues. A mix of commercial uses is planned for South Main Street, and the interior quarry area will include a marina, fishing piers, beaches, trails and nature areas. In addition to the recreational uses, a mix of residential uses would provide an opportunity to create residences with unique amenities.

Finally, the City's pro-active economic development program will continue to recruit additional new businesses. A new 210,000 square foot Wal-Mart Supercenter opened in October 2007 and the former site anticipates the opening of a new J.C. Penny Department Store very soon. There is also the potential for additional retail establishments as well as the relocation of two additional automobile dealerships to the Route 31 corridor. Pauly Toyota relocated a new $40 million facility in October 2007. The adoption of the new TIF Districts will result in redevelopment and rehabilitation of existing properties and will add to the interest of private development in these corridors.

CASH MANAGEMENT POLICIES AND PRACTICES

Cash temporarily idle during the year was invested in the Illinois State Treasurer's pool (Illinois Funds), Money Market Funds, U.S. Treasuries, U.S. Agencies and Certificates of Deposit. The funds invested in the Illinois Funds and Money Market Funds are immediately available. State law also allows the pension trust funds to invest up to 45% of the fund's assets in equities. Crystal Lake's Police and Fire Pension Funds invest in separate insurance accounts and mutual funds. The City's investment policy details the cash management objectives and guidelines for investing City cash. The City's investment policy is to minimize credit and market risks while maintaining a competitive 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.

RISK MANAGEMENT

Since joining the Intergovernmental Risk Management Agency (IRMA) in July 2004, the City has been active in its risk management and loss control focus. As a member of IRMA, the City receives liability, property and workers' compensation insurance. Since IRMA maintains a deductible for each event, the City budgets for potential losses in the General Fund. The City's risk management program is driven by two goals outlined in the City's loss prevention policy and purpose statement: "The primary goal of the Program is to safeguard the physical well-being of the City's residents and employees. In addition, the Program seeks to prevent or reduce damage to City properties and mitigate the monetary losses due to accidents." The City participated in IRMA's Management Assessment Program (IMAP), which is a thorough audit of the City's personnel policies, safety procedures, and training activities related to loss control, scoring the highest out of all participating members. Because of the IMAP, the City established loss prevention goals and consequently improved many of its internal loss prevention functions, including safety committees, facility safety inspection, and the creation of personnel policies. Moreover, IRMA provided an assessment of the City's exposure to certain hazards, such as fire, electrical, and equipment. The City's risk management program also values employee training. During this past year, the City organized training related to the City's Emergency Action Plan, which provides guidelines in the event of a disaster or workplace trauma. Furthermore, the City's Police, Fire Rescue, and Public Works Departments require specific training to keep their

employees abreast of the latest workplace safety procedures. Overall, the City hopes its risk management and loss control efforts lead to lower insurance pool contributions and greater employee productivity.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The City of Crystal Lake sponsors a single-employer defined benefit pension plan for its public safety employees. As a matter of policy, the City of Crystal Lake fully funds each year's annual required contribution to the pension plan as determined by an independent actuary.

The City of Crystal Lake also provides post-employment health and dental care benefits (18 months after retirement) for certain retirees and their dependents at their cost. As of the end of the current fiscal year, there were six (6) retired employees receiving these benefits, which are billed to the retiree on a monthly basis.

Additional information on the City of Crystal Lake's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Crystal Lake for its comprehensive annual financial report (CAFR) for the fiscal year ended April 30, 2007. This was the eighteenth 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 CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Without the support given by the Mayor and the City Council for their unfailing commitment to maintaining the highest standards of professionalism in the management of the City of Crystal Lake's finances, this report would not be possible. Recognition and acknowledgement of the essential nature of their support and commitment to effective and responsible local government financial operations, which has enabled a report that is believed to meet the requirements of the GFOA Certificate of Achievement Program again this year, is an appropriate conclusion to this year's report.

Respectfully submitted,

Gary J. Mayerhofer
City Manager

Mark F. Nannini
Director of Finance

City of Crystal Lake, Illinois
Principal Officials
April 30, 2008

Legislative

Mayor: Aaron T. Shepley

City Clerk: Roger T. Dreher

Ellen Brady Mueller, Council Member
Ralph M. Dawson, Council Member
David Goss, Council Member
Brett Hopkins, Council Member
Cathy A. Ferguson, Council Member
Jeffrey T. Thorsen, Council Member

Administrative

City Manager - Gary J. Mayerhofer

Deputy City Manager - George Koczwara

City Attorney – John L. Cowlin

Director of Finance – Mark Nannini

Director of Building and Engineering – Victor Ramirez

Director of Planning – Michelle Rentzsch

Director of Public Works – Eric Lecuyer

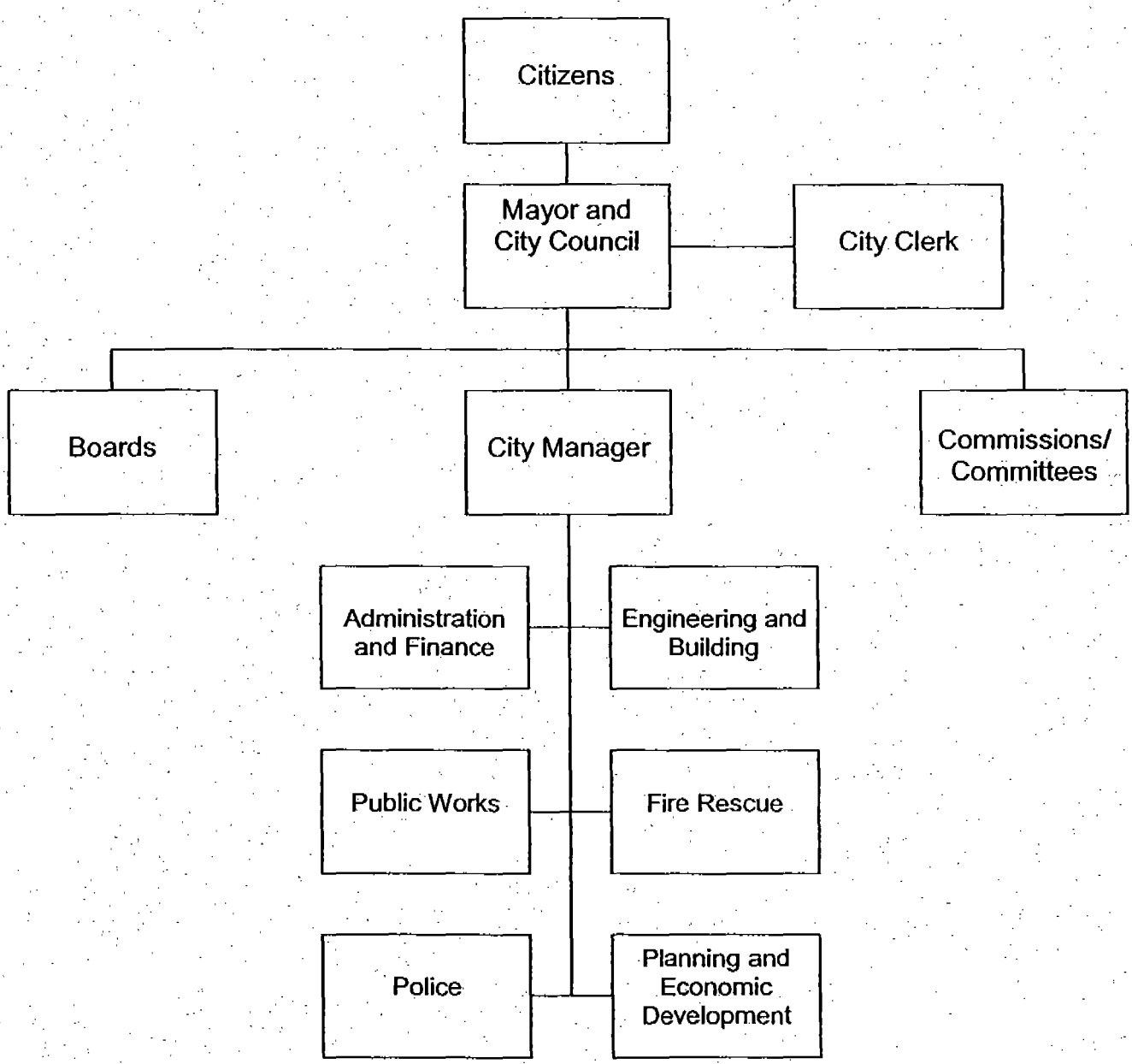
Police Chief – David Linder

Fire/Rescue Chief – James P. Moore

Library Director – Kathryn Martens

Human Resources Manager – Ann Everhart

CITY OF CRYSTAL LAKE
ORGANIZATIONAL STRUCTURE



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Crystal Lake
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Selden Fox, LTD.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
Crystal Lake, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements and the schedules of revenues, expenditures and changes in fund balance – budget and actual for the General and major Special Revenue Funds of the **City of Crystal Lake, Illinois** as of and for the year ended April 30, 2008, as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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 Crystal Lake, Illinois as of April 30, 2008, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General and Major Special Revenue Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, and the pension plans' schedules of funding progress and employer contributions, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as supplementary information and other financial schedules in the accompanying table of contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements of the City of Crystal Lake, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the introductory and statistical information listed in the table of contents and, therefore, express no opinion thereon.

Selden Fox, Ltd.

October 13, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Crystal Lake (City), 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 April 30, 2008. We encourage readers of this document 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 i to vii of this report. All amounts within the management's discussion and analysis, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $233,565 (net assets). Of this amount, $41,543 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $2,166. This reflects an increase in receivables for property taxes and value of construction in progress.
- As of the close of the current fiscal year, the City's governmental funds report combined ending fund balances of $42,496, an increase of $1,168 in comparison with the prior year. Approximately 90.9% of this total amount, $38,599, is *available for spending* at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $19,765 or 92.4% percent of total general fund expenditures.
- The City total debt (bonds and notes) decreased by $1,099 (3.2%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

1) Government-wide financial statements
2) Fund financial statements
3) Notes to the financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Overview of the Financial Statements (cont'd)

Government-wide financial statements (cont'd)

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related 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., uncollected taxes and earned but unused vacation leave).

Both of the 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 included general government, public safety, highways and streets, and culture and recreation. The business-type activities of the City include waterworks and sewerage.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate library for which the City is accountable. This component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-16 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 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.*

Overview of the Financial Statements (cont'd)

Government-wide financial statements (cont'd)

Governmental funds (cont'd)

The City maintains twenty-nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, the motor fuel tax, the Illinois Municipal Retirement and the fire rescue funds, all of which are considered to be major funds. Data from the other 25 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 appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 - 22 of this report.

Proprietary funds. The City maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the Government-wide financial statements. The City uses an enterprise fund to account for its waterworks and sewerage activities.

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 waterworks and sewerage fund, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 23 - 26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement 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 basic fiduciary fund financial statements can be found on pages 27 - 28 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 29 - 64 of this report.

Government-wide Financial Analysis

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 to its employees, as well as budgetary comparison schedules for certain major funds. Required supplementary information can be found on pages 65 - 72 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found beginning on page 73 of this report.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $233,565 at the close of the most recent fiscal year.

Consolidated Statement of Net Assets
As of April 30, 2008
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	**2008**	2007	**2008**	2007	**2008**
Current and other assets	$ 54,385	**$ 57,430**	$ 6,697	**$ 6,596**	$ 61,082	**$ 64,026**
Capital assets	153,492	**155,285**	70,984	**69,384**	224,476	**224,669**
Total assets	207,877	**212,715**	77,681	**75,980**	285,558	**288,695**
Long-term liabilities	20,025	**20,375**	17,812	**16,717**	37,837	**37,092**
Other liabilities	14,469	**16,141**	1,853	**1,897**	16,322	**18,038**
Total liabilities	34,494	**36,516**	19,665	**18,614**	54,159	**55,130**
Net assets:						
Invested capital asset net of related debt	136,717	**139,029**	52,830	**52,187**	189,547	**191,216**
Restricted	1,263	**806**	-	**-**	1,263	**806**
Unrestricted	35,403	**36,364**	5,186	**5,179**	40,589	**41,543**
Total net assets	$ 173,383	**$ 176,199**	$ 58,016	**$ 57,366**	$ 231,399	**$ 233,565**

Government-wide Financial Analysis (cont'd)

By far the largest portion of the City's net assets (81.9 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Crystal Lake Net Assets

An additional portion of the City's net assets (0.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining *balance of unrestricted net assets* ($41,543) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of $456 in restricted net assets reported in connection with the City's governmental activities. This decrease resulted mostly from the pay-down of City debt.

The government's net assets increased by $2,166 during the current fiscal year. This reflects an increase in receivables for property taxes and value of construction in progress for annual road programs. The remainder of this growth largely reflects rate increases, increases in operating grants, and investment earnings.

City of Crystal Lake Net Assets (cont'd)

Changes in Net Assets
For the Fiscal Year Ended April 30, 2008
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Program revenues:						
Charges for services	$ 4,606	$ 4,130	$ 7,719	$ 7,389	$ 12,325	$ 11,519
Grants and contributions:						
Operating	1,425	1,320	-	-	1,425	1,320
Capital	-	-	-	-	-	-
General revenues:						
Property	9,187	10,365	-	-	9,187	10,365
Other taxes	17,775	18,115	-	-	17,775	18,115
Other	3,536	3,116	242	233	3,778	3,349
Total revenues	36,529	37,046	7,961	7,622	44,490	44,668
Expenses:						
Governmental activities:						
General government	7,411	8,124	-	-	7,411	8,124
Public safety	17,181	17,132	-	-	17,181	17,132
Highways and streets	6,100	7,251	-	-	6,100	7,251
Culture and recreation	252	299	-	-	252	299
Interest on long-term debt	646	791	-	-	646	791
Business-type activities - waterworks and sewerage	-	-	8,605	8,905	8,605	8,905
Total expenses	31,590	33,597	8,605	8,905	40,195	42,502
Revenues over (under) expenses	4,939	3,449	(644)	(1,283)	4,295	2,166
Transfers	(6,616)	(633)	6,616	633	-	-
Change in net assets	(1,677)	2,816	5,972	(650)	4,295	2,166
Net assets - beginning of year	175,060	173,383	52,044	58,016	227,104	231,399
Net assets - ending of year	$ 173,383	$ 176,199	$ 58,016	$ 57,366	$ 231,399	$ 233,565

Governmental Activities:

Governmental activities increased the City's net assets by $2,816. Key elements of this increase are as follows:

- Property taxes increased by $1,178 (12.9 percent) during the year.
- Governmental Activities interest income (not required in the schedule above) declined from last year $108,238 (not in thousands).
- Public Safety expenditures in the General Fund increased over prior year by $556. The decrease in the Public Safety expenditures is attributable to decreased capital in Fire Rescue.

City of Crystal Lake Net Assets (cont'd)

Business-type activities. Business-type activities decreased the City's net assets by $650. Key elements of this decrease are as follows.

- Charges for services for business-type activities decreased by 4.25 percent. The Waterworks and Sewerage Fund accounts for a significant portion of this decrease with a rainy summer season.
- Operating expenses increase is due to increases in costs of electricity and chemicals.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $42,496, an increase of $1,167 in comparison with the prior year. Approximately 90.9% of this total amount, $38,599 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service or is reserved for prepaids and inventories.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was $19,765, while total fund balance reached $22,421. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 92.4% of total actual general fund expenditures, while total fund balance represents 104% of that same amount.

The fund balance of the City's general fund increased by $2,022, during the current fiscal year. Key factors in this growth are as follows:

- Insurance claims lagging into future years, $383.
- Public Safety storage building postponed $375.
- The general fund interest income increased significantly by $512.

The motor fuel tax fund has a total fund balance of $9,770, all of which is set aside for street improvements. The net increase in fund balance during the current year in the motor fuel tax fund was $608. This is due mainly to timing of completion of major road projects.

Financial Analysis of the Government's Funds (cont'd)

The fire rescue fund has a total fund balance of $3,788. The net increase in fund balance during the current year in the fire rescue fund was $1,177. This is due mainly to an increase in number of billable calls.

The Illinois Municipal Retirement Fund has a total fund balance of $745, all of which is unrestricted. The net increase in fund balance during the current year in the Illinois Municipal Retirement Fund was $323. This is due to property taxes and other revenues exceeding current year contributions to the Illinois Municipal Retirement Fund.

Proprietary funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the waterworks and sewerage fund at the end of the year amounted to $5,178. The net assets decreased by $650 from the prior year. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

General Fund Budgetary Highlights
(In thousands)

	Original Budget	Final Budget	**Actual**
Revenues and other financing sources:			
Property taxes	$ 1,930	$ 1,930	**$ 1,929**
Other taxes	17,476	17,476	**18,115**
Other	2,889	2,889	**3,462**
Total revenues	22,295	22,295	**23,506**
Expenditures	22,994	22,994	**21,411**
Other financing uses – transfers out	(743)	(743)	**(73)**
Net change in fund balance	$ (1,442)	$ (1,442)	**$ 2,022**

General Fund Budgetary Highlights (cont'd)

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance. The budget was not amended during the year. General government expenditures made up the largest portion of expenditure savings versus budget; these savings were spread across nearly all departments under the general government classification as all departments closely monitored their costs.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of April 30, 2008, amounted to $224,669 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings, improvements, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 2.3 percent.

Capital Assets at Year End, Net of Depreciation
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	**2008**	2007	**2008**	2007	**2008**
Land	$ 100,558	**$ 102,443**	$ 628	**$ 628**	$ 101,186	**$ 103,071**
Construction in progress	946	**1,309**	7,013	**5,529**	7,959	**6,838**
Buildings and improvements	20,375	**19,648**	13,088	**12,454**	33,463	**32,102**
Machinery, equipment and vehicles	3,688	**3,774**	2,201	**2,109**	5,889	**5,883**
Infrastructure	27,615	**28,111**	48,054	**48,664**	75,669	**76,775**
Total	$ 153,182	**$ 155,285**	$ 70,984	**$ 69,384**	$ 224,166	**$ 224,669**

Major capital asset events during the current fiscal year included the following:

- A variety of street construction projects including widening and expansion projects for existing streets and utility related projects totaling $2,149.
- Purchase of land for Vulcan Lakes TIF $1,800.
- Several vehicles were purchased at a cost of $379.

Additional information on the City's capital assets can be found in Note I.E.3 and II.C, of this report.

Capital Asset and Debt Administration (cont'd)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $21,355. Of this amount, $12,220 comprises debt backed by the full faith and credit of the government and $9,135 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

Long-Term Debt at Year End
(In thousands)

	Balance, May 1, 2007	Additions	Deletions	**Balance, April 30, 2008**
General obligation bonds	$ 13,315	$ -	$ 1,095	**$ 12,220**
Special service area bonds	8,435	750	50	**9,135**
Notes payable	13,179	-	704	**12,475**
	$ 34,929	$ 750	$ 1,849	**$ 33,830**

The City's total debt decreased by $1,099 (3.15 percent) even with the issuance of $750 for SSA #44.

The City maintains an "Aa3" rating from Moody's for general obligation debt.

Additional information on the City's long-term debt can be found in Note II.E of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 4.0 percent, which is a decrease from a rate of 4.3 percent a year ago. This compares favorably to the state's average unemployment rate of 6.8 percent and the national average rate of 6.1 percent.
- The occupancy rate of the government's central business district has remained at 96.5 percent for the past three years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2009 fiscal year.

Both the water and sewer rates were increased for the 2008 budget year. The water and sewer rates were increased by an average of 5.0 percent for all customers. These rate increases were necessary to operational needs for the waterworks and sewerage fund.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mark F. Nannini, Director of Finance, 100 W. Woodstock, Crystal Lake, Illinois 60014.

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BASIC FINANCIAL STATEMENTS

City of Crystal Lake, Illinois
Statement of Net Assets
April 30, 2008

	Governmental Activities	Business-type Activities	Total	Component Unit Crystal Lake Public Library
Assets				
Cash and investments	$ 39,583,927	$ 6,017,445	**$ 45,601,372**	$ 2,630,299
Receivables, net:				
Property taxes	11,011,168	-	**11,011,168**	3,760,533
Accrued interest	484,891	-	**484,891**	-
Accounts	771,791	492,897	**1,264,688**	-
Internal balances	49,978	(49,978)	**-**	-
Due from fiduciary funds	213,248	-	**213,248**	-
Due from primary government	-	-	**-**	235
Due from other governments	3,880,645	-	**3,880,645**	-
Inventory	50,597	-	**50,597**	-
Prepaid items and other assets	1,075,429	135,921	**1,211,350**	-
Total current assets	57,121,674	6,596,285	**63,717,959**	6,391,067
Noncurrent:				
Deferred bond issuance costs	308,207	-	**308,207**	-
Capital assets (net of accumulated depreciation):				
Land	102,443,500	628,095	**103,071,595**	661,569
Construction in progress	1,309,579	5,528,739	**6,838,318**	-
Buildings and improvements	19,646,729	12,454,193	**32,100,922**	5,927,251
Machinery, equipment and vehicles	3,774,055	2,109,413	**5,883,468**	75,186
Infrastructure	28,111,486	48,663,904	**76,775,390**	-
Total noncurrent assets	155,593,556	69,384,344	**224,977,900**	6,664,006
Total assets	$ 212,715,230	$ 75,980,629	**$ 288,695,859**	$ 13,055,073

(cont'd)

City of Crystal Lake, Illinois
Statement of Net Assets (cont'd)
April 30, 2008

	Governmental Activities	Business-type Activities	Total	Component Unit Crystal Lake Public Library
Liabilities				
Current:				
Accounts payable	$ 1,721,601	$ 446,680	**$ 2,168,281**	$ 63,345
Accrued liabilities	196,517	25,190	**221,707**	58,000
Recapture fees payable	1,678,632	-	**1,678,632**	-
Due to component unit	235	-	**235**	-
Unearned property tax revenue	11,011,168	-	**11,011,168**	3,760,533
Deposits payable	16,646	116,580	**133,226**	-
Interest payable	207,531	169,027	**376,558**	-
General obligation bonds payable	550,000	335,000	**885,000**	-
Special service area bonds payable	130,000	-	**130,000**	-
Notes payable	-	721,810	**721,810**	125,000
Compensated absences payable	628,329	82,302	**710,631**	66,672
Total current liabilities	16,140,659	1,896,589	**18,037,248**	4,073,550
Noncurrent:				
Compensated absences payable	3,988,568	626,708	**4,615,276**	473,051
Claims and judgments	87,885	12,874	**100,759**	-
Bonds payable:				
General obligation	7,010,000	4,325,000	**11,335,000**	-
Special service area	9,005,000	-	**9,005,000**	-
Notes payable	-	11,753,089	**11,753,089**	500,000
Net pension obligation	284,133	-	**284,133**	-
Total noncurrent liabilities	20,375,586	16,717,671	**37,093,257**	973,051
Total liabilities	36,516,245	18,614,260	**55,130,505**	5,046,601
Net Assets				
Invested in capital assets, net of related debt	139,028,556	52,249,445	**191,278,001**	6,039,006
Restricted for:				
Working cash	-	-	**-**	52,189
Debt service	806,392	-	**806,392**	-
Unrestricted	36,364,037	5,116,924	**41,480,961**	1,917,277
Total net assets	$ 176,198,985	$ 57,366,369	**$ 233,565,354**	$ 8,008,472

See accompanying notes.

City of Crystal Lake, Illinois
Statement of Activities
For the Year Ended April 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental activities:			
General and administrative	$ 8,124,338	$ 1,344,296	$ 113,286
Public safety	17,132,484	2,565,009	56,491
Highways and streets	7,250,516	220,544	1,150,479
Culture and recreation	299,181	-	-
Interest on long-term debt	791,215	-	-
Total governmental activities	33,597,734	4,129,849	1,320,256
Business-type activities - Waterworks and Sewerage	8,905,333	7,388,908	-
Total primary government	$ 42,503,067	$ 11,518,757	$ 1,320,256
Component Unit - Crystal Lake Public Library	$ 3,423,176	$ 146,314	$ 50,171

General revenues:
- Taxes:
  - Property
  - Replacement
  - State sales
  - Auto rental
  - Income
  - Franchise fees - cable
  - Telecommunications
  - Hotel
- Interest
- Miscellaneous
- Gain on disposal of capital assets
- Transfers

Total general revenues

Change in net assets

Net assets, beginning of the year

Net assets, end of the year

See accompanying notes.

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Business-type Activities	Total	Component Unit Crystal Lake Public Library
$ -	$ (6,666,756)	$ -	$ (6,666,756)	$ -
-	(14,510,984)	-	(14,510,984)	-
-	(5,879,493)	-	(5,879,493)	-
-	(299,181)	-	(299,181)	-
-	(791,215)	-	(791,215)	-
-	(28,147,629)	-	(28,147,629)	-
-	-	(1,516,425)	(1,516,425)	-
$ -	(28,147,629)	(1,516,425)	(29,664,054)	-
$ -	-	-	-	(3,226,691)
	10,364,823	-	10,364,823	3,552,304
	171,107	-	171,107	-
	11,471,956	-	11,471,956	-
	26,807	-	26,807	-
	3,748,680	-	3,748,680	-
	433,134	-	433,134	-
	2,022,417	-	2,022,417	-
	241,208	-	241,208	-
	1,794,262	222,720	2,016,982	147,917
	1,321,860	9,586	1,331,446	88,041
	-	1,598	1,598	-
	(632,796)	632,796	-	-
	30,963,458	866,700	31,830,158	3,788,262
	2,815,829	(649,725)	2,166,104	561,571
	173,383,156	58,016,094	231,399,250	7,446,901
	$ 176,198,985	$ 57,366,369	$ 233,565,354	$ 8,008,472

City of Crystal Lake, Illinois
Balance Sheet - Governmental Funds
April 30, 2008

	General Fund	Special Motor Fuel Tax Fund
Assets		
Cash and investments	$ 16,308,587	$ 9,708,516
Receivables:		
Property taxes, net	2,114,579	-
Interest	391,472	44,591
Other	212,369	27,061
Due from other funds	2,492,655	-
Due from other governments	3,791,577	89,068
Inventory	50,597	-
Prepaid items	626,834	-
Total assets	$ 25,988,670	$ 9,869,236
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	$ 1,304,791	$ 98,739
Accrued payroll	140,003	-
Recapture fees payable	601	-
Due to other funds	6,770	-
Due to component unit	235	-
Deferred property tax revenue	2,114,579	-
Total liabilities	3,566,979	98,739
Fund balance:		
Reserved for:		
Inventory	50,597	-
Prepaid items	626,834	-
Debt service	-	-
Long-term loans receivable	1,800,000	
Other postemployment benefits	179,436	
Unreserved, reported in:		
General Fund	19,764,824	-
Capital Projects Funds	-	-
Special Revenue Funds	-	9,770,497
Total fund balances	22,421,691	9,770,497
Total liabilities and fund balances	$ 25,988,670	$ 9,869,236

See accompanying notes.

GENERAL FUND = 22,242,296
INSURANCE FUND = 179,395

Revenue Funds			
Fire Rescue Fund	Illinois Municipal Retirement Fund	Other Governmental Funds	Total Governmental Funds
$ 3,405,524	$ 745,052	$ 9,416,248	$ 39,583,927
5,518,199	1,894,571	1,483,819	11,011,168
-	-	48,828	484,891
232,293	-	300,068	771,791
-	-	34,189	2,526,844
-	-	-	3,880,645
-	-	-	50,597
434,922	-	13,673	1,075,429
$ 9,590,938	$ 2,639,623	$ 11,296,825	$ 59,385,292
$ 230,771	$ -	$ 103,946	$ 1,738,247
54,019	-	2,495	196,517
-	-	1,678,031	1,678,632
-	-	2,256,848	2,263,618
-	-	-	235
5,518,199	1,894,571	1,483,819	11,011,168
5,802,989	1,894,571	5,525,139	16,888,417
-	-	-	50,597
434,922	-	-	1,061,756
-	-	806,392	806,392
			1,800,000
			179,436
-	-	-	19,764,824
-	-	2,437,586	2,437,586
3,353,027	745,052	2,527,708	16,396,284
3,787,949	745,052	5,771,686	42,496,875
$ 9,590,938	$ 2,639,623	$ 11,296,825	$ 59,385,292

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City of Crystal Lake, Illinois
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets
April 30, 2008

Total fund balance - governmental funds (page 18)	$ 42,496,875
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	155,285,349
Bond issuance costs are amortized over the life of the issue for governmental activities, but expensed in the period paid in the governmental funds.	308,207
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:	
General obligation bonds payable	(7,560,000)
Special service area bonds payable	(9,135,000)
Compensated absences payable	(4,616,897)
Claims and judgments	(87,885)
Net pension obligation	(284,133)
Interest payable	(207,531)
Net assets of governmental activities (page 14)	$ 176,198,985

See accompanying notes.

City of Crystal Lake, Illinois
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended April 30, 2008

	General Fund	Special Motor Fuel Tax Fund
Revenues:		
Charges for services	$ 685,719	$ -
Licenses and permits	639,507	-
Intergovernmental	96,966	1,150,479
Fines and forfeitures	501,930	-
Property taxes	1,929,135	-
Other taxes	18,115,309	-
Interest	938,000	422,730
Miscellaneous	598,981	(604)
Total revenues	23,505,547	1,572,605
Expenditures:		
Current:		
General government	6,019,055	-
Public safety	9,762,988	-
Highways and streets	4,334,819	626,273
Culture and recreation	-	
Debt service:		
Principal retirement	255,000	-
Interest and fiscal charges	168,801	-
Capital outlay	869,846	337,518
Total expenditures	21,410,509	963,791
Revenues over (under) expenditures before other financing sources (uses)	2,095,038	608,814
Other financing sources (uses):		
Bonds issued	-	-
Transfers in	77,967	-
Transfers out	(150,655)	-
Total other financing sources (uses)	(72,688)	-
Net changes in fund balances	2,022,350	608,814
Fund balances, beginning of the year	20,399,341	9,161,683
Fund balances, end of the year	$ 22,421,691	$ 9,770,497

See accompanying notes.

Revenue Funds			
Fire Rescue Fund	Illinois Municipal Retirement Fund	Other Governmental Funds	Total Governmental Funds
$ 1,983,229	$ -	$ 541,731	$ 3,210,679
-	-	220,544	860,051
16,320	-	-	1,263,765
-	-	-	501,930
5,087,046	1,821,144	1,527,498	10,364,823
-	-	56,491	18,171,800
69,594	47,498	316,440	1,794,262
45,939	-	327,358	971,674
7,202,128	1,868,642	2,990,062	37,138,984
-	711,552	625,574	7,356,181
5,951,911	259,188	86,003	16,060,090
-	276,154	153,511	5,390,757
-	299,181	-	299,181
-	-	575,000	830,000
-	-	624,954	793,755
145,376	-	4,638,462	5,991,202
6,097,287	1,546,075	6,703,504	36,721,166
1,104,841	322,567	(3,713,442)	417,818
-	-	750,000	750,000
150,610	-	6,413	234,990
(77,967)	-	(6,368)	(234,990)
72,643	-	750,045	750,000
1,177,484	322,567	(2,963,397)	1,167,818
2,610,465	422,485	8,735,083	41,329,057
$ 3,787,949	$ 745,052	$ 5,771,686	$ 42,496,875

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City of Crystal Lake, Illinois
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2008

Amounts reported for governmental activities in the statement of activities (pages 15 and 16) are different because:	
Net change in fund balances - total governmental funds (page 21)	$ 1,167,818
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities.	4,166,627
Depreciation on capital assets is reported as an expense in the statement of activities.	(1,973,859)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(88,697)
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities.	(750,000)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities.	830,000
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(2,652)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:	
Increase in compensated absences payable	(446,177)
Decrease in claims and judgments	62,176
Decrease in interest payable	2,538
Increase in net pension obligation	(151,945)
Change in net assets of governmental activities (page 16)	$ 2,815,829

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Net Assets
April 30, 2008

Assets	
Current assets:	
Cash and cash equivalents	$ 6,017,445
Receivables - accounts	492,897
Due from other funds	6,770
Prepaid items	135,921
Total current assets	6,653,033
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Land	628,095
Construction in progress	5,528,739
Building improvements	12,454,193
Machinery and equipment and vehicles	2,109,413
Infrastructure	48,663,904
Total noncurrent assets	69,384,344
Total assets	76,037,377
Liabilities	
Current liabilities:	
Accounts payable	446,680
Deposits payable	116,580
Accrued payroll	25,190
Interest payable	169,027
Due to other funds	56,748
General obligation bonds - current	335,000
Notes payable	721,810
Compensated absences payable	82,302
Total current liabilities	1,953,337
Noncurrent liabilities:	
Compensated absences payable	626,708
Claims and judgments	12,874
Notes payable	11,753,089
General obligation bonds - noncurrent	4,325,000
Total noncurrent liabilities	16,717,671
Total liabilities	18,671,008
Net Assets	
Invested in capital assets, net of related debt	52,249,445
Unrestricted	5,116,924
Total net assets	$ 57,366,369

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended April 30, 2008

Operating revenues:	
Charges for services	$ 7,224,427
Miscellaneous	9,586
Total operating revenues	7,234,013
Operating expenses - excluding depreciation	5,858,640
Operating income before depreciation	1,375,373
Depreciation	2,528,613
Operating loss	(1,153,240)
Nonoperating revenue (expense):	
Gain on sale of capital assets	1,598
Interest income	222,720
Rental income	164,481
Interest expense	(518,080)
Total nonoperating revenue (expense)	(129,281)
Loss before capital contribution	(1,282,521)
Capital contribution	632,796
Change in net assets	(649,725)
Total net assets, beginning of the year	58,016,094
Total net assets, end of the year	$ 57,366,369

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Cash Flows
For the Year Ended April 30, 2008

Cash flows from operating activities:	
Receipts from customers	$ 7,402,043
Payments to suppliers	(2,949,679)
Payments to employees	(2,973,975)
Net cash from operating activities	1,478,389
Cash flows from capital and related financing activities:	
Capital assets purchased	(233,795)
Proceeds from sale of capital assets	1,598
Principal paid on general obligation bonds	(315,000)
Principal paid on notes payable	(703,854)
Interest paid on general obligation bonds and notes payable	(527,805)
Net cash from capital and related financing activities	(1,778,856)
Cash flows from noncapital financing activities:	
Advances from (to) other funds	(481,060)
Rental income	164,481
Net cash from noncapital financing activities	(316,579)
Cash flows from investing activities - interest and dividends	222,720
Net increase in cash and cash equivalents	(394,326)
Balance, beginning of the year	6,411,771
Balance, end of the year	$ 6,017,445
Noncash transactions - capital contribution received from governmental funds	$ 632,796

(cont'd)

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Cash Flows (cont'd)
For the Year Ended April 30, 2008

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (1,153,240)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,528,613
Amortization of loss on refunding	
Decrease in receivables	168,030
Increase in prepaid items	19,263
Increase in accounts payable	(69,284)
Increase in deposits payable	11,317
Increase in accrued payroll	(6,371)
Decrease in claims and judgments payable	(8,961)
Increase in compensated absences payable	(10,978)
Net cash from operating activities	$ 1,478,389

See accompanying notes.

City of Crystal Lake, Illinois
Fiduciary Funds - Trust and Agency Funds
Statement of Fiduciary Net Assets
April 30, 2008

	Pension Trust Funds	Agency Funds
Assets		
Cash	$ 218,698	$ 128,567
Investments:		
Illinois Funds Investment Pool	216,014	-
Money market accounts	575,469	-
U.S. government and agency securities	17,779,908	-
Insurance contracts	1,199,293	-
Mutual funds - bonds	1,054,369	-
Mutual funds - stocks	12,559,514	-
Interest receivable	198,113	-
Other receivable	-	621
Total assets	$ 33,801,378	$ 129,188
Liabilities		
Accounts payable	$ 3,949	$ -
Recapture fees payable	-	(83,865)
Due to other funds	195	213,053
Total liabilities	4,144	129,188
Net Assets		
Restricted for pension benefits	33,797,234	-
Total liabilities and net assets	$ 33,801,378	$ 129,188

See accompanying notes.

City of Crystal Lake, Illinois
Fiduciary Funds - Trust and Agency Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended April 30, 2008

Additions	
Contributions:	
Employer	$ 1,929,136
Participant	742,541
	2,671,677
Investment income:	
Net depreciation in fair value of investments	(487,762)
Interest income	1,799,963
Less investment expenses	(126,191)
Total investment income	1,186,010
Total additions	3,857,687
Deductions	
Pension benefits and refunds	1,598,750
Administrative expenses	15,015
Total deductions	1,613,765
Change in net assets	2,243,922
Total net assets, beginning of the year	31,553,312
Total net assets, end of the year	$33,797,234

See accompanying notes.

I. Summary of Significant Accounting Policies

The City of Crystal Lake, Illinois (City) was incorporated in 1914. The City is a home-rule community operating under a Council-Manager form of government and provides services that include: police, fire, water and sewer utility, street maintenance, community development, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The following is a summary of the more significant accounting policies:

A. The Reporting Entity

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

2. Fiscal dependency on the primary government.

Discretely Presented Component Units – The City's component unit is reported in a separate column to emphasize that it is legally separate from the City.

The Crystal Lake Public Library (Library) is governed by a nine-member Board of Trustees appointed by the Mayor of the City. The Library is financially accountable to the City, as the City's approval is needed for the Library to issue bonded debt. The Library's fiscal year-end is the same as the City's. Separate financial statements for the Library are not available.

Other Governmental Entities – Several other governmental entities have operations within the City but are separate legal entities. These entities include School District Nos. 47 and 155, Crystal Lake Civic Center Authority, and the Crystal Lake Park District. The City is not financially accountable for these entities, and they are, therefore, not included in the City's reporting entity. In addition, the City does not believe that it is a component unit of any other entity.

I. **Summary of Significant Accounting Policies** (cont'd)

B. **Government-wide and Fund Financial Statements**

The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the City. Eliminations have been made to minimize the double counting of internal activities of the City. The financial activities of the City consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the City's non-fiduciary assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the criteria of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e., general government, public safety etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

Fund Financial Statements: 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. The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The City has the following major governmental funds:

I. **Summary of Significant Accounting Policies** (cont'd)

B. **Government-wide and Fund Financial Statements** (cont'd)

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the City and accounted for in the general fund include general government, public safety and public works.

Motor Fuel Tax Fund – This fund accounts for the maintenance and various street improvements in the City. Financing is provided by the City's share of Motor Fuel Tax allotments. State statutes require those allotments to be used to maintain streets.

Fire Rescue Fund – This fund accounts for revenues and expenditures related to fire protection, ambulance response, and emergency rescue operations.

Illinois Municipal Retirement Fund -- This fund accounts for revenues derived from a separate property tax levy and disbursement of these funds for contributions to the state-sponsored Illinois Municipal Retirement Fund.

All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City administers the following major proprietary fund:

Waterworks and Sewerage Fund – This fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, included but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

There are no other enterprise funds.

Additionally, the City administers fiduciary (pension trust and agency) funds for assets held by the City in a fiduciary capacity. Included are the City's Police Pension Fund and Fire Pension Fund that accumulate resources for retirement annuity payments to sworn police officers and firefighters. In addition, the City reports one agency fund, the Special Assessment Fund, which accounts for the collection of special assessments from property owners and payment of the related special assessment liabilities.

I. Summary of Significant Accounting Policies (cont'd)

C. 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 financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the City has legal claim to the resources. Grants, entitlements, state shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds 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. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal year (60 days for property taxes).

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

I. Summary of Significant Accounting Policies (cont'd)

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Special Revenue Funds, certain Debt Services Funds, certain Capital Projects Funds, the Enterprise Fund and the Pension Trust Funds. All annual appropriations lapse at fiscal year end.

During the current year, budgets were not adopted for the following funds:

Debt Service Funds	Capital Projects Funds
Special Service Area Nos. 4-18	Special Service Area No. 42
Special Service Area No. 19	SEECOM
Special Service Area Nos. 21-31	Special Assessment No. 145
Special Service Area Nos. 32-39	Crystal Heights Utility Extension
Special Service Area No. 42	Vulcan Lakes T.I.F. District
2007 Special Service Area No. 44	SSA 44 Tracy Trail Construction
2007 Special Service Area No. 46	SSA 45 Bryn Mawr Project
	SSA 46 Ryland Main Construction

E. Assets, Liabilities and Equity

1. Deposits and Investments

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City's enterprise fund considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, including amounts in the Illinois Funds Investment Pool.

Investments

Investments are reported at fair value. Fair value is based on quoted market prices. Under Illinois law, the City (and Library) are restricted to investing funds in specific types of investment instruments. The following generally represents the types of instruments allowable by state law:

- Securities issued or granted by the United States.
- Interest bearing savings accounts, certificates of deposit, and time deposits for banks and savings and loans insured up to $100,000 by the Federal Deposit Insurance Corporation.

I. **Summary of Significant Accounting Policies** (cont'd)

E. **Assets, Liabilities and Equity** (cont'd)

1. **Deposits and Investments** (cont'd)

Investments (cont'd)

- Short-term obligations (less than 180 days) of U.S. corporations with assets over $500,000,000 rated in the highest classification by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- The Illinois Funds Investment Pool.
- Repurchase agreements that meet instrument transaction requirements of Illinois law.

In addition, Pension Trust Funds are also permitted to invest in the following instruments:

- General accounts of Illinois-licensed life insurance companies.
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds, and real estate, limited to 10% of the fund's investments.
- Interest-bearing bonds of the state of Illinois, and bonds or tax anticipation warrants of any county, township, or municipal corporation of the state of Illinois.
- Mutual funds which meet the following requirements: (1) managed by an investment company as defined under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953, (2) mutual fund has been in operation for 5 years, (3) mutual fund has assets of $250 million of more, (4) mutual fund is comprised of stocks, bonds, or money market instruments, (5) limited to 35% of net present assets.
- Common and preferred stocks which meet the following requirements: (1) investments must be made through an investment advisor, (2) stocks of U.S. corporations that have been in existence for five years, (3) corporations not in arrears in payment of dividends in last five years, (4) market value of stock in any one corporation does not exceed 5% of cash and invested assets of pension fund, (5) stock in any one corporation does not exceed 5% of total outstanding stock in the corporation, (6) stock listed on national securities exchange or quoted in NASDAQNMS, and (7) limited to 35% of net present assets.

I. **Summary of Significant Accounting Policies** (cont'd)

E. **Assets, Liabilities and Equity** (cont'd)

1. **Deposits and Investments** (cont'd)

Investments (cont'd)

The City of Crystal Lake's investment policy (excluding the Pension Trust Funds) further restricts what it may invest in to the following types of investment instruments:

- U.S. Government obligations, U.S. Government agency obligations, and U.S. Government instrumentality obligations, which have a liquid market with a readily determinable market value.
- Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investment constituting director obligations of any bank that is insured by the Federal Deposit Insurance Corporation.
- Local government investment pools, either state-administered or through joint powers statutes or other intergovernmental agreement legislation.

The investment policies of the Police and Fire Pension Funds place no further limits on investments beyond those authorized by state statute.

2. **Inventory and Prepaid Items**

Inventories are accounted for at cost, using the first-in, first-out method. Inventories are accounted for under the consumption method, whereby acquisitions are recorded in inventory accounts initially and charged as expenditures when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. **Capital Assets**

Capital assets, which include land, infrastructure (streets, bridges), buildings, water mains and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than $10,000 in the General Fund and an initial, individual cost of more than $25,000 in the Waterworks and Sewerage Fund, and an estimated useful life of greater than one year. The City capitalizes all vehicle additions due to the City's intent to monitor their use and existence. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

I. **Summary of Significant Accounting Policies** (cont'd)

E. **Assets, Liabilities and Equity** (cont'd)

3. **Capital Assets** (cont'd)

As of May 1, 2003, the City completed an inventory of all capital assets, including all infrastructure, regardless of the acquisition date. These assets have been valued at their estimated historical cost, or for donated assets, at their estimated fair market value at the date of donation. All capital asset additions subsequent to May 1, 2003, are recorded at cost, or fair market value as of the date donated, as applicable.

Interest incurred during the construction phase of enterprise fund capital asset is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

	Years
Buildings and improvements	25-50
Machinery, equipment and vehicles	3-15
Infrastructure – streets and bridges	50-80
Infrastructure – water and sewer system	60

Gains or losses from sales or retirements of capital assets are included in the operations on the Statement of Activities.

4. **Vacations and Sick Leave**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated vacation, and vested sick leave balances for City employees.

I. Summary of Significant Accounting Policies (cont'd)

E. Assets, Liabilities and Equity (cont'd)

4. Vacation and Sick Leave (cont'd)

Vacation and sick leave are recorded in governmental funds when due (upon employee retirement or termination). The General Fund is typically used to liquidate these liabilities. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However an expenditure/expense is reported and a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" at retirement.

5. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations, including compensated absences and net pension obligation, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 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 debt services expenditures.

Debt services funds are specifically established to account for and service the long-term obligations for the governmental funds debt. Enterprise funds individually account for and service the applicable debt that benefits those funds. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year.

6. Reserved Fund Balances and Restricted Net Assets

Reserves and restrictions represent those portions of individual fund balances/net assets not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

I. **Summary of Significant Accounting Policies** (cont'd)

E. **Assets, Liabilities and Equity** (cont'd)

6. **Reserved Fund Balances and Restricted Net Assets** (cont'd)

Individual Fund Reserves and Restrictions

General Fund – The City has reserved certain fund balances for inventory and prepaid items.

Debt Service Funds – Fund balances for debt services funds are reserved for the payment of principal and interest on outstanding debt.

Pension Trust Funds – The City has restricted net assets for employees' retirement commitments within the Police and Firefighters' Pension Funds.

Restricted Net Assets – Governmental Activities

Restricted for debt service – Represents net asset restrictions imposed by bond covenants.

Restricted for working cash – Represents net assets restricted through state of Illinois compiled statutes.

7. **Capital Contributions**

Capital contributions reported in the governmental and proprietary funds represent capital assets donated from outside parties, principally developers.

8. **Accounting Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

I. **Summary of Significant Accounting Policies** (cont'd)

E. **Assets, Liabilities and Equity** (cont'd)

9. **Interfund Transactions**

The City has the following types of transactions between funds:

Loans – Amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender fund and advances from other funds in borrower funds for long-term borrowings. Amounts are reported as internal balances in the government-wide statement of net assets.

Services provided and used – Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the fund balance sheets or fund statements of net assets.

Reimbursements – Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – Flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after non-operating revenues and expenses.

10. **Claims and Judgments**

Liabilities resulting from claims and judgments have been reflected in the financial statements in accordance with NCGA Statement 4 and SFAS 5 provisions.

11. **Unbilled Services**

Unbilled water revenue of the Waterworks and Sewerage Fund is recognized as earned when the water is consumed.

II. Detailed Notes For All Funds

A. Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds, which are held separately. In addition, investments are separately held by several of the City's funds. Income from pooled investments is allocated to the funds based on their proportional share of the investment balance.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy requires that funds on deposit in excess of FDIC limits be secured by some form of collateral. The City shall enter into a collateral agreement with the financial institution; and the agreement shall outline the types of assets that may be utilized as collateral, the amount of collateral required, and the methodology. The amount of collateral provided would not be less than 100% of the fair market value of the net amount of public funds secured. Pledged collateral will be held by the City of Crystal Lake or in safekeeping and evidenced by a written agreement. If collateral is held in safekeeping, it must be held at an independent third party institution. A collateral agreement will preclude the release of the pledged assets, without an authorized signature from the City of Crystal Lake, but the agreement will allow for an exchange of collateral of like value. The City will accept any of the following assets as collateral:

a. Negotiable obligations of the United States Government
b. Negotiable obligations of any agency or instrumentality of the United States Government guaranteed by the full faith and credit of the United States Government.

Investments – As of April 30, 2008, the City had the following investments and maturities.

		Investment Maturities (In Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Securities	$ 4,275,941	$ -	$ 3,717,451	$ 558,490	$ -
Fixed Income Money Market Funds	575,469	575,469	-	-	-
GNMA's	102,682	12,601	-	-	90,081
Other Agency Securities	22,624,265	2,228,609	19,424,443	806,743	164,470
Certificates of deposit	18,461,246	13,826,485	4,634,761	-	-
Mutual funds*	13,613,883	13,613,883	-	-	-
Illinois Funds Investment Pool*	14,895,478	14,895,478	-	-	-
Total Investments	$ 74,548,964	$ 45,152,525	$ 27,776,665	$ 1,365,233	$ 254,551

* Weighted average maturity of the Fund/Pool is less than one year.

II. Detailed Notes For All Funds (cont'd)

A. Deposits and Investments (cont'd)

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Fire Pension Fund has the following limits on its investment maturities:

Years	Maximum %
0-5	100%
6-10	75%
10-20	50%

Credit Risk – State law limits investment in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The City's policy places no further limits beyond those required by state law.

As of April 30, 2008, the City's investments were rated as follows:

Investment Type	Fair Value	Standard & Poors
Fixed Income Money Market Funds	$ 575,469	NR
Other Agency Securities	22,624,265	AAA
Illinois Funds Investment Pool	14,895,478	AAA

NR = Not Rated

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy requires that all security transactions, including collateral for repurchase agreements, be held by an independent third party custodian designated by the Finance Director and evidenced by safekeeping receipts and a written custodial agreement.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in any one issuer. More than 5 percent of the City's investments (excludes the Pension Trust Funds) are in FHLMC, FHLB, FNMA and Federal Farm Credit Bank securities. These investments are 10.76%, 7.16%, 5.38% and 5.37% respectively, of the City's total investments. Concentration risk disclosures for the Police and Fire Pension Funds are in Note III. D.

Other Information – The Illinois Funds Investment Pool (Pool) is not registered with the SEC. The Illinois State Treasury administers the pool and oversight is provided by the Auditor General's Office of the State of Illinois. The fair value of the positions in this pool is the same as the value of the pool shares.

II. Detailed Notes For All Funds (cont'd)

A. Deposits and Investments (cont'd)

Component Unit – Crystal Lake Public Library

At year end, the Library had investments in the Illinois Funds Investment Pool with a fair value of $2,283,767. The weighted average maturity of the pool is less than one year. The Illinois Funds Investment Pool was rated AAA by Standard & Poors rating service.

B. Property Taxes

The City's property tax is levied each calendar year on all taxable real property located in the City. Because the 2007 levy is intended to fund the operations of fiscal year 2009, the 2007 property tax levy is recorded as a receivable and the 2007 property tax revenue is deferred.

The township assessors are responsible for assessment of all taxable real property within McHenry County except for certain railroad property that is assessed directly by the state. The County Clerk computes the annual tax of each parcel of real property and prepares tax books used by the County Collector as a basis for issuing tax bills to all taxpayers in the county.

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective share of the collections. Taxes levied in 2007 become due and payable in two installments in June 2008 and September 2008. The City must file its tax levy by the last Tuesday of December each year. The owner of real property on January 1 in any year is liable for taxes of that year. The lien date for delinquent taxes is the second week in November each year.

Property taxes receivable is shown net of an allowance for doubtful accounts. The property tax receivable allowance is equal to 1.0% of the most recent property tax levy.

II. Detailed Notes For All Funds (cont'd)

C. Capital Assets

Governmental Activities

A summary of changes in capital assets for governmental activities of the City for the year ended April 30, 2008 is as follows:

Governmental Activities:	Balance May 1	Additions	Deletions	Balance April 30
Capital assets not being depreciated:				
Land	$ 100,557,771	$ 1,885,729	$ -	**$ 102,443,500**
Construction In progress	945,717	518,850	154,988	**1,309,579**
	101,503,488	2,404,579	154,988	**103,753,079**
Capital assets being depreciated:				
Buildings and improvements	24,309,702	-	-	**24,309,702**
Machinery, equipment and vehicles	9,552,339	809,658	456,614	**9,905,383**
Infrastructure	39,315,531	1,107,378	-	**40,422,909**
	73,177,572	1,917,036	456,614	**74,637,994**
Less accumulated depreciation for:				
Buildings and improvements	3,935,079	727,894	-	**4,662,973**
Machinery, equipment and vehicles	5,864,591	634,654	367,917	**6,131,328**
Infrastructure	11,700,112	611,311	-	**12,311,423**
	21,499,782	1,973,859	367,917	**23,105,724**
Total capital assets being depreciated, net	51,677,790	(56,823)	88,697	**51,532,270**
Governmental activities capital assets, net	$ 153,181,278	$ 2,347,756	$ 243,685	**$ 155,285,349**

II. Detailed Notes For All Funds (cont'd)

C. Capital Assets (cont'd)

Business-type Activities

A summary of changes in capital assets for business-type activities of the City for the year ended April 30, 2008 is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 628,095	$ -	$ -	**$ 628,095**
Construction In progress	7,012,945	605,301	2,089,507	**5,528,739**
	7,641,640	605,301	2,089,507	**6,156,834**
Capital assets being depreciated:				
Buildings and improvements	15,920,016	-	-	**15,920,016**
Machinery, equipment and vehicles	3,584,664	66,975	67,522	**3,584,117**
Infrastructure	79,356,495	2,345,885	-	**81,702,380**
	98,861,175	2,412,860	67,522	**101,206,513**
Less accumulated depreciation for:				
Buildings and improvements	2,831,834	633,989	-	**3,465,823**
Machinery, equipment and vehicles	1,383,853	158,373	67,522	**1,474,704**
Infrastructure	31,302,225	1,736,251	-	**33,038,476**
	35,517,912	2,528,613	67,522	**37,979,003**
Total capital assets being depreciated, net	63,343,263	(115,753)	-	**63,227,510**
Business-type activities capital assets, net	$ 70,984,303	$ 489,548	$ 2,089,507	**$ 69,384,344**

II. Detailed Notes For All Funds (cont'd)

C. Capital Assets (cont'd)

Component Unit – Crystal Lake Public Library

A summary of changes in capital assets for component unit activities of the City for the year ended April 30, 2008 is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
Component Unit Activities:				
Capital assets not being depreciated – Land	$ 661,569	$ -	$ -	**$ 661,569**
Capital assets being depreciated:				
Buildings and improvements	7,558,596	290,965	-	**7,849,561**
Machinery, equipment and vehicles	237,527	-	-	**237,527**
	7,796,123	290,965	-	**8,087,088**
Less accumulated depreciation for:				
Buildings and improvements	1,765,429	156,881	-	**1,922,310**
Machinery, equipment and vehicles	130,686	31,655	-	**162,341**
	1,896,115	188,536	-	**2,084,651**
Total capital assets being depreciated, net	5,900,008	102,429	-	**6,002,437**
Component unit activities capital assets, net	$ 6,561,577	$ 102,429	$ -	**$ 6,664,006**

Depreciation was charged to functions/activities as follows:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Public Library
General and administrative	$ 533,623	$ -	$ -
Public safety	616,001	-	-
Highways and streets	824,235	-	-
Culture and recreation	-	-	188,536
Waterworks and sewerage	-	2,528,613	-

II. Detailed Notes For All Funds (cont'd)

D. Interfund Receivables, Payables and Transfers

The following interfund receivables and payables as of April 30, 2008 are expected to be liquidated in the next year during the normal course of operations:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 2,222,790
General Fund	Waterworks and Sewerage Fund	56,617
General Fund	Pension Trust Funds	195
General Fund	Agency Funds	213,053
Nonmajor Governmental Funds	Nonmajor Governmental Funds	34,058
Nonmajor Governmental Funds	Waterworks and Sewerage Fund	131
Waterworks and Sewerage Fund	General Fund	6,770
		$ 2,533,614

The interfund balances represent amounts deposited into one fund but recorded as revenue in another fund, or expenditures paid on behalf of one fund by another fund, for which reimbursement has not yet taken place.

Receiving Fund	Paying Fund	Amount
General Fund	Fire Rescue Fund	$ 77,967
Fire Rescue Fund	General Fund	150,610
SEECOM Fund	General Fund	45
Special Service Area No. 42 Capital Projects Fund	Special Service Area No. 42 Debt Service Fund	6,368
		$ 234,990

The transfers between the General Fund to the Fire Rescue Fund are related to the purchase of capital assets. The transfer from the Special Service Area No. 42 Debt Service to Capital Projects Fund was the leftover balance in the Debt Service Fund after the related debt issue was fully retired. The transfer from the General Fund to the SEECOM Fund was to eliminate a deficit fund balance and close out the fund.

II. Detailed Notes For All Funds (cont'd)

E. Long-term Obligations

Governmental Activities

The following is a summary of long-term obligation activity for the City associated with governmental activities for the year ended April 30, 2008:

	Balance May 1	Additions	Deletions	**Balance April 30**
City:				
General obligation bonds	$ 8,340,000	$ -	$ 780,000	**$ 7,560,000**
Special service area bonds	8,435,000	750,000	50,000	**9,135,000**
Claims and judgments	150,061	2,376,740	2,438,916	**87,885**
Net pension obligation*	132,188	1,933,586	1,781,641	**284,133**
Compensated absences*	4,170,720	2,202,122	1,755,945	**4,616,897**
	$ 21,227,969	$ 7,262,448	$ 6,806,502	**$ 21,683,915**
Crystal Lake Public Library:				
Notes payable	$ 1,000,000	$ -	$ 375,000	**$ 625,000**
Compensated absences	504,062	212,645	176,983	**539,723**
	$ 1,504,062	$ 212,645	$ 551,983	**$ 1,164,723**

* The General Fund is typically used to liquidate these liabilities.

Business-type Activities

The following is a summary of long-term obligation activities for the City associated with business-type activities for the year ended April 30, 2008.

	Balance May 1	Additions	Deletions	**Balance April 30**
General obligation bonds	$ 4,975,000	$ -	$ 315,000	**$ 4,660,000**
Notes payable	13,178,753	-	703,854	**12,474,899**
Claims and judgments	21,835	348,310	357,271	**12,874**
Compensated absences*	719,988	265,607	276,585	**709,010**
	$ 18,895,576	$ 613,917	$ 1,652,710	**$ 17,856,783**

II. Detailed Notes For All Funds (cont'd)

E. Long-term Obligations (cont'd)

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding and the current year activity are as follows:

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
1997 General Obligation Bonds, original principal $2,000,000, final annual installment of $250,000 due January 15, 2008: interest at 4.90% payable semi-annually on July 15 and January 15.	Road/Vehicle License Fund and Debt Service Fund	$ 250,000	$ -	$ 250,000	$ -	$ -
1998 General Obligation Bonds, original principal $8,345,000 (partial Waterworks and TIF alternate revenue source), due in annual installments of $410,000 to $625,000 through January 1, 2019; interest at 4.20% to 4.75% payable semiannually on July 1 and January 1.	General and Debt Service	3,770,000	-	255,000	3,515,000	265,000
	Waterworks and Sewerage	2,170,000	-	140,000	2,030,000	145,000
2004 General Obligation Bonds, original principal $7,825,000 (partial Waterworks and TIF alternate revenue source), due in annual installments of $450,000 to $650,000 through December 15, 2019; interest at 3.00% to 3.90% payable semi-annually on June 15 and December 15.	General and Debt Service	4,320,000	-	275,000	4,045,000	285,000
	Waterworks and Sewerage	2,805,000	-	175,000	2,630,000	190,000
General Obligation Bonds		$13,315,000	$ -	$ 1,095,000	$12,220,000	$ 885,000
Reported in:						
Governmental activities		$ 8,340,000	$ -	$ 780,000	$ 7,560,000	$ 550,000
Business-type activities		4,975,000	-	315,000	4,660,000	335,000
		$13,315,000	$ -	$ 1,095,000	$12,220,000	$ 885,000

II. Detailed Notes For All Funds (cont'd)

E. Long-term Obligations (cont'd)

Special service area bonds, included within the governmental activities, outstanding and the current year activity are as follows:

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
Special Service Area No. 45 Bonds, Series 2006 – original principal $5,945,000, due in annual installments of $80,000 to $435,000, commencing February 2009 through February 2031; interest at 4.40% to 5.50% payable semiannually on August 1 and February 1.	Capital Projects	$ 5,935,000	$ -	$ -	$ 5,935,000	$ 80,000
Special Service Area No. 46 Bonds, Series 2007 – original principal $2,500,000, due in annual installments of $7,000 to $240,000, commencing March 2010 through March 2036; interest at 5.75% payable semiannually on September 1 and March 1.	Capital Projects	2,500,000	-	-	2,500,000	-
Special Service Area No. 44 Bonds, Series 2007 – original principal $75,000, due in annual installments of $50,000 commencing March 2010 through March 2036; interest at 4.10% to 4.75% payable annually on December 1.	Capital Projects	-	750,000	50,000	700,000	50,000
		$ 8,435,000	$ 750,000	$ 50,000	$ 9,135,000	$ 130,000

II. Detailed Notes For All Funds (cont'd)

E. Long-term Obligations (cont'd)

Notes payable, included within the business-type activities, outstanding and the current year activity are as follows:

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
Notes payable due in annual installments beginning February 1, 2003; interest at 2.535%.	Waterworks and Sewerage	$ 13,178,753	$ -	$ 703,854	$ 12,474,899	$ 721,810

The annual requirements to retire all governmental activities debt outstanding of the City as of April 30, 2008 are as follows:

Fiscal Year End	General Obligation Bonds		SSA Bonds	
	Principal	Interest	Principal	Interest
2009	$ 550,000	$ 291,309	$ 130,000	$ 477,683
2010	550,000	272,324	142,000	479,113
2011	580,000	253,154	220,000	475,921
2012	600,000	232,421	234,000	470,021
2013	620,000	210,906	243,000	463,271
2014-2018	3,465,000	685,541	1,434,000	2,195,402
2019-2023	1,195,000	65,921	1,812,000	1,936,756
2024-2028	-	-	2,208,000	1,624,479
2029-2033	-	-	2,047,000	1,265,682
2034-2036	-	-	665,000	743,488
	$ 7,560,000	$ 2,011,576	$ 9,135,000	$ 10,131,816

The annual requirements to retire all business-type activities debt outstanding of the City as of April 30, 2008 are as follows:

II. Detailed Notes For All Funds (cont'd)

E. Long-term Obligations (cont'd)

Fiscal Year End	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2009	$ 335,000	$ 184,292	$ 721,810	$ 311,693
2010	340,000	171,807	740,224	293,279
2011	360,000	159,089	759,107	274,396
2012	360,000	145,402	778,472	255,030
2013	385,000	131,637	798,332	235,171
2014-2018	2,150,000	421,423	4,307,740	859,773
2019-2023	730,000	39,817	4,369,214	281,548
	$ 4,660,000	$ 1,253,467	$ 12,474,899	$ 2,510,890

The Crystal Lake Public Library entered into a $1,000,000 promissory note dated December 17, 2006 and maturing December 17, 2014. The Library will make annual principal payments of $125,000 commencing December 17, 2007. Interest is payable monthly at 4.50%. The note is secured by a construction mortgage and assignment of rents dated December 17, 2006. During the current year, the Library repaid an additional $250,000 in principal. The annual requirements to retire this promissory note are as follows:

Fiscal Year Ended	Principal	Interest
2009	$ 125,000	$ 26,250
2010	125,000	20,625
2011	125,000	15,000
2012	125,000	9,375
2013	125,000	3,750
	$ 625,000	$ 75,000

III. Other Information

A. 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; and natural disasters. The City accounts for and finances its uninsured risks of loss in the General, Waterworks and Sewerage (Enterprise), and Fire Rescue (Special Revenue) funds. These funds provided coverage for Group Health and Dental Coverage up to $50,000 per claim.

III. Other Information (cont'd)

A. Risk Management (cont'd)

The City purchased commercial insurance for claims in excess of coverage provided by the Funds and for all other risks of loss. There have been no significant reductions in insurance coverage during the current year. Settled claims have not exceeded this commercial coverage in any of the past three years.

The City also participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois that have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool their risk management needs. The agency administers a mix of self-insurance and commercial services; unemployment claim administration; extensive risk management/ loss control consulting and training programs; and a risk information system and financial reporting service for its members. The City's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first $2,500 of each occurrence and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

The City bases its self-insurance liability on its estimates of the City's history of claim payments, which includes an estimate of the incurred but not reported claims.

A reconciliation of the total claims liability for the current year and that of the two preceding years is reported below:

Unpaid claims liability – 4/30/05	$ 288,700
Claims incurred – fiscal year 2006	1,489,735
Claims paid – fiscal year 2006	(1,666,161)
Unpaid claims liability – 4/30/06	112,274
Claims incurred – fiscal year 2007	2,168,638
Claims paid – fiscal year 2007	(2,109,016)
Unpaid claims liability – 4/30/07	171,896
Claims incurred – fiscal year 2008	2,725,050
Claims paid – fiscal year 2008	(2,796,187)
Unpaid claims liability – 4/30/08	$ 100,759

B. Other Post-employment Benefits

The city provides post-retirement health care and dental benefits to qualified retirees and their dependents. Retirees pay their entire premium amount with no co-pay by the City. Approximately 7 retirees received these benefits in the year ended April 30, 2008.

III. Other Information (cont'd)

C. Contingent Liabilities

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

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

D. Defined Benefit Pension Plan

Illinois Municipal Retirement

Plan Description – The City contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

The City does not issue stand-alone financial reports for its participation in IMRF. However, IMRF issues a publicly available report that includes financial statements and required supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500 Oak Brook, Illinois 60523

III. Other Information (cont'd)

D. Defined Benefit Pension Plan (cont'd)

Illinois Municipal Retirement (cont'd)

Funding Policy – Participating employees are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund the benefits of its own employees in the System, using the actuarial basis specified by state statute (entry age normal); for calendar 2007 the rate was 9.95% of covered payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on an open basis). The amortization period at December 31, 2007 was 25 years.

Annual Pension Cost and Net Pension Obligation – For calendar year 2007, the City's annual pension cost of $986,799 was equal to the City's required and actual contributions. The required contributions were determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. For a description of the significant actuarial assumptions, see page 61.

Police Pension

Plan Description – Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statues and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The plan does not issue a stand-alone financial report.

At April 30, 2007 (consistent with the actuarial valuation date), the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	22
Current employees:	
Vested	32
Nonvested	26
Total	80

III. **Other Information** (cont'd)

D. **Defined Benefit Pension Plan** (cont'd)

Police Pension (cont'd)

Plan Description (cont'd)

The Police Pension Plan provides retirement benefits as well as death disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 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 pension is increased by 3.0% 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 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 is increased annually, following the first anniversary date of retirement and paid upon reaching the age of at least 55 years, by 3% of the amount of the pension payable at the time of the increase.

Funding Policy – Covered employees are required 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 plan as actuarially determined by an enrolled actuary. By the year 2032, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded. Actuarial valuations are performed bi-annually.

Current Year Annual Pension Cost and Net Pension Asset – The City's annual pension cost was $1,113,556. The annual pension cost is based on an actuarial valuation performed as of April 30, 2007. The City's actual contribution was $1,073,638. For a description of the significant actuarial assumptions see page 61.

The net pension liability of $65,238 was comprised of the following:

III. Other Information (cont'd)

D. Defined Benefit Pension Plan (cont'd)

Police Pension (cont'd)

Current Year Annual Pension Cost and Net Pension Asset (cont'd)

Annual required contribution	$ 1,112,920
Interest on the net pension asset	1,772
Adjustment to the ARC	(1,136)
Annual pension cost	1,113,556
2007 contribution	1,073,638
Increase in pension liability	39,918
Net pension liability at April 30, 2007	25,320
Net pension liability at April 30, 2008	$ 65,238

The City has recorded the net pension obligation of $65,238 in the government-wide Statement of Net Assets.

Reserves and Concentration of Investments – There are no assets legally reserved for purposes other than the payment of plan member benefits. There are no long-term contracts for contributions. The following investments (other than those issued or guaranteed by the U.S. government, mutual funds, and other pooled investments) represent 5% or more of net assets available for benefits:

Investment Type	% of Net Assets
FFCB	6.08%
FFLMC	14.55%
FHLB	24.87%
FNMA	6.78%

III. **Other Information** (cont'd)

D. **Defined Benefit Pension Plan** (cont'd)

Firefighters' Pension

Plan Description – Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits, as well as the employee and employer contributions levels, are mandated by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The plan does not issue a stand-alone financial report.

At April 30, 2007 (consistent with the actuarial valuation date), the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	6
Current employees:	
Vested	19
Nonvested	32
Total	57

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension is increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 is increased annually, following the first anniversary date of retirement and paid upon reaching at least the age of 55, by 3% of the amount of the pension payable at the time of the increase.

III. **Other Information** (cont'd)

D. **Defined Benefit Pension Plan** (cont'd)

Firefighters' Pension (cont'd)

Funding Policy – Covered employees are required to contribute 8.455% of their 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 interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2032, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded. Actuarial valuations are performed biannually.

Current Year Annual Pension Cost and Net Pension Asset – The City's annual pension cost was $820,030. The annual pension cost is based on the actuarial valuation performed as of April 30, 2007. The City's actual contribution was $708,003. For a description of the significant actuarial assumptions, see page 61.

The net pension liability of $218,895 was comprised of the following:

Annual required contributions (ARC)	$ 817,343
Interest on the net pension asset	7,481
Adjustment to the ARC	(4,794)
Annual pension cost	820,030
2007 contribution	708,003
Increase in pension liability	112,027
Net pension liability at April 30, 2007	106,868
Net pension liability at April 30, 2008	$ 218,895

The City has recorded the net pension obligation of $218,895 in the government-wide Statement of Net Assets.

III. **Other Information** (cont'd)

D. **Defined Benefit Pension Plan** (cont'd)

Firefighters' Pension (cont'd)

Reserves and Concentration of Investments – There are no assets legally reserved for purposes other than the payment of plan member benefits. There are no long-term contracts for contributions. The following investments (other than those issued or guaranteed by the U.S. government, mutual funds, and other pooled investments) represent 5% or more of net assets available for benefits:

Investment Type	% of Net Assets
FNMA	9.82%

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value.

Administrative costs for both the Police and Firefighters' Pension Plans are financed primarily through investment earnings.

Pension Plan Statements – The following page contains the individual pension fund statements for the year ended April 30, 2008.

III. Other Information (cont'd)

D. Defined Benefit Pension Plan (cont'd)

Summary of Significant Accounting Policies and Plan Asset Matters (cont'd)

Pension Plan Statements (cont'd)

Statement of Plan Net Assets	Police Pension	Firefighters' Pension
Assets:		
Cash	$ 8,645	$ 210,053
Investments:		
Illinois Funds	94,245	121,769
Money market accounts	419,825	155,644
U.S. government and agency securities	10,687,300	7,092,608
Insurance contracts	-	1,199,293
Mutual funds – bonds	1,054,369	-
Mutual funds – stocks	8,699,769	3,859,745
Interest receivable	115,276	82,837
Total assets	21,079,429	12,721,949
Liabilities:		
Accounts payable	177	3,772
Due to other funds	97	98
Total liabilities	274	3,870
Plan net assets held in trust for pension benefits	21,079,155	12,718,079
Total liabilities and plan net assets	$ 21,079,429	$ 12,721,949

Statement of Changes in Plan Net Assets	Police Pension	Firefighters' Pension
Additions:		
Contributions:		
Employer	$ 1,111,640	$ 817,496
Members	404,840	337,701
	1,516,480	1,155,197
Investment income:		
Net appreciation (depreciation) in fair value of investments	(507,797)	20,035
Interest income	1,026,721	773,242
Less investment expenses	(83,498)	(42,693)
	435,426	750,584
Total additions	1,951,906	1,905,781
Deductions:		
Pension benefits and refunds	1,230,880	367,870
Administrative expense	8,617	6,398
Total deductions	1,239,497	374,268
Change in net assets	712,409	1,531,513
Beginning net assets held in trust for pension benefits	20,366,746	11,186,566
Ending net assets held in trust for pension benefits	$ 21,079,155	$ 12,718,079

III. Other Information (cont'd)

D. Defined Benefit Pension Plan (cont'd)

Significant Actuarial Assumptions

The information presented in the notes and the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2005	April 30, 2007	April 30, 2007
Actuarial Cost Method	Entry age Normal	Entry age Normal	Entry age Normal
Significant Actuarial Assumptions:			
(a) Rate of Return on Investment of Present and Future Assets	7.50% compounded annually	7.00% compounded annually	7.00% compounded annually
(b) Projected Salary Increases – Attributable to Inflation	4.00%	5.50%	5.50%
(c) Additional Projected Salary Increases – Attributable to Seniority/Merit	0.40% to 10.00%, depending on age and service	(Note: Separate information for (b and c) not available)	
(d) Postretirement Benefit Increases	3.00%	3.00%	3.00%
Method Used to Determine Actuarial Value of Assets	Five-year smoothed market value	Three-year smoothed market value	Three-year smoothed market value
Amortization Method and Remaining Period	Level percentage of projected payroll, closed basis, 25 years	Level percentage of projected payroll, closed basis, 26 years	Level percentage of projected payroll, closed basis, 26 years.

Trend Information

Employer annual required contributions (ARC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the ARC and the actual contribution made.

III. **Other Information** (cont'd)

D. **Defined Benefit Pension Plan** (cont'd)

Trend Information (cont'd)

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost	2003	$ 404,043	$ -	$ -
	2004	566,965	696,732	466,858
	2005	775,783	696,732	466,858
	2006	872,700	735,256	543,254
	2007	940,438	967,919	711,840
	2008	986,799	1,113,556	820,030
Actual contributions	2003	$ 404,043	$ -	$ -
	2004	566,965	-	-
	2005	775,783	-	-
	2006	872,700	735,907	541,367
	2007	940,438	966,026	707,944
	2008	986,799	1,073,638	708,003
Percent contributed	2003	% 100	% -	% -
	2004	100	101.0	97.0
	2005	100	101.3	97.4
	2006	100	100.1	99.7
	2007	100	99.8	99.5
	2008	100	96.4	86.3
Net pension obligation	2003	$ -	$ -	$ -
	2004	-	(24,078)	(101,085)
	2005	-	(24,078)	(101,085)
	2006	-	(23,427)	(102,972)
	2007	-	(25,320)	(106,868)
	2008	-	(65,238)	(218,895)

E. **Construction Commitments**

The City had commitments under construction contracts of approximately $3,000,000 outstanding at April 30, 2008.

III. Other Information (cont'd)

F. Joint Venture – SEECOM

The City is a founding member of SEECOM – Southeast Emergency Communication. SEECOM is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SEECOM is a cooperative joint venture organized for the purpose of providing the equipment, services and other items necessary and appropriate for the establishment, operation and maintenance of the joint public safety communications system for the mutual benefit of the members of SEECOM. The founding members of SEECOM consist of the City of Crystal Lake, Illinois, the Village of Algonquin, Illinois and the Village of Cary, Illinois.

SEECOM is governed by an executive board established with the three voting members consisting or the Village Manager/Village Administrator/City Manager, or their respective staff designees, from the three founding communities. Two non-voting members also consist of one member from the Fire Services Advisory Board and one member from the Law Enforcement Advisory Board. These non-voting Board members represent other user communities. Each member of the Executive Board is entitled to one vote.

Each of SEECOM's three members paid an initial entry fee as determined and agreed to by SEECOM's Board and the three members. Each member also pays a portion of the initial capital cost financed by the issuance of a bond. Each member's portion of the initial capital costs is based on the actual capital cost multiplied by the member's proportionate share of the number of calls for services from the preceding year. Each member pays a percentage of the operating costs of SEECOM as determined by the total operational cost less contracted services by each member's proportional share of the calls for service handled by SEECOM. Calls for service are one year in arrears.

All property, real and personal, acquired by SEECOM is owned in common by the members under the intergovernmental agreement. Each of the three members under the intergovernmental agreement is liable for the debts and liabilities of SEECOM. The intergovernmental agreement establishing SEECOM is in effect for a period of 15 years from the effective date of December 2002. Thereafter, it is automatically renewed with no affirmative action by the three members for successive 5-year periods commencing May 1 until notice of termination is given. Any terminating member shall remain liable for their share of the capital expenditures incurred prior to the effective date of their termination. Upon termination by any member, SEECOM shall reimburse the terminated member for its share of the un-depreciated value of SEECOM's capital assets.

SEECOM is located at 100 West Woodstock Street, Crystal Lake, IL 60014. A separate audit report for SEECOM is available through their office.

III. Other Information (cont'd)

F. Joint Venture – SEECOM (cont'd)

The City reports its activities in SEECOM as a governmental joint venture. In accordance with the joint venture agreement, the Village remitted $1,126,549 to SEECOM during fiscal year 2008.

G. New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) recently issued the following statements:

Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions,* establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information. The City is required to implement this Statement for the year ending April 30, 2009.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The City is required to implement this Statement for the year ending April 30, 2009.

Statement No. 50, *Pension Disclosures,* more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. The City is required to implement this Statement for the year ending April 30, 2009.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The City is required to implement this Statement for the year ending April 30, 2011.

Management has not yet completed its assessment of these statements, however they are not expected to have a material effect on the overall financial statement presentation.

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, and includes disclosure requirements for future revenues that are ledged or sold. The City was required to implement the requirements of this statement in the current year.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Crystal Lake, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/07	$ 23,938,555	$ 26,951,188	$ 3,012,633	88.82 %	$ 9,917,574	30.38 %
12/31/06	22,917,309	25,094,454	2,177,145	91.32	9,302,054	23.40
12/31/05	20,976,856	23,367,856	2,391,000	89.77	9,414,245	25.40
12/31/04	19,256,697	21,534,880	2,278,183	89.42	8,815,720	25.84
12/31/03	17,623,579	18,596,385	972,806	94.77	8,122,706	11.98
12/31/02	16,710,668	16,884,423	173,755	98.97	7,681,434	2.26
12/31/01	16,737,467	15,496,324	(1,241,143)	108.01	7,347,415	(16.89)

See independent auditor's report.

City of Crystal Lake, Illinois
Police Pension Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/07	$ 20,366,745	$ 33,981,410	$ 13,614,665	59.93 %	$ 3,950,211	344.66 %
12/31/06	18,189,042	30,682,017	12,492,975	59.28	3,949,442	316.32
12/31/05	15,830,954	28,204,041	12,373,087	56.13	3,662,402	337.84
12/31/04	14,650,126	25,475,775	10,825,649	57.51	3,399,984	318.40
12/31/01	12,407,344	19,684,809	7,277,465	63.03	2,763,297	263.36
12/31/00	11,449,720	18,120,246	6,670,526	63.19	2,675,733	249.30
12/31/99	10,634,239	16,186,249	5,552,010	65.70	2,432,248	228.27

See independent auditor's report.

City of Crystal Lake, Illinois
Firefighters' Pension Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/07	$ 11,186,566	$ 16,690,125	$ 5,503,559	67.03 %	$ 3,344,163	164.57 %
12/31/06	9,841,460	14,929,757	5,088,297	65.92	3,036,863	167.55
12/31/05	8,184,906	13,194,759	5,009,853	62.03	2,693,675	185.99
12/31/04	7,331,686	11,451,905	4,120,219	64.02	2,307,887	178.53
12/31/01	5,613,547	7,517,013	1,903,466	74.68	1,751,896	108.65
12/31/00	4,910,047	6,684,293	1,774,246	73.46	1,500,165	118.27
12/31/99	4,287,625	5,749,499	1,461,874	74.57	1,380,060	105.93

See independent auditor's report.

City of Crystal Lake, Illinois
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 569,150	$ 685,719	$ 116,569
Licenses and permits	581,400	639,507	58,107
Intergovernmental	228,226	96,966	(131,260)
Fines and forfeitures	800,000	501,930	(298,070)
Property taxes	1,930,263	1,929,135	(1,128)
Other taxes	17,476,300	18,115,309	639,009
Investment income	425,000	938,000	513,000
Miscellaneous	284,487	598,981	314,494
Total revenues	22,294,826	23,505,547	1,210,721
Expenditures:			
Current:			
General government	6,953,167	6,019,055	934,112
Public safety	10,249,600	9,762,988	486,612
Highways and streets	4,249,542	4,334,819	(85,277)
Capital outlay	1,117,714	869,846	247,868
Debt service:			
Principal	255,000	255,000	-
Interest and fees	168,801	168,801	-
Total expenditures	22,993,824	21,410,509	1,583,315
Revenues over (under) expenditures before other financing sources (uses)	(698,998)	2,095,038	2,794,036
Other financing sources (uses):			
Transfer in	77,967	77,967	-
Transfers out	(820,610)	(150,655)	669,955
Total other financing sources (uses)	(742,643)	(72,688)	669,955
Net change in fund balance	$ (1,441,641)	2,022,350	$ 3,463,991
Fund balance, beginning of the year		20,399,341	
Fund balance, end of the year		$ 22,421,691	

See independent auditor's report.

City of Crystal Lake, Illinois
Motor Fuel Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	$ 1,137,936	$ 1,150,479	$ 12,543
Investment income	450,000	422,730	(27,270)
Other	-	(604)	(604)
Total revenues	1,587,936	1,572,605	(15,331)
Expenditures - current:			
Highways and street:			
Contractual services	945,023	318,726	626,297
Supplies and materials	200,000	307,547	(107,547)
Capital outlay - streets	949,660	337,518	612,142
Total expenditures	2,094,683	963,791	1,130,892
Net change in fund balance	$ (506,747)	608,814	$ 1,115,561
Fund balance, beginning of the year		9,161,683	
Fund balance, end of the year		$ 9,770,497	

See independent auditor's report.

City of Crystal Lake, Illinois
Fire Rescue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,568,758	$ 1,983,229	$ 414,471
Intergovernmental	36,800	16,320	(20,480)
Property taxes	5,092,223	5,087,046	(5,177)
Investment income	62,500	69,594	7,094
Other	18,250	45,939	27,689
Total revenues	6,778,531	7,202,128	423,597
Expenditures:			
Public safety:			
Personal services	5,377,698	4,887,568	490,130
Contractual services	917,360	815,790	101,570
Materials and supplies	250,130	248,553	1,577
Capital outlay	150,610	145,376	5,234
Total expenditures	6,695,798	6,097,287	598,511
Revenues over expenditures before other financing sources (uses)	82,733	1,104,841	1,022,108
Other financing sources (uses):			
Transfers in	150,610	150,610	-
Transfers out	(77,967)	(77,967)	-
Total other financing sources (uses)	72,643	72,643	-
Net change in fund balance	$ 155,376	1,177,484	$ 1,022,108
Fund balance, beginning of the year		2,610,465	
Fund balance, end of the year		$ 3,787,949	

See independent auditor's report.

City of Crystal Lake, Illinois
Illinois Municipal Retirement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	$ 1,821,736	$ 1,821,144	$ (592)
Other taxes - replacement	-	-	-
Investment income	4,789	47,498	42,709
Total revenues	1,826,525	1,868,642	42,117
Expenditures - current -			
Personal services:			
General government	889,217	711,552	177,665
Public safety	291,111	259,188	31,923
Highways and streets	310,167	276,154	34,013
Culture and recreation	336,030	299,181	36,849
Total expenditures	1,826,525	1,546,075	280,450
Net change in fund balance	$ -	322,567	$ 322,567
Fund balance, beginning of the year		422,485	
Fund balance, end of the year		$ 745,052	

See independent auditor's report.

Budgetary Information

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

A. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except depreciation is not budgeted in the Waterworks and Sewerage Fund.

B. A public hearing is conducted to obtain taxpayer comments.

C. Prior to May 1, the budget is legally enacted for the General Fund, Special Revenue Funds, Debt Services Funds (exceptions noted in Note I.D.), Capital Projects Funds (exceptions noted in Note I.D.), Enterprise Funds and Pension Trust Funds.

D. Expenditures may not legally exceed the total appropriated amounts for each fund. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, expenditures in excess of the total appropriated amount must be approved by the City Council. No budget modifications were made for the year ended April 30, 2008. The Library approved supplemental appropriations.

As of April 30, 2008, the following funds had an excess of actual expenditures over budget:

Fund Name	Excess
Foreign Fire Insurance Fund	$ 30,906
Crystal Heights Debt Service Fund	90,099
2006 Special Service Area No. 44 Debt Service Fund	3,000
Virginia Street Corridor TIF Construction Fund	79,084
Police Pension Fund	257,123
Firefighters' Pension Fund	62,632

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SUPPLEMENTARY INFORMATION

City of Crystal Lake, Illinois
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Charges for services:			
Zoning and subdivision fees	$ 24,150	$ **10,994**	$ (13,156)
Plan review fees	238,000	**154,840**	(83,160)
Parking	260,000	**233,183**	(26,817)
Police revenue	9,000	**79,850**	70,850
Annexation fees	14,000	**40,550**	26,550
Other fees	24,000	**166,302**	142,302
	569,150	**685,719**	116,569
Licenses and permits:			
Liquor licenses	80,000	**101,192**	21,192
Miscellaneous licenses and permits	40,000	**50,665**	10,665
Building permits	456,150	**483,050**	26,900
Occupancy permits	5,250	**4,600**	(650)
	581,400	**639,507**	58,107
Intergovernmental - grants	228,226	**96,966**	(131,260)
Fines and forfeitures:			
Police fines	700,000	**501,930**	(198,070)
Adjudication fines	100,000	**-**	(100,000)
	800,000	**501,930**	(298,070)
Property taxes	1,930,263	**1,929,135**	(1,128)

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Revenues - Budget and Actual (cont'd)
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Other taxes:			
Replacement tax	$ 120,000	$ 171,107	$ 51,107
State sales tax	11,050,000	10,915,086	(134,914)
Auto rental tax	26,000	26,807	807
Income tax	3,280,000	3,748,680	468,680
Franchise fees - cable	400,000	433,134	33,134
Telecommunications tax	1,950,000	2,022,417	72,417
Hotel tax	145,000	241,208	96,208
Local use tax	505,300	556,870	51,570
	17,476,300	18,115,309	639,009
Investment income	425,000	938,000	513,000
Miscellaneous:			
Rental income	50,000	73,919	23,919
Other	234,487	525,062	290,575
	284,487	598,981	314,494
Total revenues	$ 22,294,826	$ 23,505,547	$ 1,210,721

See independent auditor's report.

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
General government:			
Executive department:			
Personnel services	$ 22,800	$ 23,280	$ (480)
Contractual services	208,589	191,488	17,101
	231,389	214,768	16,621
Legal and judiciary department - contractual services	283,950	231,846	52,104
Administration department:			
Personnel services	1,583,764	1,402,632	181,132
Contractual services	392,795	231,716	161,079
Supplies and materials	140,010	137,958	2,052
	2,116,569	1,772,306	344,263
Building department:			
Personnel services	945,754	818,409	127,345
Contractual services	124,901	70,788	54,113
Supplies and materials	29,179	25,031	4,148
	1,099,834	914,228	185,606
Engineering department:			
Personnel services	1,122,176	1,032,793	89,383
Contractual services	116,491	143,289	(26,798)
Supplies and materials	49,704	48,714	990
	1,288,371	1,224,796	63,575
Planning department:			
Personnel services	436,916	430,610	6,306
Contractual services	174,355	190,562	(16,207)
Supplies and materials	14,380	8,477	5,903
	625,651	629,649	(3,998)

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
General government (cont'd):			
Information technology:			
Personnel services	$ 297,099	$ 279,891	$ 17,208
Contractual services	24,183	16,396	7,787
Supplies and materials	140,220	132,015	8,205
	461,502	428,302	33,200
Health services - contractual services	119,500	86,749	32,751
Special projects department:			
Contractual services	643,679	509,948	133,731
Supplies and materials	82,722	6,463	76,259
	726,401	516,411	209,990
Total general government	6,953,167	6,019,055	934,112
Public safety:			
Police department:			
Personnel services	6,404,691	5,954,902	449,789
Contractual services	1,473,495	1,437,093	36,402
Supplies and materials	404,856	404,456	400
	8,283,042	7,796,451	486,591
Pension contributions	1,930,263	1,929,516	747
Fire and police commission:			
Contractual services	35,835	37,021	(1,186)
Supplies and materials	460	-	460
	36,295	37,021	(726)
Total public safety	10,249,600	9,762,988	486,612

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Highways and streets:			
Street department:			
Personnel services	$ 1,884,550	$ 1,880,268	$ 4,282
Contractual services	764,991	766,002	(1,011)
Supplies and materials	241,850	352,930	(111,080)
	2,891,391	2,999,200	(107,809)
Storm sewer maintenance department:			
Personnel services	531,434	532,650	(1,216)
Contractual services	42,730	50,804	(8,074)
Supplies and materials	45,070	48,456	(3,386)
	619,234	631,910	(12,676)
Fleet services:			
Personnel services	544,492	486,596	57,896
Contractual services	157,470	153,823	3,647
Supplies and materials	36,955	63,290	(26,335)
	738,917	703,709	35,208
Total highways and streets	4,249,542	4,334,819	(85,277)
Capital outlay:			
Fleet services department	14,000	1,683	12,317
Police department	443,514	406,067	37,447
Street department	91,200	157,154	(65,954)
Special projects department	569,000	304,942	264,058
Total capital outlay	1,117,714	869,846	247,868
Debt service - special projects department:			
Principal	255,000	255,000	-
Interest	168,801	168,801	-
Total debt service	423,801	423,801	-
Total expenditures	$ 22,993,824	$ 21,410,509	$ 1,583,315

See independent auditor's report.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government and which cannot be diverted to other uses. The nonmajor special revenue funds maintained by the City are as follows:

Road/Vehicle License – To account for revenues received from the county road and bridge taxes and to account for revenue from vehicle license fees.
School Crossing Guard – To account for expenditures related to school crossing guards.
Foreign Fire Insurance – To account for proceeds of foreign fire insurance tax and for expenses authorized by the Board of Foreign Fire Insurance.

Debt Service Funds

Debt service funds are used to account for monies accumulated to retire general long-term debt. The debt service funds maintained by the City are as follows:

Special Service Area Nos. 4-18 – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area Nos. 4-18 bonds. Financing is being provided by a property tax levy.
Special Service Area No. 19 – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area No. 19 bonds. Financing is being provided by a property tax levy.
Special Service Area Nos. 21-31 – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area Nos. 21-31 bonds. Financing is being provided by a property tax levy.
Special Service Area Nos. 32-39 – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area Nos. 32-39 bonds. Financing is being provided by a property tax levy.
Special Service Area No. 42 – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area No. 42 bonds. Financing is being provided by a property tax levy.
Special Service Area No. 149 – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area No. 149 bonds. Financing is being provided by assessments to property owners in the Service Area No. 149.
Crystal Heights Debt Service – To account for the accumulation of resources to retire principal and interest on the 2004 General Obligation Bonds related to Crystal Heights. Financing is being provided by a property tax levy.
SEECOM Debt Service – To account for the accumulation of resources to retire principal and interest on the 2004 General Obligation Bonds related to the SEECOM central dispatch service. Financing is provided by SEECOM member communities.
2007 Special Service Area No. 44 – To account for the accumulation of resources for, and the payment of, principal and interest on the 2007 Special Service Area No. 44 bonds. Financing is being provided by a property tax levy on property owners in the Service Area No. 42.
2006 Special Service Area No. 45 – To account for the accumulation of resources for, and the payment of, principal and interest on the 2006 Special Service Area No. 42 bonds. Financing is being provided by a property tax levy on property owners in the Service Area No. 42.
2007 Special Service Area No. 46 – To account for the accumulation of resources for, and the payment of, principal and interest on the 2006 Special Service Area No. 42 bonds. Financing is being provided by a property tax levy on property owners in the Service Area No. 42.

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Nonmajor Governmental Funds (cont'd)

Capital Projects Funds

Capital projects funds account for the resources used by the City for the acquisition and or construction of capital facilities. The capital projects funds maintained by the City are as follows:

Special Service Area No. 42 – To account for the proceeds of special service area bonds used for capital improvements in special service districts within the City.
SEECOM – To account for the establishment of the Southeast Emergency Communications Center (SEECOM), a central dispatch service for public safety (Police and Fire).
Special Assessment No. 145 – To account for the proceeds of special assessment bonds used for capital improvements to the Woodstock Street sanitary sewer and cover lift station.
T.I.F. Bond Construction – To account for the T.I.F. related improvements, including Veteran Memorial lighting, downtown parking improvements, Metra station upgrades, and demolition of the Public Works garage.
Crystal Heights Utility Extension – To account for the extension of utilities to the Crystal Heights subdivision.
Main Street T.I.F. Construction - To account for the initial planning and engineering design services of the Main Street TIF, including improvements to the Main Street and Crystal Lake Avenue intersection.
Virginia Street Corridor TIF - To account for the initial planning and engineering design services of the Virginia Street Corridor TIF, intended to spur a comprehensive revitalization of this area.
Vulcan Lakes T.I.F. District - To account for the initial planning and engineering design services of the Vulcan Lakes TIF, intended to spur a comprehensive revitalization of this area.
Special Service Area No. 44 Tracy Trail Construction - To account for the proceeds of special service area bonds used for capital improvements in special service districts within the City.
Special Service Area No. 45 Bryn Mawr Project - To account for the proceeds of special service area bonds used for capital improvements in special service districts within the City.
Special Service Area No. 46 Ryland Main Construction - To account for the proceeds of special service area bonds used for capital improvements in special service districts within the City.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Governmental Funds
April 30, 2008

	Total	Special Revenue	Debt Service
Assets			
Cash and investments	$ 9,416,248	$ 2,448,407	$ 2,409,191
Receivables:			
Property taxes	1,483,819	46,110	545,097
Accrued interest	48,828	48,828	-
Other	300,068	2,304	297,764
Due from other funds	34,189	34,058	131
Prepaid items	13,673	-	13,673
Total assets	$ 11,296,825	$ 2,579,707	$ 3,265,856
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 103,946	$ 3,394	$ 1,695
Accrued expenses	2,495	2,495	-
Recapture fees payable	1,678,031	-	1,503,906
Due to other funds	2,256,893	-	408,766
Deferred revenue - property taxes	1,483,819	46,110	545,097
Total liabilities	5,525,184	51,999	2,459,464
Fund balances:			
Reserved for debt service	806,392	-	806,392
Unreserved	4,965,249	2,527,708	-
Total fund balances	5,771,641	2,527,708	806,392
Total liabilities and fund balances	$ 11,296,825	$ 2,579,707	$ 3,265,856

See independent auditor's report.

Capital Projects
$4,558,650
892,612
-
-
-
-
$5,451,262
$ 98,857
-
174,125
1,848,127
892,612
3,013,721
-
2,437,541
2,437,541
$5,451,262

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended April 30, 2008

	Total	Special Revenue	Debt Service
Revenues:			
Charges for services	$ 541,731	$ -	$ 541,731
Licenses and permits	220,544	220,544	-
Property taxes	1,527,498	448,853	238,113
Other taxes	56,491	56,491	-
Interest	316,440	129,504	26,975
Miscellaneous	327,358	94,060	-
Total revenues	2,990,062	949,452	806,819
Expenditures:			
Current:			
General government	625,574	-	35,525
Public safety	86,003	86,003	-
Highways and streets	153,511	153,511	-
Capital outlay	4,638,462	1,552,207	86,659
Debt service:			
Principal	575,000	62,500	512,500
Interest and fees	624,954	3,063	621,891
Total expenditures	6,703,504	1,857,284	1,256,575
Deficiency of revenues under expenditures before other financing sources (uses)	(3,713,442)	(907,832)	449,756)
Other financing sources (uses):			
Bonds issued	750,000	-	-
Transfers in	6,413	-	-
Transfers out	(6,368)	-	(6,368)
Total other financing sources (uses)	750,045	-	(6,368)
Net changes in fund balances	(2,963,397)	(907,832)	(456,124)
Fund balances, beginning of the year	8,735,083	3,435,540	1,262,516
Fund balances, end of the year	$ 5,771,686	$ 2,527,708	$ 806,392

See independent auditor's report.

Capital Projects
$ -
-
840,532
-
159,961
233,298
1,233,791
590,049
-
-
2,999,596
-
-
3,589,645
(2,355,854)
750,000
6,413
-
756,413
(1,599,441)
4,037,027
$ 2,437,586

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Special Revenue Funds
April 30, 2008

	Total	Road/ Vehicle License	School Crossing Guard
Assets			
Cash and investments	$ 2,448,407	$ 2,350,417	$ 25,194
Receivables:			
Property taxes	46,110	-	46,110
Accrued interest	48,828	48,828	-
Other	2,304	-	2,304
Due from other funds	34,058	34,058	-
Total assets	$ 2,579,707	$ 2,433,303	$ 73,608
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 3,394	$ 3,394	$ -
Accrued expenses	2,495	-	2,495
Deferred revenue - property taxes	46,110	-	46,110
Total liabilities	51,999	3,394	48,605
Fund balances - unreserved	2,527,708	2,429,909	25,003
Total liabilities and fund balances	$ 2,579,707	$ 2,433,303	$ 73,608

See independent auditor's report.

Foreign Fire Insurance
$ 72,796
-
-
-
-
$ 72,796
$ -
-
-
-
72,796
$ 72,796

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended April 30, 2008

	Total	Road/ Vehicle License	School Crossing Guard
Revenues:			
Licenses and permits	$ 220,544	$ 220,544	$ -
Property taxes	448,853	404,028	44,825
Other taxes	56,491	-	-
Interest	129,504	127,273	942
Miscellaneous	94,060	26,483	21,655
Total revenues	949,452	778,328	67,422
Expenditures:			
Current:			
Public safety	86,003	-	55,097
Highways and streets	153,511	153,511	-
Capital outlay	1,552,207	1,552,207	-
Debt service:			
Principal	62,500	62,500	-
Interest and fees	3,063	3,063	-
Total expenditures	1,857,284	1,771,281	55,097
Net changes in fund balances	(907,832)	(992,953)	12,325
Fund balances, beginning of the year	3,435,540	3,422,862	12,678
Fund balances, end of the year	$ 2,527,708	$ 2,429,909	$ 25,003

See independent auditor's report.

Foreign Fire Insurance
$ -
-
56,491
1,289
45,922
103,702
30,906
-
-
-
-
30,906
72,796
-
$ 72,796

City of Crystal Lake, Illinois
Road/Vehicle License Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Licenses and permits	$ 210,000	$ 220,544	$ 10,544
Property taxes	370,000	404,028	34,028
Other taxes - replacement	9,300	-	(9,300)
Investment income	100,000	127,273	27,273
Miscellaneous	50,000	26,483	(23,517)
Total revenues	739,300	778,328	39,028
Expenditures:			
Highways and streets	290,845	153,511	137,334
Capital outlay	1,930,875	1,552,207	378,668
Debt service:			
Principal	62,500	62,500	-
Interest	3,063	3,063	-
Total expenditures	2,287,283	1,771,281	516,002
Net change in fund balance	$ (1,547,983)	(992,953)	$ 555,030
Fund balance, beginning of the year		3,422,862	
Fund balance, end of the year		$ 2,429,909	

See independent auditor's report.

City of Crystal Lake, Illinois
School Crossing Guard Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	$ 44,496	$ 44,825	$ 329
Investment income	378	942	564
Miscellaneous	11,848	21,655	9,807
Total revenues	56,722	67,422	10,700
Expenditures:			
Public safety:			
Personal services	56,422	55,097	1,325
Materials and supplies	300	-	300
Total expenditures	56,722	55,097	1,625
Net change in fund balance	$ -	12,325	$ 12,325
Fund balance, beginning of the year		12,678	
Fund balance, end of the year		$ 25,003	

See independent auditor's report.

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City of Crystal Lake, Illinois
Foreign Fire Insurance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
City of Crystal Lake, Illinois

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Foreign fire insurance	$ 22,500	$ 56,491	$ 33,991
Investment income	-	1,289	1,289
Miscellaneous	-	45,922	45,922
Total revenues	22,500	103,702	81,202
Expenditures:			
Public safety - materials and supplies	-	30,906	(30,906)
Net change in fund balance	$ 22,500	72,796	$ 50,296
Fund balance, beginning of the year		-	
Fund balance, end of the year		$ 72,796	

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Debt Service Funds
April 30, 2008

	Total	Special Service Area Nos. 4-18	Special Service Area No. 19
Assets			
Cash and investments	$ 2,409,191	$ 498,648	$ 17,872
Receivables:			
Property taxes	545,097	-	-
Other	297,764	-	-
Due from other funds	131	-	-
Prepaid items	13,673	-	-
Total assets	$ 3,265,856	$ 498,648	$ 17,872
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 1,695	$ 1,695	$ -
Recapture fees payable	1,503,906	498,648	14,858
Due to other funds	408,766	-	-
Deferred revenue - property taxes	545,097	-	-
Total liabilities	2,459,464	500,343	14,858
Fund balances - reserved for debt service	806,392	(1,695)	3,014
Total liabilities and fund balances	$ 3,265,856	$ 498,648	$ 17,872

(cont'd)

See independent auditor's report.

Special Service Area Nos. 21-31	Special Service Area Nos. 32-39	Special Service Area No. 42	Special Service Area No. 149	Crystal Heights Debt Service	2007 Special Service Area No. 44
$ 116,246	$ 1,565,502	$ -	$ -	$ 70,642	$ -
-	-	-	-	85,801	80,217
-	(10,364)	-	308,128	-	-
-	-	-	131	-	-
-	-	-	-	-	-
$ 116,246	$ 1,555,138	$ -	$ 308,259	$ 156,443	$ 80,217
$ -	$ -	$ -	$ -	$ -	$ -
112,229	878,071	100	-	-	-
-	-	-	310,094	-	98,672
-	-	-	-	85,801	80,217
112,229	878,071	100	310,094	85,801	178,889
4,017	677,067	(100)	(1,835)	70,642	(98,672)
$ 116,246	$ 1,555,138	$ -	$ 308,259	$ 156,443	$ 80,217

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City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Debt Service Funds (cont'd)
April 30, 2008

	2006 Special Service Area No. 45	2007 Special Service Area No. 46
Assets		
Cash and investments	$ 435	$ 139,846
Receivables:		
Property taxes	379,079	-
Other	-	-
Due from other funds	-	-
Prepaid items	13,673	-
Total assets	$ 393,187	$ 139,846
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ -	$ -
Recapture fees payable	-	-
Due to other funds	-	-
Deferred revenue - property taxes	379,079	-
Total liabilities	379,079	-
Fund balances - reserved for debt service	14,108	139,846
Total liabilities and fund balances	$ 393,187	$ 139,846

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Nonmajor Debt Service Funds
For the Year Ended April 30, 2008

	Total	Special Service Area Nos. 4-18	Special Service Area No. 19
Revenues:			
Charges for services	$ 541,731	$ -	$ -
Property taxes	238,113	-	-
Investment income (loss)	26,975	-	-
Total revenues	806,819	-	-
Expenditures:			
Current - general government	35,525	1,695	-
Debt service:			
Principal	512,500	-	-
Interest and fees	621,891	-	-
Miscellaneous	86,659	-	-
Total expenditures	1,256,575	1,695	-
Excess (deficiency) of revenues over (under) expenditures before other financing uses	(449,756)	(1,695)	-
Other financing uses - transfers out	(6,368)	-	-
Net changes in fund balances	(456,124)	(1,695)	-
Fund balances, beginning of the year	1,262,516	-	3,014
Fund balances (deficits), end of the year	$ 806,392	$ (1,695)	$ 3,014

(cont'd)

See independent auditor's report.

Special Service Area Nos. 21-31	Special Service Area Nos. 32-39	Special Service Area No. 42	Service Area No. 149	Crystal Heights Debt Service	SEECOM Debt Service	2007 Special Service Area No. 44
$ -	$ -	$ -	$ 110,705	$ 140,868	$ 290,158	$ -
-	-	-	-	86,659	-	-
-	-	-	(12,498)	24,904	-	(1,622)
-	-	-	98,207	252,431	290,158	(1,622)
-	-	-	-	5,890	-	27,940
-	-	-	187,500	85,000	190,000	50,000
-	-	-	9,188	45,774	100,158	19,110
-	-	-	-	86,659	-	-
-	-	-	196,688	223,323	290,158	97,050
-	-	-	(98,481)	29,108	-	(98,672)
-	-	(6,368)	-	-	-	-
-	-	(6,368)	(98,481)	29,108	-	(98,672)
4,017	677,067	6,268	96,646	41,534	-	-
$ 4,017	$ 677,067	$ (100)	$ (1,835)	$ 70,642	$ -	$ (98,672)

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Nonmajor Debt Service Funds (cont'd)
For the Year Ended April 30, 2008

	2006 Special Service Area No. 45	2007 Special Service Area No. 46
Revenues:		
Charges for services	$ -	$ -
Property taxes	151,454	-
Investment income (loss)	5,792	10,399
Total revenues	157,246	10,399
Expenditures:		
Current - general government	-	-
Debt service:		
Principal	-	-
Interest and fees	305,908	141,753
Capital outlay	-	-
Total expenditures	305,908	141,753
Excess (deficiency) of revenues over (under) expenditures before other financing uses	(148,662)	(131,354)
Other financing uses - transfers out	-	-
Net changes in fund balances	(148,662)	(131,354)
Fund balances, beginning of the year	162,770	271,200
Fund balances, end of the year	$ 14,108	$ 139,846

See independent auditor's report.

City of Crystal Lake, Illinois
Special Service Area No. 149 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services - assessments	$ 160,000	$ 110,705	$ (49,295)
Investment income (loss)	2,000	(12,498)	(14,498)
Total revenues	162,000	98,207	(63,793)
Expenditures:			
Debt service:			
Principal	187,500	187,500	-
Interest	9,188	9,188	-
Total expenditures	196,688	196,688	-
Net change in fund balance	$ (34,688)	(98,481)	$ (63,793)
Fund balance, beginning of the year		96,646	
Fund deficit, end of the year		$ (1,835)	

See independent auditor's report.

City of Crystal Lake, Illinois
Crystal Heights Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 135,400	$ 140,868	$ 5,468
Property taxes	-	86,659	86,659
Investment income	-	24,904	24,904
Total revenues	135,400	252,431	117,031
Expenditures:			
Current - general government - contractual services	-	5,890	(5,890)
Debt service:			
Principal	90,000	85,000	5,000
Interest	43,224	45,774	(2,550)
Miscellaneous	-	86,659	(86,659)
Total expenditures	133,224	223,323	(90,099)
Net change in fund balance	$ 2,176	29,108	$ 26,932
Fund balance, beginning of the year		41,534	
Fund balance, end of the year		$ 70,642	

See independent auditor's report.

City of Crystal Lake, Illinois
SEECOM Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues - charges for services	$ 289,458	$ 290,158	$ 700
Expenditures:			
Debt service:			
Principal	195,000	190,000	5,000
Interest	94,458	100,158	(5,700)
Total expenditures	289,458	290,158	(700)
Net change in fund balance	$ -	-	$ -
Fund balance, beginning of the year		-	
Fund balance, end of the year		$ -	

See independent auditor's report.

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City of Crystal Lake, Illinois
2006 Special Service Area No. 45 Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	$ 151,454	$ **151,454**	$ -
Investment income	-	**5,792**	5,792
Total revenues	151,454	**157,246**	5,792
Expenditures - debt service - interest	302,908	**305,908**	(3,000)
Net change in fund balance	$ (151,454)	**(148,662)**	$ 2,792
Fund balance, beginning of the year		**162,770**	
Fund balance, end of the year		**$ 14,108**	

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Capital Projects Funds
April 30, 2008

	Total	Special Service Area No. 42	SEECOM
Assets			
Cash and investments	$ 4,558,650	$ 98,639	$ -
Receivables - property taxes	892,612	-	-
Total assets	$ 5,451,262	$ 98,639	$ -
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 98,857	$ -	$ -
Recapture fees payable	174,125	68,160	-
Due to other funds	1,848,082	-	-
Deferred revenue - property taxes	892,612	-	-
Total liabilities	3,013,676	68,160	-
Fund balances (deficits) - unreserved	2,437,586	30,479	-
Total liabilities and fund balances	$ 5,451,262	$ 98,639	$ -

(cont'd)

See independent auditor's report.

Special Assessment No. 145	T.I.F. Bond Construction	Crystal Heights Utility Extension	Main Street T.I.F. Construction	Virginia Street Corridor T.I.F.	Vulcan Lakes T.I.F. District
$ 115,556	$ 2,804,017	$ 672,072	$ 38,376	$ 837	$ -
-	718,328	-	43,833	130,451	-
$ 115,556	$ 3,522,345	$ 672,072	$ 82,209	$ 131,288	$ -
$ -	$ 55,769	$ -	$ 954	$ 16,879	$ -
105,965	-	-	-	-	-
-	-	-	-	-	1,814,024
-	718,328	-	43,833	130,451	-
105,965	774,097	-	44,787	147,330	1,814,024
9,591	2,748,248	672,072	37,422	(16,042)	(1,814,024)
$ 115,556	$ 3,522,345	$ 672,072	$ 82,209	$ 131,288	$ -

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City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Capital Projects Funds (cont'd)
April 30, 2008

	SSA 44 Tracy Trail Construction	SSA 45 Bryn Mawr Project	SSA 46 Ryland Main Construction
Assets			
Cash and investments	$ 327,563	$ 475,421	$ 26,169
Receivables - property taxes	-	-	-
Total assets	$ 327,563	$ 475,421	$ 26,169
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 25,255	$ -	$ -
Recapture fees payable	-	-	-
Due to other funds	34,058	-	-
Deferred revenue - property taxes	-	-	-
Total liabilities	59,313	-	-
Fund balances (deficits) - unreserved	268,250	475,421	26,169
Total liabilities and fund balances	$ 327,563	$ 475,421	$ 26,169

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Nonmajor Capital Projects Funds
For the Year Ended April 30, 2008

	Total	Special Service Area No. 42	SEECOM
Revenues:			
Property taxes	$ 840,532	$ -	$ -
Investment income (loss)	159,961	-	-
Miscellaneous	233,298	-	-
Total revenues	1,233,791	-	-
Expenditures:			
Current - contractual services	590,049	-	-
Capital outlay:			
Land	1,800,000	-	-
Public works improvements	1,199,596	-	-
Total expenditures	3,589,645	-	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(2,355,854)	-	-
Other financing sources:			
Bonds issued	750,000	-	-
Transfers in	6,413	6,368	45
Total other financing sources	756,413	6,368	45
Net changes in fund balances	(1,599,441)	6,368	45
Fund balances (deficits), beginning of the year	4,037,027	24,111	(45)
Fund balances (deficits), end of the year	$ 2,437,586	$ 30,479	$ -

(cont'd)

See independent auditor's report.

Special Assessment No. 145	T.I.F. Bond Construction	Crystal Heights Utility Extension	Main Street T.I.F. Construction	Virginia Street Corridor T.I.F.	Vulcan Lakes T.I.F. District
$ -	$ 694,590	$ -	$ 29,767	$ 98,782	$ 17,393
-	119,430	-	878	2,748	6
-	-	-	17,651	65,512	-
-	814,020	-	48,296	167,042	17,399
-	318,156	-	10,874	183,084	31,423
-	-	-	-	-	1,800,000
-	73,079	-	-	-	-
-	391,235	-	10,874	183,084	1,831,423
-	422,785	-	37,422	(16,042)	(1,814,024)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	422,785	-	37,422	(16,042)	(1,814,024)
9,591	2,325,463	672,072	-	-	-
$ 9,591	$ 2,748,248	$ 672,072	$ 37,422	$ (16,042)	$ (1,814,024)

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Nonmajor Capital Projects Funds (cont'd)
For the Year Ended April 30, 2008

	SSA 44 Tracy Trail Construction	SSA 45 Bryn Mawr Project	SSA 46 Ryland Main Construction
Revenues:			
Property taxes	$ -	$ -	$ -
Investment income (loss)	1,729	35,174	(4)
Miscellaneous	150,135	-	-
Total revenues	151,864	35,174	(4)
Expenditures:			
Current - contractual services	46,172	-	340
Capital outlay:			
Land	-	-	-
Public works improvements	587,442	539,075	-
Total expenditures	633,614	539,075	340
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(481,750)	(503,901)	(344)
Other financing sources:			
Bonds issued	750,000	-	-
Transfers in	-	-	-
Total other financing sources	750,000	-	-
Net changes in fund balances	268,250	(503,901)	(344)
Fund balances (deficits), beginning of the year	-	979,322	26,513
Fund balances (deficit), end of the year	$ 268,250	$ 475,421	$ 26,169

See independent auditor's report.

City of Crystal Lake, Illinois
TIF Bond Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	$ 645,000	$ **694,590**	$ 49,590
Interest	55,912	**119,430**	63,518
Total revenues	700,912	**814,020**	113,108
Expenditures:			
Current - contractual services	251,000	**318,156**	(67,156)
Capital outlay - public works	2,686,376	**73,079**	2,613,297
Total expenditures	2,937,376	**391,235**	2,546,141
Net change in fund balance	$ (2,236,464)	**422,785**	$ 2,659,249
Fund balance, beginning of the year		**2,325,463**	
Fund balance, end of the year		**$ 2,748,248**	

See independent auditor's report.

City of Crystal Lake, Illinois
Main Street TIF Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	$ 15,000	$ 29,767	$ 14,767
Interest	-	878	878
Miscellaneous	-	17,651	17,651
Total revenues	15,000	48,296	33,296
Expenditures - current - contractual services	700,000	10,874	689,126
Revenues over (under) expenditures before other financing sources	(685,000)	37,422	722,422
Other financing sources - transfers in	670,000	-	(670,000)
Net change in fund balance	$ (15,000)	37,422	$ 52,422
Fund balance, beginning of the year		-	
Fund balance, end of the year		$ 37,422	

See independent auditor's report.

City of Crystal Lake, Illinois
Virginia Street Corridor TIF Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	$ 52,000	$ 98,782	$ 46,782
Interest	-	2,748	2,748
Miscellaneous	-	65,512	65,512
Total revenues	52,000	167,042	115,042
Expenditures - current - contractual services	104,000	183,084	(79,084)
Net change in fund balance	$ (52,000)	(16,042)	$ 35,958
Fund balance, beginning of the year		-	
Fund deficit, end of the year		$ (16,042)	

See independent auditor's report.

City of Crystal Lake, Illinois
Waterworks and Sewerage Fund
Schedule of Revenues - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Charges for services:			
Water sales	$ 3,040,991	**$ 2,908,765**	$ (132,226)
Sewer sales	3,102,437	**2,964,593**	(137,844)
Penalties	145,000	**338,262**	193,262
Water meter fees	70,000	**63,551**	(6,449)
Water tap fees	1,500	**24,642**	23,142
Connection fees	1,443,000	**924,614**	(518,386)
Miscellaneous	45,000	**9,586**	(35,414)
Total operating revenues	7,847,928	**7,234,013**	(613,915)
Nonoperating revenue:			
Gain on sale of capital assets	-	**1,598**	1,598
Investment income	232,035	**222,720**	(9,315)
Rental income	123,675	**164,481**	40,806
Total nonoperating revenues	355,710	**388,799**	33,089
Total revenues	$ 8,203,638	**$ 7,622,812**	$ (580,826)

See independent auditor's report.

City of Crystal Lake, Illinois
Waterworks and Sewerage Fund
Schedule of Operating Expenses, Excluding Depreciation and Nonoperating Expenses - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Operating expenses, excluding depreciation:			
Administration:			
Personal services	$ 424,666	**$ 322,525**	$ 102,141
Contractual services	144,800	**124,728**	20,072
Supplies and materials	45,654	**19,221**	26,433
Total administration	615,120	**466,474**	148,646
Operations:			
Water department:			
Personal services	1,282,969	**1,374,952**	(91,983)
Contractual services	707,464	**694,238**	13,226
Supplies and materials	469,525	**582,514**	(112,989)
Capital outlay	1,014,366	**54,925**	959,441
Total water department	3,474,324	**2,706,629**	767,695
Wastewater treatment department:			
Personal services	933,043	**955,723**	(22,680)
Contractual services	827,054	**797,784**	29,270
Supplies and materials	430,402	**393,847**	36,555
Total wastewater treatment department	2,190,499	**2,147,354**	43,145
Sewer and lifts department:			
Personal services	295,935	**303,426**	(7,491)
Contractual services	112,912	**133,436**	(20,524)
Supplies and materials	69,625	**70,214**	(589)
Capital outlay	45,850	**31,107**	14,743
Total sewer and lifts department	524,322	**538,183**	(13,861)
Total operations	6,189,145	**5,392,166**	796,979
Total operating expenses, excluding depreciation	$ 6,804,265	**$ 5,858,640**	$ 945,625
Nonoperating expenses - interest	$ 550,844	**$ 518,080**	$ 32,764

See independent auditor's report.

City of Crystal Lake, Illinois
Pension Trust Funds
Combining Statement of Plan Net Assets
April 30, 2008

	Police Pension	Firefighters' Pension	Total
Assets			
Cash	$ 8,645	$ 210,053	**$ 218,698**
Investments:			
Illinois Funds Investment Pool	94,245	121,769	**216,014**
Money market accounts	419,825	155,644	**575,469**
U.S. government and agency securities	10,687,300	7,092,608	**17,779,908**
Insurance contracts	-	1,199,293	**1,199,293**
Mutual funds - bonds	1,054,369	-	**1,054,369**
Mutual funds - stocks	8,699,769	3,859,745	**12,559,514**
Interest receivable	115,276	82,837	**198,113**
Total assets	$ 21,079,429	$ 12,721,949	**$ 33,801,378**
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$ 177	$ 3,772	**$ 3,949**
Due to other funds	97	98	**195**
Total liabilities	274	3,870	**4,144**
Net assets - restricted for pension benefits	21,079,155	12,718,079	**33,797,234**
Total liabilities and net assets	$ 21,079,429	$ 12,721,949	**$ 33,801,378**

See independent auditor's report.

City of Crystal Lake, Illinois
Pension Trust Funds
Combining Statement of Changes in Plan Net Assets
For the Year Ended April 30, 2008

	Police Pension	Firefighters' Pension	Total
Additions:			
Contributions:			
Employer	$ 1,111,640	$ 817,496	**$ 1,929,136**
Members	404,840	337,701	**742,541**
	1,516,480	1,155,197	**2,671,677**
Investment income:			
Net appreciation (depreciation) in fair value of investments	(507,797)	20,035	**(487,762)**
Interest income	1,026,721	773,242	**1,799,963**
Less investment expenses	(83,498)	(42,693)	**(126,191)**
	435,426	750,584	**1,186,010**
Total additions	1,951,906	1,905,781	**3,857,687**
Deductions:			
Pension benefits and refunds	1,230,880	367,870	**1,598,750**
Administrative expenses	8,617	6,398	**15,015**
Total deductions	1,239,497	374,268	**1,613,765**
Change in net assets	712,409	1,531,513	**2,243,922**
Total net assets, beginning of the year	20,366,746	11,186,566	**31,553,312**
Total net assets, end of the year	$ 21,079,155	$ 12,718,079	**$ 33,797,234**

See independent auditor's report.

City of Crystal Lake, Illinois
Police Pension Fund
Schedule of Changes in Plan Net Assets - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Additions:			
Contributions:			
Employer	$ 1,112,411	$ 1,111,640	$ (771)
Members	416,000	404,840	(11,160)
	1,528,411	1,516,480	(11,931)
Investment income:			
Net appreciation in fair value of investments	-	(507,797)	(507,797)
Interest income	962,308	1,026,721	64,413
Less investment expenses	(82,000)	(83,498)	(1,498)
	880,308	435,426	(444,882)
Total additions	2,408,719	1,951,906	(456,813)
Deductions:			
Pension benefits and refunds	972,024	1,230,880	(258,856)
Administrative expenses	10,350	8,617	1,733
Total deductions	982,374	1,239,497	(257,123)
Change in net assets	$ 1,426,345	712,409	$ (713,936)
Total net assets, beginning of the year		20,366,746	
Total net assets, end of the year		$ 21,079,155	

See independent auditor's report.

City of Crystal Lake, Illinois
Firefighters' Pension Fund
Schedule of Changes in Plan
Net Assets - Budget and Actual
For the Year Ended April 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Additions:			
Contributions:			
Employer	$ 817,949	$ 817,496	$ (453)
Members	331,500	337,701	6,201
	1,149,449	1,155,197	5,748
Investment income:			
Net appreciation (depreciation) in fair value of investments	-	20,035	20,035
Interest income	538,749	773,242	234,493
Less investment expenses	(34,000)	(42,693)	(8,693)
	504,749	750,584	245,835
Total additions	1,654,198	1,905,781	251,583
Deductions:			
Pension benefits and refunds	306,636	367,870	(61,234)
Administrative expenses	5,000	6,398	(1,398)
Total deductions	311,636	374,268	(62,632)
Change in net assets	$ 1,342,562	1,531,513	$ 188,951
Total net assets, beginning of the year		11,186,566	
Total net assets, end of the year		$ 12,718,079	

See independent auditor's report.

City of Crystal Lake, Illinois
Agency Fund - Special Assessment Fund
Combining Statement of Changes in Assets and Liabilities
For the Year Ended April 30, 2008

	Balance May 1, 2007	Additions	Deductions	**Balance April 30, 2008**
Assets				
Cash	$ 102,030	$ 26,537	$ -	**$ 128,567**
Other receivables	626	-	(5)	**621**
	$ 102,656	$ 26,537	$ (5)	**$ 129,188**
Liabilities				
Recapture fees payable	$ (110,397)	$ 26,532	$ -	**$ (83,865)**
Due to other funds	213,053	-	-	**213,053**
	$ 102,656	$ 26,532	$ -	**$ 129,188**

See independent auditor's report.

City of Crystal Lake, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule of General Fixed Assets - By Source
April 30, 2008

Assets	
Governmental funds capital assets:	
Land	$ 102,443,500
Construction in progress	1,309,579
Buildings and improvements	24,309,702
Machinery, equipment and vehicles	9,905,383
Infrastructure	40,422,909
Total governmental funds capital assets	$ 178,391,073

Investment in Governmental Funds Capital Assets By Source	
General Fund	$ 132,731,364
Special Revenue Funds	8,804,045
Developer Contributions	36,855,664
Total governmental funds capital assets	$ 178,391,073

See independent auditor's report.

City of Crystal Lake, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
April 30, 2008

	Land	Construction in Progress	Buildings and Improvements
General government	$ 102,412,500	$ 470,929	$ 10,382,183
Public safety	-	229,151	13,538,645
Highways and streets	31,000	609,499	388,874
	$ 102,443,500	$ 1,309,579	$ 24,309,702

See independent auditor's report.

Machinery, Equipment and Vehicles	Infrastructure	Total
$ 791,470	$ 747,977	**$ 114,805,059**
5,091,621	-	**18,859,417**
4,022,292	39,674,932	**44,726,597**
$ 9,905,383	$ 40,422,909	**$ 178,391,073**

City of Crystal Lake, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
April 30, 2008

	Balance May 1, 2007	Additions	Deletions and Transfers
General government	$ 112,893,420	$ 1,972,836	$ 61,197
Public safety	18,438,816	673,327	252,726
Highways and streets	43,348,824	1,520,464	142,691
	$ 174,681,060	$ 4,166,627	$ 456,614

See independent auditor's report.

Balance April 30, 2008
$ 114,805,059
18,859,417
44,726,597
$ 178,391,073

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Statement of Net Assets and Governmental Funds Balance Sheet
April 30, 2008

	Governmental Funds		
	General Operating	Gift and Memorial	Ames
Assets			
Current:			
Cash and investments	$ 1,955,222	$ 60,718	$ 452,347
Property tax receivable	3,760,533	-	-
Due from other funds	1,589	129	-
Due from City	-	-	-
Capital assets, net of accumulated depreciation	-	-	-
Total assets	$ 5,717,344	$ 60,847	$ 452,347
Liabilities			
Current:			
Accounts payable	$ 63,345	$ -	$ -
Accrued payroll	58,000	-	-
Unearned property tax revenue	3,760,533	-	-
Due to other funds	872	-	1,279
Notes payable	-	-	-
Compensated absences	-	-	-
Total current liabilities	3,882,750	-	1,279
Noncurrent:			
Notes payable	-	-	-
Compensated absences payable	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	3,882,750	-	1,279
Fund balance/net assets:			
Reserved for - working cash	-	-	-
Unreserved	1,834,594	60,847	451,068
Invested in capital assets, net of related debt	-	-	-
Restricted for working cash	-	-	-
Unrestricted	-	-	-
Total fund balance/net assets	1,834,594	60,847	451,068
Total liabilities and fund balance/net assets	$ 5,717,344	$ 60,847	$ 452,347

See independent auditor's report.

Nonmajor Funds	Total	Adjustments	Statement of Net Assets
$ 162,012	$ 2,630,299	$ -	$ 2,630,299
-	3,760,533	-	3,760,533
-	1,718	(1,718)	-
912	912	(677)	235
-	-	6,664,006	6,664,006
$ 162,924	$ 6,393,462	$ 6,661,611	$ 13,055,073
$ -	$ 63,345	$ -	$ 63,345
-	58,000	-	58,000
-	3,760,533	-	3,760,533
244	2,395	(2,395)	-
-	-	125,000	125,000
-	-	66,672	66,672
244	3,884,273	189,277	4,073,550
-	-	500,000	500,000
-	-	473,051	473,051
-	-	973,051	973,051
244	3,884,273	1,162,328	5,046,601
52,189	52,189	(52,189)	-
110,491	2,457,000	(2,457,000)	-
-	-	6,039,006	6,039,006
-	-	52,189	52,189
-	-	1,917,277	1,917,277
162,680	2,509,189	5,499,283	8,008,472
$ 162,924	$ 6,393,462	$ 6,661,611	$ 13,055,073

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City of Crystal Lake, Illinois
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Assets
Discretely Presented Component Unit - Crystal Lake Public Library
April 30, 2008

Total fund balance - governmental funds	$ 2,509,189
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,664,006
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:	
Notes payable	(625,000)
Compensated absences payable	(539,723)
Net assets of governmental activities	$ 8,008,472

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds
For the Year Ended April 30, 2008

	Governmental Funds		
	General Operating	Gift and Memorial	Ames
Expenditures/expenses- culture and recreation	$ 3,757,992	$ 79,217	$ 1,566
Program revenues:			
Fines and fees	146,314	-	-
Intergovernmental	50,171	-	-
Total program revenues	196,485	-	-
Net program expenditures/expenses	(3,561,507)	(79,217)	(1,566)
General revenues:			
Property taxes	3,552,304	-	-
Investment income	124,305	2,471	14,092
Capital facilities	-	-	-
Miscellaneous	40,002	35,877	-
Total general revenues	3,716,611	38,348	14,092
Other financing sources (uses):			
Promissory note issued	-	-	-
Transfers in	2,774	-	60,657
Transfers out	(60,657)	-	-
Total other financing sources (uses)	(57,883)	-	60,657
Net changes in fund balances	97,221	(40,869)	73,183
Fund balances, beginning of the year	1,737,373	101,716	377,885
Fund balances, end of the year	$ 1,834,594	$ 60,847	$ 451,068

See independent auditor's report.

Nonmajor Funds	Total	Adjustments	Statement of Activities
$ 26,168	$ 3,864,943	$ (441,767)	$ 3,423,176
-	146,314	-	146,314
-	50,171	-	50,171
-	196,485	-	196,485
(26,168)	(3,668,458)	441,767	(3,226,691)
-	3,552,304	-	3,552,304
7,049	147,917	-	147,917
12,162	12,162	-	12,162
-	75,879	-	75,879
19,211	3,788,262	-	3,788,262
-	-	-	-
-	63,431	-	63,431
(2,774)	(63,431)	-	(63,431)
(2,774)	-	-	-
(9,731)	119,804	441,767	561,571
172,411	2,389,385	5,057,516	7,446,901
$ 162,680	$ 2,509,189	$ 5,499,283	$ 8,008,472

City of Crystal Lake, Illinois
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Component Unit - Crystal Lake Public Library
For the Year Ended April 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ 119,804
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions ($290,965) exceeds depreciation ($188,536) in the current period.	102,429
The repayment of principal of long-term debt is reported as an expenditure in governmental funds but as a reduction of the liability outstanding in the statement of activities.	375,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:	
Increase in compensated absences payable	(35,662)
Change in net assets of governmental activities	$ 561,571

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Combining Balance Sheet - Nonmajor Governmental Funds
April 30, 2008

	Total	Capital Project Fund Public Library Repair and Construction	Permanent Fund Working Cash
Assets			
Cash and investments	**$ 162,012**	$ 109,823	$ 52,189
Due from other funds	**912**	912	-
	$ 162,924	$ 110,735	$ 52,189
Liabilities and Fund Balances			
Liabilities - due to other funds	**$ 244**	$ 244	$ -
Fund balances:			
Reserved for working cash	**52,189**	-	52,189
Unreserved	**110,491**	110,491	-
Total fund balances	**162,680**	110,491	52,189
Total liabilities and fund balances	**$ 162,924**	$ 110,735	$ 52,189

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended April 30, 2008

	Total	Capital Project Fund Public Library Repair and Construction	Permanent Fund Working Cash
Revenues:			
Interest	$ 7,049	$ 4,860	$ 2,189
Capital facilities	12,162	12,162	-
Total revenues	19,211	17,022	2,189
Expenditures - current - culture and recreation	26,168	26,168	-
Excess (deficiency) of revenues over (under) expenditures before other financing uses	(6,957)	(9,146)	2,189
Other financing uses - transfers out	(2,774)	-	(2,774)
Net changes in fund balances	(9,731)	(9,146)	(585)
Fund balances, beginning of the year	172,411	119,637	52,774
Fund balances, end of the year	$ 162,680	$ 110,491	$ 52,189

See independent auditor's report.

City of Crystal Lake
Crystal Lake Public Library Component Unit - General Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	$ 4,028,607	$ 4,028,607	**$ 3,552,304**	$ (476,303)
Other taxes	500	500	-	(500)
Intergovernmental	118,000	118,000	**50,171**	(67,829)
Fines and forfeitures	185,000	185,000	**146,314**	(38,686)
Interest	100,000	100,000	**124,305**	24,305
Miscellaneous	2,100	2,100	**40,002**	37,902
Total revenues	4,434,207	4,434,207	**3,913,096**	(521,111)
Expenditures:				
Culture and recreation:				
Personal services	2,585,000	2,585,000	**2,099,632**	485,368
Contractual services	1,495,707	1,495,707	**428,883**	1,066,824
Supplies and materials	113,500	113,500	**541,850**	(428,350)
Debt service:				
Principal	-	-	**375,000**	(375,000)
Interest	-	-	**42,139**	(42,139)
Capital outlay:				
Building	-	-	**239,865**	(239,865)
Operating equipment	-	-	**30,623**	(30,623)
Departmental equipment	2,794,000	2,794,000	-	2,794,000
Total expenditures	6,988,207	6,988,207	**3,757,992**	3,230,215
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(2,554,000)	(2,554,000)	**155,104**	2,709,104

(cont'd)

City of Crystal Lake
Crystal Lake Public Library Component Unit - General Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Other financing sources (uses):				
Promissory note issued	$ 500,000	$ 500,000	$ -	$ (500,000)
Transfers in	4,000	4,000	2,774	(1,226)
Transfers out	-	-	(60,657)	(60,657)
Total other financing sources (uses)	504,000	504,000	(57,883)	(561,883)
Net change in fund balance	$ (2,050,000)	$ (2,050,000)	97,221	$ 2,147,221
Fund balance, beginning of the year			1,737,373	
Fund balance, end of the year			$ 1,834,594	

See independent auditor's report.

City of Crystal Lake
Crystal Lake Public Library Component Unit - Gift and Memorial Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Interest	$ -	$ -	**$ 2,471**	$ 2,471
Miscellaneous	150,000	150,000	**35,877**	(114,123)
Total revenues	150,000	150,000	**38,348**	(111,652)
Expenditures:				
Culture and recreation:				
Contractual services	93,000	93,000	**896**	92,104
Supplies and materials	6,000	6,000	**16,966**	(10,966)
Capital outlay - departmental equipment	117,300	102,500	**61,355**	41,145
Total expenditures	216,300	201,500	**79,217**	122,283
Net change in fund balance	$ (66,300)	$ (51,500)	**(40,869)**	$ 10,631
Fund balance, beginning of the year			**101,716**	
Fund balance, end of the year			**$ 60,847**	

See independent auditor's report.

City of Crystal Lake
Crystal Lake Public Library Component Unit - Ames Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest	$ -	$ -	**$ 14,092**	$ 14,092
Expenditures:				
Culture and recreation - contractual services	15,200	15,200	**1,566**	13,634
Capital outlay	14,800	14,800	**-**	14,800
Total expenditures	30,000	30,000	**1,566**	28,434
Revenues over expenditures before other financing uses	(30,000)	(30,000)	**12,526**	42,526
Other financing uses - transfers in	-	-	**60,657**	60,657
Net change in fund balance	$ (30,000)	$ (30,000)	**73,183**	$ 103,183
Fund balance, beginning of the year			**377,885**	
Fund balance, end of the year			**$ 451,068**	

See independent auditor's report.

City of Crystal Lake
Crystal Lake Public Library Component Unit - Public Library
Repair and Construction Fund (Capital Project Fund)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Interest	$ -	$ -	**$ 4,860**	$ 4,860
Capital facilities	30,000	30,000	**12,162**	(17,838)
Rental income	18,000	18,000	**-**	(18,000)
Total revenues	48,000	48,000	**17,022**	(30,978)
Expenditures - culture and recreation - contractual services	148,000	148,000	**26,168**	121,832
Net change in fund balance	$ (100,000)	$ (100,000)	**(9,146)**	$ 90,854
Fund balance, beginning of the year			**119,637**	
Fund balance, end of the year			**$ 110,491**	

See independent auditor's report.

City of Crystal Lake
Crystal Lake Public Library Component Unit - Working Cash Fund
(Permanent Fund)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest	$ -	$ 2,000	**$ 2,189**	$ 189
Other financing uses - transfers out	(4,000)	(4,000)	**(2,774)**	1,226
Net change in fund balance	$ (4,000)	$ (2,000)	**(585)**	$ 1,415
Fund balance, beginning of the year			**52,774**	
Fund balance, end of the year			**$ 52,189**	

See independent auditor's report.

STATISTICAL SECTION

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This part of the City of Crystal Lake's comprehensive annual 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.

Contents **Page**

Financial Trends 134 – 145

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.

Revenue Capacity 146 - 152

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 153 – 156

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.

Demographic and Economic Information 157 – 158

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place, and to help make comparisons over time and with other governments.

Operating Information 159 - 164

These schedules contain information about the City's operations and resources, to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

City of Crystal Lake, Illinois
Net Assets By Component
Last Five Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year	
	2008	2007
Governmental activities:		
Invested in capital assets, net of related debt	**$ 139,028,556**	$ 136,717,137
Restricted	**806,392**	1,262,516
Unrestricted	**36,364,037**	35,403,503
Total governmental activities	**$ 176,198,985**	$ 173,383,156
Business-type activities:		
Invested in capital assets, net of related debt	**$ 52,187,382**	$ 52,830,550
Unrestricted	**5,178,987**	5,185,544
Total business-type activities	**$ 57,366,369**	$ 58,016,094
Primary government:		
Invested in capital assets, net of related debt	**$ 191,215,938**	$ 189,547,687
Restricted	**806,392**	1,262,516
Unrestricted	**41,543,024**	40,589,047
Total primary government	**$ 233,565,354**	$ 231,399,250

Source: Audited financial statements.

The City implemented GASB Statement 34 in the fiscal year ended April 30, 2004.

See independent auditor's report.

Ended April 30, 2006	2005	2004
$ 143,207,897	$ 140,891,791	$ 141,765,596
11,179,914	9,971,068	11,373,072
20,671,704	19,817,257	17,387,044
$ 175,059,515	$ 170,680,116	$ 170,525,712
$ 46,823,209	$ 46,395,885	$ 50,675,313
5,221,328	6,655,756	3,756,297
$ 52,044,537	$ 53,051,641	$ 54,431,610
$ 190,031,106	$ 187,287,676	$ 192,440,909
11,179,914	9,971,068	11,373,072
25,893,032	26,473,013	21,143,341
$ 227,104,052	$ 223,731,757	$ 224,957,322

City of Crystal Lake, Illinois
Change in Net Assets,
Last Five Fiscal Years
(Accrual Basis of Accounting)

	2008	Fiscal Year 2007
Expenses:		
Governmental activities:		
General and administrative	$ 8,124,338	$ 7,410,758
Public safety	17,132,484	17,180,813
Highways and streets	7,250,516	6,100,201
Culture and recreation	299,181	251,717
Interest on long-term debt	741,136	646,250
Total governmental activities expenses	33,547,655	31,589,739
Business-type activities - waterworks and sewerage	8,905,333	8,605,569
Total business-type activities expenses	8,905,333	8,605,569
Total expenses	$ 42,452,988	$ 40,195,308
Program revenues:		
Governmental activities:		
Charges for services:		
General and administrative	$ 1,344,296	$ 1,418,677
Public safety	2,565,009	2,966,666
Highways and streets	220,544	220,926
Operating grants and contributions:		
Highways and streets	1,150,479	1,213,479
Other activities	169,777	211,743
Total governmental activities program revenues	5,450,105	6,031,491
Business-type activities:		
Charges for services - waterworks and sewerage	7,388,909	7,718,993
Capital grants and contributions	-	-
Total business-type activities program revenues	7,388,909	7,718,993
Total program revenues	$ 12,839,014	$ 13,750,484

(cont'd)

Ended April 30, 2006	2005	2004
$ 6,840,977	$ 7,949,231	$ 5,362,775
14,010,932	13,592,326	11,644,238
6,641,246	6,833,764	5,777,522
258,943	232,296	193,990
560,334	540,505	523,231
28,312,432	29,148,122	23,501,756
7,812,546	7,774,757	6,827,295
7,812,546	7,774,757	6,827,295
$ 36,124,978	$ 36,922,879	$ 30,329,051
$ 1,767,822	$ 1,129,894	$ 809,658
2,606,313	2,614,586	2,337,109
851,872	465,495	515,358
1,170,289	1,183,739	1,331,828
41,468	148,564	162,363
6,437,764	5,542,278	5,156,316
6,611,350	5,720,245	5,560,988
-	467,038	-
6,611,350	6,187,283	5,560,988
$ 13,049,114	$ 11,729,561	$ 10,717,304

City of Crystal Lake, Illinois
Change in Net Assets (cont'd)
Last Five Fiscal Years
(Accrual Basis of Accounting)

	2008	Fiscal Year 2007
Net (expense) revenue:		
Governmental activities	$ (28,097,550)	$ (25,558,248)
Business-type activities	(1,516,424)	(886,576)
Total net (expense) revenue	**$ (29,613,974)**	$ (26,444,824)
General revenues and other changes in net assets:		
Governmental activities:		
Taxes:		
Property	10,364,823	9,187,482
Replacement	171,107	162,583
State sales	11,471,956	11,680,593
Auto rental	26,807	26,677
Income	3,748,680	3,431,732
Franchise fees - cable	433,134	403,659
Telecommunications	2,022,417	1,911,745
Hotel	241,208	157,955
Interest	1,794,262	1,902,500
Miscellaneous	1,271,781	1,633,322
Transfers	(632,796)	(6,616,359)
Total governmental activities	30,913,379	23,881,889
Business-type activities:		
Investment earnings	222,720	215,259
Miscellaneous	11,183	26,515
Transfers	632,796	6,616,359
Total business-type activities	866,699	6,858,133
Total	$ 31,780,078	$ 30,740,022
Change in net assets:		
Governmental activities	$ 2,815,829	$ (1,676,359)
Business-type activities	(649,725)	5,971,557
Total change in net assets	$ 2,166,104	$ 4,295,198

Source: Audited financial statements.
The City implemented GASB Statement 34 in the fiscal year ended April 30, 2004.

See independent auditor's report.

Ended April 30, 2006	2005	2004
$ (21,874,668)	$ (23,605,844)	$ (18,345,440)
(1,201,196)	(1,587,474)	(1,266,307)
$ (23,075,864)	$ (25,193,318)	$ (19,611,747)
7,875,234	6,485,545	5,827,463
146,870	104,106	95,384
11,296,923	10,989,717	11,017,810
26,619	28,203	29,971
2,806,403	2,888,037	2,292,329
364,175	346,628	661,232
2,097,640	1,925,304	-
152,288	141,625	142,765
1,375,656	520,949	382,345
112,259	330,134	653,642
-	-	-
26,254,067	23,760,248	21,102,941
194,092	83,887	33,114
-	123,618	-
-	-	-
194,092	207,505	33,114
$ 26,448,159	$ 23,967,753	$ 21,136,055
$ 4,379,399	$ 154,404	$ 2,757,501
(1,007,104)	(1,379,969)	(1,233,193)
$ 3,372,295	$ (1,225,565)	$ 1,524,308

City of Crystal Lake, Illinois
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2008	2007	2006	2005
General Fund:				
Reserved	**$ 677,431**	$ 611,212	$ 340,272	$ 525,307
Unreserved	**21,744,305**	19,788,129	17,260,266	15,419,241
Total General Fund	**$ 22,421,736**	$ 20,399,341	$ 17,600,538	$ 15,944,548
All other governmental funds:				
Reserved:				
Debt service	**$ 806,392**	$ 1,262,516	$ 2,695,631	$ 2,226,871
Other	**434,922**	398,899	213,839	-
Unreserved, reported in:				
Special Revenue Funds	**16,396,284**	15,231,274	12,924,791	12,082,978
Capital Project Funds	**2,437,541**	4,037,027	951,259	2,224,513
Total all other governmental funds	**$ 20,075,139**	$ 20,929,716	$ 16,785,520	$ 16,534,362

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2004	2003	2002	2001	2000	1999
$ 2,517,619	$ 10,277,714	$ 10,220,000	$ 8,420,000	$ 6,530,000	$ 8,060,000
12,701,026	11,592,553	12,851,531	12,314,598	11,144,605	6,315,976
$ 15,218,645	$ 21,870,267	$ 23,071,531	$ 20,734,598	$ 17,674,605	$ 14,375,976
$ 2,092,935	$ 4,131,105	$ 3,856,774	$ 3,630,075	$ 3,307,519	$ 3,301,957
1,977,500	700,000	1,040,000	927,500	781,500	-
11,778,954	9,897,314	8,719,679	7,665,413	6,796,903	6,904,416
22,852	(86,804)	3,206,714	4,679,309	4,919,947	5,215,718
$ 15,872,241	$ 14,641,615	$ 16,823,167	$ 16,902,297	$ 15,805,869	$ 15,422,091

City of Crystal Lake, Illinois
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2008	2007	2006	2005
Revenues:				
Charges for services	**$ 3,160,600**	$ 4,288,313	$ 2,916,576	$ 2,383,571
Licenses and permits	**860,051**	1,210,611	632,204	549,297
Intergovernmental	**1,263,765**	1,652,364	1,211,757	1,146,559
Fines and forfeitures	**501,930**	663,780	432,197	677,795
Property taxes	**10,364,823**	7,709,144	7,875,234	6,485,545
Other taxes	**18,171,800**	17,754,485	16,890,918	16,423,621
Interest	**1,794,262**	1,902,500	1,204,294	520,949
Miscellaneous	**971,674**	1,289,021	1,357,289	1,171,489
Total revenues	**37,088,905**	36,470,218	32,520,469	29,358,826
Expenditures:				
Current:				
General government	**7,356,181**	6,696,934	6,826,624	6,003,834
Public safety	**16,060,090**	15,186,465	14,032,258	12,161,148
Highways and streets	**5,390,757**	5,035,142	4,335,035	4,203,136
Culture and recreation	**299,181**	251,717	258,943	232,296
Capital outlay	**5,991,202**	9,192,871	3,938,417	6,831,460
Debt service:				
Principal	**830,000**	1,040,000	805,000	2,700,000
Interest and fees	**743,676**	559,090	417,044	493,547
Total expenditures	**36,671,087**	37,962,219	30,613,321	32,625,421
Revenues over (under) expenditures before other financing sources (uses)	**417,818**	(1,492,001)	1,907,148	(3,266,595)
Other financing sources (uses):				
Transfers in	**234,945**	3,856,920	430,906	2,382,798
Transfers out	**(234,945)**	(3,856,920)	(430,906)	(2,382,798)
General obligation bonds	**-**	-	-	4,654,619
SSA bonds issued	**750,000**	8,435,000	-	-
Total other financing sources (uses)	**750,000**	8,435,000	-	4,654,619
Net changes in fund balances	**$ 1,167,818**	$ 6,942,999	$ 1,907,148	$ 1,388,024
Debt service as a percentage of noncapital expenditures	**4.84%**	4.51%	4.49%	9.79%

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30, 2004	2003	2002	2001	2000	1999
$ 2,312,564	$ -	$ -	$ -	$ -	$ -
585,454	740,384	693,846	583,363	664,921	604,766
1,494,191	2,296,335	2,781,023	2,411,210	2,070,738	2,093,458
764,107	2,329,572	2,030,966	2,100,889	2,137,103	1,850,965
5,827,463	5,254,389	5,247,633	4,675,773	4,537,860	4,694,020
14,239,491	13,349,530	13,056,092	12,713,937	12,288,232	10,615,158
382,345	876,418	1,466,420	2,191,631	1,403,766	1,330,868
713,058	721,433	739,945	822,920	884,190	663,907
26,318,673	25,568,061	26,015,925	25,499,723	23,986,810	21,853,142
5,001,352	5,314,595	4,881,700	4,398,890	3,950,772	3,950,609
11,145,716	10,000,453	9,290,460	8,528,566	7,827,997	7,125,126
4,254,149	3,565,612	3,390,587	3,506,561	2,999,199	2,734,902
193,990	-	-	-	-	-
9,770,958	8,294,127	4,371,243	2,940,645	3,561,731	2,811,828
1,055,000	1,125,000	1,105,000	1,170,000	1,080,000	844,000
562,453	651,090	719,132	798,640	884,704	682,518
31,983,618	28,950,877	23,758,122	21,343,302	20,304,403	18,148,983
(5,664,945)	(3,382,816)	2,257,803	4,156,421	3,682,407	3,704,159
8,471,360	3,177,495	38,921	49,489	10,605	-
(8,471,360)	(3,177,495)	(38,921)	(49,489)	(10,605)	-
-	-	-	-	-	5,900,000
-	-	-	-	-	-
-	-	-	-	-	5,900,000
$ (5,664,945)	$ (3,382,816)	$ 2,257,803	$ 4,156,421	$ 3,682,407	$ 9,604,159
5.06%	6.13%	7.68%	9.22%	9.68%	8.41%

City of Crystal Lake, Illinois
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2008	2007	2006	2005
Property tax	**$ 9,101,110**	$ 7,709,144	$ 7,875,234	$ 6,485,545
Replacement tax	**171,107**	142,124	146,870	104,107
State sales tax	**10,915,086**	11,168,510	11,296,923	10,989,717
Auto rental tax	**26,807**	26,677	26,619	28,203
Income	**3,748,680**	3,431,732	2,806,403	2,888,037
Franchise fees - cable	**433,134**	403,659	364,175	346,628
Telecommunications	**2,022,417**	1,911,745	2,097,640	1,925,304
Hotel	**241,208**	157,955	152,288	141,625
Local use	**556,870**	512,083	-	-
	$ 27,216,419	$ 25,463,629	$ 24,766,152	$22,909,166

See independent auditor's report.

Fiscal Year Ended April 30,					
2004	2003	2002	2001	2000	1999
$ 5,827,463	$ 5,254,389	$ 5,247,633	$ 4,675,773	$ 4,537,860	$ 4,694,020
95,384	104,047	68,809	86,223	90,611	89,342
11,017,810	10,680,299	10,356,373	9,875,681	9,630,876	8,085,390
29,971	24,068	26,866	29,133	23,343	21,051
2,292,329	2,471,800	2,604,044	2,722,900	2,543,402	2,419,375
661,232	-	-	-	-	-
-	-	-	-	-	-
142,765	69,316	-	-	-	-
-	-	-	-	-	-
$20,066,954	$ 18,603,919	$ 18,303,725	$17,389,710	$ 16,826,092	$ 15,309,178

City of Crystal Lake, Illinois
Assessed Value and Actual Value of Taxable Property
Last Ten Levy Years

Levy Year	Farm Property	Residential Property	Commercial Property	Industrial Property	Mineral Property
1998	$ 581,262	$ 503,761,043	$ 147,260,307	$ 40,004,592	$ 223,244
1999	603,327	523,672,422	180,024,071	41,045,633	150,767
2000	852,010	552,017,420	195,324,625	49,068,381	133,168
2001	954,894	592,824,200	206,610,201	52,456,150	138,095
2002	969,882	650,506,995	222,449,942	56,792,526	146,022
2003	1,271,412	718,258,807	235,377,010	62,570,088	156,244
2004	1,285,944	774,447,288	251,783,539	66,396,250	167,884
2005	1,262,723	860,469,362	266,195,135	71,554,658	684,018
2006	1,273,866	924,013,250	292,876,714	74,250,686	537,447
2007	**1,301,267**	**998,313,489**	**303,911,661**	**78,105,425**	**553,367**

Source: McHenry County Clerk.

Note: Property in the City is assessed using a multiplier of 33.3%, therefore the estimated actual taxable values are equal to assessed values times 3. Tax rates are per $100 of assessed value.

See independent auditor's report.

Rail Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Percentage of Assessed Value
$ 354,576	$ 692,185,024	$ 0.4413	$ 2,076,555,072	33.33%
345,369	745,841,589	0.4327	2,237,524,767	33.33%
357,830	797,753,434	0.4338	2,393,260,302	33.33%
371,714	853,355,254	0.4396	2,560,065,762	33.33%
435,480	931,300,847	0.4609	2,793,902,541	33.33%
467,883	1,018,101,444	0.5180	3,054,304,332	33.33%
522,927	1,094,603,832	0.6049	3,283,811,496	33.33%
493,168	1,200,659,064	0.6499	3,601,977,192	33.33%
509,716	1,293,461,679	0.6962	3,880,385,037	33.33%
779,271	**1,382,964,480**	**0.7056**	**4,148,893,440**	**33.33%**

City of Crystal Lake, Illinois
Property Tax Rates - Direct and Overlapping Governments
Last Ten Levy Years

	2007	2006	2005	2004	2003
Operating:					
City of Crystal Lake	**$ 0.7056**	$ 0.6962	$ 0.6499	$ 0.6049	$ 0.5180
Crystal Lake Public Library	**0.2773**	0.2773	0.2773	0.2773	0.2773
McHenry County	**0.6871**	0.7060	0.7278	0.7346	0.7040
District 47	**2.5283**	2.8974	2.6392	2.7506	2.8467
District 155	**1.6992**	2.1707	1.7781	1.8490	1.9115
Debt Service:					
McHenry County	**-**	-	-	-	0.0113
District 47	**0.1313**	0.1330	0.1355	0.1421	0.1466
District 155	**0.1221**	0.1230	0.1242	0.1290	0.1318
Other	**-**	1.2152	0.9678	1.0095	1.1712
Total Tax Rate:					
City of Crystal Lake	**0.7056**	0.6962	0.6499	0.6049	0.5180
Crystal Lake Public Library	**0.2773**	0.2773	0.2773	0.2773	0.2773
McHenry County	**0.6871**	0.7060	0.7278	0.7346	0.7153
District 47	**2.6596**	3.0304	2.7747	2.8927	2.9933
District 155	**1.8213**	2.2937	1.9023	1.9780	2.0433
Other	**-**	0.9379	0.9678	1.0095	1.1712
Other:					
College District	**0.2634**	0.2741	0.2922	0.3033	N/A
McHenry County Conservation	**0.1738**	0.1425	0.1490	0.1580	N/A
Crystal Lake Park District	**0.3431**	0.3536	0.3562	0.3714	N/A
Township (Algonquin)	**0.0510**	0.0523	0.0531	0.0551	N/A
Road and Bridge (Algonquin)	**0.1124**	0.1154	0.1173	0.1217	N/A

Source: McHenry County Clerk.

See independent auditor's report.

2002	2001	2000	1999	1998
$ 0.4609	$ 0.4396	$ 0.4338	$ 0.4327	$ 0.4413
0.2773	0.2795	0.2798	0.2826	0.2861
0.6240	0.5601	0.5610	0.5593	0.5587
2.9721	3.0897	3.0919	3.1083	2.7279
1.9997	2.0798	2.0837	2.0825	2.0743
0.0485	0.0779	0.0830	0.0889	0.0944
0.1543	0.1596	0.1636	0.1369	0.2197
0.0898	0.0935	0.0947	0.0957	0.0953
1.1984	1.2424	1.2069	1.2218	1.2126
0.4609	0.4396	0.4338	0.4327	0.4413
0.2773	0.2795	0.2798	0.2826	0.2861
0.6725	0.6380	0.6440	0.6482	0.6531
3.1264	3.2493	3.2555	3.2452	2.9476
2.0895	2.1733	2.1784	2.1782	2.1696
1.1984	1.2424	1.2069	1.2218	1.2126
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

City of Crystal Lake, Illinois
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Type of Business
Bradley Oper. Ltd. Partnership	Shopping
Crystal Point LLC	Shopping
Skyridge Partners II LLC	Residential Housing
Cobalt Industrial	Industrial
Sunrise Residential Housing	Residential Housing
Tyco Healthcare Group	Manufacturing
Inland Ryan LLC	Shopping
Darlington Court Apartments	Residential Housing
Inland Showplace LLC	Theater/shopping
Rose SPE 1 LP	Shopping
The Fountains	Residential Housing
Crystal Lake Commons	Shopping
Sage Products, Inc.	Medical Products
Holiday Inn	Hotel
Home Depot	Shopping
Knaack Manufacturing	Tool Boxes
Crystal Lake Plaza	Shopping
Crystal Court	Shopping

Source: McHenry County Treasurer.

Notes: 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.

See independent auditor's report.

2007			1998		
Taxable Assessed Value	**Rank**	**Percent of Total District Taxable Assessed Value**	Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value
$ 10,220,486	**1**	**0.26%**	$ -	-	-
10,081,660	**2**	**0.24%**	4,054,114	4	0.59%
9,595,828	**3**	**0.23%**			
6,730,624	**4**	**0.16%**			
6,416,847	**5**	**0.15%**	-	-	-
5,951,217	**6**	**0.14%**	-	-	-
5,812,783	**7**	**0.14%**	-	-	-
4,754,776	**8**	**0.11%**	-	-	-
4,749,683	**9**	**0.11%**	2,666,400	9	0.39%
4,331,431	**10**	**0.10%**	-	-	-
-		-	6,098,497	1	0.88%
-		-	5,674,286	2	0.82%
-		-	4,204,126	3	0.61%
-		-	3,521,361	5	0.51%
-		-	3,477,740	6	0.50%
-		-	2,911,820	7	0.42%
-		-	2,859,068	8	0.41%
-		-	2,383,210	10	0.34%
$ 68,645,335		**1.64%**	$ 37,850,622		5.47%

City of Crystal Lake, Illinois
Property Tax Extensions and Collections
Last Ten Fiscal Years

Fiscal Year Ended April 30,	Taxes Extended for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Extension		Amount	Percentage of Extension
1999	$ 2,986,573	$ 2,965,095	99.28 %	$ -	$ 2,965,095	99.28 %
2000	3,024,185	2,895,375	95.74	-	2,895,375	95.74
2001	3,196,659	2,895,821	90.59	-	2,895,821	90.59
2002	3,430,267	3,426,325	99.89	-	3,426,325	99.89
2003	3,732,587	3,696,263	99.03	-	3,696,263	99.03
2004	4,274,118	4,269,999	99.90	-	4,269,999	99.90
2005	5,253,795	5,253,393	99.99	-	5,253,393	99.99
2006	6,596,164	6,580,448	99.76	-	6,580,448	99.76
2007	7,774,180	7,749,837	99.69	-	7,749,837	99.69
2008	**8,891,222**	**8,882,151**	**99.90**	**-**	**8,882,151**	**99.90**

Note: Above schedule excludes taxes levied and collected on special service areas. There is a two year difference between the levy year and the fiscal year for which the taxes are levied.

Source: McHenry County Clerk.

See independent auditor's report.

City of Crystal Lake, Illinois
Ratios of Outstanding Debt - By Type
Last Ten Fiscal Years

	Governmental Activities		Business-type Activities				
Fiscal Year Ended April 30,	General Obligation Bonds	SSA Bonds	General Obligation Bonds	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
1999	$ 11,745,000	$ -	$ 3,220,000	$ -	$ 14,965,000	N/A	$ 427.57
2000	10,665,000	-	3,100,000	-	13,765,000	1.44 %	377.12
2001	9,495,000	-	2,970,000	8,468,848	20,933,848	2.11	550.89
2002	8,390,000	-	2,835,000	14,340,525	25,565,525	2.49	650.52
2003	7,265,000	-	2,690,000	15,820,000	25,775,000	2.46	644.38
2004	5,425,000	785,000	2,535,000	15,246,931	23,991,931	2.24	585.17
2005	9,645,000	540,000	5,575,000	14,583,022	30,343,022	2.83	740.07
2006	9,100,000	280,000	5,285,000	13,902,122	28,567,122	2.75	717.98
2007	8,340,000	8,435,000	4,975,000	13,865,098	35,615,098	3.42	895.12
2008	**7,560,000**	**9,135,000**	**4,660,000**	**12,474,889**	**33,829,889**	**3.25**	**850.25**

Note: Population data can be found at page 157, Demographic and Economic Statistics.

N/A - Information not available.

See independent auditor's report.

City of Crystal Lake, Illinois
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended April 30,	General Obligation Debt	Debt Payable From Enterprise Revenues	Net Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1999	$ 11,175,000	$ 3,220,000	$ 7,955,000	1.15 %	$ 227.29
2000	10,560,000	3,100,000	7,460,000	1.00	204.38
2001	9,885,000	2,970,000	6,915,000	0.87	181.97
2002	9,270,000	2,835,000	6,435,000	0.75	163.74
2003	8,625,000	2,690,000	5,935,000	0.64	148.38
2004	7,960,000	2,535,000	5,425,000	0.53	132.32
2005	15,220,000	5,575,000	9,645,000	0.88	235.24
2006	14,385,000	5,285,000	9,100,000	0.76	228.71
2007	13,315,000	4,975,000	8,340,000	0.64	209.61
2008	**12,220,000**	**4,660,000**	**7,560,000**	**0.55**	**190.01**

Note: Population data can be found at page 157, Demographic and Economic Statistics. Property value data can be found at pages 146 and 147, Assessed Value and Actual Value of Taxable Property.

See independent auditor's report.

City of Crystal Lake, Illinois
Direct and Overlapping Governmental Activities Debt
April 30, 2008

Governmental Unit	Outstanding Debt	Applicable to the City Percent	Applicable to the City Amount
City of Crystal Lake	$ 7,560,000	100.00 %	$ 7,560,000
Special Service Areas	9,135,000	100.00	9,135,000
	16,695,000		16,695,000
Overlapping:			
School District Number 47	31,370,000	63.11	19,797,607
School District Number 155	12,415,094	41.26	5,122,468
College District Number 528	-	16.66	-
McHenry County	-	16.08	-
McHenry County Conservation District	153,340,000	14.63	22,433,642
Crystal Lake Park District	7,363,625	75.85	5,585,310
Total others	$ 204,488,719		52,939,027
Total overlapping debt			**$ 69,634,027**

Source: McHenry County Clerk, local government entity or comprehensive annual report.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. 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 taxable assessed value that is within the boundaries of the government and dividing it by the government's total taxable assessed value.

See independent auditor's report.

City of Crystal Lake, Illinois
Legal Debt Margin Information
Last Ten Fiscal Years

The City is a home rule municipality. To date, the General Assembly has set no limits for home-rule municipalities.

Article VII, Section 6(k) of the 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."

See independent auditor's report.

City of Crystal Lake, Illinois
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended April 30,	Estimated Population	Per Capita Personal Income (5)	School Enrollment (6)	Unemployment Rate
1999	35,000 (1)	N/A	$ 12,202	3.2% (1)
2000	36,500 (1)	$ 26,146	12,457	2.9% (1)
2001	38,000 (3)	26,146	12,706	3.6% (1)
2002	39,300 (1)	26,146	12,853	5.1% (1)
2003	40,000 (1)	26,146	13,471	6.5% (2)
2004	41,000 (1)	26,146	13,053	4.6% (1)
2005	41,000 (1)	26,146	15,458	5.3% (1)
2006	39,788 (3)	26,146	16,175	4.6% (4)
2007	39,788 (3)	26,146	16,011	4.1% (4)
2008	**39,788 (3)**	**26,146**	**16,215**	**4.9% (4)**

Sources:
(1) City Estimate
(2) McHenry County
(3) Special Census
(4) Illinois Department of Employment Security
(5) U.S. Census
(6) Elementary and High School - obtained from School Districts

N/A - Information not available.

See independent auditor's report.

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City of Crystal Lake, Illinois
Principal Employers
Current Year

Employer	Employees	Rank	% of Total City Population
CL Elementary School District 47	863	1	2.17%
Consolidated High School District 155	440	2	1.11%
Precision Twist Drills	371	3	0.93%
Columbia College/Webster University	363	4	0.91%
TC Industries	350	5	0.88%
McHenry County College	305	6	0.77%
Jewel Food Stores	300	7	0.75%
City of Crystal Lake	285	8	0.72%
Althoff Industries	270	9	0.68%
Seven Worldwide	250	10	0.63%
	3,797		9.55%

Information is not readily available for previous years.

Source: 2007 Illinois Manufacturers and 2007 Illinois Service Directories.

See independent auditor's report.

City of Crystal Lake, Illinois
Full-time Equivalent Employees
Last Ten Fiscal Years

	2008	2007	2006	2005	2004
General Government	**44**	44	44	44	44
Public Safety:					
Police	**71**	71	73	73	75
Fire	**55**	51	47	47	39
Highways and Streets:					
Engineering	**12**	11	11	11	12
Maintenance	**23**	23	23	23	27
Sanitation	**10**	12	12	12	13
Waterworks and Sewerage	**23**	28	28	28	28
	238	240	238	238	238

Source: City records.

See independent auditor's report.

2003	2002	2001	2000	1999
44	44	44	44	42
75	74	72	73	70
39	39	31	31	31
12	11	11	11	10
27	26	23	27	24
13	12	12	12	11
36	32	30	31	28
246	238	223	229	216

City of Crystal Lake, Illinois
Operating Indicators
Last Ten Fiscal Years

				Fiscal Year
	2008	2007	2006	2005
Police:				
Physical arrests	**1,717**	1,123	1,782	1,804
Parking violations	**8,978**	12,412	13,803	13,762
Traffic violations	**6,631**	7,933	8,255	8,369
Fire:				
Number of calls answered	**5,207**	4,991	5,258	5,567
Inspections	**600**	600	N/A	N/A
Highways and Streets:				
Street resurfacing (miles)	**82.0**	7.9	N/A	N/A
Water:				
New connections	**118**	195	N/A	N/A
Water main breaks	**29**	18	N/A	N/A
Average daily consumption (millions of gallons)	**4.860**	4.807	N/A	N/A
Wastewater:				
Average daily sewage treatment (in gallons)	**6,092**	4,500	N/A	N/A

Source: City records.

N/A - Information not readily available.

See independent auditor's report.

Ended April 30,					
2004	2003	2002	2001	2000	1999
2,231	2,231	2,605	2,476	2,371	2,021
12,796	12,796	10,312	10,691	9,444	8,779
7,620	7,620	5,027	5,325	6,487	8,065
5,264	5,264	4,836	4,845	4,699	4,277
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

City of Crystal Lake, Illinois
Capital Asset Statistics
Last Ten Fiscal Years

	Fiscal Year				
	2008	2007	2006	2005	2004
Public safety:					
Police:					
Stations	**1**	1	1	1	1
Patrol units	**31**	31	31	31	25
Fire Stations	**3**	3	3	3	3
Highways and Streets:					
Streets (miles)	**163**	163	177	176.8	175.4
Streetlights	**1,996**	1,996	1,700	1,700	1,900
Traffic signals	**29**	29	N/A	N/A	N/A
Culture and Recreation:					
Parks acreage	**1,393**	1,393	1,393	1,393	1,200
Parks	**44**	44	44	44	39
Tennis courts	**30**	30	30	30	30
Community centers	**8**	8	8	8	8
Water:					
Water mains (miles)	**175**	210	181	181	180
Fire hydrants	**2,859**	2,795	2,614	2,614	2,600
Maximum daily capacity (millions of gallons)	**9.20**	8.45	9.60	9.60	9.60
Sewer:					
Sanitary sewers (miles)	**127**	126	185	185	184
Storm sewers (miles)	**62**	60	110	110	110
Maximum daily treatment (thousands of gallons)	**12,825**	19,500	19,500	19,500	16,250

Source: City records.

See independent auditor's report.

Ended April 30,				
2003	2002	2001	2000	1999
1	1	1	1	1
25	25	25	25	24
3	3	3	3	3
175.4	175.0	185.0	184.0	168.0
1,900	1,884	1,884	1,845	1,762
N/A	N/A	N/A	N/A	N/A
1,200	1,200	1,420	1,108	965
39	39	39	37	33
30	30	27	27	27
8	8	8	7	7
180	180	175	167	161
2,600	3,093	3,005	3,005	2,900
9.60	9.60	9.60	8.60	8.60
184	184	180	166	160
110	110	108	94	89
16,250	16,250	16,250	16,250	16,250

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