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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 16, 2014

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

We have audited the financial statements of the **City of Crystal Lake, Illinois** for the year ended April 30, 2014, and have issued our report thereon dated October 16, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 8, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The financial statements are the responsibility of management with your oversight. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management prior to field work beginning on May 6, 2014 and in our engagement letter dated April 8, 2014.

We address significant risks of material misstatement, whether due to error or fraud, by performing analytical procedures, making inquiries of those charged with governance, by observation and inspection, and by brainstorming with our audit team members. We use judgment to determine what a user of the financial statements would consider to be material in assessing the risk of misstatement. We also use judgment to determine our approach to internal control and further audit procedures relevant to significant audit areas. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies

Significant Audit Findings

Qualitative Aspects of Accounting Practices

used by the City of Crystal Lake, Illinois are described in Note 1 to the financial statements. There were no significant new accounting policies adopted and the application of existing policies was not changed during the year ended April 30, 2014. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the useful lives of capital assets is based on management's plans and experience with similar assets. Management's determination that an allowance for uncollectible property taxes of 1% is appropriate based on past collection history. Management's valuation of its net pension obligation is based on actuarial studies. Management's determination that a liability for estimated claims incurred but not reported at April 30, 2014 in the government-wide financial statements is not needed is based on funds on deposit with the Illinois Risk Management Agency. We evaluated the key factors and assumptions used to develop the useful lives for capital assets in determining that it is reasonable in relation to the financial statements as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Adjusting journal entries are included in Exhibit I. Management has corrected all such misstatements. Adjustments to convert the accounts to the full accrual basis for the government-wide financial statements are included in Exhibit II. Passed adjusting journal entries are included in Exhibit III. Management has represented to us that the uncorrected adjustments are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Significant Audit Findings (cont'd)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor, City Council and management of the City of Crystal Lake, Illinois and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SELDEN FOX, LTD.

Edward G. Tracy

Edward G. Tracy
Vice President

EGT/cr

Exhibit I

City of Crystal Lake, Illinois
Adjusting Journal Entries
For the Year Ended April 30, 2014

Account	Description	Debit	Credit	Income Increase (Decrease)
Adjusting Journal Entry JE # 1				
Client adjustment to record Library interfund transfers.				
94099601058860	Bond Proceeds	$ 575,400.73	$ -	$ -
94300000058860	Professional Services	121,037.30		
94400000049953	Due From Other Funds		575,400.73	
94800000049953	Professional Services		121,037.30	
Adjusting Journal Entry JE # 2				
Adjust Library property tax receivable and deferred property tax revenue.				
94000000013190	Property Tax Receivable - Library	3,928,404.81		
94300000013190	Property Tax Rec. - Library - IMRF/FICA	282,106.53		
94800000013190	Property Tax Rec. - FICA	170,806.65		
94000000013010	Property Tax Receivable - PY		39,284.05	
94000000026190	Deferred Property Tax - Library		3,889,120.76	
94300000013010	Property Tax Rec. - PY Library - IMRF/FICA		2,821.07	
94300000026190	Deferred Property Tax - Library - IMRF/FICA		279,285.46	
94800000013010	Property Tax Rec. - PY		1,708.07	
94800000026190	Deferred Property Tax - FICA		169,098.58	-
Adjusting Journal Entry JE # 3				
Capitalize the purchase of diesel generators in FY 2014, not put into service until FY 2015.				
62000000018900	Construction In Progress	92,031.80		
62705150058620	Transfer to Water & Sewer Fund	92,031.80		
62000000049999	Contributed Capital		92,031.80	
62725711057100	Capital-Systems Improvement		92,031.80	92,031.80
Adjusting Journal Entry JE # 4				
Balance interfund accounts at April 30, 2014.				
10101101058900	Miscellaneous	8.03		
10100000016800	Due From Other Funds		8.03	(8.03)
Adjusting Journal Entry JE # 5				
Record State contribution to road projects.				
23725421057080	Capital - Streets	73,869.66		
23700000041700	Grant Proceeds - II		73,869.66	-

(cont'd)

Exhibit I

City of Crystal Lake, Illinois
Adjusting Journal Entries (cont'd)
For the Year Ended April 30, 2014

Account	Description	Debit	Credit	Income Increase (Decrease)
Adjusting Journal Entry JE # 6				
Client adjustment to adjust member reserve balances to actual.				
10100000048999	Change in IRMA Member Reserve	$ 62,081.97	$ -	$ -
23000000048999	Change in IRMA Member Reserve	44,302.27		
29700000048999	Change in IRMA Member Reserve	301.02		
62000000048999	Change in IRMA Member Reserve	13,042.73		
10100000019730	IRMA Member Reserve		62,081.97	
23000000019730	IRMA Member Reserve		44,302.27	
29700000019730	IRMA Member Reserve		301.02	
62000000019730	IRMA Member Reserve		13,042.73	(119,727.99)
Adjusting Journal Entry JE # 7				
Record terminal reserve balance held at the Intergovernmental Personnel Benefit Cooperative.				
10500000019320	IPBC Terminal Reserve	71,082.00		
10500000048990	Miscellaneous Income		71,082.00	71,082.00
Adjusting Journal Entry JE # 8				
Adjust fund balance accounts to agree to prior year audit report.				
11000000030010	Contributed Capital	24,000.00		
11000000049627	Transfer from Water and Sewer Fund		24,000.00	
94000000031010	Unreserved Fund Balance	80.00		
94000000048990	Miscellaneous Income		80.00	24,080.00
Adjusting Journal Entry JE # 9				
Adjust balances in Motor Fuel Tax Fund to actual.				
23700000021710	Retainage Payable	743.75		
23725421057080	Capital - Streets		743.75	743.75
Adjusting Journal Entry JE # 10				
Reverse duplicate posting of receivable in Motor Fuel Tax Fund.				
23700000041700	Grant Proceeds - Il	89,397.95		
23700000015120	Accounts Receivable - Misc.		89,397.95	(89,397.95)
Adjusting Journal Entry JE # 11				
Client adjustment to eliminate deficit fund balance.				
10299150058297	Transfer to Vulcan Recreation	2,954.00		
29700000016800	Due from Other Funds	2,954.00		
10200000025800	Due to Other Funds		2,954.00	
29700000049102	Transfer from Home Rule Tax		2,954.00	-
	Net effect of adjusting journal entries			$ (21,196.42)

Exhibit II

City of Crystal Lake, Illinois
GASB 34 Adjusting Entries
For the Year Ended April 30, 2014

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 1				
Record governmental activities long-term debt.				
10100000031010	Unreserved Fund Balance	$ 25,767.15	$ -	$ -
10100000031010	Unreserved Fund Balance	2,884,416.00		
55000000031010	Unreserved Fund Balance	5,907.14		
55000000031010	Unreserved Fund Balance	787,619.05		
55300000031010	Unreserved Fund Balance	12,958.79		
55300000031010	Unreserved Fund Balance	1,727,839.28		
55395150058110	Debt Service - Interest	657.30		
55600000031010	Unreserved Fund Balance	123,704.92		
55600000031010	Unreserved Fund Balance	13,498,301.00		
55695150058110	Debt Service - Interest	87,650.06		
10100000027010	Interest Payable		19,990.64	
10100000027115	Debt, Current Portion		356,003.68	
10100000027116	Debt, Noncurrent Portion		2,176,392.56	
10195150058100	Principal		352,019.76	
10195150058110	Interest		5,776.51	
55000000027010	Interest Payable		5,671.29	
55000000027115	Debt, Current Portion		234,000.00	
55000000027116	Debt, Noncurrent Portion		446,000.00	
55095150058100	Debt Service - Principal		107,619.05	
55095150058110	Debt Service - Interest		235.85	
55300000027010	Interest Payable		13,616.09	
55300000027115	Debt, Current Portion		106,666.67	
55300000027116	Debt, Noncurrent Portion		1,385,083.32	
55395150058100	Debt Service - Principal		236,089.29	
55600000027010	Interest Payable		211,354.98	
55600000027115	Debt, Current Portion		642,002.00	
55600000027116	Debt, Noncurrent Portion		12,226,643.00	
55695150058100	Debt Service - Principal		629,656.00	1,243,089.10
GASB 34 Adjusting Entry # 2				
Record amortization of premium on Series 2012 GOB.				
99910000030100	Gov. Activities - Unrestricted Net Assets	121,737.64		
99910000027000	Gov. Activities - Deferred Bond Premium		106,413.08	
99910000050901	Gov. Activities - Amortization of Bond Premium		15,324.56	15,324.56

(cont'd)

Exhibit II

City of Crystal Lake, Illinois
GASB 34 Adjusting Entries (cont'd)
For the Year Ended April 30, 2013

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 3				
Record amortization of premium on Series 2009C GOB.				
99910000030100	Gov. Activities - Unrestricted Net Assets	$ 34,059.90	$ -	$ -
99910000027000	Gov. Activities - Deferred Bond Premium		28,742.97	
99910000050901	Gov. Activities - Amortization of Bond Premium		5,316.93	5,316.93
GASB 34 Adjusting Entry # 4				
Record beginning governmental activities capital assets.				
99910000010100	Buildings	33,369,081.33		
99910000010200	Construction in Progress	4,900,901.91		
99910000010300	Equipment	5,781,873.06		
99910000010400	Infrastructure	62,638,393.21		
99910000010500	Other Equipment	1,520,145.00		
99910000010600	Vehicles	7,056,781.00		
99910000010700	Land	103,066,973.92		
99910000011100	Accumulated Depreciation - Buildings		8,947,416.66	
99910000011300	Accumulated Depreciation - Equipment		2,625,751.93	
99910000011400	Accumulated Depreciation - Infrastructure		16,716,743.45	
99910000011600	Accumulated Depreciation - Other Equip		1,321,620.00	
99910000011700	Accumulated Depreciation - Vehicles		5,061,726.00	
99910000030000	Net Assets Invested in Capital Assets		183,660,891.39	-
GASB 34 Adjusting Entry # 5				
Record current additions to governmental activities capital assets.				
36820811057040	Operating Equipment	21,078.99		
99910000010100	Governmental Activities - Buildings	65,735.38		
99910000010200	Governmental Activities - CIP	617,918.41		
99910000010300	Governmental Activities - Equipment	1,950,290.01		
99910000010400	Governmental Activities - Infrastructure	556,331.52		
99910000010700	Governmental Activities - Land	472,816.50		
10105881057000	Capital - Buildings		465,577.51	
10110171057040	Capital - Operating Equipment		70,630.50	
10115201056070	Automotive Supplies		1,131.60	
10120801055010	Professional Services		56,925.26	
10125711057100	Capital - System Improvements		6,100.00	
10125871057030	Capital - Automotive Equipment		289.80	
11005690557030	Capital - Automotive Equipment		26,254.00	
11005881057000	Capital - Buildings & Facilities		423,856.48	
11010171056050	Computer Hardware & Software		11,401.17	

(cont'd)

Exhibit II

City of Crystal Lake, Illinois
GASB 34 Adjusting Entries (cont'd)
For the Year Ended April 30, 2014

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 5 (cont'd)				
11010171057000	Capital - Buildings & Facility	$ -	$ 3,000.00	$ -
11010171057040	Capital - Departmental Equipment		37,583.00	
11015201057030	Capital - Automotive Equipment		158,504.28	
11020801057030	Capital - Automotive Equipment		97,275.00	
11025421055010	Professional Services		69,575.00	
11025421057030	Capital - Automotive Equipment		339,614.80	
11025421057040	Capital - Departmental Equipment		35,940.00	
11025711057030	Capital - Automotive Equipment		102,256.50	
11025871057000	Capital - Buildings & Facility		229,974.61	
11025871057030	Capital - Automotive Equipment		292,734.00	
11025871057040	Capital - Departmental Equipment		22,770.00	
23018231055320	Operating Equipment Maintenance		2,150.00	
23018231056070	Automotive Supplies		2,580.00	
23018231057000	Capital - Buildings		65,735.38	
23018231057030	Capital - Automotive Equipment		175,281.00	
23325421055390	Sidewalk Repairs And Maintenance		93,597.13	
23725421055010	Professional Services		249,596.58	
23725421057080	Capital - Streets		92,337.07	
23725421057120	Capital - Land		472,816.50	
29805690557030	Capital - Automotive Equipment		1,755.00	
29805690557040	Capital - Operating Equipment		26,428.64	
99910000060000	Loss on Disposal of Capital Assets		50,500.00	3,663,091.82
GASB 34 Adjusting Entry # 6				
Record transfers out of governmental activities construction in progress.				
99910000010300	Equipment	177,883.85		
99910000010400	Infrastructure	860,104.05		
99910000010200	Construction in Progress		1,037,987.90	-
GASB 34 Adjusting Entry # 7				
Record governmental activities depreciation expense.				
99910000050100	Depreciation - General Government	394,212.14		
99910000050200	Depreciation - Public Safety	1,000,468.12		
99910000050300	Depreciation - Highways and Streets	1,083,639.45		
99910000050400	Depreciation - Culture and Recreation	480,981.39		
99910000011100	Accumulated Depreciation - Buildings		863,217.80	
99910000011300	Accumulated Depreciation - Equipment		933,764.00	
99910000011400	Accumulated Depreciation - Infrastructure		1,162,319.30	(2,959,301.10)

(cont'd)

Exhibit II

City of Crystal Lake, Illinois
GASB 34 Adjusting Entries (cont'd)
For the Year Ended April 30, 2014

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 8				
Record disposal of capital assets of governmental activities.				
99910000011300	Accum Depreciation - Equipment	$ 351,606.61	$ -	$ -
99910000060000	Loss on Disposal of Capital Assets	46,501.47		
99910000010200	Construction in Progress		42,835.08	
99910000010300	Equipment		355,273.00	(46,501.47)
GASB 34 Adjusting Entry # 9				
Record accrual for claims and judgments incurred but not reported.				
99910000030100	Unrestricted Net Assets	218,496.00		
99910000052100	Claims and Judgments - Gen Govt		39,950.24	
99910000052200	Claims and Judgments - Public Safety		143,432.14	
99910000052300	Claims and Judgments - Highways		35,113.62	218,496.00
GASB 34 Adjusting Entry # 10				
Adjust governmental activities' compensated absences payable to actual.				
99910000030100	Unrestricted Net Assets	3,004,063.00		
99910000054000	Comp. Absences Expense - General Govt	2,410.11		
99910000054100	Comp. Absences Expense - Public Safety	97,383.04		
99910000029010	Comp. Absences Payable - Current		2,036,013.46	
99910000029015	Comp. Absences Payable - Long-term		1,055,901.08	
99910000054200	Comp. Absences Expense - Highways		11,941.61	(87,851.54)
GASB 34 Adjusting Entry # 11				
Adjust governmental activities' net pension and OPEB obligations to actual.				
99910000030100	Unrestricted Net Assets	2,064,075.00		
99910000053000	Pension - Public Safety	279,223.00		
99910000053001	IMRF NPO - General Government	3,935.00		
99910000053010	OPEB - General Government	80,896.00		
99910000025000	Net Pension Obligations		2,309,296.00	
99910000025010	OPEB Obligation Liability		125,833.00	(364,054.00)

(cont'd)

Exhibit II

City of Crystal Lake, Illinois
GASB 34 Adjusting Entries (cont'd)
For the Year Ended April 30, 2014

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 12				
Reclassify proceeds from sale of capital assets from miscellaneous income.				
10100000048990	Miscellaneous Income	$ 83,732.02	$ -	$ -
99910000060000	Loss on Disposal of Capital Assets		83,732.02	-
GASB 34 Adjusting Entry # 13				
Record beginning Library capital asset activity.				
99800000010100	Library - Land	661,568.72		
99800000010200	Library - Buildings and Improvements	7,895,171.84		
99800000010300	Library - Equipment	451,469.08		
99800000050000	Library - Depreciation	209,181.83		
99800000011200	Library - Accumulated Depreciation - Buildings		2,899,615.10	
99800000011300	Library - Accumulated Depreciation - Equipment		321,975.20	
99800000030100	Library - Net Assets Invested in Capital Assets		5,941,835.46	
99800000057999	Library Activities - Capital Asset Additions		53,965.71	(155,216.12)
GASB 34 Adjusting Entry # 14				
Record compensated absences payable in the Library activities.				
94000000031010	Unreserved Fund Balance	125,465.48		
94060601054125	Vacation Wages	2,102.24		
94000000029010	Compensated Absences Payable - Current		79,933.93	
94000000029015	Compensated Absences Payable - Noncurrent		47,633.79	(2,102.24)
	Net effect of GASB 34 adjusting entries			$ 1,530,291.94

Exhibit III

City of Crystal Lake, Illinois
Proposed Adjusting Entries
For the Year Ended April 30, 2014

Account	Description	Debit	Credit	Income Increase (Decrease)
Proposed Journal Entry # 1				
Adjust accrued investment income to actual.				
10100000017010	Accrued Interest Receivable	$ 16,122.05	$ -	$ -
10100000031010	Unreserved Fund Balance	5,163.54		
10100000047010	Interest Income		21,285.59	21,285.59
Proposed Journal Entry # 2				
Adjust various tax revenues for understatement of receivable in the prior year.				
10100000041030	Sales Tax - II	77,078.23		
10100000041045	Use Tax - II	11,754.44		
10200000041032	Home Rule Sales Tax	39,086.78		
10100000031010	Unreserved Fund Balance		88,832.67	
10200000031010	Unreserved Fund Balance		39,086.78	(127,919.45)
Proposed Journal Entry # 3				
Gross up revenue and expense in vehicle fines liability.				
10100000025720	Escrow - Vehicle Fines	57,923.85		
10115201056060	Small Tools And Equipment	9,665.75		
10100000031010	Unreserved Fund Balance		47,359.32	
10100000044300	Police Fines		20,230.28	10,564.53
Proposed Journal Entry # 4				
Gross up activity in capital facility fees.				
23000000025910	Capital Facilities Fees	178,445.00		
23000000031010	Unreserved Fund Balance		121,312.00	
23000000048125	Impact Fees		57,133.00	57,133.00
Proposed Journal Entry # 5				
Remove items from prepaid expenses not paid as of April 30, 2014.				
62700000021020	Vouchers Payable	20,078.90		
62700000019010	Prepaid Expenses		20,078.90	-

(cont'd)

Exhibit III

City of Crystal Lake, Illinois
Proposed Adjusting Entries (cont'd)
For the Year Ended April 30, 2014

Account	Description	Debit	Credit	Income Increase (Decrease)
Proposed Journal Entry # 6				
Reverse accrual for subscription services not effective until the next fiscal year.				
94000000021020	Vouchers Payable	$ 23,098.86	$ -	$ -
94000000031010	Unreserved Fund Balance		8,595.00	
94060601056440	Electronic Reserve - Adult Reference		14,503.86	14,503.86
	Net effect of passed adjusting journal entries			$ (24,432.47)

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October 16, 2014

Honorable Mayor, City Council
Members and Management
City of Crystal Lake
Crystal Lake, Illinois

In planning and performing our audit of the financial statements of the **City of Crystal Lake, Illinois (City)** as of and for the year ended April 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control and, therefore, deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control (control deficiencies).

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

The following is a description of an identified control deficiency that we determined did not constitute a significant deficiency or a material weakness:

Participation in Cooperative

The City participates in the Intergovernmental Personnel Benefit Cooperative, a cooperative established by certain units of local government in Illinois to administer some or all personnel benefit programs offered by participating members to their personnel. Under this arrangement, contributions made by the City to the IPBC, to the extent they have not been needed to fund claims incurred or act as a reserve against future claims, are considered assets of the City (prepaid expenses) that can be used to reduce future premiums or refunded upon request. An adjustment was made in the current year to establish the prepaid expense, equal to the balance in the City's terminal reserve account, at April 30, 2014.

We recommend management include this analysis and adjustment in the fiscal year end closing procedures.

Also, we noted other administrative or operational matters we believe to be of potential benefit to you.

Future Accounting and Auditing Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that become effective in future years that may impact the City.

GASB Statement 67, *Financial Reporting for Pension Plans, an Amendment of GASB Statement No. 25*, replaces the requirements of GASB Statement No. 25 and Statement No. 50 as they relate to pension plans administered through trusts. The statement requires pension plans within its scope to provide enhanced note disclosures and required supplementary information. Statement No. 67 is applicable for the year ending April 30, 2015.

GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, replaces the requirements of GASB Statement No. 27 and Statement No. 50 as they relate to pensions that are provided through pension plans administered through trusts. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. This statement will require recognition in the statement of net position of the net pension liability, which will approximate the unfunded actuarial accrued liability currently being reported as required supplementary information only (approximately $44.5 million at April 30, 2014). Statement No. 68 is applicable for the year ending April 30, 2016.

GASB Statement 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Statement No. 69 is applicable for the year ending April 30, 2015.

GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires governments that extend financial guarantees for obligations of another entity to recognize a liability when certain factors indicate it is more likely than not the government will be required to make a future payment. The Statement also specifies the required disclosures of such an arrangement. Statement 70 is applicable for the year ending April 30, 2015.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, requires a government to recognize as a deferred outflow of resources any contribution made to its defined benefit pension plan between the measurement date and the end of the government's reporting period. The measurement date is required to be a date no earlier than the end of the prior fiscal year. Statement No. 68 is applicable for the year ending April 30, 2016.

This letter is intended solely for the information and use of the Mayor and members of the City Council, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Selden Fox, Ltd.

City of Crystal Lake Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2014

CITY OF CRYSTAL LAKE, ILLINOIS

Comprehensive Annual Financial Report

For the Year Ended April 30, 2014

Prepared By Finance Department:

George Koczwara
Director of Finance

City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2014

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INTRODUCTORY SECTION

CITY OF
Crystal Lake
ILLINOIS

October 16, 2014

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

We submit to you the Comprehensive Annual Financial Report of the City of Crystal, Illinois, for the fiscal year ended April 30, 2014. 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 (CAFR) of the City of Crystal Lake for the fiscal year ended April 30, 2014.

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. The Finance Department takes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures. We believe the information, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position of the City and the results of its operations as measured by the financial activity of its various funds, and includes all the disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

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, 2014, 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

CITY OF CRYSTAL LAKE • 100 W. WOODSTOCK STREET • CRYSTAL LAKE, ILLINOIS 60014 • (815) 459-2020

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, 2014, 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 complied with GASB Statement 45 Reporting for Post–employment Benefits (OPEB) as well as GASB Statement 54 Fund Balance Reporting and Governmental Fund Type Definitions.

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

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 2010 Census further substantiated this experience. The City of Crystal Lake currently occupies a land area of 19.24 square miles and serves a certified population of 40,743. 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 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; recreation; 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 City Council for review. The City Council is required to hold a public hearing 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 rather stable economic environment and local indicators point to continued stability. The region has a varied industrial base that adds to the relative stability of the unemployment rate. The largest single source of revenue is sales tax, which reflects the current economic trends with the attractions of new retail outlets and restaurants.

Development and property 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 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. Over 1 million square feet of re-tenanting of prime commercial space has occurred over the past two years with these spaces being filled with national retailers. The City's property valuation has leveled off with current economic conditions. The residential sector continues to grow but not as significantly as in past years.

Despite substantial competition that has occurred from commercial growth in many of the areas surrounding Crystal Lake and the difficult retail environment for certain merchants, the City's retail sector has proven to be stable to our operating revenues. Although the current year reflects the impact of the economy, the City has continued to maintain strength as a regional point for commercial activities.

The City's economic development team has a multi-faceted approach which focuses on recruitment, retention and public relations components geared towards enhancing the business climate in Crystal Lake. Some of the key components include the marketing of three TIF Districts (as such term is hereinafter defined) to help facilitate redevelopment of certain key retail sectors of the City, including Route 14 (Virginia Street Corridor), the Three Oaks Recreation Area and Main Street. All of the City's available properties are actively marketed by the City, including in-house marketing brochures, trade show representation, e-mail blasts, and the City's website site selection inventory. Working in cooperation with the McHenry County Economic Development Corporation, Crystal Lake works to attract and retain manufacturers that provide significant economic benefits to the City as well as employment opportunities. Along with the Illinois Department of Commerce and Economic Opportunity, the City works to locate and assist manufacturers with their expansions in or relocations to the Crystal Lake area. In addition, continued efforts with the McHenry County Convention and Visitors Bureau (CVB) attract more tourists to the area every year. McHenry County tourism generated $214.39 million in 2013. Travel expenditures in the county have gone up each of the last five years with 1,500 jobs and $44,130,000 in payroll being attributed to tourism. Travel expenditures include money spent by travelers on such things as public transportation, food service, auto transportation, lodging, retail, entertainment, and recreation. McHenry County ranked 14th out of 102 counties in tourism dollars in 2012, with the bulk of the attractions being located within Crystal Lake.

Started in 2009 and extended into 2014, the "I Shop Crystal Lake" program was created to help promote awareness of the benefits of shopping in Crystal Lake. This program showcases the City's retailers and service providers. Route 14 serves as the main retail corridor for the City of Crystal Lake, highlighted by Crystal Point Shopping Center (Best Buy, Ross Dress for Less, World Market, The Fresh Market, Bed, Bath and Beyond, The Sports Authority, Panera Bread, Five Guys Burgers, Potbelly's, Starbucks, Boston Market, Greek's Pizzeria and Arby's), and the Bohl Farm Marketplace (Kohl's department store, Target, as well as other national tenants such as Barnes and Noble, buybuy BABY, Dress Barn, Panda Express, Five Below and Chili's Bar and Grill). This successful "I Shop" program has been continued into 2014 with loyalty shopping cards, a program designed to reward local shoppers and to build awareness of the City's myriad of local shopping and dining choices.

The Archway East Center development includes a Portillo's Restaurant, Texas Roadhouse Restaurant, Sports Authority, Mario Triccoci Salon, Menards and three other small independent retailers. Chipotle Mexican Grill, Jersey Mike's Subs, Yumz Frozen Yogurt, Noodles & Company, Culver's Frozen Custard, Fast Eddie's Car Wash, Chick-fil-A Restaurant, Village Squire Restaurant, and Regal Showplace 16 are all located near this center.

Twin Ponds Marketplace is home to The Home Depot, Petsmart, hhgregg, Pep Boys, Office Max, and Tuesday Morning with D'Andrea Banquet facility serving as an outlot in front. The Commons Shopping Center features Hobby Lobby, Jewel Osco, Toys R Us, Bath and Body Works, Advanced Auto Parts, Harbor Freight Tools, Petland, and Charter Fitness for products and services, and Wendy's, Subway, Domino's Pizza, Papa John's and Kentucky Fried Chicken for dining choices.

The Country Corners Shopping Center completed a façade renovation a few years ago and this center is busy with customers for popular stores and dining choices, such as TJ Maxx, Petco, Hancock Fabrics, Savers, Payless Shoe Source, the Pizza Slice, Pablo's Mexican Restaurant, and Krystal Thai Restaurant.

The owners of the Crystal Lake Plaza recently invested over $5.0 million in a major renovation of one of the original shopping centers in Crystal Lake. Their major tenants include Joseph's Marketplace, New Balance shoe store, Radio Shack, Mathnasium, Nelson's Jewelry, Jade M. Salon, Pinemoor Pizza, and IHOP Restaurant, with more being leased every day.

The downtown sector of the City, which has continued to show substantial strength, exhibits a low vacancy rate and continues to be a vital commercial destination. A Starbucks and two independent ice cream shops are located in the Downtown area, as well as a number of unique dining establishments, including Benedict's La Strata, Brink Street Bar/Grill, The Cottage, Labemi's Bar/Grill, Starbuck's, TRAX Depot Café, LaRosita Carnicerias, Le Petit Marche, Pop's Corn Crib, Taqueria La Fogata, Taqueria Las Cumbres, Williams Street Public House, Georgio's Chicago Pizzeria & Pub, Café Olympic, Duke's Alehouse & Kitchen, Finn McCool's and Da Baffone Cucina Italiana. Downtown Crystal Lake attracts loyal customers that look for excellent service and unique items, frequenting such establishments as Kalck's Butcher Shop, Sweet Pea Cakes Studio, KaleidoScoops, Melissa's Chocolates, Crystal Lake Health Food Store and a number of full-service barber shops and beauty salons. The downtown district also is home to the Raue Center for the Arts, which is a 750-seat theatre that is one of the finest examples of restored art deco entertainment venue in the nation. The Raue Center provides a unique draw for the downtown area as the largest performing arts theater in McHenry County.

Anderson Motors, a major auto retailer of BMW, Volkswagen, and Mazda vehicles, located on North Route 31, has expanded their service facilities and indoor and outdoor display areas. They further expanded by building a stand-alone Volkswagen dealership on Route 14, which opened in summer of 2014. In addition, Pauly Toyota relocated their expanded auto dealership to the Lutter Center at the intersection of Route 31 and Rakow Road, near Super Wal-Mart. The success of the 210,000-square-foot Super Wal-Mart, has created a second very important retail corridor, the Route 31 corridor, for the City to expand its retail and service options. M'Lady Nissan, located on Route 14, is the top performing Nissan dealer in Illinois and has upgraded their facility with a remodeled service center and enhanced showroom experience, which was completed in 2012. In addition, Courtesy Motors has transitioned with new ownership and a

significant upgrade and enhancement to their automobile showroom, façade, and service area. Brilliance Honda, the highest-sales car dealership in the City, has relocated within the Crystal Lake city limits to another newer and larger facility, investing over $6 million dollars in acquisition and reconstruction costs.

Manufacturers in Crystal Lake continue to maintain their positions in their respective industries. Many manufacturers are expanding spaces, hiring employees, adding product lines or services and are in a general growth mode. Some examples include General Kinematics, Boltswitch, Aptar, Covidien, Camfil Farr, Eisenmann, Rita Corporation, and Knaack Manufacturing, to name a few.

The City of Crystal Lake is fortunate to have two Metra train stations within our corporate limits. The Downtown Metra Station is located on Woodstock Street. The second station, the 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 renovations to the Downtown Train Station, which were completed the summer of 2006. Metra expanded the parking at the Pingree Station in the fall of 2009 with an additional 347 spaces.

Once again, the City has continued to have a very low property tax rate for municipal services when compared to other municipalities in southeastern McHenry County. The continued development of the City's non-residential tax base and the relatively 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 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 in the future. As the economy continues to improve, these projections will eventually be a reality.

A Waste Transfer Station, operated by Waste Management, opened in the spring of 2010. Host benefit fees associated with the Waste Transfer Station have provided additional revenue in the General Fund and will continue over the twenty-three year agreement with Waste Management. A construction and demolition debris facility is underway, to be located next to the current Waste Transfer Station. The required road improvements are currently being constructed and the limited site improvements will follow soon thereafter.

The City currently has three active Tax Increment Financing Districts (TIF) within the City limits. The Virginia Street TIF has completed the installation of streetscape elements, such as pavers, sidewalks, and decorative pedestrian lighting, as well as utility pole relocation and facade improvements. This project was completed in the fall of 2011.

The Vulcan Lakes TIF is complete with the opening of the Three Oaks Recreation Area in October, 2010. This recreation area has been a very successful endeavor for the City of Crystal Lake. Construction of the recreation area, known as the Three Oaks Recreation Area, began in May 2009 and was completed in the fall of 2010. The general public now enjoys numerous recreational amenities. A beach, lake house, marina, spray park, paddle boarding, scuba diving and playground are the core amenities. The lake house has shower facilities, a concessions area, administrative offices and a maintenance garage. Attached to the lake house is an outside patio which overlooks the beach. The beach is over 200 lineal feet of sand with several grass picnic areas. Adjacent to the beach, patrons enjoy a spray park and playground. The Three Oaks Recreation Area also includes a marina where patrons are able to rent fishing boats, paddle boats, canoes, kayaks and sailboats. Additional recreational amenities include shoreline fishing areas, walking trails, volleyball courts, a sledding hill and a picnic grove. The Three Oaks Recreation Area is a focal point for the City and is a destination for both residents and non-residents.

The 2005 EAV for the Vulcan Lakes TIF was $4,506,145. It is estimated that the EAV will eventually be in excess of $96 million in 2005 dollars, when properties adjunct to the TIF are developed. Commercial activities along U.S. Route 14, including restaurants and entertainment venues are planned. 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.

The Crystal Lake Avenue and Main Street TIFs are idle at this point in time. The 2004 EAV for the Crystal Lake Avenue and Main Street TIF was $3,284,169. 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 the potential redevelopment of under-utilized parcels at the Crystal Lake Avenue and Main Street intersection. Improvements to the north leg of the intersection of Main Street and Crystal Lake Avenue were completed in fall of 2008.

The Mayor and City Council held a formal Strategic Planning meeting in January, 2012. One of the objectives that resulted from this session was the formalization of the five-year capital plan for the City. A new software package is now being utilized by all operating departments. The new software is utilized to assist in capital planning exercises and in addressing specific needs, while matching the proper resources for individual projects or purchases in future financial information presentations.

It is the focus of City staff to protect core services to the businesses and residents of the community while preserving the characteristics that have continued to draw people to live, work and enjoy the recreational activities of the City of Crystal Lake.

FINANCIAL POLICIES

In the first quarter of 2014, City staff conducted a comprehensive reevaluation of the City's financial policies. The City of Crystal Lake's Financial Policies provide the basic framework for the fiscal management of the City. In April, 2014, the City Council approved the new Financial Policies Manual. The policies provide guidelines for evaluating both current activities and proposals for future programs. Most of the policies represent longstanding principles, traditions and practices that have guided the City in the past and have helped maintain the City's financial stability. The following are detailed in the City of Crystal Lake's Financial Policies:

- Budget Policy
- Purchasing Authority Policy and Procedures
- Purchase Card Policy and Procedures
- Capital Asset Policy and Procedures
- Debt Management Policy
- Fund Balance Policy
- Investment Policy
- Revenue and Cash Management Policy
- Personal Information Protection Policy and Red Flag Policy

As part of a Bond Refunding effort in April 2014, Standards and Poor evaluated the City's new Financial Policies as part of its rating review. Standards and Poor reaffirmed the City's AA+ rating which has been in effect since 2009. In its review, Standard and Poor noted, "We view the city's management conditions as very strong, with strong financial practices. We changed the city's financial management assessment (FMA) score to "strong" from "good."

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, 2013. This results in twenty-four consecutive years 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 City of Crystal Lake received the Distinguished Budget presentation award for the Fiscal Year 2014 Budget document for the sixth consecutive year. It is an honor for the City of Crystal Lake to receive these two awards from the National GFOA.

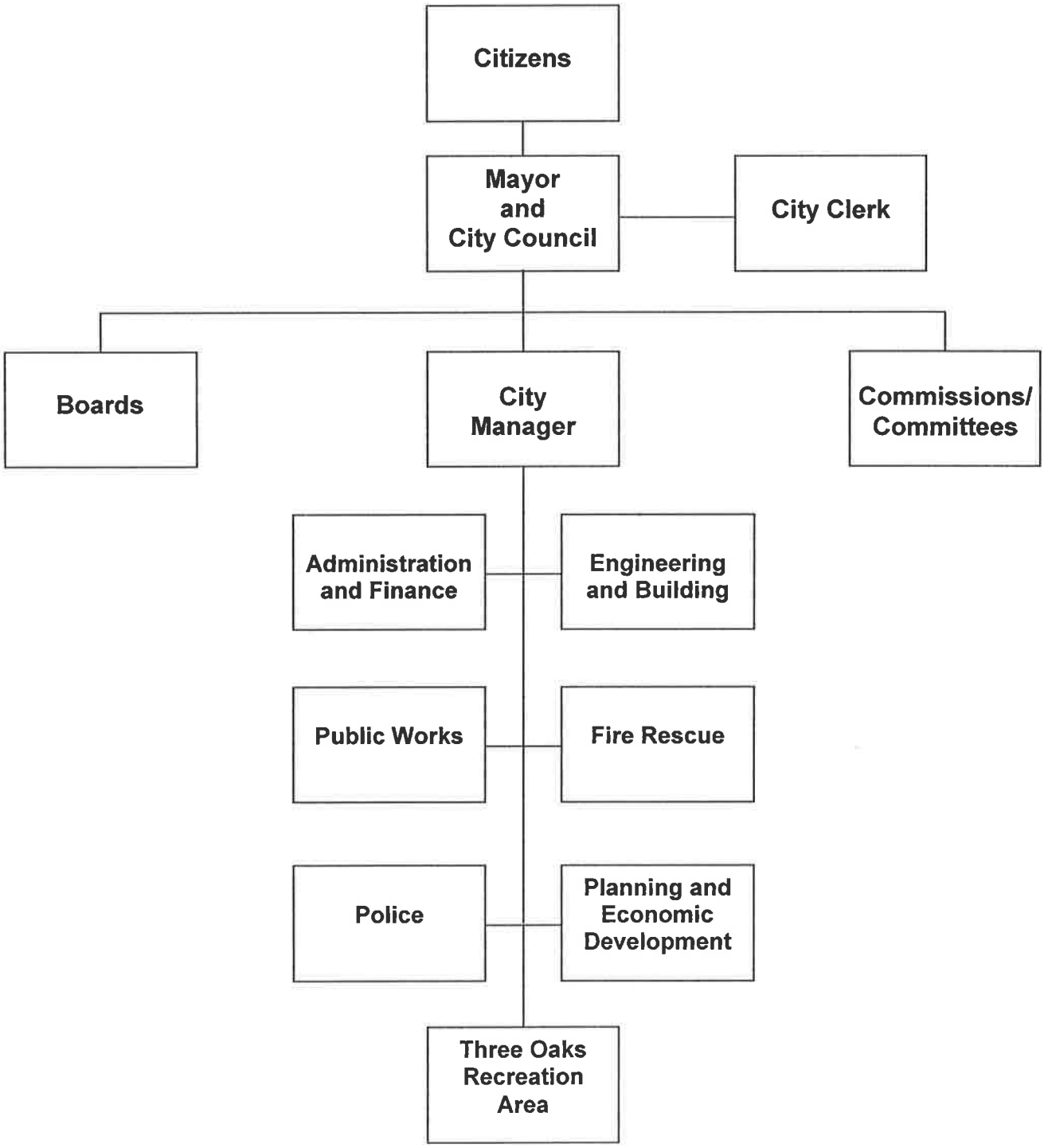
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Without the support given by the Mayor and the City Council and 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

George Koczwara
Director of Finance

CITY OF CRYSTAL LAKE
ORGANIZATIONAL STRUCTURE



City of Crystal Lake, Illinois
Principal Officials
April 30, 2014

Legislative

Mayor: Aaron T. Shepley

City Clerk: Nick Kachiroubas

Ellen Brady Mueller, Council Member
Ralph M. Dawson, Council Member
Cameron Hubbard, 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 – Eric Helm

City Attorney – John L. Cowlin

Director of Finance – George Koczwara

Director of Human Resources – Ann Everhart

Director of Information Technology – Greg Fettes

Director of Community Development – Michelle Rentzsch

Director of Public Works – Victor Ramirez

Police Chief – James Black

Fire/Rescue Chief – James P. Moore

Library Director – Kathryn Martens

Government Finance Officers Association

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, 2013

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information of the **City of Crystal Lake, Illinois** as of and for the year ended April 30, 2014, and the statements of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and the Motor Fuel Tax, Fire Rescue and Home Rule Sales Tax Funds (major Special Revenue Funds) and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information of the City of Crystal Lake, Illinois as of April 30, 2014, and the respective changes in financial position and where applicable cash flows thereof, and the respective budgetary comparison for the General Fund, the Motor Fuel Tax, Fire Rescue and Home Rule Sales Tax Funds (major Special Revenue Funds) for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3-13 and the *Schedules of Funding Progress* and the *Schedule of Employer Contributions* on pages 78-81 and 82, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information listed as supplementary information and other financial schedules on pages 83-146 and the introductory and statistical section on pages i-xii and 147-178, respectively in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information listed as supplementary information and other financial schedules in the accompanying table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or any other form of assurance on them.

Selden Fox, Ltd.

October 16, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
2014

The City of Crystal Lake Management Discussion and Analysis (MD&A) is designed to 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), 4) identify any material deviations from the financial plan (the approved budget), and 5) identify individual fund issues and concerns.

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, 2014. 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 (000's omitted).

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by $247,733 (net position), a decrease of $2,409 from the prior year. Of the total, $28,556 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- During the fiscal year, the City invested $11,192 in capital (buildings, equipment and infrastructure). Capital investments included sanitary sewer rehabilitation, water main extension in the vicinity of Water Treatment Plant #4 and water main replacement in the area of County Club subdivision. The water storage tower at Water Treatment Plant #5 was repaired and recoated. Repair and recoating of two water storage tanks at Water Treatment Plant #4 is underway. The bio-solids building at Wastewater Treatment Plant #2 was replaced and lift stations city-wide were fitted with computerized systems aimed at transmitting data in real time (SCADA). In addition to the City's annual street resurfacing program, roadway projects included improvements to McHenry Avenue, expansion of the Railroad Street commuter lot and acquisition of right-of way along South Main Street in advance of its widening next year. Other capital and equipment replacements were the implementation of document imaging and management system, the replacement of backup generators at the Municipal Complex, Water Treatment Plant #3 and Water Treatment Plant #5, flooding mitigation engineering and design, as well as the purchase of new utility vehicles for the Police and Community Development Departments, a Horton ambulance for the Fire Rescue Department, a wheel loader, backhoe loader, two dump trucks, three pickup trucks and the conversion of one garbage truck to a grapple truck for the Public Works Department.
- Principal on outstanding bonds and notes increased $6,358 during the year. In July, 2013, the City issued $9,465 of Series 2013 General Obligation Bonds for the purposes of making improvements to its water and sewer infrastructure. In April, 2014, the City took advantage of favorable interest rates, refinancing its Illinois EPA note through the issuance of Series 2014 General Obligation Refunding Bonds, saving taxpayers approximately $150 in interest over the remaining term of the Illinois EPA note. $10,717 of outstanding debt was retired.
- Operating grants totaling $1,318 were received by the City during fiscal 2014. Proceeds were used for the purposes of traffic safety enforcement, bulletproof vests, mutual-aid police radios, Fire Rescue equipment and roadway maintenance. Capital Grants and contributions totaling $669 provided for the upgrade of electrical equipment at the Municipal Complex and Wastewater Treatment Plant #2 and for roadway improvement projects along Virginia Street, McHenry Avenue and South Main Street.
- The General Fund is the chief operating fund of the City. At the end of the fiscal year, the total fund balance and unassigned fund balance (available for spending at the City's discretion) was $15,682 and $10,025, respectively. The unassigned fund balance represented 37.04% of General Fund operating expenditures.

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 two components:

1) Government-wide financial statements
2) Fund financial statements

Overview of the Financial Statements (cont'd)

The notes to the financial statements are considered integral to the financial statements. In addition to the basic financial statements and notes, this report also contains required supplementary information, other supplementary information and statistical information.

The *government-wide financial statements* are intended to provide an aggregated overview of the City's net position and changes in net position. The government-wide financial statements report on the government as a whole using the same basis of accounting and measurement focus as private-sector business.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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).

The statement of activities distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, culture and recreation, and interest on long-term debt. 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 14 - 17 of this report.

Fund financial statements. The other category of basic financial statements, fund financial statements, assist in assessing whether the government has raised and spent financial resources in accordance with budget plans and in compliance with finance-related legal requirements. Certain funds, referred to as governmental funds, focus on the short-term flow of *current* financial resources, rather than on the flow of economic resources.

Other funds, referred to as proprietary and fiduciary funds, account for the business-type and certain fiduciary activities of the government. These funds follow accounting and reporting principles similar to those of business organizations.

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.

Governmental funds. *Governmental funds* are a generic classification used to refer to all funds other than proprietary and fiduciary funds. The General Fund, special revenue funds, capital projects funds, and debt service funds are the types of funds referred to as *governmental funds.*

Governmental funds account for the inflows and outflows of *current* financial resources. As such, the balance sheet for governmental funds reports only *current* assets, *current* liabilities, deferred inflows and outflows, and fund balances, which is the difference between current assets/deferred outflows and current liabilities/deferred inflows. No long-lived assets such as land, buildings, and equipment, nor any long-term liabilities such as bonds payable, are reported on the governmental funds balance sheet.

Similarly, inflows and outflows of *current* financial resources of the governmental funds are reported in a statement of revenues, expenditures and changes in fund balances. Financial resources must be available to pay current-period obligations.

Overview of the Financial Statements (cont'd)

Most financial statement users are unlikely to have a significant interest in all of the 26 funds that the City uses. Instead, it is likely that their interest will be focused on larger dollar amount funds. Consequently, financial statements include a separate column for each major fund (General Fund, Motor Fuel Tax Fund, Fire Rescue Fund, and Home Rule Sales Tax Fund). Data from the other 22 governmental funds are combined and reported in aggregate. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 18 - 27 of this report.

Because governmental fund financial statements use a different measurement focus and basis of accounting than that of the government-wide financial statements, financial information reported in the governmental funds balance sheet is reconciled to that reported in the Governmental Activities column of the government-wide statement of net position. Similarly, information reported in the governmental funds statement of revenues, expenditures and changes in fund balances are reconciled to that reported as governmental activities in the government-wide statement of activities.

The combination of government-wide and governmental fund financial statements allows the City to present fairly and with full disclosure, the funds and activities of the City and to demonstrate compliance with finance-related legal and contractual provisions.

Proprietary funds. Proprietary funds are sometimes referred to as *business-like* funds of a state or local government. Examples of proprietary funds are enterprise funds and internal service funds. The City maintains one proprietary fund. The Waterworks and Sewerage enterprise fund is used to account for the acquisition, operations and maintenance of water and sewer facilities and services and is predominately self-supporting through user charges. The Waterworks and Sewerage Fund is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 28 - 31 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 32 - 33 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 34 - 77 of this report.

Required supplementary 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, as well as budgetary comparison schedules for major funds for which an appropriation was approved.

Required supplementary information can be found on pages 78 – 82 of this report.

Other supplementary information. Combining and individual fund statements and schedules can be found beginning on page 83 of this report.

Statistical information. The statistical section of the annual 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. Statistical information can be found beginning on page 147.

Financial Position Analysis

Net position may serve over time as a useful indicator of a government's financial condition. At the close of the most recent fiscal year, the assets of the City exceeded liabilities by $247,733.

Consolidated Statement of Net Position
As of April 30, 2014
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	**2014**	2013	**2014**	2013	**2014**
Current & other assets	$ 49,868	**$ 48,097**	$ 10,402	**$ 14,568**	$ 60,270	**$ 62,665**
Capital assets	183,661	**184,318**	65,425	**68,456**	249,086	**252,774**
Total assets	233,529	**232,415**	75,827	**83,024**	309,356	**315,439**
Long-term liabilities	21,204	**19,853**	16,083	**23,584**	37,287	**43,437**
Other liabilities	18,675	**19,482**	3,253	**4,787**	21,928	**24,269**
Total liabilities	39,879	**39,335**	19,336	**28,371**	59,215	**67,706**
Net position:						
Invested capital assets, net of related debt	164,607	**166,610**	47,891	**43,239**	212,498	**209,849**
Restricted	8,563	**9,327**	-	**-**	8,563	**9,327**
Unrestricted	20,480	**17,143**	8,600	**11,414**	29,080	**28,557**
Total net position	$ 193,650	**$ 193,080**	$ 56,491	**$ 54,653**	$ 250,141	**$ 247,733**

By far, the largest portion of the City's net position (84.71 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 are 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. An additional portion of the City's net position (3.76 percent) represents resources that are subject to external restrictions relative to their use. The remaining *balance of unrestricted net position* ($28,557) may be used to meet the City's ongoing obligations to citizens and creditors.

Financial Position Analysis (cont'd)

Changes in Net Position
For the Fiscal Year Ended April 30, 2014
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	**2014**	2013	**2014**	2013	**2014**
Program revenues:						
Charges for services	$ 5,440	**$ 5,320**	$ 11,127	**$ 9,232**	$ 16,567	**$ 14,552**
Grants and contributions:						
Operating	1,979	**1,318**	-	**-**	1,979	**1,318**
Capital	2,287	**502**	66	**167**	2,353	**669**
General revenues:						
Property	11,328	**11,165**	-	**-**	11,328	**11,165**
Other taxes	7,458	**7,521**	-	**-**	7,458	**7,521**
Intergovernmental	14,659	**15,370**			14,659	**15,370**
Other	9,509	**1,718**	33	**348**	9,542	**2,066**
Total revenues	52,660	**42,914**	11,226	**9,747**	63,886	**52,661**
Expenses:						
Governmental activities:						
General government	8,983	**9,433**	-	**-**	8,983	**9,433**
Public safety	23,061	**23,491**	-	**-**	23,061	**23,491**
Highways and streets	7,756	**8,923**	-	**-**	7,756	**8,923**
Culture and recreation	1,020	**1,020**	-	**-**	1,020	**1,020**
Interest on long-term debt	774	**629**	-	**-**	774	**629**
Business-type activities - waterworks and sewerage	-	**-**	10,093	**11,573**	10,093	**11,573**
Total expenses	41,594	**43,496**	10,093	**11,573**	51,687	**55,069**
Revenues over (under) expenses	11,066	**(582)**	1,133	**(1,826)**	12,199	**(2,408)**
Transfers and adjustments	(1,033)	**12**	848	**(12)**	(185)	**-**
Changes in net position	10,033	**(570)**	1,981	**(1,838)**	12,014	**(2,408)**
Net position - beginning of year (restated)	183,617	**193,650**	54,510	**56,491**	238,127	**250,141**
Net position - ending of year	$ 193,650	**$ 193,080**	$ 56,491	**$ 54,653**	$ 250,141	**$ 247,733**

Governmental activities: Changes in net position from the prior year as a result of governmental activities are as follows:

- Charges for services decreased $120 (2.20%) from the prior year. The decrease is attributable in part to a reduction in the equalized assessed valuation (EAV) for properties in the Crystal Lake Rural Fire Protection District (the "District"). Fees received by the City for fire protection services provided by the District are based on the District's EAV. Contributing to the decline in charges for services is the cancellation of one of two cellular tower lease agreements whose receipts were recorded in the General Fund. Collections of ambulance fees ended the year below 2013 levels as the City began transitioning to a new billing and collection service. The City experienced reductions in boat rentals and beach admission fees as the Three Oaks Recreation Area entered its third full year of operations. Admission to the beach is free for residents of the City of Crystal Lake and boat rental is available at reduced rates. Gains were made in building permits and plan review revenue as a result of some upward movement in construction.

- Grants and contributions received during fiscal year 2014 totaled $1,987. Proceeds were used for the purposes of traffic safety enforcement, bulletproof vests, mutual-aid police radios, Fire Rescue equipment, energy conservation and roadway improvements.
- Effective February 1, 2013, Special Service Area (SSA) bonds were removed as a liability from the governmental activities of the City and the outstanding cash and fund balance were reclassified to the Special Assessments (Agency) Fund. SSA bonds were found not to be direct obligations of the City. While the City will continue to collect taxes assessed on the SSA bonds and forward to bondholders, any taxes received will not be reported under governmental activities. Property tax revenue rose $234 in 2014 after making allowances for SSA taxes reported in governmental activities in 2013.
- Operating results of other taxes were mixed. Home Rule sales tax receipts rose $243 or 5.12% over 2013 as consumer confidence builds and retailers fill vacant spaces. Telecommunication tax receipts declined $187 or 10.70%. Included in fiscal year 2013 receipts is a one-time distribution from the Illinois Department of Revenue (IDOR) of delinquent telecommunications taxes that were discovered following an IDOR audit. Additionally, as competition increases among telecommunication providers, consumers are taking advantage of comprehensive telecommunications packages at lower prices. The new structure results in lowering telecommunication tax available to local governments.
- Included in Intergovernmental revenue is income tax, as well as retail sales tax and use taxes. While there was only a modest gain in income tax ($36) due to sluggish job growth during the fiscal year 2014, retail sales tax and use taxes increased $665 or 6.23%. Gains in retail sales and use taxes reflect the City's commitment to expand its sales generating tax base by attracting retail development and shoppers alike.
- Other revenue decreased $7,792. During fiscal year 2013, the City recognized the release of its commitment on Special Service Area (SSA) bond issues ($8,341) in its statement of activities. SSA bonds were found to not be direct obligations of the City. Outstanding cash and fund balance were reclassified to the Special Assessments (Agency) Fund. Included in other revenues for fiscal year 2014 are donations ($66) toward the City's year-long centennial celebration (September, 2013 through September, 2014), park impact fees ($349) for the development of additional attractions in the Three Oaks Recreation Area and the recognition of assets held in trust ($71) at the Intergovernmental Personnel Benefit Cooperative (IPBC). The IPBC is an entity created under Illinois State laws, which allow municipal groups to band together for the purposes of health insurance. The purpose of the IPBC is to provide economies of scale and risk pooling that will allow members more financial stability than offered by the commercial insurance market. Lower earnings yields available to investors coupled with draws on unassigned fund balances to mitigate tax increases and to pay for capital items has resulted in a decline of $140 in investment earnings.
- General and administrative expenditures increased $450 or 5.0% from the prior year. The increase is largely attributed to costs associated with the expansion of the Railroad Street commuter lot, repairs to the Raue Center for the Arts building in historic downtown Crystal Lake, engineering and design of improvements to mitigate flooding in the City following heavy rain events, economic development incentives and the City's year-long celebration of its centennial (September, 2013 through September, 2014).
- Increases in Public Safety expenditures ($430 or 1.9%) are largely attributable to increases in wages, insurance, and pension costs.
- Highway and Streets expenditures increased $1,167 of 15.0% from the prior year. Extreme weather conditions caused unforeseen expenses to clear snow and ice off roadways following 86 separate weather events during the winter of 2013-2014. Trees infected with the Emerald Ash Borer (EAB) continued to be removed and replaced. Roadway improvement costs associated with McHenry Avenue and South Main Street, as well as enhanced street resurfacing programs in the City also contributed to the increase in Highway and Street expenditures.
- As outstanding bonds associated with Governmental Activities decline, so too does interest expense.

Business-type activities. Changes in net assets from the prior year as a result of Business-type activities are as follows:

- Charges for services decreased $1,895 (17.03%) from the prior year. During fiscal year 2013, the City recognized as revenue, $1,596 of participation fees collected from non-participant property owners who benefited from improvements paid by Special Service Area (SSA) participants. Participation fees will be used for future repairs and maintenance of SSA improvements. The balance of the decrease in charges for services is directly attributed to a decline in water and sewer connection fees associated with new commercial construction.
- Grants and Contributions received during fiscal year 2014 totaled $167. Proceeds were used for the purposes of energy conservation at Wastewater Treatment Plant #2.

- Other revenue increased $315 over the prior year and is largely attributable to reimbursements the City received in 2014 for the removal and reinstallation of the cellular antenna and for the installations of water main. It was necessary for the City to remove and reinstall the cellular antenna so that repairs could be completed to the City's water storage tower. Water main was installed across private property so that the City could complete a water main loop near Water Treatment Plant #4.
- Waterworks and sewerage expenditures increased $1,480 from the prior year. The increase is attributed to the recognition of losses on the demolition of the bio-solids building and the abandonment of Well #17. While assets are expensed over time (amortization or depreciation), any residual value must be expensed in the year that it is removed from service. Depreciation expense increased over prior year. As more assets are acquired or constructed, more depreciation is recorded. Once the cost of an asset has been fully expensed, no more depreciation can be recorded. Other increases include bond issuance costs, interest expense for outstanding bonds (Series 2009, 2012, 2013 and 2014), personnel related expenses, and plant maintenance and repair (valve replacement at Water Treatment Plant #3, chemical systems replacement at Water Treatment Plant #2 and #5, test borings for new well #18, UV bulbs used in wastewater treatment process, water meter parts, etc.).

Operating Results

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.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of $32,240, a decrease of $2,258 in comparison with the prior year. Approximately 31.1% of this amount or $10,025 constituted spendable fund balance, which would be available to spend at the government's discretion. The remainder of the combined ending fund balance is restricted to indicate that it is not available for spending because it has already been restricted to pay debt service, retirement, street improvements or other specific costs, or is reserved for prepaids and inventories.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, the unassigned fund balance was $10,025, while the total fund balance was $15,682. As a measure of the General Fund's capacity to provide a sufficient cash flow for day-to-day operations, offset unanticipated downturns or changes to General Fund revenues or provide an ability to make emergency purchases, it may be useful to compare unassigned fund balance to operating expenditures. The unassigned fund balance represented 37.04% of General Fund operating expenditures.

The fund balance of the City's General Fund decreased by $1,948, at the end of the fiscal year. A key factor attributing to the decrease was the planned use of fund balance to fund technology and capital purchases.

The Motor Fuel Tax Fund had a total fund balance of $7,868, all of which is set aside for street improvements. The net increase in fund balance during the year was $313, due mainly to the receipt of the Illinois Jobs Now Grant and the High Growth City Allotment. Funds will be used to improve City roadways.

The Fire Rescue Fund had a total fund balance of $1,557. The net decrease in fund balance during the year was $20. This is due mainly to the planned use fund balance for capital equipment.

The Home Rule Sales Tax Fund had a total fund balance of $2,779, a decrease of $641 from the prior year. The net decrease in fund balance is attributed to the planned use of fund balance for road resurfacing projects. Home Rule Sales Tax provides funding for the Target Response Unit in the Police Department, enhanced economic development initiatives, flooding mitigation, document management and imaging, and to support City services. Home Rule Sales Tax receipts are also dedicated to repayment of debt on major construction projects and are used to enhance the City's street resurfacing program.

In aggregate, fund balance of Other Governmental Funds increased $38 (0.88%). Fund balance in the IMRF/FICA fund was used to mitigate increases in the City's property tax levy. An increase in the Three Oaks Development Fund balance results from receipts of park impact fees. Park impact fees will be used for future development of additional attractions in the Three Oaks Recreation Area.

Proprietary funds. Sometimes referred to as *business-like* funds of a state or local government. Examples of proprietary funds are enterprise funds and internal service funds. The City maintains one proprietary fund. The Waterworks and Sewerage enterprise fund is used to account for the acquisition, operations and maintenance of water and sewer facilities and services and is predominately self-supporting through user charges.

Unrestricted net position of the Waterworks and Sewerage Fund at the end of the year totaled $11,414. Net position decreased by $1,839 from the prior year. The decrease is largely attributed to the recognition of amortization and losses on abandoned assets.

General Fund Budgetary Highlights

General Fund Budgetary Highlights
Fiscal Year 2014
(In thousands)

	Original Budget	Final Budget	Actual
Revenues and other financing sources:			
Property taxes	$ 3,471	$ 3,471	$ 3,463
Other taxes	2,813	2,813	2,521
Intergovernmental	14,835	14,835	15,420
Other	2,714	2,714	2,786
Total revenues	23,833	23,833	24,190
Expenditures	(28,917)	(29,534)	(27,064)
Other financing sources (uses)	1,423	1,423	926
Net change in fund balance	$ (3,661)	$ (4,278)	$ (1,948)

During the fiscal year, the City of Crystal Lake Council approved the following amendments to the General Fund budget:

- Snow fighting operations ($125)
- Centennial events ($24)
- Expansion of the Railroad Street commuter lot ($255)
- Building repairs to the Raue Center for the Arts facility ($237)

Several revenues such as sales and use taxes, investment income, plan review fees and building permits have been impacted by economic conditions. Staff worked diligently to provide a budget that met the high standards of the City yet reflected a conservative view of the economic environment. The overriding concern in the preparation of the budget was the state of the economy and the impact it would have had on City revenues. Revenues and expenditures that exceeded final budget expectations are listed below.

- Income tax receipts exceeded budget expectations. The variance between budget and actual performance is attributable to increases in corporate and personal earnings as more people find jobs and return to work.
- Revenues from sales and local use taxes exceeded budget expectations. The variance between budget and actual performance reflects improving customer confidence coupled with additional shopping opportunities as retailers fill vacant spaces.
- Replacement income taxes are revenues collected by the State of Illinois and paid to local governments to replace money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships and other business entities were taken away.

- Proceeds from grants and contributions were used for the purposes of traffic safety enforcement, bullet proof vests, mutual-aid radios and energy conservation.
- Other revenues in excess of budget include donations for the City's year-long centennial celebration (September, 2013 through September, 2014), the recognition of assets held in trust at the Intergovernmental Personnel Benefit Cooperative (IPBC), as previously mentioned, and changes to assets held in trust at the Intergovernmental Risk Management Agency (IRMA). IRMA is also an entity created under Illinois State laws which allows municipal groups to band together for the purposes of pooling risk management needs.
- Shared services expenditures exceeded budget due in large part to unanticipated roof, phone and HVAC repairs, as well as increasing costs for phone service (land lines). Funds were expended for furniture for the Police Department, the replacement of a vestibule door and the replacement of audio/visual equipment in the City's Council Chamber.
- Supplies and materials in the Streets Division of the Public Works Department exceeded budget projections for fiscal year 2014. Contributing to the excess was unforeseen expense for fuel and snowplow blades used to clear roadways of snow and ice following 86 separate weather events during the winter of 2013-2014.

Revenues and expenditures that did not meet final budget expectations included:

- Proceeds from Engineering and Plan Reviews increased over prior year receipts but missed fiscal year 2014 budget expectations. Fiscal year 2014 revenue is due in large part to redevelopment of commercial properties in the City.
- Police fines and towing fines missed budget projections for fiscal year 2014. Receipts ended the year below budget as more drivers complied with local traffic laws.
- Telecommunications Tax receipts missed budget expectations. As competition increases among telecommunication providers, consumers are taking advantage of comprehensive telecommunications packages at lower prices. The new structure results in lowering telecommunications tax available to local governments.
- The cancellation of one cellular tower lease agreement caused receipts of rental income in the General Fund to miss budget projections for fiscal year 2014.
- Personnel related expenses ended the year below budget due to vacated positions. Vacated positions will not be filled unless they are critical to City operations. Overtime costs in the Police Department were reduced through chargebacks to organizations utilizing special police services.
- Sales tax incentives in the Planning Department ended the year below budget. The second distribution of enhanced sales tax attributable to M'Lady Nissan transpired in November, 2013, and the first distribution of enhanced sales tax was made to Brilliance Motor Sales in January, 2014. Based on terms of Enhanced Sales Tax agreements, the City shall share equally, retail sales tax generated by each establishment up to a maximum of ten years or $1,000, whichever occurs first.
- Contractual services in the Insurance Division ended the year below budget. During fiscal year 2014, the City recognized its liability to return telecommunications tax receipts to the Illinois Department of Revenue (IDOR). In late June, 2014, municipalities throughout Illinois received a notice from the IDOR regarding a federal class action lawsuit settlement involving improperly charged telecommunications tax. As a result of the settlement, IDOR must recover amounts previously distributed to local governments from improperly taxed transactions.
- Contractual services in the Police Department ended the year below budget. Costs anticipated for police dispatch services were over-estimated.
- Contractual services in the Streets Division of the Public Works Department missed budget projections. Expenditures ended the year below budget due in large part to savings in electrical costs to power the City's street lights. Savings were made possible through the City's electrical aggregation program, a program that provides economies of scale for the purchase of combined electric supply.

- Capital outlay in the Storm Sewer Division of the Public Works Department ended the year below budget. Construction of improvements aimed at easing flooding during periods of heavy or prolonged rainfall has been postponed until engineering and design phases are complete.
- Capital outlay in the Special Projects Division of the City Administration Department ended the year below budget. In large part, funds budgeted for repairs to the Raue Center for the Arts building in historic downtown Crystal Lake exceeded fiscal year 2014 expenses. Additional repairs will be made in fiscal year 2015. Funds budgeted for way-finding signage also exceeded expenses. Funds have been re-budgeted in 2015. Funds will not be expended for the repainting of the Union Pacific overpass at IL Route 176 as the overpass falls under the jurisdiction of the Union Pacific.

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, 2014, totaled $252,774 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, improvements, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was $3,688 or 1.5%.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	**2014**	2013	**2014**	2013	**2014**
Land	$ 103,067	**$ 103,540**	$ 628	**$ 628**	$ 103,695	**$ 104,168**
Construction in progress	4,901	**4,438**	1,058	**3,917**	5,959	**8,355**
Buildings and improvements	24,421	**23,624**	10,673	**11,095**	35,094	**34,719**
Machinery, equipment and vehicles	5,350	**6,540**	4,313	**4,843**	9,663	**11,383**
Infrastructure	45,922	**46,176**	48,753	**47,973**	94,675	**94,149**
Total	$ 183,661	**$ 184,318**	$ 65,425	**$ 68,456**	$ 249,086	**$ 252,774**

Major capital asset acquisitions made during the fiscal year included sanitary sewer rehabilitation, water main extension in the vicinity of Water Treatment Plant #4 and water main replacement in the area of County Club subdivision. The water storage tower at Water Treatment Plant #5 was repaired and recoated. Repair and recoating of two water storage tanks at Water Treatment Plant #4 is underway. The bio-solids building at Wastewater Treatment Plant #2 was replaced and lifts stations city-wide were fitted with computerized systems aimed at transmitting data in real time (SCADA). In addition to the City's annual street resurfacing program, roadway projects included improvements to McHenry Avenue, expansion of the Railroad Street commuter lot and acquisition of right-of-way along South Main Street in advance of its widening next year. Other capital and equipment replacements were the restoration of the Public Works garage floor, the development of a master address repository, the implementation of document imaging and management system, the replacement of backup generators at the Municipal Complex, Water Treatment Plant #3 and Water Treatment Plant #5, flooding mitigation engineering and design, as well as the purchase of new utility vehicles for the Police and Community Development Departments, a Horton ambulance for the Fire Rescue Department, a wheel loader, backhoe loader, two dump trucks, three pickup trucks and the conversion of one garbage truck to a grapple truck for the Public Works Department. Additional information on the City's capital assets can be found in Note I.D.3 and III.C of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $42,790.

Long-Term Debt at Year End
Fiscal Year 2014
(In thousands)

	Balance, May 1, 2013	Additions	Deletions	**Balance, April 30, 2014**
General obligation bonds	$ 27,755	$ 17,075	$ 2,040	**$ 42,790**
Notes payable	8,677	-	8,677	**-**
	$ 36,432	$ 17,075	$ 10,717	**$ 42,790**

In July, 2013, the City issued $9,465 of Series 2013 General Obligation Bonds for purposes of making improvements to its water and sewer infrastructure. In April, 2014, the City took advantage of favorable interest rates, refinancing its Illinois EPA note through the issuance of Series 2014 General Obligation Refunding Bonds, saving taxpayers approximately $150 in interest over the remaining term of the Illinois EPA note. $10,717 of outstanding debt was retired.

Special Service Area (SSA) bond issues outstanding at April 30, 2014 include:

- Special Service Area Number 45 Bonds, Series 2006 - $5,440
- Special Service Area Number 44 Bonds, Series 2007 - $400
- Special Service Area Number 46 Bonds, Series 2007 - $2,429

During fiscal year 2013, the City recognized the release of its commitment on Special Service Area (SSA) bond issues ($8,341) in its statement of activities. SSA bonds were found not to be direct obligations of the City. Outstanding cash and fund balance were reclassified to the Special Assessments (Agency) Fund.

The City maintains an "Aa1" rating from Moody's for general obligation debt and "AA+" rating from Standards and Poor.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City is currently 6.3 percent down from the rate of 8.6 percent one year ago. The unemployment rate is below the State's average unemployment rate of 7.1 percent and compares to the national average rate of 6.1 percent. The occupancy rate of the government's central business district has increased to as much as 99 percent earlier in 2014 and is now at 98%, which is the expected rate for the foreseeable future. Inflationary trends in the region compare favorably to national indices.

Fiscal year 2015 revenue projections are slightly ahead of fiscal year 2014. Limited economic recovery has translated to some gains in sales, income and use taxes in the General Fund. Receipts from telecommunications tax continue to decline as competition among carriers increases, resulting in lower prices for consumers. New home construction activities will remain sluggish. To balance the fiscal year 2015 budget, the City of Crystal Lake will continue to follow spending control measures that include taking advantage of electrical aggregation and other bulk purchasing opportunities through cooperative purchasing agreements, seeking competitive bids and avoid filling vacated positions unless they are critical to City operations. Whenever possible, grant funding shall be sought to offset program and project costs.

The Water and Sewer Fund has been a self-supporting utility. In the late 1990's, water and sewer connection fee receipts were pledged for the payment of a low interest loan from the Illinois Environmental Protection Agency (EPA). As the economy slowed, so too did new construction and the receipt of connection fees to repay the City's debt. As connection fees from new construction have fallen short of 200 new connections per year required to repay the debt, Water and Sewer reserves have been used to pay amounts due.

In 2012, the City authorized a Wastewater Master Plan to evaluate both wastewater facilities and determine necessary improvements both in the short term and long term. This report was completed in June, 2013. The City further authorized a Water Master Plan in 2013 to address both short term and long term improvements required in the City's water production system, treatment process, distribution system and chlorides discharges from water treatment plants. These reports have provided the engineering analysis to identify critically needed improvements.

Finally, the City commissioned a water and sewer rate study, which was completed in February, 2014. The study provided a number of options. The fiscal year 2015 incorporates the recommended option which includes an increase of 11.4% for water and sewer services. This increase provides a funding mechanism that will allow the Water and Sewer fund to continue to be financially independent and provide for some capital investment to maintain water and sewer infrastructure systems. This is the first of five consecutive years of rate increases recommended by the study.

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 George Koczwara, Director of Finance, 100 W. Woodstock Street, Crystal Lake, Illinois 60014.

BASIC FINANCIAL STATEMENTS

City of Crystal Lake, Illinois
Statement of Net Position
April 30, 2014

	Governmental Activities	Business-type Activities	**Total**	Component Unit Crystal Lake Public Library
Assets				
Cash and investments	$ 28,291,500	$ 12,623,379	**$ 40,914,879**	$ 5,731,965
Receivables, net:				
Property taxes	11,621,724	-	**11,621,724**	4,337,505
Accrued interest	151,235	12,717	**163,952**	-
Accounts	1,340,626	1,381,996	**2,722,622**	-
Internal balances	(512,833)	512,833	**-**	576
Due from fiduciary funds	213,133	-	**213,133**	-
Due from other governments	5,553,022	-	**5,553,022**	-
Inventory	179,175	-	**179,175**	-
Prepaid items and other assets	1,259,052	37,066	**1,296,118**	-
Total current assets	48,096,634	14,567,991	**62,664,625**	10,070,046
Noncurrent:				
Capital assets (net of accumulated depreciation):				
Land	103,539,790	628,095	**104,167,885**	661,569
Construction in progress	4,437,997	3,916,767	**8,354,764**	-
Buildings and improvements	23,624,182	11,095,477	**34,719,659**	4,995,557
Machinery, equipment and vehicles	6,540,445	4,843,338	**11,383,783**	129,493
Infrastructure	46,175,766	47,972,445	**94,148,211**	-
Total noncurrent assets	184,318,180	68,456,122	**252,774,302**	5,786,619
Total assets	$ 232,414,814	$ 83,024,113	**$ 315,438,927**	$ 15,856,665

(cont'd)

City of Crystal Lake, Illinois
Statement of Net Position (cont'd)
April 30, 2014

	Governmental Activities	Business-type Activities	Total	Component Unit Crystal Lake Public Library
Liabilities				
Current:				
Accounts payable	$ 2,657,051	$ 2,142,231	**$ 4,799,282**	$ 100,733
Accrued liabilities	581,619	73,547	**655,166**	28,920
Recapture fees payable	118,537	-	**118,537**	-
Due to component unit	576	-	**576**	-
Deposits payable	868,787	137,850	**1,006,637**	-
Interest payable	250,633	367,907	**618,540**	-
General obligation bonds payable	1,338,672	1,796,328	**3,135,000**	-
Compensated absences payable	2,036,013	269,568	**2,305,581**	79,934
Total current liabilities	7,851,888	4,787,431	**12,639,319**	209,587
Noncurrent:				
Compensated absences payable	1,055,901	162,809	**1,218,710**	47,634
General obligation bonds payable	16,369,275	23,420,881	**39,790,156**	-
Net pension obligation	2,302,296	-	**2,302,296**	-
Net other post-employment benefit obligation	125,833	-	**125,833**	-
Total noncurrent liabilities	19,853,305	23,583,690	**43,436,995**	47,634
Total liabilities	27,705,193	28,371,121	**56,076,314**	257,221
Deferred Inflows of Resources				
Property taxes	11,630,114	-	**11,630,114**	4,337,505
Net Position				
Net investment in capital assets	166,610,233	43,238,913	**209,849,146**	5,786,619
Restricted for:				
Working cash	-	-	-	50,088
Highways and streets	7,867,624	-	**7,867,624**	-
Retirement	795,058	-	**795,058**	360,410
Debt service	664,234	-	**664,234**	-
Unrestricted	17,142,358	11,414,079	**28,556,437**	5,064,822
Total net position	$ 193,079,507	$ 54,652,992	**$ 247,732,499**	$ 11,261,939

See accompanying notes.

City of Crystal Lake, Illinois
Statement of Activities
For the Year Ended April 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: **Total**	Component Unit: Crystal Lake Public Library
Governmental activities:								
General and administrative	$ 9,433,013	$ 1,137,583	$ 50,131	$ 3,050	$ (8,242,249)	$ -	**$ (8,242,249)**	$ -
Public safety	23,491,319	3,542,573	61,016	5,622	(19,882,108)	-	**(19,882,108)**	-
Highways and streets	8,923,262	232,521	1,206,621	142,398	(7,341,722)	-	**(7,341,722)**	-
Culture and recreation	1,020,029	407,383	-	350,626	(262,020)	-	**(262,020)**	-
Interest on long-term debt	629,055	-	-	-	(629,055)	-	**(629,055)**	-
Total governmental activities	43,496,678	5,320,060	1,317,768	501,696	(36,357,154)	-	**(36,357,154)**	-
Business-type activities - Waterworks and Sewerage	11,573,150	9,231,762	-	167,250	-	(2,174,138)	**(2,174,138)**	-
Total primary government	$ 55,069,828	$ 14,551,822	$ 1,317,768	$ 668,946	(36,357,154)	(2,174,138)	**(38,531,292)**	-
Component unit - Crystal Lake Public Library	$ 4,129,095	$ 149,632	$ 92,798	$ -	-	-	-	(3,886,665)
General revenues:								
Taxes:								
Property					11,165,180	-	**11,165,180**	4,185,141
Home rule sales					5,000,073	-	**5,000,073**	-
Auto rental					43,174	-	**43,174**	-
Franchise fees - cable					645,315	-	**645,315**	-
Telecommunications					1,559,980	-	**1,559,980**	-
Hotel					272,587	-	**272,587**	-
Intergovernmental:								
Replacement					152,358	-	**152,358**	-
State sales and use					11,326,567	-	**11,326,567**	-
Income					3,890,892	-	**3,890,892**	-
Investment income					213,842	40,184	**254,026**	22,476
Miscellaneous					1,504,447	307,698	**1,812,145**	38,689
Transfers					12,480	(12,480)	-	-
Total general revenues					35,786,895	335,402	**36,122,297**	4,246,306
Change in net position					(570,259)	(1,838,736)	**(2,408,995)**	359,641
Net position, beginning of the year					193,649,766	56,491,728	**250,141,494**	10,902,298
Net position, end of the year					$ 193,079,507	$ 54,652,992	**$ 247,732,499**	$ 11,261,939

See accompanying notes.

City of Crystal Lake, Illinois
Balance Sheet - Governmental Funds
April 30, 2014

	General Fund	Motor Fuel Tax Fund	Special Revenue Fire Rescue Fund	Funds Home Rule Sales Tax Fund	Other Governmental Funds	**Total Governmental Funds**
Assets						
Cash and investments	$ 9,892,843	$ 8,443,756	$ 1,566,593	$ 1,648,001	$ 6,740,307	**$ 28,291,500**
Receivables:						
Property taxes, net	3,656,728	-	6,125,349	-	1,839,647	**11,621,724**
Interest	75,148	76,087	-	-	-	**151,235**
Other	322,806	384,222	395,583	-	238,015	**1,340,626**
Due from other funds	991,774	-	-	-	19,872	**1,011,646**
Due from other governments	4,328,752	75,112	-	1,149,158	-	**5,553,022**
Inventory	179,175	-	-	-	-	**179,175**
Prepaid items	1,258,623	-	-	-	429	**1,259,052**
Advances to other funds	1,800,000	-	-	-	-	**1,800,000**
Total assets	$ 22,505,849	$ 8,979,177	$ 8,087,525	$ 2,797,159	$ 8,838,270	**$ 51,207,980**
Liabilities						
Accounts payable	$ 2,062,262	$ 83,324	$ 222,035	$ -	$ 289,430	**$ 2,657,051**
Accrued payroll	385,996	-	182,913	-	12,710	**581,619**
Recapture fees payable	61	-	-	-	118,476	**118,537**
Customer deposits	186,698	682,089	-	-	-	**868,787**
Due to other funds	523,490	346,140	-	18,205	423,511	**1,311,346**
Due to component unit	576	-	-	-	-	**576**
Advances from other funds	-	-	-	-	1,800,000	**1,800,000**
Total liabilities	3,159,083	1,111,553	404,948	18,205	2,644,127	**7,337,916**
Deferred Inflows of Resources						
Property taxes	3,665,118	-	6,125,349	-	1,839,647	**11,630,114**
Fund Balances						
Nonspendable	3,237,798	-	-	-	429	**3,238,227**
Restricted, reported in:						
Restricted for highways and streets	-	7,867,624	-	-	-	**7,867,624**
Restricted for retirement	-	-	-	-	795,058	**795,058**
Restricted for debt service	-	-	-	-	664,234	**664,234**
Restricted for park development	-	-	-	-	349,145	**349,145**
Assigned for next fiscal year expenditures	2,334,281	-	500,850	907,452	725,881	**4,468,464**
Assigned for promotion of tourism	84,877	-	-	-	-	**84,877**
Assigned, reported in:						
Special Revenue Funds	-	-	1,056,378	1,871,502	427,599	**3,355,479**
Capital Projects Funds	-	-	-	-	3,431,874	**3,431,874**
Unassigned, reported in:						
General Fund	10,024,692	-	-	-	-	**10,024,692**
Special Revenue Funds	-	-	-	-	-	**-**
Capital Projects Funds	-	-	-	-	(2,039,724)	**(2,039,724)**
Total fund balances	15,681,648	7,867,624	1,557,228	2,778,954	4,354,496	**32,239,950**
Total liabilities, deferred inflows of resources and fund balances	$ 22,505,849	$ 8,979,177	$ 8,087,525	$ 2,797,159	$ 8,838,270	**$ 51,207,980**

See accompanying notes.

City of Crystal Lake, Illinois
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
April 30, 2014

Total fund balance - governmental funds (page 19)	$ 32,239,950
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	184,318,180
Bond premiums are amortized over the life of the issue for governmental activities, but recognized as revenue in the period received in the governmental funds.	(135,156)
Some liabilities reported in the statement of net position 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	(17,572,791)
Compensated absences payable	(3,091,914)
Net pension obligation	(2,302,296)
Net other post-employment benefit obligation	(125,833)
Interest payable	(250,633)
Net position of governmental activities (page 15)	$ 193,079,507

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, 2014

	General Fund	Motor Fuel Tax Fund	Special Revenue Funds: Fire Rescue Fund	Home Rule Sales Tax Fund	Other Governmental Funds	**Total Governmental Funds**
Revenues:						
Charges for services	$ 435,830	$ -	$ 2,829,100	$ -	$ 712,068	**$ 3,976,998**
Licenses and permits	456,509	-	-	-	232,521	**689,030**
Intergovernmental	15,419,948	1,720,723	5,622	-	64,066	**17,210,359**
Fines and forfeitures	593,493	-	-	-	-	**593,493**
Property taxes	3,463,019	-	5,680,519	-	2,021,641	**11,165,179**
Other taxes	2,521,056	-	-	5,000,073	-	**7,521,129**
Investment income	174,291	36,482	626	1,628	819	**213,846**
Grant proceeds	-	-	-	-	328,026	**328,026**
Miscellaneous	1,125,383	101,225	3,479	-	37,098	**1,267,185**
Total revenues	24,189,529	1,858,430	8,519,346	5,001,701	3,396,239	**42,965,245**
Expenditures:						
Current:						
General government	7,526,354	-	-	-	916,174	**8,442,528**
Public safety	13,529,447	-	8,091,631	-	444,663	**22,065,741**
Highways and streets	4,675,391	741,986	-	-	490,941	**5,908,318**
Culture and recreation	-	-	-	-	542,720	**542,720**
Debt service:						
Principal retirement	352,020	-	-	-	973,364	**1,325,384**
Interest and fiscal charges	75,190	-	-	-	471,569	**546,759**
Miscellaneous	-	-	-	-	33,084	**33,084**
Capital outlay	905,243	803,925	447,316	-	4,214,576	**6,371,060**
Total expenditures	27,063,645	1,545,911	8,538,947	-	8,087,091	**45,235,594**
Revenues over (under) expenditures before other financing sources (uses)	(2,874,116)	312,519	(19,601)	5,001,701	(4,690,852)	**(2,270,349)**
Other financing sources (uses):						
Transfers in	3,020,536	-	-	64,726	5,666,097	**8,751,359**
Transfers out	(2,094,475)	-	-	(5,706,965)	(937,439)	**(8,738,879)**
Total other financing sources (uses)	926,061	-	-	(5,642,239)	4,728,658	**12,480**
Net changes in fund balances	(1,948,055)	312,519	(19,601)	(640,538)	37,806	**(2,257,869)**
Fund balances, beginning of the year	17,629,703	7,555,105	1,576,829	3,419,492	4,316,690	**34,497,819**
Fund balances, end of the year	$ 15,681,648	$ 7,867,624	$ 1,557,228	$ 2,778,954	$ 4,354,496	**$ 32,239,950**

See accompanying notes.

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, 2014

Amounts reported for governmental activities in the statement of activities (pages 16 and 17) are different because:	
Net changes in fund balances (deficit) - total governmental funds (page 22).	$ (2,257,869)
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities.	3,663,090
Depreciation on capital assets is reported as an expense in the statement of activities.	(2,959,301)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position	(46,499)
The issuance of long term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents current year principal paid as there were no proceeds in the current year.	1,325,384
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	20,642
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	(87,851)
Decrease in claims and judgments	218,496
Increase in net pension obligation	(283,158)
Increase in other post-employment benefit obligation	(80,896)
Decrease in interest payable	(82,297)
Change in net position of governmental activities (page 17)	$ (570,259)

See accompanying notes.

City of Crystal Lake, Illinois
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 488,500	$ 488,500	**$ 435,830**	$ (52,670)
Licenses and permits	508,750	508,750	**456,509**	(52,241)
Intergovernmental	14,834,822	14,834,822	**15,419,948**	585,126
Fines and forfeitures	845,000	845,000	**593,493**	(251,507)
Property taxes	3,470,581	3,470,581	**3,463,019**	(7,562)
Other taxes	2,812,956	2,812,956	**2,521,056**	(291,900)
Investment income	183,333	183,333	**174,291**	(9,042)
Miscellaneous	689,413	689,413	**1,125,383**	435,970
Total revenues	23,833,355	23,833,355	**24,189,529**	356,174
Expenditures:				
Current:				
General government	8,087,325	8,087,325	**7,526,354**	560,971
Public safety	13,922,135	13,922,135	**13,529,447**	392,688
Highways and streets	4,967,574	5,092,574	**4,675,391**	417,183
Capital outlay	1,513,000	2,005,239	**905,243**	1,099,996
Debt service:				
Principal	352,020	352,020	**352,020**	-
Interest and fees	75,007	75,007	**75,190**	(183)
Total expenditures	28,917,061	29,534,300	**27,063,645**	2,470,655
Revenues under expenditures before other financing sources (uses)	(5,083,706)	(5,700,945)	**(2,874,116)**	2,826,829
Other financing sources (uses):				
Transfers in	3,949,096	3,949,096	**3,020,536**	(928,560)
Transfers out	(2,526,205)	(2,526,205)	**(2,094,475)**	431,730
Total other financing sources (uses)	1,422,891	1,422,891	**926,061**	(496,830)
Net changes in fund balance	$ (3,660,815)	$ (4,278,054)	**(1,948,055)**	$ 2,329,999
Fund balance, beginning of the year			**17,629,703**	
Fund balance, end of the year			**$ 15,681,648**	

See accompanying notes.

City of Crystal Lake, Illinois
Motor Fuel Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Intergovernmental	$ 1,365,458	$ 1,365,458	**$ 1,720,723**	$ 355,265
Investment income	55,000	55,000	**36,482**	(18,518)
Miscellaneous	20,000	20,000	**101,225**	81,225
Total revenues	1,440,458	1,440,458	**1,858,430**	417,972
Expenditures - current:				
Highways and street:				
Contractual services	1,364,361	1,364,361	**390,420**	973,941
Supplies and materials	233,000	453,000	**351,566**	101,434
Capital outlay - streets	2,865,725	2,865,725	**803,925**	2,061,800
Total expenditures	4,463,086	4,683,086	**1,545,911**	3,137,175
Revenues over (under) expenditures	$ (3,022,628)	$ (3,242,628)	**312,519**	$ 3,555,147
Fund balance, beginning of the year			**7,555,105**	
Fund balance, end of the year			**$ 7,867,624**	

See accompanying notes.

City of Crystal Lake, Illinois
Fire Rescue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 2,670,776	$ 2,670,776	**$ 2,829,100**	$ 158,324
Intergovernmental	12,000	12,000	**5,622**	(6,378)
Property taxes	5,692,981	5,692,981	**5,680,519**	(12,462)
Investment income	1,500	1,500	**626**	(874)
Other	17,000	17,000	**3,479**	(13,521)
Total revenues	8,394,257	8,394,257	**8,519,346**	125,089
Expenditures:				
Public safety:				
Personnel services	7,321,626	7,321,626	**7,116,715**	204,911
Contractual services	748,149	748,149	**706,766**	41,383
Materials and supplies	255,985	255,985	**268,150**	(12,165)
Capital outlay	536,635	536,635	**447,316**	89,319
Total expenditures	8,862,395	8,862,395	**8,538,947**	323,448
Net changes in fund balance	$ (468,138)	$ (468,138)	**(19,601)**	$ 448,537
Fund balance, beginning of the year			**1,576,829**	
Fund balance, end of the year			**$ 1,557,228**	

See accompanying notes.

City of Crystal Lake, Illinois
Home Rule Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Other taxes - home rule sales tax	$ 4,631,820	$ 4,631,820	**$ 5,000,073**	$ 368,253
Investment income	3,600	3,600	**1,628**	(1,972)
Total revenues	4,635,420	4,635,420	**5,001,701**	366,281
Other financing sources (uses):				
Transfers in	50,000	50,000	**64,726**	14,726
Transfers out	(6,607,540)	(6,607,540)	**(5,706,965)**	900,575
Total other financing sources (uses)	(6,557,540)	(6,557,540)	**(5,642,239)**	915,301
Net changes in fund balance	$ (1,922,120)	$ (1,922,120)	**(640,538)**	$ 1,281,582
Fund balance, beginning of the year			**3,419,492**	
Fund balance, end of the year			**$ 2,778,954**	

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Net Position
April 30, 2014

Assets	
Current assets:	
Cash and cash equivalents	$ 12,623,379
Receivables - accounts	1,394,713
Due from other funds	522,010
Prepaid items	37,066
Total current assets	14,577,168
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Land	628,095
Construction in progress	3,916,767
Building improvements	11,095,477
Machinery, equipment, and vehicles	4,843,338
Infrastructure	47,972,445
Total noncurrent assets	68,456,122
Total assets	83,033,290
Liabilities	
Current liabilities:	
Accounts payable	2,142,231
Accrued payroll	73,547
Deposits payable	137,850
Interest payable	367,907
Due to other funds	9,177
General obligation bonds - current	1,796,328
Compensated absences payable	269,568
Total current liabilities	4,796,608
Noncurrent liabilities:	
Compensated absences payable	162,809
General obligation bonds - noncurrent	23,420,881
Total noncurrent liabilities	23,583,690
Total liabilities	28,380,298
Net Position	
Net investment in capital assets	43,238,913
Unrestricted	11,414,079
Total net position	$ 54,652,992

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended April 30, 2014

Operating revenues:	
Charges for services	$ 8,455,037
Miscellaneous	307,698
Total operating revenues	8,762,735
Operating expenses - excluding depreciation	7,452,618
Operating income before depreciation	1,310,117
Depreciation	2,992,700
Operating loss	(1,682,583)
Nonoperating revenue (expense):	
Connection fees	517,186
Interest income	40,184
Grant revenue	167,250
Rental income	259,539
Interest expense	(685,675)
Loss on sale of capital assets	(442,157)
Total nonoperating revenue (expense)	(143,673)
Loss before transfers	(1,826,256)
Transfers in	60,000
Transfers out	(72,480)
Changes in net position	(1,838,736)
Total net position, beginning of the year	56,491,728
Total net position, end of the year	$ 54,652,992

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Cash Flows
For the Year Ended April 30, 2014

Cash flows from operating activities:	
Receipts from customers	$ 8,858,005
Payments to suppliers and service providers	(3,083,217)
Payments to employees for salaries and benefits	(3,216,049)
Net cash from operating activities	2,558,739
Cash flows from capital and related financing activities:	
Grants received for capital purposes	167,250
Proceeds from bonds issued	17,075,000
Proceeds from sale of equipment	24,401
Capital assets purchased	(6,490,638)
Connection fees	517,186
Principal paid on general obligation bonds	(714,616)
Principal paid on notes payable	(8,676,955)
Interest paid on general obligation bonds and notes payable	(483,012)
Net cash from capital and related financing activities	1,418,616
Cash flows from noncapital financing activities:	
Advances to other funds	(765,112)
Transfers in from other funds	60,000
Transfers out to other funds	(72,480)
Net cash from noncapital financing activities	(777,592)
Cash flows from investing activities - interest and dividends	40,184
Net increase in cash and cash equivalents	3,239,947
Balance, beginning of the year	9,383,432
Balance, end of the year	$ 12,623,379

(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, 2014

Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	$ (1,682,583)
Adjustments to reconcile operating loss to net cash from operating activities:	
Rental income	259,539
Depreciation expense	2,992,700
Increase in receivables	(164,269)
Decrease in prepaid items	3,537
Increase in accounts payable	1,039,808
Increase in deposits payable	17,088
Increase in accrued payroll	6,429
Increase in compensated absences payable	86,490
Net cash from operating activities	$ 2,558,739

See accompanying notes.

City of Crystal Lake, Illinois
Fiduciary Funds - Trust and Agency Funds
Statement of Fiduciary Net Position
April 30, 2014

	Pension Trust Funds	Agency Funds
Assets		
Cash	$ 5,229	$ 452,404
Investments:		
Illinois Funds Investment Pool	196,759	-
Money market accounts	1,241,923	-
U.S. government and agency securities	17,998,430	-
Corporate bonds	3,363,380	-
Insurance contracts	1,600,490	-
Municipal bonds	1,866,727	-
Mutual funds - bonds	1,066,736	-
Mutual funds - stocks	29,315,261	-
Interest receivable	172,137	-
Other receivables	-	10,435
Total assets	$ 56,827,072	$ 462,839
Liabilities		
Accounts payable	$ 11,324	$ -
Recapture fees payable	-	(72,152)
Due to other funds	80	213,053
Funds held for others	-	321,938
Total liabilities	11,404	462,839
Net Position		
Restricted for pension benefits	56,815,668	-
Total liabilities and net position	$ 56,827,072	$ 462,839

See accompanying notes.

City of Crystal Lake, Illinois
Fiduciary Funds - Pension Trust Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended April 30, 2014

Additions	
Contributions:	
Employer	$ 3,462,987
Participant	1,076,080
Total contributions	4,539,067
Investment income:	
Net appreciation in fair value of investments	2,634,833
Interest income	1,797,409
Less investment expenses	(222,017)
Total investment income	4,210,225
Total additions	8,749,292
Deductions	
Pension benefits and refunds	2,987,787
Administrative expenses	22,273
Total deductions	3,010,060
Changes in net position	5,739,232
Total net position, beginning of the year	51,076,436
Total net position, end of the year	$ 56,815,668

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 including a financial benefit or burden relationship.

Discretely Presented Component Unit – 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 nor is there a financial benefit/burden relationship with 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 position 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. However, interfund services provided and used are not eliminated in the process of consolidation. 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 position presents the City's nonfiduciary assets and liabilities with the difference reported in three categories:

Net investment in capital assets 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 position results when constraints placed on net position use is either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does 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 or capital 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.

Home Rule Sales Tax Fund – This fund accounts for the collection of a municipal home rule sales tax and the transfers to other funds as approved by the City Council.

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.

Fiduciary funds are used to report assets held in a trustee capacity for others, and therefore cannot be used to support the City's own programs. The City reports the following fiduciary fund types:

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

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

Trust Funds – The City has two pension trust funds. These funds account for the activities of the Police Pension Plan and the Firefighters' Pension Plan, both of which accumulate resources for pension benefit payments to qualified public safety employees.

Agency Funds – 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.

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 and fiduciary 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 and 180 days for income taxes).

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, state shared revenues, 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.

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

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation** (cont'd)

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

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

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) is 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 guaranteed by the United States, its agencies and its instrumentalities.
- Interest bearing savings accounts, certificates of deposit, and time deposits for banks and savings and loans insured up to $250,000 by the Federal Deposit Insurance Corporation.
- 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.

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

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance** (cont'd)

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

Investments (cont'd)

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, and (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.

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.

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

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance** (cont'd)

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

Investments (cont'd)

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 governmental activities and an initial, individual cost of more than $25,000 in the business-type activities and 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.

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.

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

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance** (cont'd)

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

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 position 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. **Vacation 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.

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.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (cont'd)

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, net pension obligation and net other post-employment benefits obligation, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as expenses/expenditures at the time of issuance.

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 service expenditures.

Debt service 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. Net Position/Fund Balance Classifications

Equity in the government-wide and proprietary fund statements is classified as net position and displayed in three components:

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on its use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that does not meet the definitions of "restricted" or "net investment in capital assets."

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

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance** (cont'd)

6. **Net Position/Fund Balance Classifications** (cont'd)

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.

In the governmental fund financial statements, governmental funds report fund balance as either nonspendable or spendable. Spendable fund balance is further classified as restricted, committed, assigned or unassigned, based on the relative strength of the constraints that control how specific amounts can be spent. Within the governmental funds, restricted resources are utilized first, followed, as available, by committed, assigned and unassigned.

Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include ordinances approved by the Board. Amounts can be released from commitment in the same manner as they are committed. Assigned fund balance includes all remaining amounts that are reported in governmental funds other than the General Fund not already classified as nonspendable, restricted or committed, and any amount within the General Fund that are intended to be used for a specific purpose. The City Manager and Finance Director are given the authority in the City's fund balance policy to determine the portion of fund balance to be assigned in the annual budget process.

In accordance with the City's fund balance policy, the City will strive for minimum fund balances of 50% of annual operating expenditures in the General and Fire Rescue Funds, and 25% in the Water and Sewer Fund.

Individual Fund Restrictions, Commitments and Assignments:

General Fund – The City has a portion of the fund balance that is considered nonspendable fund balance. The nonspendable fund balance is intended as an offset to inventory, prepaid items, and a long-term loan receivable to another fund totaling $179,175, $1,258,623, and $1,800,000, respectively. To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance.

Motor Fuel Tax Fund – The fund balance is considered restricted for the repairs and maintenance of City streets as funding comes from a special tax on the purchase and sale of gasoline by the Illinois state legislature.

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

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance** (cont'd)

6. **Net Position/Fund Balance Classifications** (cont'd)

Individual Fund Restrictions, Commitments and Assignments (cont'd):

Fire Rescue Fund – To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance.

Home Rule Sales Tax Fund – To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance.

Nonmajor Governmental Funds – A portion of the fund balance ($429) is considered nonspendable fund balance and is intended as an offset to prepaid items. The fund balance in the Illinois Municipal Retirement Fund is restricted to meeting retirement obligations to City employees. The fund balance in the Debt Service Funds is considered restricted for the payment of long-term debt obligations. The fund balance in the Three Oaks Development (Capital Projects) Fund is restricted for park development.

To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance. All other special revenue and capital projects fund balances are considered assigned for the purposes of their respective funds, to the extent those funds have a positive fund balance. Negative fund balances reported in special revenue and capital project funds are considered unassigned fund balances.

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

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)

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance** (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 position.

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 position.

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 nonoperating revenues and expenses.

10. **Unbilled Services**

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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 Special Assessment No. 149 (Debt Service) Fund and the following Capital Project Funds:

Special Assessment No. 145
Crystal Heights Utility Extension
SSA 46 Ryland Main Construction
Vulcan Lakes TIF District
Three Oaks Development

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

1. 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.

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

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

3. 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. The City approved supplemental appropriations of $1,060,834 during the year ended April 30, 2014. The Library also approved supplemental appropriations.

II. Stewardship, Compliance and Accountability (cont'd)

A. Budgetary Information (cont'd)

As of April 30, 2014, the following funds had an excess of actual expenditures over budget:

Fund Name	Excess
Foreign Fire Insurance Fund	$ 2,967
Crystal Heights Debt Service Fund	38,484
SEECOM Debt Service Fund	446
Three Oaks Recreation Area Debt Service Fund	1,967
Three Oaks Capital Fund	47,221
Police Pension Fund	103,846
Firefighters' Pension Fund	50,614

B. Deficit Fund Equity

At April 30, 2014, the Vulcan Lakes TIF District (Capital Projects) Fund has a deficit fund balance of $2,039,724. It is expected that the future incremental tax revenues will eliminate this fund deficit.

III. 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.

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

A. Deposits and Investments (cont'd)

Custodial Credit Risk – Deposits (cont'd)

The City will accept any of the following assets as collateral:

1. Negotiable obligations of the United States government.

2. 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, 2014, the City, including the Pension Funds, had the following investments:

		Investment Maturities (In Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	$ 3,700,959	$ -	$ 2,651,105	$ 1,049,854	$ -
Fixed Income Money Market funds	1,241,923	1,241,923	-	-	-
Mortgage-backed securities	3,976,748	313,145	2,630,656	972,120	60,827
Other agency securities	14,867,216	1,053,877	10,394,989	3,418,350	-
Certificates of deposit	18,590,967	13,316,331	5,274,636	-	-
Municipal bonds	1,866,727	30,439	743,438	871,810	221,040
Mutual funds*	30,381,997	30,381,997	-	-	-
Corporate bonds	3,363,380	737,347	2,066,250	559,783	-
Insurance contracts	1,600,490	1,600,490	-	-	-
Illinois Metropolitan Investment Fund	4,255,987	4,255,987	-	-	-
Illinois Funds Investment Pool*	12,651,283	12,651,283	-	-	-
Total investments	$ 96,497,677	$ 65,582,819	$ 23,761,074	$ 6,871,917	$ 281,867

* Weighted average maturity of the fund/pool is less than one year.

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 Firefighters' Pension Fund has the following limits on its investment maturities:

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

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

A. Deposits and Investments (cont'd)

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, 2014, the City's investments were rated as follows:

Investment Type	Fair Value	Moodys
Fixed Income Money Market funds	$ 1,241,923	NR
Other agency securities	14,867,216	AA+
Municipal bonds	1,866,727	AA+ to AA-
Corporate bonds	3,363,380	AA+ to BBB
Illinois Metropolitan Investment Fund	4,255,987	Aaa/MR1
Illinois Funds Investment Pool	12,651,283	AAAm

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's investment policy places no limit on the amount the City may invest in any one issuer. None of the City's investments (excluding the Pension Trust Funds) make up greater than 5% of the City's total investments. Concentration risk disclosures for the Police and Firefighters' Pension Funds are in Note IV. B.

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.

III. 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 $1,338,664. The weighted average maturity of the Pool is less than one year. The Illinois Funds Investment Pool was rated AAAm by Standard & Poors rating service. The Library also invests in twenty five certificates of deposit with an aggregate carrying value of $3,744,626, of which eighteen certificates of deposit with a carrying value of $2,609,154 will mature within one year, and seven certificates of deposit with a carrying value of $1,135,472 will mature in one to three years.

B. Property Taxes

The City's property tax is levied each calendar year on all taxable real property located in the City. Because the 2013 levy is intended to fund the operations of fiscal year 2015, the 2013 property tax levy is recorded as a receivable and the 2013 property tax revenue is reported as a deferred inflow of resources.

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 2013 become due and payable in two installments in June 2014 and September 2014. 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.

III. 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, 2014 is as follows:

	Balance May 1	Additions	Deletions	**Balance April 30**
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 103,066,974	$ 472,816	$ -	**$ 103,539,790**
Construction in progress	4,900,902	617,918	1,080,823	**4,437,997**
	107,967,876	1,090,734	1,080,823	**107,977,787**
Capital assets being depreciated:				
Buildings and improvements	33,369,082	65,735	-	**33,434,817**
Machinery, equipment and vehicles	14,358,799	2,128,174	355,273	**16,131,700**
Infrastructure	62,638,393	1,416,435	-	**64,054,828**
	110,366,274	3,610,344	355,273	**113,621,345**
Less accumulated depreciation for:				
Buildings and improvements	8,947,417	863,218	-	**9,810,635**
Machinery, equipment and vehicles	9,009,098	933,764	351,607	**9,591,255**
Infrastructure	16,716,743	1,162,319	-	**17,879,062**
	34,673,258	2,959,301	351,607	**37,280,952**
Total capital assets being depreciated, net	75,693,016	651,043	3,666	**76,340,393**
Governmental activities capital assets, net	$ 183,660,892	$ 1,741,777	$ 1,084,489	**$ 184,318,180**

III. 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, 2014 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	1,057,822	2,863,745	4,800	**3,916,767**
	1,685,917	2,863,745	4,800	**4,544,862**
Capital assets being depreciated:				
Buildings and improvements	17,436,930	1,190,124	-	**18,627,054**
Machinery, equipment and vehicles	6,596,206	835,879	72,695	**7,359,390**
Infrastructure	91,017,722	1,600,890	982,782	**91,635,830**
	115,050,858	3,626,893	1,055,477	**117,622,274**
Less accumulated depreciation for:				
Buildings and improvements	6,764,154	767,423	-	**7,531,577**
Machinery, equipment and vehicles	2,283,438	305,309	72,695	**2,516,052**
Infrastructure	42,264,441	1,919,968	521,024	**43,663,385**
	51,312,033	2,992,700	593,719	**53,711,014**
Total capital assets being depreciated, net	63,738,825	634,193	461,758	**63,911,260**
Business-type activities capital assets, net	$ 65,424,742	$ 3,497,938	$ 466,558	**$ 68,456,122**

III. 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, 2014 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	7,890,172	5,000	-	**7,895,172**
Machinery, equipment and vehicles	402,505	48,966	-	**451,471**
	8,292,677	53,966	-	**8,346,643**
Less accumulated depreciation for:				
Buildings and improvements	2,735,965	163,650	-	**2,899,615**
Machinery, equipment and vehicles	276,446	45,532	-	**321,978**
	3,012,411	209,182	-	**3,221,593**
Total capital assets being depreciated, net	5,280,266	(155,216)	-	**5,125,050**
Component unit activities capital assets, net	$ 5,941,835	$ (155,216)	$ -	**$ 5,786,619**

Depreciation was charged to functions/activities as follows:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Public Library
General and administrative	$ 394,212	$ -	$ -
Public safety	1,000,468	-	-
Highways and streets	1,083,640	-	-
Culture and recreation	480,981	-	155,216
Waterworks and sewerage	-	2,992,700	-

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

D. Interfund Receivables, Payables and Transfers

The following interfund receivables and payables as of April 30, 2014 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. They are expected to be liquidated in the next year during the normal course of operations.

Receivable Fund	Payable Fund	Amount
General	Motor Fuel Tax	$ 346,140
General	Waterworks and Sewerage	8,990
General	Nonmajor Governmental	423,511
General	Pension Trust	80
General	Agency	213,053
Waterworks and Sewerage	General	522,010
Nonmajor Governmental	General	1,480
Nonmajor Governmental	Home Rule Sales Tax	18,205
Nonmajor Governmental	Waterworks and Sewerage	187
		$ 1,533,656

The General Fund advanced the Vulcan Lakes TIF District Fund $1,800,000 for the acquisition of land. The intention is for the Vulcan Lakes TIF District Fund to repay the advance with incremental taxes after the TIF bonds have been fully paid. This amount is recorded as "advances to other funds" in the General Fund and "advances from other funds" in the Vulcan Lakes TIF District Fund.

The composition of interfund transfers for the year ended April 30, 2014 is as follows:

Receiving Fund	Paying Fund	Amount
General	Home Rule Sales Tax	$ 2,972,056
General	Waterworks and Sewerage	48,480
Home Rule Sales Tax	Nonmajor Governmental	64,726
Nonmajor Governmental	General	2,094,475
Nonmajor Governmental	Home Rule Sales Tax	2,674,909
Nonmajor Governmental	Nonmajor Governmental	872,713
Nonmajor Governmental	Waterworks and Sewerage	24,000
Waterworks and Sewerage	Home Rule Sales Tax	60,000
		$ 8,811,359

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

D. Interfund Receivables, Payables and Transfers (cont'd)

The transfers included amounts from the Home Rule Sales Tax Fund to the General Fund for police officers for the Target Response Unit, economic development activities such as "I Shop Crystal Lake," flooding mitigation and control, and other core services; and to nonmajor governmental funds for road resurfacing and construction, debt payments and recreational costs at Three Oaks.

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, 2014:

	Balance May 1	Additions	Deletions	**Balance April 30**
City:				
General obligation bonds	$ 18,898,175	$ -	$ 1,325,384	**$ 17,572,791**
Deferred bond premium	155,798	-	20,642	**135,156**
Claims and judgments	218,496	3,184,980	3,403,476	-
Net pension obligation*	2,019,138	283,158	-	**2,302,296**
Net OPEB*	44,937	80,896	-	**125,833**
Compensated absences*	3,004,063	2,026,911	1,939,060	**3,091,914**
	$ 24,340,607	$ 5,296,722	$ 6,688,562	**$ 22,948,767**
Crystal Lake Public Library:				
Compensated absences	$ 125,463	$ 151,592	$ 149,487	**$ 127,568**

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

III. **Detailed Notes For All Funds** (cont'd)

E. **Long-term Obligations** (cont'd)

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, 2014.

	Balance May 1	Additions	Deletions	**Balance April 30**
General obligation bonds	$ 8,856,825	$ 17,075,000	$ 714,616	**$ 25,217,209**
Notes payable	8,676,955	-	8,676,955	-
Claims and judgments	-	473,563	473,563	-
Compensated absences	345,887	279,105	192,615	**432,377**
	$ 17,879,667	$ 17,827,668	$ 10,057,749	**$ 25,649,586**

The current portion of compensated absences for governmental, business-type, and library activities are $2,036,013, $269,568, and $79,934, respectively.

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:

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

E. Long-term Obligations (cont'd)

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
2009 General Obligation Bonds, original principal $22,110,000 (partial Waterworks and TIF alternate revenue source), due in annual installments of $900,000 to $1,450,000 through January 1, 2029; interest at 2.50% to 5.75% payable semi-annually on January 1 and July 1.	General and Debt Service	$ 15,532,717	$ -	$ 947,239	$ 14,585,478	$ 962,729
	Waterworks and Sewerage	3,027,283	-	322,761	2,704,522	327,271
2012 General Obligation Bonds, original principal $9,235,000 (partial proceeds for refunding of Series 2004 General Obligation Bonds and remainder for General and Waterworks capital outlay, due in annual installments of $40,000 to $850,000 through December 15, 2032; interest at 2.00% to 2.625% payable semi-annually on June 15 and December 15.	General and Debt Service	3,365,458	-	378,145	2,987,313	375,943
	Waterworks and Sewerage	5,829,542	-	391,855	5,437,687	394,057
2013 General Obligation Bonds, original principal $9,465,000 (proceeds for Wastewater Treatment Plant improvements, due in annual installments of $185,000 to $675,000 through December 15, 2033; interest at 3.25% to 4.00% payable semiannually on June 15 and December 15.	Waterworks and Sewerage	-	9,465,000	-	9,465,000	185,000
2014 General Obligation Refunding Bonds, original principal $7,610,000; proceeds for refunding of note payable, due in annual installments of $480,000 to $965,000 through December 15, 2022; interest at 3.00% payable semiannually on June 15 and December 15.	Waterworks and Sewerage	-	7,610,000	-	7,610,000	890,000
General Obligation Bonds		$ 27,755,000	$ 17,075,000	$ 2,040,000	$ 42,790,000	$ 3,135,000

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

E. Long-term Obligations (cont'd)

	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
Reported in:					
Governmental activities	$ 18,898,175	$ -	$ 1,325,384	$17,572,791	$1,338,672
Business-type activities	8,856,825	17,075,000	714,616	25,217,209	1,796,328
	$ 27,755,000	$ 17,075,000	$ 2,040,000	$42,790,000	$3,135,000

Notes payable, included within the business-type activities, were paid in full in the current year with proceeds from the Series 2014 General Obligation Refunding Bonds:

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30
Notes payable due in annual installments beginning February 1, 2003; interest at 2.535%.	Waterworks and Sewerage	$ 8,676,955	$ -	$ 8,676,955	$ -

The annual requirements to retire all governmental and business-type activities' general obligation bonded debt outstanding of the City as of April 30, 2014 are as follows:

Fiscal Year End	Governmental Activities General Obligation Bonds		Business-type Activities General Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	$ 1,338,672	$ 749,999	$ 1,796,328	$ 879,254
2016	1,383,966	711,992	1,911,034	752,530
2017	1,426,983	669,255	1,968,017	697,592
2018	1,447,121	622,625	2,012,879	640,134
2019	1,496,630	574,259	2,078,370	581,140
2020-2024	4,517,737	2,207,864	7,532,263	2,072,076
2025-2029	5,761,781	1,004,560	3,803,219	1,146,711
2030-2034	199,901	12,862	4,115,099	448,706
	$ 17,572,791	$ 6,553,416	$ 25,217,209	$ 7,218,143

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

E. Long-term Obligations (cont'd)

Special service area bonds outstanding and the current year activity are below. Assessments collected from property owners were insufficient to meet the interest installment due August 1, 2012 on the Special Service Area #45 Series 2006 bonds, and the City provided the additional funding needed. Assessments again were insufficient at February 1, 2013, at which time the City management determined they would no longer provide a secondary source of funding for all SSA bonds, as they were under no legal obligation to do so, and allowed the bonds to go into default. Effective February 1, 2013, the SSA bonds were removed as a liability in the governmental activities, and the outstanding cash and fund balance were reclassified to the Special Assessments (Agency) Fund.

The City has the following SSA bond issues outstanding at April 30, 2014:

Special Service Area No. 45 Bonds, Series 2006 – original principal $5,935,000, due in annual installments of $175,000 to $435,000, commencing February 2009 through February 2031; interest at 4.70% to 5.50% payable semiannually on August 1 and February 1. The outstanding principal balance at April 30, 2014 was $5,440,000.

Special Service Area No. 46 Bonds, Series 2007 – original principal $2,500,000, due in annual installments of $27,000 to $240,000, commencing March 2010 through March 2036; interest at 5.75% payable semiannually on September 1 and March 1. The outstanding principal balance at April 30, 2014 was $2,429,000.

Special Service Area No. 44 Bonds, Series 2007 – original principal $750,000, due in annual installments of $50,000 through March 2022; interest at 4.40% to 4.85% payable annually on December 1. The outstanding principal balance at April 30, 2014 was $400,000.

The City will continue to collect taxes assessed on the SSA bonds and forward to bondholders any payments received.

IV. 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 $75,000 per claim.

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:

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

A. **Risk Management** (cont'd)

Unpaid claims liability – 4/30/11	$ 332,482
Claims incurred – fiscal year 2012	3,486,673
Claims paid – fiscal year 2012	(3,577,033)
Unpaid claims liability – 4/30/12	242,122
Claims incurred – fiscal year 2013	3,166,384
Claims paid – fiscal year 2013	(3,190,010)
Unpaid claims liability – 4/30/13	218,496
Claims incurred – fiscal year 2014	3,658,543
Claims paid – fiscal year 2014	(3,877,039)
Unpaid claims liability – 4/30/14	$ -

B. **Defined Benefit Pension Plan**

Illinois Municipal Retirement

Plan Description – The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with IMRF, an agent-multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. Benefit provisions are established by state statute and can only be changed by the General Assembly of the State of Illinois. The IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy – As set by statute, Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statutes require the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 13.17%. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

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

Illinois Municipal Retirement (cont'd)

Annual Pension Cost – For fiscal year ended April 30, 2014, the City's actual contributions for pension cost for the Regular plan was $1,438,358 and its required contribution was $1,434,423.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
4/30/14	$ 1,438,358	99.7 %
4/30/13	1,358,789	99.7
4/30/12	1,322,308	97.3

The net pension liability of $187,862 was comprised of the following:

Annual required contribution	$ 1,434,423
Interest on the net pension asset	13,795
Adjustment to the ARC	(9,860)
Annual pension cost	1,438,358
Fiscal 2014 contribution	1,434,423
Increase in pension liability	3,935
Net pension liability at April 30, 2013	183,927
Net pension liability at April 30, 2014	$ 187,862

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the IMRF's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period using a 20% corridor between the actuarial and market value of assets. The City's regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

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

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

Illinois Municipal Retirement (cont'd)

Funding Status and Funding Progress – As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 74.46% funded. The actuarial accrued liability for benefits was $34,017,659 and the actuarial value of assets was $25,328,841, resulting in an underfunded actuarial accrued liability (UAAL) of $8,688,818. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was $10,621,525 and the ratio of the UAAL to the covered payroll was 82%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 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, 2013 (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	30
Current employees:	
Vested	43
Nonvested	20
Total	93

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Police Pension (cont'd)

The Police 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 an annual retirement benefit of 2.5% of final salary for each year of service 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 of 2.5% of final salary for each year of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

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 originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3% of the amount of the pension payable at the time of the increase.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6% per year. The employee's accrued benefit is based on their final 8-year average salary not to exceed $106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, and are the lesser of 3% or 50% of CPI beginning the later of the anniversary date or age 60. Surviving spouses receive 66.67% of the employee's benefit at the time of death.

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 annually.

Current Year Annual Pension Cost and Net Pension Asset – The City's annual pension cost was $1,994,614. The annual pension cost is based on an actuarial calculation performed as of April 30, 2014. The City's actual contribution was $1,844,723. For a description of the significant actuarial assumptions see page 71.

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

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

Police Pension (cont'd)

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

The net pension liability of $945,515 was comprised of the following:

Annual required contribution	$ 1,973,564
Interest on the net pension asset	55,694
Adjustment to the ARC	(34,644)
Annual pension cost	1,994,614
Fiscal 2014 contribution	1,844,723
Increase in pension liability	149,891
Net pension liability at April 30, 2013	795,624
Net pension liability at April 30, 2014	$ 945,515

The City has recorded the net pension obligation of $945,515 in the government-wide statement of net position.

Funding Status and Funding Progress – As of April 30, 2014, the most recent actuarial valuation date, the plan was 55.9% funded. The actuarial accrued liability for benefits was $51,283,760 and the actuarial value of assets was $28,693,211, resulting in an underfunded actuarial accrued liability (UAAL) of $22,590,549 and the ratio of the UAAL to the covered payroll was 418.5%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 position available for benefits:

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

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

Police Pension (cont'd)

Reserves and Concentration of Investments (cont'd)

Investment Type	% of Net Position
FHLB	6.44%
FFCB	6.29
FHLMC	6.17

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, 2013 (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	18
Current employees:	
Vested	24
Nonvested	39
Total	81

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

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

Firefighters' Pension (cont'd)

Plan Description (cont'd)

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 an annual retirement benefit of one-half of the salary attached to the rank held in the fire service at the date of retirement. The pension is increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service up to 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 ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greatest of 54% of final salary or the monthly retirement pension the deceased firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary.

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.

For employees hired after January 1, 2011, the annual retirement benefit is 2.5% of final average salary for each year of service up to 30 years, to a maximum of 75% of such salary. The normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6% per year. The employee's accrued benefit is based on their final 8-year average salary not to exceed $106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, and are the lesser of 3% or 50% of CPI beginning the later of the anniversary date or age 60. Surviving spouses receive 66.67% of the employee's benefit at the time of death.

Funding Policy – Covered employees are required to contribute 9.455% 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 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 Firefighters' Pension Plan is fully funded. Actuarial valuations are performed annually.

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

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

Firefighters' Pension (cont'd)

Current Year Annual Pension Cost and Net Pension Asset – The City's annual pension cost was $1,747,596. The annual pension cost is based on the actuarial calculation performed as of April 30, 2014. The City's actual contribution was $1,618,264. For a description of the significant actuarial assumptions, see page 71.

The net pension liability of $1,168,919 was comprised of the following:

Annual required contributions (ARC)	$ 1,720,093
Interest on the net pension asset	72,771
Adjustment to the ARC	(45,268)
Annual pension cost	1,747,596
Fiscal 2014 contribution	1,618,264
Increase in pension liability	129,332
Net pension liability at April 30, 2013	1,039,587
Net pension liability at April 30, 2014	$ 1,168,919

The City has recorded the net pension obligation of $1,168,919 in the government-wide statement of net position.

Funding Status and Funding Progress – As of April 30, 2014, the most recent actuarial valuation date, the plan was 62.9% funded. The actuarial accrued liability for benefits was $35,602,007 and the actuarial value of assets was $22,383,225, resulting in an underfunded actuarial accrued liability (UAAL) of $13,218,782 and the ratio of the UAAL to the covered payroll was 252.1%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

B. **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 position available for benefits:

Investment Type	% of Net Position
FHLB	17.54%
FFCB	10.36%
FHLMC	6.72%

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, 2014.

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

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

Statement of Plan Net Position	Police Pension	Firefighters' Pension
Assets:		
Cash	$ -	$ 5,229
Investments:		
Illinois funds	183,384	13,375
Money market accounts	899,217	342,706
U.S. government and agency securities	6,977,886	11,020,544
Corporate bonds	3,363,380	-
Insurance contracts	-	1,600,490
Municipal bonds	-	1,866,727
Mutual funds – bonds	1,066,736	-
Mutual funds – stocks	19,300,875	10,014,386
Interest receivable	67,752	104,385
Total assets	31,859,230	24,967,842
Liabilities:		
Accounts payable	2,123	9,201
Due to other funds	-	80
Total liabilities	2,123	9,281
Plan net position held in trust for pension benefits	31,857,107	24,958,561
Total liabilities and plan net position	$ 31,859,230	$ 24,967,842

Statement of Changes in Plan Net Position	Police Pension	Firefighters' Pension
Additions:		
Contributions:		
Employer	$ 1,844,723	$ 1,618,264
Members	553,800	522,280
	2,398,523	2,140,544
Investment income:		
Net appreciation in fair value of investments	2,007,442	627,391
Interest income	828,118	969,291
Less investment expenses	(144,241)	(77,776)
	2,691,319	1,518,906
Total additions	5,089,842	3,659,450
Deductions:		
Pension benefits and refunds	1,914,037	1,073,750
Administrative expense	11,909	10,364
Total deductions	1,925,946	1,084,114
Change in net position	3,163,896	2,575,336
Beginning net position held in trust for pension benefits	28,693,211	22,383,225
Ending net position held in trust for pension benefits	$ 31,857,107	$ 24,958,561

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

B. **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, 2011	April 30, 2014	April 30, 2014
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) Post-retirement benefit increases	3.00%	3.00%	3.00%
Method used to determine actuarial value of assets	Five-year smoothed market value	Five-year average market value	Five-year average market value
Amortization method and remaining period	Level percentage of projected payroll, open basis, 30 years	Level percentage of projected payroll, closed basis, 27 years	Level percentage of projected payroll, closed basis, 27 years

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

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

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.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost	2009	$ 1,056,168	$ 1,256,062	$ 1,011,052
	2010	1,195,520	1,392,466	1,139,454
	2011	1,314,992	1,844,103	1,554,771
	2012	1,322,308	1,796,004	1,565,764
	2013	1,358,789	1,860,207	1,649,811
	2014	1,438,358	1,994,614	1,747,596
Actual contributions	2009	$ 1,056,168	$ 1,187,907	$ 904,951
	2010	1,155,049	1,240,962	995,800
	2011	1,211,096	1,385,548	1,128,846
	2012	1,286,600	1,834,018	1,541,610
	2013	1,354,937	1,848,711	1,621,810
	2014	1,434,423	1,844,723	1,618,264
Percent contributed	2009	% 100.0	% 94.6	% 89.5
	2010	96.6	89.1	87.4
	2011	92.1	75.1	72.6
	2012	97.3	102.1	98.5
	2013	99.7	99.4	98.3
	2014	99.7	92.5	92.6
Net pension obligation	2009	$ -	$ (212,143)	$ (417,853)
	2010	(40,471)	(363,647)	(561,507)
	2011	(144,367)	(822,202)	(987,432)
	2012	(180,075)	(784,188)	(1,011,586)
	2013	(183,927)	(795,624)	(1,039,587)
	2014	(187,862)	(945,515)	(1,168,919)

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

C. **Other Post-employment Benefits (OPEB)**

Plan Description – The City provides limited health care insurance coverage for its eligible retired employees. Full-time employees who retire and are eligible for a pension under either the IMRF Plan, Police Pension Plan, or Firefighters' Pension Plan, can elect to continue their medical insurance for life by paying the full price of the insurance under any three of the pension plans offered by the City. They also have the option to continue their dental coverage for 18 months from the date of retirement. The City accounts for the plan in the government-wide financial statements. The plan does not issue a stand-alone financial report.

At April 30, 2014, the OPEB Retiree Healthcare Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	11
Current employees:	
Vested	139
Nonvested	115
Total	265

Funding Policy – The retirees are allowed to participate in the same healthcare plan as active employees but must pay their full premium. Premiums are the same for active and retired employees. The contribution requirements for the City are spelled out in the pension plans' disclosures. The actuarially determined contributions to the pension plans takes into consideration the effect of allowing retirees to continue in the plan at the same premium as active employees.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of time not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

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

C. **Other Post-employment Benefits (OPEB)** (cont'd)

Annual OPEB Cost and Net OPEB Obligation (cont'd)

Annual required contribution	$ 186,109
Interest on net OPEB obligation	2,247
Adjustment to the ARC	(1,498)
Annual OPEB cost	186,858
2011 contribution	105,962
Increase in net OPEB obligation	80,896
Net OPEB obligation at April 30, 2013	44,937
Net OPEB obligation at April 30, 2014	$ 125,833

The City has recorded the net pension obligation of $125,833 in the government-wide statement of net position.

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for the three most recent years available were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/13	$ 186,858	56.7 %	$ 125,833
4/30/12	66,014	56.3	44,937
4/30/11	30,158	123.3	16,101

Funding Status and Funding Progress – The OPEB plan is being funded on a pay-as-you-go basis. At April 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $3,504,041. Annual covered payroll was $20,782,938 and the ratio of the UAAL to the covered payroll was 16.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

C. **Other Post-employment Benefits (OPEB)** (cont'd)

Funding Status and Funding Progress (cont'd)

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

In the April 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), including a 3.0 percent inflation assumption, projected salary increases of 5.0 percent annually, and an annual healthcare inflation rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 6.0 percent. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013 was 30 years.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

D. **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.

IV. Other Information (cont'd)

E. 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 of the Village Manager/Village Administrator/City Manager, or their respective staff designees, from the three founding communities. Two nonvoting members also consist of one member from the Fire Services Advisory Board and one member from the Law Enforcement Advisory Board. These nonvoting 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 are 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 five-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 undepreciated value of SEECOM's capital assets.

SEECOM is located at 100 Municipal Complex, Crystal Lake, Illinois 60014. A separate audit report for SEECOM is available through its office.

The City reports its activities in SEECOM as a governmental joint venture. In accordance with the joint venture agreement, the Village remitted $1,218,616 to SEECOM during fiscal year 2014.

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

F. **Construction Commitments**

The City had commitments under construction contracts of approximately $3,200,000 outstanding at April 30, 2014.

G. **New Governmental Accounting Standards**

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

Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GAS Statement 68,* amend Statements No. 25 and 27 respectively to improve the accounting and financial reporting by state and local governments for pensions, and is effective for the fiscal year ending April 30, 2016.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations, and is effective for the year ending April 30, 2015.

GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires governments that extend financial guarantees for obligations of another entity to recognize a liability when certain factors indicate it is more likely than not the government will be required to make a future payment, and is effective for the year ending April 30, 2015.

Management has not yet completed its assessment of these statements and a determination as to their impact on the overall financial statement presentation has not been made.

REQUIRED SUPPLEMENTARY INFORMATION

City of Crystal Lake, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2014

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
12/31/13	$ 25,328,841	$ 34,017,659	$ 8,688,818	74.46 %	$ 10,621,525	81.80 %
12/31/12	23,144,929	32,141,802	8,996,873	72.01	10,327,850	87.11
12/31/11	22,220,589	31,196,934	8,976,345	71.23	10,323,537	86.95
12/31/10	20,306,412	29,546,622	9,240,210	68.73	10,628,964	86.93
12/31/09	20,311,024	29,364,612	9,053,588	69.17	11,185,631	80.94
12/31/08	20,536,625	28,307,042	7,770,417	72.55	10,437,197	74.45

On a market value basis, the actuarial value of assets as of December 31, 2013 is $29,941,804.
On a market basis, the funded ratio would be 88.02%

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the City of Crystal Lake. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

See independent auditor's report.

City of Crystal Lake, Illinois
Police Pension Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2014

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
04/30/14	$ 28,693,211	$ 51,283,760	$ 22,590,549	55.95 %	$ 5,397,912	418.51 %
04/30/13	25,622,403	46,366,536	20,744,133	55.26	5,410,672	383.39
04/30/12	25,061,280	43,863,747	18,802,467	57.13	5,213,441	360.65
04/30/11	22,511,639	40,578,250	18,066,611	55.48	5,005,867	360.91
04/30/10	18,468,343	39,294,808	20,826,465	47.00	4,873,269	427.36
04/30/09	21,079,158	36,079,367	15,000,209	58.42	4,115,343	364.49

See independent auditor's report.

City of Crystal Lake, Illinois
Firefighters' Pension Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2014

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
04/30/14	$ 22,383,225	$ 35,602,007	$ 13,218,782	62.87 %	$ 5,243,555	252.10 %
04/30/13	19,537,175	30,279,636	10,742,461	64.52	5,187,455	207.09
04/30/12	17,274,852	27,122,698	9,847,846	63.69	5,001,529	196.90
04/30/11	15,021,180	24,630,907	9,609,727	60.99	4,617,841	208.10
04/30/10	12,125,259	22,561,770	10,436,511	53.74	4,491,808	232.35
04/30/09	12,718,081	19,271,158	6,553,077	66.00	3,648,703	179.60

See independent auditor's report.

City of Crystal Lake, Illinois
Other Post-employment Benefits Retiree Healthcare Plan
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2014

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
04/30/14	$ -	$ 3,504,041	$ 3,504,041	- %	$ 20,782,938	16.86 %
04/30/13	-	3,504,041	3,504,041	-	17,083,575	20.51
04/30/12	-	3,504,041	3,504,041	-	17,083,575	20.51
04/30/11	-	1,233,800	1,233,800	-	16,270,071	13.19
04/30/10	-	1,233,800	1,233,800	-	15,495,306	12.56

Note - The City has elected to have an actuarial valuation prepared on a biannual basis for the other post-employment benefits retiree healthcare plan.

See independent auditor's report.

City of Crystal Lake, Illinois
Police and Firefighters' Pension Plans
Required Supplementary Information -
Schedule of Employer Contributions
April 30, 2014

	Police Pension		Firefighters' Pension	
Year Ended	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
4/30/14	$ 1,973,564	93.47 %	$ 1,720,093	94.08 %
4/30/13	1,848,711	99.38	1,621,810	98.30
4/30/12	1,834,018	102.12	1,541,610	98.46
4/30/11	1,385,548	75.13	1,128,846	72.61
4/30/10	1,240,962	89.12	995,800	87.39
4/30/09	1,187,907	94.57	904,951	89.51

City of Crystal Lake, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Employer Contributions
April 30, 2014

Year Ended	Annual Required Contribution	Percentage Contributed
4/30/14	$ 1,434,423	100.00 %
4/30/13	1,354,937	100.00
4/30/12	1,286,600	97.53
4/30/11	1,211,096	92.16
4/30/10	1,155,049	96.61
4/30/09	1,056,168	100.00

See independent auditor's report.

SUPPLEMENTARY INFORMATION

City of Crystal Lake, Illinois
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Charges for services:				
Zoning and subdivision fees	$ 20,000	$ 20,000	**$ 19,500**	$ (500)
Plan review fees	115,000	115,000	**74,817**	(40,183)
Parking	235,000	235,000	**214,058**	(20,942)
Police revenue	100,000	100,000	**119,979**	19,979
Annexation fees	1,500	1,500	**-**	(1,500)
Other fees	17,000	17,000	**7,476**	(9,524)
	488,500	488,500	**435,830**	(52,670)
Licenses and permits:				
Liquor licenses	112,750	112,750	**97,674**	(15,076)
Miscellaneous licenses and permits	40,000	40,000	**15,674**	(24,326)
Building permits	350,000	350,000	**335,856**	(14,144)
Occupancy permits	6,000	6,000	**7,305**	1,305
	508,750	508,750	**456,509**	(52,241)
Intergovernmental:				
Income tax	3,731,606	3,731,606	**3,890,892**	159,286
Local use tax	625,000	625,000	**718,436**	93,436
Replacement tax	118,161	118,161	**152,358**	34,197
State sales tax	10,340,055	10,340,055	**10,608,131**	268,076
Intergovernmental - grants	20,000	20,000	**50,131**	30,131
	14,834,822	14,834,822	**15,419,948**	585,126
Fines and forfeitures:				
Police fines	785,000	785,000	**534,414**	(250,586)
Adjudication fines	60,000	60,000	**59,079**	(921)
	845,000	845,000	**593,493**	(251,507)
Property taxes	3,470,581	3,470,581	**3,463,019**	(7,562)

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Revenues - Budget and Actual (cont'd)
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Other taxes:				
Auto rental tax	$ 35,987	$ 35,987	**$ 43,174**	$ 7,187
Franchise fees - cable	626,000	626,000	**645,315**	19,315
Hotel tax	290,000	290,000	**272,587**	(17,413)
Telecommunications tax	1,860,969	1,860,969	**1,559,980**	(300,989)
	2,812,956	2,812,956	**2,521,056**	(291,900)
Investment income	183,333	183,333	**174,291**	(9,042)
Miscellaneous:				
Rental income	89,273	89,273	**53,005**	(36,268)
Other	600,140	600,140	**1,072,378**	472,238
	689,413	689,413	**1,125,383**	435,970
Total revenues	$ 23,833,355	$ 23,833,355	**$ 24,189,529**	$ 356,174

See independent auditor's report.

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
General government:				
Executive department:				
Personnel services	$ 22,800	$ 22,800	**$ 22,990**	$ (190)
Contractual services	571,498	571,498	**559,308**	12,190
	594,298	594,298	**582,298**	12,000
Legal and judiciary department - contractual services	413,350	413,350	**365,657**	47,693
Administration department:				
Personnel services	1,667,664	1,667,664	**1,601,634**	66,030
Contractual services	186,353	186,353	**139,903**	46,450
Supplies and materials	63,114	63,114	**52,851**	10,263
	1,917,131	1,917,131	**1,794,388**	122,743
Administrative adjudication department:				
Personnel services	53,081	53,081	**52,403**	678
Contractual services	55,895	55,895	**19,383**	36,512
Supplies and materials	5,000	5,000	**302**	4,698
	113,976	113,976	**72,088**	41,888
Engineering and building department:				
Personnel services	1,912,447	1,912,447	**1,794,295**	118,152
Contractual services	302,682	302,682	**267,389**	35,293
Supplies and materials	66,217	66,217	**52,816**	13,401
	2,281,346	2,281,346	**2,114,500**	166,846
Information technology:				
Personnel services	239,465	239,465	**230,791**	8,674
Contractual services	22,796	22,796	**18,396**	4,400
Supplies and materials	47,237	47,237	**38,984**	8,253
	309,498	309,498	**288,171**	21,327

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
General government (cont'd):				
Planning department:				
Personnel services	$ 535,799	$ 535,799	**$ 531,212**	$ 4,587
Contractual services	315,526	315,526	**270,314**	45,212
Supplies and materials	6,122	6,122	**4,275**	1,847
Sales tax incentives	500,000	500,000	**387,136**	112,864
	1,357,447	1,357,447	**1,192,937**	164,510
Health services - contractual services	130,000	130,000	**106,904**	23,096
Shared services - contractual services	478,713	478,713	**613,328**	(134,615)
Special projects department:				
Contractual services	101,700	101,700	**148,557**	(46,857)
Supplies and materials	8,000	8,000	**773**	7,227
	109,700	109,700	**149,330**	(39,630)
Insurance - contractual services	381,866	381,866	**246,753**	135,113
Total general government	8,087,325	8,087,325	**7,526,354**	560,971
Public safety:				
Police department:				
Personnel services	8,242,380	8,242,380	**8,016,312**	226,068
Contractual services	1,804,536	1,804,536	**1,662,471**	142,065
Supplies and materials	374,615	374,615	**356,145**	18,470
	10,421,531	10,421,531	**10,034,928**	386,603
Pension contributions	3,470,581	3,470,581	**3,463,019**	7,562

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Public safety (cont'd):				
Fire and police commission:				
Contractual services	$ 30,023	$ 30,023	**$ 31,500**	$ (1,477)
Total public safety	13,922,135	13,922,135	**13,529,447**	392,688
Highways and streets:				
Street department:				
Personnel services	1,975,293	2,100,293	**1,963,602**	136,691
Contractual services	1,095,102	1,095,102	**879,129**	215,973
Supplies and materials	355,418	355,418	**418,131**	(62,713)
	3,425,813	3,550,813	**3,260,862**	289,951
Storm sewer maintenance department:				
Personnel services	686,496	686,496	**661,274**	25,222
Contractual services	60,940	60,940	**41,999**	18,941
Supplies and materials	59,889	59,889	**51,455**	8,434
	807,325	807,325	**754,728**	52,597
Fleet services:				
Personnel services	655,768	655,768	**610,201**	45,567
Contractual services	46,271	46,271	**41,871**	4,400
Supplies and materials	32,397	32,397	**7,729**	24,668
	734,436	734,436	**659,801**	74,635
Total highways and streets	4,967,574	5,092,574	**4,675,391**	417,183

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Capital outlay:				
Fleet services	$ -	$ -	**$ 290**	$ (290)
Information technology department	230,000	230,000	**129,013**	100,987
Police department	-	-	**191**	(191)
Storm sewer maintenance department	620,000	620,000	**6,100**	613,900
Streets department	-	-	**5,418**	(5,418)
Special projects department	663,000	1,155,239	**764,231**	391,008
Total capital outlay	1,513,000	2,005,239	**905,243**	1,099,996
Debt service - special projects department:				
Principal	352,020	352,020	**352,020**	-
Interest and fees	75,007	75,007	**75,190**	(183)
Total debt service	427,027	427,027	**427,210**	(183)
Total expenditures	$ 28,917,061	$ 29,534,300	**$ 27,063,645**	$ 2,470,655

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:

Illinois Municipal Retirement – To account for revenues derived from a separate tax levy and disbursement of these funds for contributions to the state-sponsored Illinois Municipal Retirement Fund.

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.

Three Oaks Recreation Area Fund – To account for revenues derived from and expenses incurred from the operation of the Three Oaks Recreation Area.

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 Assessment 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 related to the North Shore water and sewer project. 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.

Three Oaks Recreation Area Debt Service Fund – To account for the accumulation of resources for, and the payment of, principal and interest on the 2009 General Obligation bonds. Financing is being provided by a property tax levy.

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 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.

Crystal Heights Utility Extension – To account for the extension of utilities to the Crystal Heights subdivision.

Main Street TIF 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.

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.

Capital Replacement – To account for funds set aside from General Fund reserves to provide for future replacements of capital and technological equipment.

Vulcan Lakes TIF – To account for the initial planning and engineering design services of the Vulcan Lakes TIF, intended to spur a comprehensive revitalization of this area and will include residential, retail and recreational facilities.

Three Oaks Capital – To account for funds set aside for the future development of the Three Oaks Recreation Area and for the replacement of capital equipment.

Three Oaks Development – To account for funds from developers set aside for the future development of the Three Oaks Recreation Area.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Governmental Funds
April 30, 2014

	Total	Special Revenue	Debt Service	Capital Projects
Assets				
Cash and investments	**$ 6,740,307**	$ 1,997,338	$ 629,791	$ 4,113,178
Receivables:				
Property taxes	**1,839,647**	1,735,632	85,800	18,215
Other	**238,015**	6,233	228,732	3,050
Due from other funds	**19,872**	19,685	-	187
Prepaid items	**429**	429	-	-
Total assets	**$ 8,838,270**	$ 3,759,317	$ 944,323	$ 4,134,630
Liabilities				
Accounts payable	**$ 289,430**	$ 62,008	$ -	$ 227,422
Accrued expenses	**12,710**	12,710	-	-
Recapture fees payable	**118,476**	-	10,502	107,974
Due to other funds	**423,511**	-	183,787	239,724
Advances to other funds	**1,800,000**	-	-	1,800,000
Total liabilities	**2,644,127**	74,718	194,289	2,375,120
Deferred Inflows of Resources				
Property taxes	**1,839,647**	1,735,632	85,800	18,215
Fund Balances				
Nonspendable	**429**	429	-	-
Restricted for retirement purposes	**795,058**	795,058	-	-
Restricted for debt service	**664,234**	-	664,234	-
Restricted for park development	**349,145**	-	-	349,145
Assigned for next fiscal years expenditures	**725,881**	725,881	-	-
Assigned, reported in:				
Special Revenue Funds	**427,599**	427,599	-	-
Capital Projects Funds	**3,431,874**	-	-	3,431,874
Unassigned	**(2,039,724)**	-	-	(2,039,724)
Total fund balances	**4,354,496**	1,948,967	664,234	1,741,295
Total liabilities, deferred inflows of resources and fund balances	**$ 8,838,270**	$ 3,759,317	$ 944,323	$ 4,134,630

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended April 30, 2014

	Total	Special Revenue	Debt Service	Capital Projects
Revenues:				
Charges for services	**$ 712,068**	$ 399,795	$ 312,273	$ -
Licenses and permits	**232,521**	232,521	-	-
Intergovernmental	**64,066**	61,016	-	3,050
Property taxes	**2,021,641**	1,894,368	67,693	59,580
Interest	**819**	578	121	120
Grant proceeds	**328,026**	-	-	328,026
Miscellaneous	**37,098**	37,098	-	-
Total revenues	**3,396,239**	2,625,376	380,087	390,776
Expenditures:				
Current:				
General government	**916,174**	910,712	5,462	-
Public safety	**444,663**	444,663	-	-
Highways and streets	**490,941**	490,941	-	-
Culture and recreation	**542,720**	539,048	-	3,672
Capital outlay	**4,214,576**	2,041,540	-	2,173,036
Debt service:				
Principal	**973,364**	-	973,364	-
Interest and fees	**471,569**	-	471,569	-
Miscellaneous	**33,084**	-	33,084	-
Total expenditures	**8,087,091**	4,426,904	1,483,479	2,176,708
Deficiency of revenues under expenditures before other financing sources (uses)	**(4,690,852)**	(1,801,528)	(1,103,392)	(1,785,932)
Other financing sources (uses):				
Transfers in	**5,666,097**	1,628,680	1,725,823	2,311,594
Transfers out	**(937,439)**	-	-	(937,439)
Total other financing sources (uses)	**4,728,658**	1,628,680	1,725,823	1,374,155
Net changes in fund balances	**37,806**	(172,848)	622,431	(411,777)
Fund balances, beginning of the year	**4,316,690**	2,121,815	41,803	2,153,072
Fund balances, end of the year	**$ 4,354,496**	$ 1,948,967	$ 664,234	$ 1,741,295

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Special Revenue Funds
April 30, 2014

	Total	Illinois Municipal Retirement	Road/ Vehicle License	School Crossing Guard	Foreign Fire Insurance	Three Oaks Recreation Area
Assets						
Cash and investments	**$ 1,997,338**	$ 795,058	$ 937,836	$ 63,292	$ 183,365	$ 17,787
Receivables:						
Property taxes	**1,735,632**	1,690,964	-	44,668	-	-
Other	**6,233**	-	-	6,233	-	-
Due from other funds	**19,685**	-	-	-	-	19,685
Prepaid items	**429**	-	429	-	-	-
Total assets	**$ 3,759,317**	$ 2,486,022	$ 938,265	$ 114,193	$ 183,365	$ 37,472
Liabilities						
Accounts payable	**$ 62,008**	$ -	$ 33,763	$ -	$ -	$ 28,245
Accrued expenses	**12,710**	-	-	3,483	-	9,227
Total liabilities	**74,718**	-	33,763	3,483	-	37,472
Deferred Inflows of Resources						
Property taxes	**1,735,632**	1,690,964	-	44,668	-	-
Fund Balances (Deficits)						
Nonspendable	**429**	-	429	-	-	-
Restricted for retirement purposes	**795,058**	795,058	-	-	-	-
Assigned for next fiscal year expenditures	**725,881**	-	725,881	-	-	-
Assigned - reported in Special Revenue Funds	**427,599**	-	178,192	66,042	183,365	-
Total fund balances (deficits)	**1,948,967**	795,058	904,502	66,042	183,365	-
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 3,759,317**	$ 2,486,022	$ 938,265	$ 114,193	$ 183,365	$ 37,472

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit) - Nonmajor Special Revenue Funds
For the Year Ended April 30, 2014

	Total	Illinois Municipal Retirement	Road/ Vehicle License	School Crossing Guard	Foreign Fire Insurance	Three Oaks Recreation Area
Revenues:						
Charges for services	**$ 399,795**	$ -	$ -	$ -	$ -	$ 399,795
Licenses and permits	**232,521**	-	232,521	-	-	-
Intergovernmental	**61,016**	-	-	-	61,016	-
Property taxes	**1,894,368**	1,397,206	472,210	24,952	-	-
Investment income	**578**	247	55	14	229	33
Miscellaneous	**37,098**	-	-	28,977	-	8,121
Total revenues	**2,625,376**	1,397,453	704,786	53,943	61,245	407,949
Expenditures:						
Current:						
General government	**910,712**	910,712	-	-	-	-
Public safety	**444,663**	328,898	-	52,648	63,117	-
Highways and streets	**490,941**	328,940	162,001	-	-	-
Culture and recreation	**539,048**	-	-	-	-	539,048
Capital outlay	**2,041,540**	-	2,041,540	-	-	-
Total expenditures	**4,426,904**	1,568,550	2,203,541	52,648	63,117	539,048
Excess (deficiency) of revenues over (under) expenditures before other financing sources	**(1,801,528)**	(171,097)	(1,498,755)	1,295	(1,872)	(131,099)
Other financing sources - transfers in	**1,628,680**	-	1,500,000	-	-	128,680
Net changes in fund balances	**(172,848)**	(171,097)	1,245	1,295	(1,872)	(2,419)
Fund balances, beginning of the year	**2,121,815**	966,155	903,257	64,747	185,237	2,419
Fund balances (deficit), end of the year	**$ 1,948,967**	$ 795,058	$ 904,502	$ 66,042	$ 183,365	$ -

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, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property taxes	$ 1,400,264	$ 1,400,264	**$ 1,397,206**	$ (3,058)
Investment income	2,500	2,500	**247**	(2,253)
Total revenues	1,402,764	1,402,764	**1,397,453**	(5,311)
Expenditures - current - personnel services:				
General government	1,053,722	1,053,722	**910,712**	143,010
Public safety	348,592	348,592	**328,898**	19,694
Highways and streets	348,637	348,637	**328,940**	19,697
Total expenditures	1,750,951	1,750,951	**1,568,550**	182,401
Net changes in fund balance	$ (348,187)	$ (348,187)	**(171,097)**	$ 177,090
Fund balance, beginning of the year			**966,155**	
Fund balance, end of the year			**$ 795,058**	

See independent auditor's report.

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, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Licenses and permits	$ 244,800	$ 244,800	**$ 232,521**	$ (12,279)
Intergovernmental	60,300	60,300	**-**	(60,300)
Property taxes	472,500	472,500	**472,210**	(290)
Investment income	10,000	10,000	**55**	(9,945)
Total revenues	787,600	787,600	**704,786**	(82,814)
Expenditures:				
Highways and streets	230,830	230,830	**162,001**	68,829
Capital outlay	2,135,000	2,135,000	**2,041,540**	93,460
Total expenditures	2,365,830	2,365,830	**2,203,541**	162,289
Revenues under expenditures before other financing sources	(1,578,230)	(1,578,230)	**(1,498,755)**	79,475
Other financing sources - transfers in	1,500,000	1,500,000	**1,500,000**	-
Net changes in fund balance	$ (78,230)	$ (78,230)	**1,245**	$ 79,475
Fund balance, beginning of the year			**903,257**	
Fund balance, end of the year			**$ 904,502**	

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, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property taxes	$ 25,000	$ 25,000	**$ 24,952**	$ (48)
Investment income	500	500	**14**	(486)
Miscellaneous	18,360	18,360	**28,977**	10,617
Total revenues	43,860	43,860	**53,943**	10,083
Expenditures - public safety:				
Personnel services	62,605	62,605	**52,648**	9,957
Materials and supplies	100	100	**-**	100
Total expenditures	62,705	62,705	**52,648**	10,057
Net changes in fund balance	$ (18,845)	$ (18,845)	**1,295**	$ 20,140
Fund balance, beginning of the year			**64,747**	
Fund balance, end of the year			**$ 66,042**	

See independent auditor's report.

City of Crystal Lake, Illinois
Foreign Fire Insurance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Intergovernmental	$ 60,000	$ 60,000	**$ 61,016**	$ 1,016
Investment income	150	150	**229**	79
Total revenues	60,150	60,150	**61,245**	1,095
Expenditures - public safety:				
Personnel services	1,500	1,500	**1,125**	375
Contractual services	6,800	6,800	**672**	6,128
Materials and supplies	51,850	51,850	**61,320**	(9,470)
Total expenditures	60,150	60,150	**63,117**	(2,967)
Net changes in fund balance	$ -	$ -	**(1,872)**	$ (1,872)
Fund balance, beginning of the year			**185,237**	
Fund balance, end of the year			**$ 183,365**	

See independent auditor's report.

City of Crystal Lake, Illinois
Three Oaks Recreation Area Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 427,290	$ 427,290	**$ 399,795**	$ (27,495)
Investment income	250	250	**33**	(217)
Miscellaneous	11,824	11,824	**8,121**	(3,703)
Total revenues	439,364	439,364	**407,949**	(31,415)
Expenditures - culture and recreation:				
Personnel services	372,719	372,719	**347,972**	24,747
Contractual services	121,401	121,401	**133,836**	(12,435)
Materials and supplies	55,719	55,719	**57,240**	(1,521)
Total expenditures	549,839	549,839	**539,048**	10,791
Revenues under expenditures before other financing sources	(110,475)	(110,475)	**(131,099)**	(20,624)
Other financing sources - transfers in	110,475	110,475	**128,680**	18,205
Net changes in fund balance	$ -	$ -	**(2,419)**	$ (2,419)
Fund balance, beginning of the year			**2,419**	
Fund balance (deficit), end of the year			**$ -**	

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Debt Service Funds
April 30, 2014

	Total	Special Assess-ment No. 149	Crystal Heights Debt Service	SEECOM Debt Service	Three Oaks Recreation Area Debt Service Fund
Assets					
Cash and investments	**$ 629,791**	$ -	$ 629,624	$ 167	$ -
Receivables:					
Property taxes	**85,800**	-	85,800	-	-
Other	**228,732**	228,732	-	-	-
Total assets	**$ 944,323**	$ 228,732	$ 715,424	$ 167	$ -
Liabilities					
Recapture fees payable	**$ 10,502**	$ -	$ 10,502	$ -	$ -
Due to other funds	**183,787**	183,787	-	-	-
Total liabilities	**194,289**	183,787	10,502	-	-
Deferred Inflows of Resources					
Property taxes	**85,800**	-	85,800	-	-
Fund Balances					
Restricted for debt service	**664,234**	44,945	619,122	167	-
Total fund balances	**664,234**	44,945	619,122	167	-
Total liabilities, deferred inflows of resources and fund balances	**$ 944,323**	$ 228,732	$ 715,424	$ 167	$ -

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Nonmajor Debt Service Funds
For the Year Ended April 30, 2014

	Total	Special Assess-ment No. 149	Crystal Heights Debt Service	SEECOM Debt Service	Three Oaks Recreation Area Debt Service Fund
Revenues:					
Charges for services	$ 312,273	$ 300	$ 41,327	$ 270,646	$ -
Property taxes	67,693	-	67,693	-	-
Investment income (loss)	121	(15)	136	-	-
Total revenues	380,087	285	109,156	270,646	-
Expenditures:					
Current - general government	5,462	-	5,462	-	-
Debt service:					
Principal	973,364	-	107,619	236,089	629,656
Interest and fees	471,569	-	15,752	34,557	421,260
Miscellaneous	33,084	-	33,084	-	-
Total expenditures	1,483,479	-	161,917	270,646	1,050,916
Revenues over (under) expenditures before other financing sources	(1,103,392)	285	(52,761)	-	(1,050,916)
Other financing sources - transfers in	1,725,823	-	674,907	-	1,050,916
Net changes in fund balances (deficit)	622,431	285	622,146	-	-
Fund balances (deficit), beginning of the year	41,803	44,660	(3,024)	167	-
Fund balances, end of the year	$ 664,234	$ 44,945	$ 619,122	$ 167	$ -

City of Crystal Lake, Illinois
Crystal Heights Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 123,433	$ 123,433	**$ 41,327**	$ (82,106)
Property taxes	-	-	**67,693**	67,693
Investment income	-	-	**136**	136
Total revenues	123,433	123,433	**109,156**	(14,277)
Expenditures:				
Current - general government - contractual services	-	-	**5,462**	(5,462)
Debt service:				
Principal	107,673	107,673	**107,619**	54
Interest	15,760	15,760	**15,752**	8
Miscellaneous	-	-	**33,084**	(33,084)
Total expenditures	123,433	123,433	**161,917**	(38,484)
Revenues under expenditures before other financing sources	-	-	**(52,761)**	(52,761)
Other financing sources - transfers in	-	-	**674,907**	674,907
Total other financing sources	-	-	**674,907**	674,907
Net changes in fund balance (deficit)	$ -	$ -	**622,146**	$ 622,146
Fund deficit, beginning of the year			**(3,024)**	
Fund balance, end of the year			**$ 619,122**	

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, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 270,200	$ 270,200	**$ 270,646**	$ 446
Total revenues	270,200	270,200	**270,646**	446
Expenditures:				
Debt service:				
Principal	235,700	235,700	**236,089**	(389)
Interest	34,500	34,500	**34,557**	(57)
Total expenditures	270,200	270,200	**270,646**	(446)
Net changes in fund balance	$ -	$ -	-	$ -
Fund balance, beginning of the year			**167**	
Fund balance, end of the year			**$ 167**	

See independent auditor's report.

City of Crystal Lake, Illinois
Three Oaks Recreation Area Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property tax	$ 12,500	$ 12,500	**$ -**	$ (12,500)
Total revenues	12,500	12,500	**-**	(12,500)
Expenditures - debt service:				
Principal	629,656	629,656	**629,656**	-
Interest	419,293	419,293	**421,260**	(1,967)
Total expenditures	1,048,949	1,048,949	**1,050,916**	(1,967)
Revenues under expenditures before other financing sources	(1,036,449)	(1,036,449)	**(1,050,916)**	(14,467)
Other financing sources - transfers in	1,036,449	1,036,449	**1,050,916**	14,467
Net changes in fund balance	$ -	$ -	**-**	$ -
Fund balance, beginning of the year			**-**	
Fund balance, end of the year			**$ -**	

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Capital Projects Funds
April 30, 2014

	Total	Special Assessment No. 145	Crystal Heights Utility Extension	Main Street TIF Construction	Virginia Street Corridor TIF	SSA 46 Ryland Main Construction	Capital Replacement	Vulcan Lakes TIF District	Three Oaks Capital	Three Oaks Development
Assets										
Cash and investments	**$ 4,113,178**	$ 117,572	$ -	$ 291,914	$ -	$ 27,725	$ 3,218,968	$ -	$ 107,854	$ 349,145
Receivables - property taxes	**18,215**	-	-	802	16,151	-	-	1,262	-	-
Receivables - other	**3,050**	-	-	-	-	-	3,050	-	-	-
Due from other funds	**187**	-	-	-	-	-	187	-	-	-
Total assets	**$ 4,134,630**	$ 117,572	$ -	$ 292,716	$ 16,151	$ 27,725	$ 3,222,205	$ 1,262	$ 107,854	$ 349,145
Liabilities										
Accounts payable	**$ 227,422**	$ -	$ -	$ -	$ -	$ -	$ 222,205	$ -	$ 5,217	$ -
Recapture fees payable	**107,974**	107,974	-	-	-	-	-	-	-	-
Due to other funds	**239,724**	-	-	-	-	-	-	239,724	-	-
Advances from other funds	**1,800,000**	-	-	-	-	-	-	1,800,000	-	-
Total liabilities	**2,375,120**	107,974	-	-	-	-	222,205	2,039,724	5,217	-
Deferred Inflows of Resources										
Property taxes	**18,215**	-	-	802	16,151	-	-	1,262	-	-
Fund Balances (Deficit)										
Restricted for park development	**349,145**	-	-	-	-	-	-	-	-	349,145
Assigned for capital outlay	**3,431,874**	9,598	-	291,914	-	27,725	3,000,000	-	102,637	-
Unassigned	**(2,039,724)**	-	-	-	-	-	-	(2,039,724)	-	-
Total fund balances (deficit)	**1,741,295**	9,598	-	291,914	-	27,725	3,000,000	(2,039,724)	102,637	349,145
Total liabilities, deferred inflows of resources and fund balances	**$ 4,134,630**	$ 117,572	$ -	$ 292,716	$ 16,151	$ 27,725	$ 3,222,205	$ 1,262	$ 107,854	$ 349,145

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Nonmajor Capital Projects Funds
For the Year Ended April 30, 2014

	Total	Special Assessment No. 145	Crystal Heights Utility Extension	Main Street TIF Construction	Virginia Street Corridor TIF	SSA 46 Ryland Main Construction	Capital Replacement	Vulcan Lakes TIF District	Three Oaks Capital	Three Oaks Development
Revenues:										
Intergovernmental	$ 3,050	$ -	$ -	$ -	$ -	$ -	$ 3,050	$ -	$ -	$ -
Property taxes	59,580	-	-	9,089	45,804	-	-	4,687	-	-
Investment income	120	-	-	56	7	2	-	-	15	40
Grant proceeds	328,026	-	-	-	-	-	-	(21,079)	-	349,105
Total revenues	390,776	-	-	9,145	45,811	2	3,050	(16,392)	15	349,145
Expenditures:										
Current - culture and recreation	3,672	-	-	-	-	-	-	-	3,672	-
Capital outlay - public works improvements	1,187,354	-	-	-	(18,915)	-	1,222,668	(16,399)	-	-
Capital outlay - administrative	469,692	-	-	-	-	-	469,692	-	-	-
Capital outlay - information technology	65,972	-	-	-	-	-	65,972	-	-	-
Capital outlay - police	237,542	-	-	-	-	-	237,542	-	-	-
Capital outlay - community development	125,651	-	-	-	-	-	125,651	-	-	-
Capital outlay - culture and recreation	86,825	-	-	-	-	-	-	-	86,825	-
Total expenditures	2,176,708	-	-	-	(18,915)	-	2,121,525	(16,399)	90,497	-
Revenues over (under) expenditures before other financing sources (uses)	(1,785,932)	-	-	9,145	64,726	2	(2,118,475)	7	(90,482)	349,145
Other financing sources (uses):										
Transfers in	2,311,594	-	-	-	-	-	2,118,475	-	193,119	-
Transfers out	(937,439)	-	(674,907)	-	(64,726)	-	-	(197,806)	-	-
Total other financing sources (uses)	1,374,155	-	(674,907)	-	(64,726)	-	2,118,475	(197,806)	193,119	-
Net changes in fund balances (deficit)	(411,777)	-	(674,907)	9,145	-	2	-	(197,799)	102,637	349,145
Fund balances (deficit), beginning of the year	2,153,072	9,598	674,907	282,769	-	27,723	3,000,000	(1,841,925)	-	-
Fund balances (deficit), end of the year	$ 1,741,295	$ 9,598	$ -	$ 291,914	$ -	$ 27,725	$ 3,000,000	$ (2,039,724)	$ 102,637	$ 349,145

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, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property taxes	$ 33,000	$ 33,000	**$ 9,089**	$ (23,911)
Interest	-	-	**56**	56
Total revenues	$ 33,000	$ 33,000	**9,145**	$ (23,855)
Fund balance, beginning of the year			**282,769**	
Fund balance, end of the year			**$ 291,914**	

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 - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property taxes	$ 50,000	$ 50,000	**$ 45,804**	$ (4,196)
Interest	-	-	**7**	7
Total revenues	50,000	50,000	**45,811**	(4,189)
Expenditures:				
Capital outlay - public works	-	-	**(18,915)**	18,915
Total expenditures	-	-	**(18,915)**	18,915
Revenues over expenditures before other financing uses	50,000	50,000	**64,726**	14,726
Other financing uses - transfers out	-	-	**(64,726)**	(64,726)
Net changes in fund balance	$ 50,000	$ 50,000	**-**	$ (50,000)
Fund balance, beginning of the year			-	
Fund balance, end of the year			**$ -**	

See independent auditor's report.

City of Crystal Lake, Illinois
Capital Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Grant proceeds	$ -	$ -	**$ 3,050**	$ 3,050
Expenditures:				
Administrative	$ 545,000	$ 545,000	**$ 469,692**	$ 75,308
Information technology	224,500	224,500	**65,972**	158,528
Police	258,800	258,800	**237,542**	21,258
Community development	149,920	149,920	**125,651**	24,269
Public works	1,290,485	1,290,485	**1,222,668**	67,817
Total expenditures	2,468,705	2,468,705	**2,121,525**	347,180
Revenues under expenditures before other financing sources	(2,468,705)	(2,468,705)	**(2,118,475)**	350,230
Other financing sources - transfers in	2,526,205	2,526,205	**2,118,475**	(407,730)
Net changes in fund balance	$ 57,500	$ 57,500	-	$ (57,500)
Fund balance, beginning of the year			**3,000,000**	
Fund balance, end of the year			**$ 3,000,000**	

See independent auditor's report.

City of Crystal Lake, Illinois
Three Oaks Capital Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Interest income	$ -	$ -	**$ 15**	$ 15
Miscellaneous	143,822	143,822	**-**	(143,822)
Total revenues	143,822	143,822	**15**	(143,807)
Expenditures:				
Professional services	-	-	**3,672**	(3,672)
Capital outlay	43,276	43,276	**86,825**	(43,549)
Total expenditures	43,276	43,276	**90,497**	(47,221)
Revenues under expenditures before other financing sources	100,546	100,546	**(90,482)**	(191,028)
Other financing sources - transfers in	-	-	**193,119**	193,119
Net changes in fund balance	$ 100,546	$ 100,546	**102,637**	$ 2,091
Fund balance, beginning of the year			**-**	
Fund balance, end of the year			**$ 102,637**	

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, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Operating revenues:				
Charges for services:				
Water sales	$ 3,915,247	$ 3,915,247	**$ 4,006,487**	$ 91,240
Sewer sales	3,991,995	3,991,995	**3,978,064**	(13,931)
Penalties	300,000	300,000	**292,905**	(7,095)
Water meter fees	15,000	15,000	**36,913**	21,913
Water tap fees	1,000	1,000	**140,668**	139,668
Participation fees	-	-	**-**	-
Miscellaneous	51,350	51,350	**307,698**	256,348
Total operating revenues	8,274,592	8,274,592	**8,762,735**	488,143
Nonoperating revenue:				
Connection fees	418,180	418,180	**517,186**	99,006
Investment income	10,000	10,000	**40,184**	30,184
Grant revenue	-	-	**167,250**	167,250
Rental income	308,972	308,972	**259,539**	(49,433)
Total nonoperating revenues	737,152	737,152	**984,159**	247,007
Total revenues	$ 9,011,744	$ 9,011,744	**$ 9,746,894**	$ 735,150

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, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Operating expenses, excluding depreciation:				
Administration:				
Personal services	$ 597,987	$ 597,987	**$ 630,706**	$ (32,719)
Contractual services	116,175	116,175	**580,559**	(464,384)
Supplies and materials	45,463	45,463	**30,159**	15,304
Total administration	759,625	759,625	**1,241,424**	(481,799)
Operations:				
Water division:				
Personal services	1,505,013	1,505,013	**1,537,054**	(32,041)
Contractual services	1,153,912	1,153,912	**685,482**	468,430
Supplies and materials	788,961	788,961	**659,843**	129,118
Capital outlay	6,296,455	6,296,455	**214,125**	6,082,330
Total water division	9,744,341	9,744,341	**3,096,504**	6,647,837
Wastewater division:				
Personal services	950,892	950,892	**908,753**	42,139
Contractual services	1,133,319	1,133,319	**873,573**	259,746
Supplies and materials	635,959	635,959	**656,385**	(20,426)
Capital outlay	1,806,163	1,806,163	**5,400**	1,800,763
Total wastewater division	4,526,333	4,526,333	**2,444,111**	2,082,222
Sewer and lifts division:				
Personal services	255,916	255,916	**232,455**	23,461
Contractual services	385,307	385,307	**333,708**	51,599
Supplies and materials	68,574	68,574	**91,133**	(22,559)
Capital outlay	852,000	852,000	**13,283**	838,717
Total sewer and lifts division	1,561,797	1,561,797	**670,579**	891,218
Total operations	15,832,471	15,832,471	**6,211,194**	9,621,277
Total operating expenses, excluding depreciation	$ 16,592,096	$ 16,592,096	**$ 7,452,618**	$ 9,139,478
Nonoperating income (expenses):				
Interest expense	$ (883,815)	$ (883,815)	**$ (685,675)**	$ 198,140
Loss on sale of capital assets	-	-	**(442,157)**	(442,157)
Total nonoperating expenses	$ (883,815)	$ (883,815)	**$ (1,127,832)**	$ (244,017)

See independent auditor's report.

City of Crystal Lake, Illinois
Pension Trust Funds
Combining Statement of Plan Net Position
April 30, 2014

	Police Pension	Firefighters' Pension	**Total**
Assets			
Cash	$ -	$ 5,229	**$ 5,229**
Investments:			
Illinois Funds Investment Pool	183,384	13,375	**196,759**
Money market accounts	899,217	342,706	**1,241,923**
U.S. government and agency securities	6,977,886	11,020,544	**17,998,430**
Corporate bonds	3,363,380	-	**3,363,380**
Insurance contracts	-	1,600,490	**1,600,490**
Municipal bonds	-	1,866,727	**1,866,727**
Mutual funds - bonds	1,066,736	-	**1,066,736**
Mutual funds - stocks	19,300,875	10,014,386	**29,315,261**
Interest receivable	67,752	104,385	**172,137**
Total assets	$ 31,859,230	$ 24,967,842	**$ 56,827,072**
Liabilities and Net Position			
Liabilities:			
Accounts payable	$ 2,123	$ 9,201	**$ 11,324**
Due to other funds	-	80	**80**
Total liabilities	2,123	9,281	**11,404**
Net position - restricted for pension benefits	31,857,107	24,958,561	**56,815,668**
Total liabilities and net position	$ 31,859,230	$ 24,967,842	**$ 56,827,072**

See independent auditor's report.

City of Crystal Lake, Illinois
Pension Trust Funds
Combining Statement of Changes in Plan Net Position
For the Year Ended April 30, 2014

	Police Pension	Firefighters' Pension	**Total**
Additions:			
Contributions:			
Employer	$ 1,844,723	$ 1,618,264	**$ 3,462,987**
Members	553,800	522,280	**1,076,080**
	2,398,523	2,140,544	**4,539,067**
Investment income:			
Net appreciation in fair value of investments	2,007,442	627,391	**2,634,833**
Interest income	828,118	969,291	**1,797,409**
Less investment expenses	(144,241)	(77,776)	**(222,017)**
	2,691,319	1,518,906	**4,210,225**
Total additions	5,089,842	3,659,450	**8,749,292**
Deductions:			
Pension benefits and refunds	1,914,037	1,073,750	**2,987,787**
Administrative expenses	11,909	10,364	**22,273**
Total deductions	1,925,946	1,084,114	**3,010,060**
Changes in net position	3,163,896	2,575,336	**5,739,232**
Total net position, beginning of the year	28,693,211	22,383,225	**51,076,436**
Total net position, end of the year	$ 31,857,107	$ 24,958,561	**$ 56,815,668**

See independent auditor's report.

City of Crystal Lake, Illinois
Police Pension Fund
Schedule of Changes in Plan
Net Position - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Additions:				
Contributions:				
Employer	$ 1,848,771	$ 1,848,771	**$ 1,844,723**	$ (4,048)
Members	525,200	525,200	**553,800**	28,600
	2,373,971	2,373,971	**2,398,523**	24,552
Investment income:				
Net appreciation in fair value of investments	-	-	**2,007,442**	2,007,442
Interest income	1,100,000	1,100,000	**828,118**	(271,882)
Less investment expenses	(141,000)	(141,000)	**(144,241)**	(3,241)
	959,000	959,000	**2,691,319**	1,732,319
Total additions	3,332,971	3,332,971	**5,089,842**	1,756,871
Deductions:				
Pension benefits and refunds	1,800,000	1,800,000	**1,914,037**	(114,037)
Administrative expenses	22,100	22,100	**11,909**	10,191
Total deductions	1,822,100	1,822,100	**1,925,946**	(103,846)
Changes in net position	$ 1,510,871	$ 1,510,871	**3,163,896**	$ 1,653,025
Total net position, beginning of the year			**28,693,211**	
Total net position, end of the year			**$ 31,857,107**	

See independent auditor's report.

City of Crystal Lake, Illinois
Firefighters' Pension Fund
Schedule of Changes in Plan
Net Position - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Additions:				
Contributions:				
Employer	$ 1,621,810	$ 1,621,810	**$ 1,618,264**	$ (3,546)
Members	485,000	485,000	**522,280**	37,280
	2,106,810	2,106,810	**2,140,544**	33,734
Investment income:				
Net appreciation in fair value of investments	-	-	**627,391**	627,391
Interest income	643,130	643,130	**969,291**	326,161
Less investment expenses	(86,800)	(86,800)	**(77,776)**	9,024
	556,330	556,330	**1,518,906**	962,576
Total additions	2,663,140	2,663,140	**3,659,450**	996,310
Deductions:				
Pension benefits and refunds	1,008,000	1,008,000	**1,073,750**	(65,750)
Administrative expenses	25,500	25,500	**10,364**	15,136
Total deductions	1,033,500	1,033,500	**1,084,114**	(50,614)
Changes in net position	$ 1,629,640	$ 1,629,640	**2,575,336**	$ 945,696
Total net position, beginning of the year			**22,383,225**	
Total net position, end of the year			**$ 24,958,561**	

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, 2014

	Balance May 1, 2013	Additions	Deductions	Adjustments	**Balance April 30, 2014**
Assets					
Cash	$ 305,653	$ 146,751	$ -	$ -	**$ 452,404**
Other receivables	10,435	-	-	-	**10,435**
	$ 316,088	$ 146,751	$ -	$ -	**$ 462,839**
Liabilities					
Recapture fees payable	$ 103,035	$ -	$ -	$ (175,187)	**$ (72,152)**
Due to other funds	213,053	-	-		**213,053**
Funds held for others	-	430,768	284,017	175,187	**321,938**
	$ 316,088	$ 430,768	$ 284,017	$ -	**$ 462,839**

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, 2014

Assets	
Governmental funds capital assets:	
Land	$ 103,539,790
Construction in progress	4,437,997
Buildings and improvements	33,434,817
Machinery, equipment and vehicles	16,131,700
Infrastructure	64,054,828
Total governmental funds capital assets	$ 221,599,132

Investment in Governmental Funds Capital Assets By Source	
General Fund	$ 142,223,585
Special Revenue Funds	22,104,903
Capital Projects Funds	18,145,062
Developer contributions	39,125,582
Total governmental funds capital assets	$ 221,599,132

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, 2014

	Land	Construction in Progress	Buildings and Improvements	Machinery, Equipment and Vehicles	Infrastructure	**Total**
General government	$ 103,342,963	$ 683,308	$ 10,867,609	$ 2,269,322	$ 1,718,040	**$ 118,881,242**
Public safety	-	-	15,142,490	7,360,534	-	**22,503,024**
Highways and streets	196,827	3,754,689	388,874	5,618,637	52,636,057	**62,595,084**
Culture and recreation	-	-	7,035,844	883,207	9,700,731	**17,619,782**
	$ 103,539,790	$ 4,437,997	$ 33,434,817	$ 16,131,700	$ 64,054,828	**$ 221,599,132**

See independent auditor's report.

City of Crystal Lake, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
April 30, 2014

	Balance May 1, 2013	Additions	Deletions and Transfers	**Balance April 30, 2014**
General government	$ 117,422,509	$ 1,468,533	$ 9,800	**$ 118,881,242**
Public safety	22,402,716	412,382	312,074	**22,503,024**
Highways and streets	60,889,143	1,782,175	76,234	**62,595,084**
Culture and recreation	17,619,782	-	-	**17,619,782**
	$ 218,334,150	$ 3,663,090	$ 398,108	**$ 221,599,132**

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2014

	Governmental Funds					
	General Operating	Special Reserve	Nonmajor Funds	**Total**	Adjustments	**Statement of Net Position**
Assets						
Current:						
Cash and investments	$ 2,881,137	$ 1,844,335	$ 1,006,493	**$ 5,731,965**	$ -	**$ 5,731,965**
Property tax receivable	3,889,121	-	448,384	**4,337,505**	-	**4,337,505**
Due from other funds	-	-	576	**576**	-	**576**
Capital assets, net of accumulated depreciation	-	-	-	**-**	5,786,619	**5,786,619**
Total assets	$ 6,770,258	$ 1,844,335	$ 1,455,453	**$ 10,070,046**	$ 5,786,619	**$ 15,856,665**
Liabilities						
Current:						
Accounts payable	$ 100,733	$ -	$ -	**$ 100,733**	$ -	**$ 100,733**
Accrued payroll	24,199	-	4,721	**28,920**	-	**28,920**
Compensated absences	-	-	-	**-**	79,934	**79,934**
Total current liabilities	124,932	-	4,721	**129,653**	79,934	**209,587**
Noncurrent:						
Compensated absences payable	-	-	-	**-**	47,634	**47,634**
Total noncurrent liabilities	-	-	-	**-**	47,634	**47,634**
Total liabilities	124,932	-	4,721	**129,653**	127,568	**257,221**
Deferred Inflows of Resources						
Property taxes	3,889,121	-	448,384	**4,337,505**	-	**4,337,505**
Total liabilities and deferred inflows of resources	4,014,053	-	453,105	**4,467,158**	127,568	**4,594,726**
Fund balance/net position:						
Restricted for working cash	-	-	50,088	**50,088**	-	**50,088**
Restricted for retirement	-	-	360,410	**360,410**	-	**360,410**
Assigned	-	1,844,335	591,850	**2,436,185**	(2,436,185)	**-**
Unassigned	2,756,205	-	-	**2,756,205**	2,308,617	**5,064,822**
Invested in capital assets, net of related debt	-	-	-	**-**	5,786,619	**5,786,619**
Total fund balance/net position	2,756,205	1,844,335	1,002,348	**5,602,888**	5,659,051	**11,261,939**
Total liabilities, deferred inflows of resources and fund balance/net position	$ 6,770,258	$ 1,844,335	$ 1,455,453	**$ 10,070,046**	$ 5,786,619	**$ 15,856,665**

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position
April 30, 2014

Total fund balance - governmental funds	$ 5,602,888
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,786,619
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:	
Compensated absences payable	(127,568)
Net position of governmental activities	$ 11,261,939

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, 2014

	Governmental Funds					
	General Operating	Special Reserve	Nonmajor Funds	**Total**	Adjustments	**Statement of Activities**
Expenditures/expenses:						
Culture and recreation	$ 3,374,916	$ 89,789	$ 464,583	**$ 3,929,288**	$ 145,841	**$ 4,075,129**
Capital outlay	32,670	9,816	-	**42,486**	11,480	**53,966**
Total expenses/expenditures	3,407,586	99,605	464,583	**3,971,774**	157,321	**4,129,095**
Program revenues:						
Fines and fees	131,692	-	-	**131,692**	-	**131,692**
Rental income	-	-	17,940	**17,940**	-	**17,940**
Intergovernmental	92,798	-	-	**92,798**	-	**92,798**
Total program revenues	224,490	-	17,940	**242,430**	-	**242,430**
Net program expenditures/expenses	(3,183,096)	(99,605)	(446,643)	**(3,729,344)**	(157,321)	**(3,886,665)**
General revenues:						
Property taxes	3,733,221	-	451,920	**4,185,141**	-	**4,185,141**
Interest	15,194	5,205	2,077	**22,476**	-	**22,476**
Capital facilities	-	-	19,601	**19,601**	-	**19,601**
Miscellaneous	3,058	-	16,030	**19,088**	-	**19,088**
Total general revenues	3,751,473	5,205	489,628	**4,246,306**	-	**4,246,306**
Other financing sources (uses):						
Transfers in	-	575,401	121,037	**696,438**	-	**696,438**
Transfers out	(575,401)	-	(121,037)	**(696,438)**	-	**(696,438)**
Total other financing sources (uses)	(575,401)	575,401	-	**-**	-	**-**
Net changes in fund balances	(7,024)	481,001	42,985	**516,962**	(157,321)	**359,641**
Fund balances, beginning of the year	2,763,229	1,363,334	959,363	**5,085,926**	5,816,372	**10,902,298**
Fund balances, end of the year	$ 2,756,205	$ 1,844,335	$ 1,002,348	**$ 5,602,888**	$ 5,659,051	**$ 11,261,939**

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
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, 2014

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ 516,962
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 depreciation ($209,182) exceeds capital outlay ($53,966) in the current period.	(155,216)
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	(2,105)
Change in net position of governmental activities	$ 359,641

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, 2014

	Total	Special Revenue				Capital Project Fund	Permanent Fund
		Gift and Memorial	Ames	IMRF	FICA	Public Library Repair and Construction	Working Cash
Assets							
Cash and investments	**$ 1,006,493**	$ 40,936	$ 367,277	$ 324,306	$ 40,825	$ 183,061	$ 50,088
Property tax receivable	**448,384**	-	-	279,285	169,099	-	-
Due from other funds	**576**	-	-	-	-	576	-
Total assets	**$ 1,455,453**	$ 40,936	$ 367,277	$ 603,591	$ 209,924	$ 183,637	$ 50,088
Liabilities							
Accrued payroll	**$ 4,721**	$ -	$ -	$ 2,943	$ 1,778	$ -	$ -
Deferred Inflows of Resources							
Property taxes	**448,384**	-	-	279,285	169,099	-	-
Total liabilities and deferred inflows of resources	**453,105**	-	-	282,228	170,877	-	-
Fund balances:							
Restricted	**410,498**	-	-	223,965	136,445	-	50,088
Assigned	**591,850**	40,936	367,277	-	-	183,637	-
Total fund balances	**1,002,348**	40,936	367,277	223,965	136,445	183,637	50,088
Total liabilities and fund balances	**$ 1,455,453**	$ 40,936	$ 367,277	$ 506,193	$ 307,322	$ 183,637	$ 50,088

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, 2014

	Total	Special Revenue: Gift and Memorial	Special Revenue: Ames	Revenue: IMRF	Revenue: FICA	Capital Project Fund: Public Library Repair and Construction	Permanent Fund: Working Cash
Revenues:							
Property taxes	**$ 451,920**	$ -	$ -	$ 281,488	$ 170,432	$ -	$ -
Interest	**2,077**	-	988	350	213	481	45
Capital facilities	**19,601**	-	-	-	-	19,601	-
Rental income	**17,940**	-	-	-	-	17,940	-
Miscellaneous	**16,030**	16,030	-	-	-	-	-
Total revenues	**507,568**	16,030	988	281,838	170,645	38,022	45
Expenditures - current - culture and recreation	**464,583**	34,574	5,000	255,354	155,237	14,418	-
Revenue over (under) expenditures before other financing sources (uses)	**42,985**	(18,544)	(4,012)	26,484	15,408	23,604	45
Other financing sources (uses):							
Transfer in	**121,037**	-	-	-	121,037	-	-
Transfer out	**(121,037)**	-	-	(121,037)	-	-	-
Total other financing sources (uses)	**-**	-	-	(121,037)	121,037	-	-
Changes in fund balances	**42,985**	(18,544)	(4,012)	(94,553)	136,445	23,604	45
Fund balances, beginning of the year	**959,363**	59,480	371,289	318,518	-	160,033	50,043
Fund balances, end of the year	**$ 1,002,348**	$ 40,936	$ 367,277	$ 223,965	$ 136,445	$ 183,637	$ 50,088

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library - General Operating Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	$ 3,928,397	$ 3,928,397	**$ 3,733,221**	$ (195,176)
Intergovernmental	115,000	115,000	**92,798**	(22,202)
Fines and forfeitures	133,000	133,000	**131,692**	(1,308)
Interest	3,000	3,000	**15,194**	12,194
Miscellaneous	5,500	5,500	**3,058**	(2,442)
Total revenues	4,184,897	4,184,897	**3,975,963**	(208,934)
Expenditures:				
Culture and recreation:				
Personal services	2,875,364	2,914,639	**2,352,629**	562,010
Contractual services	470,141	457,660	**441,119**	16,541
Supplies and materials	1,425,492	933,215	**581,168**	352,047
Capital outlay:				
Operating equipment	163,900	129,383	**32,670**	96,713
Total expenditures	4,934,897	4,434,897	**3,407,586**	1,027,311
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(750,000)	(250,000)	**568,377**	818,377
Other financing sources (uses):				
Transfers in	750,000	250,000	-	(250,000)
Transfers out	-	-	**(575,401)**	(575,401)
Total other financing sources (uses)	750,000	250,000	**(575,401)**	(825,401)
Net changes in fund balance	$ -	$ -	**(7,024)**	$ (7,024)
Fund balance, beginning of the year			**2,763,229**	
Fund balance, end of the year			**$ 2,756,205**	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library - Special Reserve Fund (Special Revenue Fund) - Schedule of of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues - interest income	$ -	$ -	**$ 5,205**	$ 5,205
Expenditures:				
Culture and recreation:				
Capital outlay	-	-	**9,816**	(9,816)
Contractual services	-	326,000	**74,284**	251,716
Maintenance	-	-	**15,505**	(15,505)
Total expenditures	-	326,000	**99,605**	226,395
Revenues under expenditures before other financing sources	-	(326,000)	**(94,400)**	231,600
Other financing sources - transfers in	-	-	**575,401**	575,401
Net changes in fund balance	$ -	$ (326,000)	**481,001**	$ 807,001
Fund balance, beginning of the year			**1,363,334**	
Fund balance, end of the year			**$ 1,844,335**	

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City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library - Gift and Memorial Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Miscellaneous	$ 26,750	$ 26,750	**$ 16,030**	$ (10,720)
Total revenues	26,750	26,750	**16,030**	(10,720)
Expenditures:				
Culture and recreation:				
Contractual services	22,440	41,601	**4,396**	37,205
Supplies and materials	34,310	44,052	**23,986**	20,066
Capital outlay	-	-	**6,192**	(6,192)
Total expenditures	56,750	85,653	**34,574**	51,079
Changes in fund balance	$ (30,000)	$ (58,903)	**(18,544)**	$ 40,359
Fund balance, beginning of the year			**59,480**	
Fund balance, end of the year			**$ 40,936**	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library - Ames Fund - Schedule of Revenues, Expenditures and and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues - interest	$ -	$ -	**$ 988**	$ 988
Expenditures - culture and recreation - contractual services	6,000	6,000	**5,000**	1,000
Changes in fund balance	$ (6,000)	$ (6,000)	**(4,012)**	$ 1,988
Fund balance, beginning of the year			**371,289**	
Fund balance, end of the year			**$ 367,277**	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library - IMRF Fund - Schedule of Revenues, Expenditures and and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	$ 176,876	$ 282,102	**$ 281,488**	$ (614)
Interest	-	-	**350**	350
Total revenues	176,876	282,102	**281,838**	(264)
Expenditures - culture and recreation - personnel services	176,876	282,102	**255,354**	26,748
Excess of revenues over expenditures before other financing uses	-	-	**26,484**	26,484
Other financing uses - transfers out	-	-	**(121,037)**	(121,037)
Net changes in fund balance	$ -	$ -	**(94,553)**	$ (94,553)
Fund balance, beginning of the year			**318,518**	
Fund balance, end of the year			**$ 223,965**	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library - FICA Fund - Schedule of Revenues, Expenditures and and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	$ 303,209	$ 170,801	**$ 170,432**	$ (369)
Interest	-	-	**213**	213
Total revenues	303,209	170,801	**170,645**	(156)
Expenditures - culture and recreation - personnel services	303,209	170,801	**155,237**	15,564
Excess of revenues over expenditures before other financing sources	-	-	**15,408**	15,408
Other financing sources - transfers in	-	-	**121,037**	121,037
Net changes in fund balance	$ -	$ -	**136,445**	$ 136,445
Fund balance, beginning of the year			-	
Fund balance, end of the year			**$ 136,445**	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library - Public Library Repair and Construction Fund (Capital Project Fund) - Schedule of of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Interest	$ -	$ -	**$ 481**	$ 481
Capital facilities	7,000	15,000	**19,601**	4,601
Rental income	17,940	17,940	**17,940**	-
Total revenues	24,940	32,940	**38,022**	5,082
Expenditures - culture and recreation - contractual services	39,940	47,940	**14,418**	33,522
Net changes in fund balance	$ (15,000)	$ (15,000)	**23,604**	$ 38,604
Fund balance, beginning of the year			**160,033**	
Fund balance, end of the year			**$ 183,637**	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library - Working Cash Fund (Permanent Funds) - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2014

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues - interest	$ -	$ -	**$ 45**	$ 45
Net changes in fund balance	$ -	$ -	**45**	$ 45
Fund balance, beginning of the year			**50,043**	
Fund balance, end of the year			**$ 50,088**	

See independent auditor's report.

STATISTICAL SECTION

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 147 – 158

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

Revenue Capacity 159 – 165

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

Debt Capacity 166 – 170

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 171 – 172

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 173 – 178

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 Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended April 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	**$ 166,610,233**	$ 164,606,919	$ 151,485,526	$ 146,630,784	$ 145,238,182	$ 142,698,809	$ 139,028,556	$ 136,717,137	$ 143,207,897	$ 140,891,791
Restricted	**9,326,916**	8,563,063	10,050,248	12,072,057	11,709,762	11,517,858	11,321,941	10,846,684	11,179,914	9,971,068
Unrestricted	**17,142,358**	20,479,784	22,599,394	26,752,202	25,921,333	24,480,259	25,848,488	25,819,335	20,671,704	19,817,257
Total governmental activities	**$ 193,079,507**	$ 193,649,766	$ 184,135,168	$ 185,455,043	$ 182,869,277	$ 178,696,926	$ 176,198,985	$ 173,383,156	$ 175,059,515	$ 170,680,116
Business-type activities:										
Net investment in capital assets	**$ 43,238,913**	$ 47,890,962	$ 51,149,367	$ 50,388,323	$ 48,443,665	$ 51,853,939	$ 52,187,382	$ 52,830,550	$ 46,823,209	$ 46,395,885
Unrestricted	**11,414,079**	8,600,766	3,360,482	3,963,636	5,677,672	4,406,249	5,178,987	5,185,544	5,221,328	6,655,756
Total business-type activities	**$ 54,652,992**	$ 56,491,728	$ 54,509,849	$ 54,351,959	$ 54,121,337	$ 56,260,188	$ 57,366,369	$ 58,016,094	$ 52,044,537	$ 53,051,641
Primary government:										
Net investment in capital assets	**$ 209,849,146**	$ 212,497,881	$ 202,634,893	$ 197,019,107	$ 193,681,847	$ 194,552,748	$ 191,215,938	$ 189,547,687	$ 190,031,106	$ 187,287,676
Restricted	**9,326,916**	8,563,063	10,050,248	12,072,057	11,709,762	11,517,858	11,321,941	10,846,684	11,179,914	9,971,068
Unrestricted	**28,556,437**	29,080,550	25,959,876	30,715,838	31,599,005	28,886,508	31,027,475	31,004,879	25,893,032	26,473,013
Total primary government	**$ 247,732,499**	$ 250,141,494	$ 238,645,017	$ 239,807,002	$ 236,990,614	$ 234,957,114	$ 233,565,354	$ 231,399,250	$ 227,104,052	$ 223,731,757

Source: Audited financial statements.

See independent auditor's report.

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

	Fiscal Year Ended April 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental activities:										
General and administrative	**$ 9,433,013**	$ 8,982,683	$ 10,447,524	$ 7,646,123	$ 8,652,289	$ 8,609,775	$ 8,124,338	$ 7,410,758	$ 6,840,977	$ 7,949,231
Public safety	**23,491,319**	23,061,425	24,157,329	21,620,519	20,113,957	19,574,409	17,132,484	17,180,813	14,010,932	13,592,326
Highways and streets	**8,923,262**	7,755,990	7,848,907	7,892,328	6,934,366	7,820,886	7,250,516	6,100,201	6,641,246	6,833,764
Culture and recreation	**1,020,029**	1,020,428	1,400,906	1,482,797	664,816	323,582	299,181	251,717	258,943	232,296
Interest on long-term debt	**629,055**	773,768	625,751	663,220	751,000	766,112	741,136	646,250	560,334	540,505
Total governmental activities expenses	**43,496,678**	41,594,294	44,480,417	39,304,987	37,116,428	37,094,764	33,547,655	31,589,739	28,312,432	29,148,122
Business-type activities - waterworks/sewerage	**11,573,150**	10,092,510	9,907,476	9,399,817	9,599,893	9,110,643	8,905,333	8,605,569	7,812,546	7,774,757
Total business-type activities expenses	**11,573,150**	10,092,510	9,907,476	9,399,817	9,599,893	9,110,643	8,905,333	8,605,569	7,812,546	7,774,757
Total expenses	**$ 55,069,828**	$ 51,686,804	$ 54,387,893	$ 48,704,804	$ 46,716,321	$ 46,205,407	$ 42,452,988	$ 40,195,308	$ 36,124,978	$ 36,922,879
Program revenues:										
Governmental activities:										
Charges for services:										
General and administrative	**$ 1,137,583**	$ 1,154,208	$ 1,001,950	$ 955,184	$ 798,578	$ 869,769	$ 1,344,296	$ 1,418,677	$ 1,767,822	$ 1,129,894
Public safety	**3,542,573**	3,592,630	3,656,295	3,149,558	3,089,958	3,122,362	2,565,009	2,966,666	2,606,313	2,614,586
Highways and streets	**232,521**	247,139	240,339	232,567	236,273	248,958	220,544	220,926	851,872	465,495
Culture and recreation	**407,383**	445,580	488,712	93,247	-	-	-	-	-	-
Operating grants and contributions:										
Highways and streets	**1,206,621**	1,342,940	1,178,089	1,305,141	1,190,741	1,077,248	1,150,479	1,213,479	1,170,289	1,183,739
Other activities	**111,147**	636,459	132,808	253,015	116,891	76,141	169,777	211,743	41,468	148,564
Capital grants and contributions:										
Highways and streets	**142,398**	2,023,692	3,723,623	981,926	2,269,918	-	-	-	-	-
Other activities	**359,298**	262,863	-	11,016	12,478	17,631	-	-	-	-
Total governmental activities program revenues	**7,139,524**	9,705,511	10,421,816	6,981,654	7,714,837	5,412,109	5,450,105	6,031,491	6,437,764	5,542,278
Business-type activities:										
Charges for services - waterworks/sewerage	**9,231,762**	11,127,180	8,230,935	7,900,283	7,206,334	7,528,983	7,388,909	7,718,993	6,611,350	5,720,245
Capital grants and contributions	**167,250**	65,842	101,311	15,683	183,500	-	-	-	-	467,038
Total business-type activities program revenues	**9,399,012**	11,193,022	8,332,246	7,915,966	7,389,834	7,528,983	7,388,909	7,718,993	6,611,350	6,187,283
Total program revenues	**$ 16,538,536**	$ 20,898,533	$ 18,754,062	$ 14,897,620	$ 15,104,671	$ 12,941,092	$ 12,839,014	$ 13,750,484	$ 13,049,114	$ 11,729,561

(cont'd)

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

	Fiscal Year Ended April 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (expense) revenue:										
Governmental activities	**$(36,357,154)**	$(31,888,783)	$(34,058,601)	$(32,323,333)	$(29,401,591)	$(31,682,655)	$(28,097,550)	$(25,558,248)	$(21,874,668)	$(23,605,844)
Business-type activities	**(2,174,138)**	1,100,512	(1,575,230)	(1,483,851)	(2,210,059)	(1,581,660)	(1,516,424)	(886,576)	(1,201,196)	(1,587,474)
Total net (expense) revenue	**$(38,531,292)**	$(30,788,271)	$(35,633,831)	$(33,807,184)	$(31,611,650)	$(33,264,315)	$(29,613,974)	$(26,444,824)	$(23,075,864)	$(25,193,318)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property	**$ 11,165,180**	$ 11,327,721	$ 11,061,961	$ 11,880,834	$ 11,364,280	$ 11,527,194	$ 10,364,823	$ 9,187,482	$ 7,875,234	$ 6,485,545
Home rule	**5,000,073**	4,756,678	4,710,538	4,574,657	4,546,821	3,833,890	-	-	-	-
Auto rental	**43,174**	36,185	35,281	29,429	28,204	30,560	26,807	26,677	26,619	28,203
Franchise fees - cable	**645,315**	640,472	604,233	566,979	501,544	474,377	433,134	403,659	364,175	346,628
Telecommunications	**1,559,980**	1,746,976	1,824,479	1,693,257	1,831,489	1,925,732	2,022,417	1,911,745	2,097,640	1,925,304
Hotel	**272,587**	278,356	281,817	251,417	230,880	313,289	241,208	157,955	152,288	141,625
Intergovernmental:										
Replacement	**152,358**	142,418	139,013	154,893	135,686	144,517	171,107	162,583	146,870	104,106
State sales and use	**11,326,567**	10,662,042	10,736,957	10,200,357	9,944,402	10,748,033	11,471,956	11,680,593	11,296,923	10,989,717
Income	**3,890,892**	3,854,999	3,451,994	3,079,075	3,068,722	3,503,952	3,748,680	3,431,732	2,806,403	2,888,037
Interest	**213,842**	354,263	367,609	974,115	1,081,644	1,345,422	1,794,262	1,902,500	1,375,656	520,949
Miscellaneous	**1,504,447**	814,168	1,222,460	782,343	840,270	735,643	1,271,781	1,633,322	112,259	330,134
Release of commitment of SSA debt	-	8,155,975	-	-	-	-	-	-	-	-
Transfers	**12,480**	(848,275)	(1,697,616)	(1,252,036)	-	(402,017)	(632,796)	(6,616,359)	-	-
Total governmental activities	**35,786,895**	41,921,978	32,738,726	32,935,320	33,573,942	34,180,592	30,913,379	23,881,889	26,254,067	23,760,248
Business-type activities:										
Investment earnings	**40,184**	2,382	5,062	48,105	30,986	59,519	222,720	215,259	194,092	83,887
Miscellaneous	**307,698**	30,710	30,442	(2,751)	40,222	13,943	11,183	26,515	-	123,618
Transfers	**(12,480)**	848,275	1,697,616	1,252,036	-	402,017	632,796	6,616,359	-	-
Total business-type activities	**335,402**	881,367	1,733,120	1,297,390	71,208	475,479	866,699	6,858,133	194,092	207,505
Total	**$ 36,122,297**	$ 42,803,345	$ 34,471,846	$ 34,232,710	$ 33,645,150	$ 34,656,071	$ 31,780,078	$ 30,740,022	$ 26,448,159	$ 23,967,753
Change in net position:										
Governmental activities	**$ (570,259)**	$ 10,033,195	$ (1,319,875)	$ 611,987	$ 4,172,351	$ 2,497,937	$ 2,815,829	$ (1,676,359)	$ 4,379,399	$ 154,404
Business-type activities	**(1,838,736)**	1,981,879	157,890	(186,461)	(2,138,851)	(1,106,181)	(649,725)	5,971,557	(1,007,104)	(1,379,969)
Total change in net position	**$ (2,408,995)**	$ 12,015,074	$ (1,161,985)	$ 425,526	$ 2,033,500	$ 1,391,756	$ 2,166,104	$ 4,295,198	$ 3,372,295	$ (1,225,565)

Source: Audited financial statements.

See independent auditor's report.

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

	Fiscal Year Ended April 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Reserved	**$ -**	$ -	$ -	$ -	$ -	$ 2,675,549	$ 677,431	$ 611,212	$ 340,272	$ 525,307
Unreserved	**-**	-	-	-	-	19,485,158	21,744,305	19,788,129	17,260,266	15,419,241
Nonspendable	**3,237,798**	2,845,081	2,910,564	2,859,443	3,028,759	-	-	-	-	-
Assigned	**2,419,158**	3,660,817	2,452,902	3,000,000	5,050,000	-	-	-	-	-
Unassigned	**10,024,692**	11,123,805	12,539,460	15,338,381	13,531,107	-	-	-	-	-
Total General Fund	**$ 15,681,648**	$ 17,629,703	$ 17,902,926	$ 21,197,824	$ 21,609,866	$ 22,160,707	$ 22,421,736	$ 20,399,341	$ 17,600,538	$ 15,944,548
All other governmental funds:										
Reserved:										
Other	**$ -**	$ -	$ -	$ -	$ -	$ 448,696	$ 434,922	$ 398,899	$ 213,839	$ -
Unreserved, reported in:										
Special Revenue Funds	**-**	-	-	-	-	18,621,408	16,396,284	15,231,274	12,924,791	12,082,978
Debt Service Funds	**-**	-	-	-	-	836,020	806,392	1,262,516	2,695,631	2,226,871
Capital Projects Funds	**-**	-	-	-	-	(503,734)	2,437,541	4,037,027	951,259	2,224,513
Nonspendable, reported in:										
Special Revenue Funds	**429**	82,460	150,365	174,629	472,933	-	-	-	-	-
Restricted, reported in:										
Special Revenue Funds	**8,662,682**	8,521,260	9,082,375	9,760,597	10,822,453	-	-	-	-	-
Debt Service Funds	**664,234**	44,827	969,634	850,866	906,392	-	-	-	-	-
Capital Projects Funds	**349,145**	-	-	-	-	-	-	-	-	-
Assigned, reported in:										
Special Revenue Funds	**5,489,662**	6,069,521	7,008,252	10,935,899	10,188,580	-	-	-	-	-
Capital Projects Funds	**3,431,874**	3,994,997	4,200,746	2,032,886	6,328,647	-	-	-	-	-
Unassigned, reported in:										
Debt Service Funds	**-**	(3,024)	(1,761)	(1,795)	(5,410)	-	-	-	-	-
Capital Projects Funds	**(2,039,724)**	(1,841,925)	(1,797,070)	(1,318,932)	-	-	-	-	-	-
Total all other governmental funds	**$ 16,558,302**	$ 16,868,116	$ 19,612,541	$ 22,434,150	$ 28,713,595	$ 19,402,390	$ 20,075,139	$ 20,929,716	$ 16,785,520	$ 16,534,362

Note - The City adopted GASB Statement No. 54 in the fiscal year ended April 30, 2012.

Source: Audited financial statements.

See independent auditor's report.

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

	Fiscal Year Ended April 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Charges for services	**$ 3,976,998**	$ 4,151,306	$ 4,252,140	$ 3,360,819	$ 3,231,973	$ 3,377,812	$ 3,160,600	$ 4,288,313	$ 2,916,576	$ 2,383,571
Licenses and permits	**689,030**	681,467	603,915	571,338	623,399	687,478	860,051	1,210,611	632,204	549,297
Intergovernmental	**17,210,359**	18,897,440	19,362,484	2,551,098	1,255,501	15,518,767	16,655,508	16,927,272	15,461,953	15,128,419
Fines and forfeitures	**593,493**	581,230	681,590	615,032	637,172	626,212	501,930	663,780	432,197	677,795
Property taxes	**11,165,179**	11,327,721	11,061,961	11,880,834	11,364,280	11,527,194	10,364,823	7,709,144	7,875,234	6,485,545
Other taxes	**7,521,129**	7,458,667	7,456,348	20,550,064	20,352,032	6,626,604	2,780,057	2,479,577	2,640,722	2,441,761
Interest	**213,846**	354,263	367,608	974,114	1,081,644	1,345,426	1,794,262	1,902,500	1,204,294	520,949
Miscellaneous	**1,595,211**	865,199	1,128,819	686,785	497,962	321,738	971,674	1,289,021	1,357,289	1,171,489
Total revenues	**42,965,245**	44,317,293	44,914,865	41,190,084	39,043,963	40,031,231	37,088,905	36,470,218	32,520,469	29,358,826
Expenditures:										
Current:										
General government	**8,442,528**	8,134,756	7,325,941	7,196,049	7,554,253	7,632,258	7,356,181	6,696,934	6,826,624	6,003,834
Public safety	**22,065,741**	21,638,535	21,396,677	19,821,689	18,943,799	18,172,027	16,060,090	15,186,465	14,032,258	12,161,148
Highways and streets	**5,908,318**	5,962,709	5,439,262	5,949,059	5,578,194	6,384,188	5,390,757	5,035,142	4,335,035	4,203,136
Culture and recreation	**542,720**	550,698	546,814	1,124,645	1,805,834	1,471,775	299,181	251,717	258,943	232,296
Capital outlay	**6,371,060**	8,723,799	12,104,347	10,016,441	10,206,702	5,887,597	5,991,202	9,192,871	3,938,417	6,831,460
Debt service:										
Principal	**1,325,384**	1,343,197	1,460,345	1,305,074	3,677,000	680,000	830,000	1,040,000	805,000	2,700,000
Interest and fees	**579,843**	974,494	1,060,370	1,216,578	754,475	771,991	743,676	559,090	417,044	493,547
Total expenditures	**45,235,594**	47,328,188	49,333,756	46,629,535	48,520,257	40,999,836	36,671,087	37,962,219	30,613,321	32,625,421
Revenues over (under) expenditures before other financing sources (uses)	**(2,270,349)**	(3,010,895)	(4,418,891)	(5,439,451)	(9,476,294)	(968,605)	417,818	(1,492,001)	1,907,148	(3,266,595)
Other financing sources (uses):										
Transfers in	**8,751,359**	6,354,136	15,343,341	4,265,805	2,498,031	2,557,818	234,945	3,856,920	430,906	2,382,798
Transfers out	**(8,738,879)**	(7,273,393)	(17,040,957)	(5,517,841)	(2,498,031)	(2,522,991)	(234,945)	(3,856,920)	(430,906)	(2,382,798)
General obligation bonds	**-**	3,389,792	-	-	18,175,000	-	-	-	-	4,654,619
Bond premium	**-**	123,227	-	-	61,658	-	-	-	-	-
Payment to refunded bond escrow	**-**	(2,600,517)	-	-	-	-	-	-	-	-
SSA bonds issued	**-**	-	-	-	-	-	750,000	8,435,000	-	-
Total other financing sources (uses)	**12,480**	(6,755)	(1,697,616)	(1,252,036)	18,236,658	34,827	750,000	8,435,000	-	4,654,619
Net changes in fund balances	**$ (2,257,869)**	$ (3,017,650)	$ (6,116,507)	$ (6,691,487)	$ 8,760,364	$ (933,778)	$ 1,167,818	$ 6,942,999	$ 1,907,148	$ 1,388,024
Debt service as a percentage of noncapital expenditures	**4.50%**	5.78%	6.10%	6.86%	12.29%	4.07%	4.84%	4.51%	4.49%	9.79%

Source: Audited financial statements.

See independent auditor's report.

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

					Fiscal Year Ended April 30,					
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Property tax	**$ 11,165,179**	$ 11,327,721	$ 11,061,961	$ 11,880,834	$ 11,364,280	$ 11,527,194	$ 10,364,823	$ 7,709,144	$ 7,875,234	$ 6,485,545
Replacement tax	**152,358**	142,418	139,013	154,893	135,686	144,517	171,107	142,124	146,870	104,107
State sales tax	**10,608,131**	10,016,056	10,137,309	9,627,149	9,467,834	10,189,283	10,915,086	11,168,510	11,296,923	10,989,717
Home rule sales tax	**5,000,073**	4,756,678	4,710,538	4,574,657	4,546,821	3,833,890	-	-	-	-
Auto rental tax	**43,174**	36,185	35,281	29,429	28,204	30,560	26,807	26,677	26,619	28,203
Income	**3,890,892**	3,854,999	3,451,994	3,079,075	3,068,722	3,503,952	3,748,680	3,431,732	2,806,403	2,888,037
Franchise fees - cable	**645,315**	640,472	604,233	566,979	501,544	474,377	433,134	403,659	364,175	346,628
Telecommunications	**1,559,980**	1,746,976	1,824,479	1,693,257	1,831,489	1,925,732	2,022,417	1,911,745	2,097,640	1,925,304
Hotel	**272,587**	278,356	281,817	251,417	230,880	313,289	241,208	157,955	152,288	141,625
Local use	**718,436**	645,986	599,648	573,208	476,568	558,750	556,870	512,083	-	-
	$ 34,056,125	$ 33,445,847	$ 32,846,273	$ 32,430,898	$ 31,652,028	$ 32,501,544	$ 28,480,132	$ 25,463,629	$ 24,766,152	$ 22,909,166

See independent auditor's report.

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	Rail Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Percentage of Assessed Value
2004	$ 1,285,944	$ 774,447,288	$ 251,783,539	$ 66,396,250	$ 167,884	$ 522,927	$ 1,094,603,832	$ 0.6049	$ 3,283,811,496	33.33%
2005	1,262,723	860,469,362	266,195,135	71,554,658	684,018	493,168	1,200,659,064	0.6499	3,601,977,192	33.33%
2006	1,273,866	924,013,250	292,876,714	74,250,686	537,447	509,716	1,293,461,679	0.6962	3,880,385,037	33.33%
2007	1,301,267	998,313,489	303,911,661	78,105,425	553,367	779,271	1,382,964,480	0.7056	4,148,893,440	33.33%
2008	1,350,877	1,028,670,946	326,161,997	82,471,180	451,126	582,126	1,439,688,252	0.7021	4,319,064,756	33.33%
2009	1,433,073	1,014,220,209	323,715,883	81,742,371	451,126	695,565	1,422,258,227	0.7370	4,266,774,681	33.33%
2010	1,437,002	917,883,229	312,815,076	81,683,777	451,126	862,324	1,315,132,534	0.7574	3,945,397,602	33.33%
2011	1,457,426	851,992,597	272,387,226	70,992,705	779,823	914,093	1,198,523,870	0.8590	3,595,571,610	33.33%
2012	2,406,232	770,473,587	246,203,281	64,005,237	784,880	1,030,667	1,084,903,884	0.9797	3,254,711,652	33.33%
2013	**2,266,748**	**706,627,435**	**222,999,035**	**57,052,844**	**766,260**	**1,268,185**	**990,980,507**	**1.1786**	**2,972,941,521**	**33.33%**

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.

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating:										
City of Crystal Lake	**$ 1.1786**	$ 0.9797	$ 0.8590	$ 0.7574	$ 0.7370	$ 0.7021	$ 0.7056	$ 0.6962	$ 0.6499	$ 0.6049
Crystal Lake Public Library	**0.4436**	0.3878	0.3471	0.3145	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773
McHenry County	**1.0960**	0.9958	0.8879	0.7927	0.7157	0.7014	0.6871	0.7060	0.7278	0.7346
District 47	**4.1626**	3.7347	3.2520	2.9484	2.6374	0.2588	2.5283	2.8974	2.6392	2.7506
District 155	**2.8118**	2.5090	2.1864	1.9577	1.7711	1.7395	1.6992	2.1707	1.7781	1.8490
Debt service:										
McHenry County	-	-	-	-	-	-	-	-	-	-
District 47	**0.2446**	0.2129	0.1815	0.1591	0.0912	0.0863	0.1313	0.1330	0.1355	0.1421
District 155	**0.1495**	0.1360	0.1115	0.0770	0.1344	0.1253	0.1221	0.1230	0.1242	0.1290
Other	-	-	-	-	-	-	-	1.2152	0.9678	1.0095
Total tax rate:										
City of Crystal Lake	**1.1786**	0.9797	0.8590	0.7574	0.7370	0.7021	0.7056	0.6962	0.6499	0.6049
Crystal Lake Public Library	**0.4436**	0.3878	0.3471	0.3145	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773
McHenry County	**1.0960**	0.9958	0.8879	0.7927	0.7157	0.7014	0.6871	0.7060	0.7278	0.7346
District 47	**4.4072**	3.9476	3.4335	3.1075	2.7286	0.3451	2.6596	3.0304	2.7747	2.8927
District 155	**2.9613**	2.6450	2.2979	2.0347	1.9055	1.8648	1.8213	2.2937	1.9023	1.9780
Other	-	-	-	-	-	-	-	0.9379	0.9678	1.0095
Other:										
College District	**0.4306**	0.3921	0.3395	0.3039	0.2740	0.2686	0.2634	0.2741	0.2922	0.3033
McHenry County Conservation	**0.2748**	0.2481	0.2191	0.1956	0.1775	0.1732	0.1738	0.1425	0.1490	0.1580
Crystal Lake Park District	**0.5193**	0.4605	0.4135	0.3758	0.3519	0.3463	0.3431	0.3536	0.3562	0.3714
Township (Algonquin)	**0.0821**	0.0742	0.0659	0.0577	0.0532	0.0522	0.0510	0.0523	0.0531	0.0551
Road and Bridge (Algonquin)	**0.1827**	0.1627	0.1450	0.1270	0.1171	0.1151	0.1124	0.1154	0.1173	0.1217

Source: McHenry County Clerk.

See independent auditor's report.

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

Taxpayer	Type of Business	2013 Taxable Assessed Value	2013 Rank	2013 Percent of Total District Taxable Assessed Value	2004 Taxable Assessed Value	2004 Rank	2004 Percent of Total District Taxable Assessed Value
Crystal Point LLC	Shopping	$ 7,894,860	1	0.80%	$ 8,749,024	1	0.80%
Skyridge Partners II LLC	Residential housing	7,574,445	2	0.76%	4,579,369	9	0.42%
Bradley Oper. Ltd. Partnership	Shopping	6,762,671	3	0.68%	-	-	-
Cobalt Industrial	Industrial	4,962,834	4	0.50%	-	-	-
Walmart Real Estate Business	Shopping	4,497,678	5	0.45%	-	-	-
Tyco Healthcare Group	Manufacturing	4,283,526	6	0.43%	5,703,355	5	0.52%
Sunrise Residential Housing	Residential housing	3,849,760	7	0.39%	-	-	-
Northern Illinois Medical Center	Medical	3,263,456	8	0.33%	-	-	-
Home State Bank	Business	2,972,756	9	0.30%	-		-
Inland Bohl Farm LLC	Shopping	2,709,013	10	0.27%	4,868,081	7	0.44%
Crystal Lake Commons	Shopping	-		-	8,705,468	1	0.80%
Crystal Lake Business Center	Business Park	-		-	5,978,540	3	0.55%
The Fountains	Residential housing	-		-	5,775,583	4	0.53%
The Villages	Residential housing	-		-	5,095,490	6	0.47%
Holiday Inn	Hotel	-		-	4,652,793	8	0.43%
Darlington Court Apartments	Residential housing	-		-	4,507,723	10	0.41%
		$ 48,770,999		4.91%	$ 58,615,426		5.37%

Source: McHenry County Treasurer.

Note: 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.

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
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
2009	9,629,102	9,619,778	99.90	-	9,619,778	99.90
2010	10,047,908	9,960,624	99.13	-	9,960,624	99.13
2011	10,419,656	10,400,728	99.82	-	10,400,728	99.82
2012	9,897,101	9,879,869	99.83	-	9,879,869	99.83
2013	10,259,592	10,231,277	99.72	-	10,231,277	99.72
2014	**11,634,049**	**10,565,666**	**90.82**	**-**	**10,565,666**	**90.82**

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

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	SSA Bonds	General Obligation Bonds	Notes Payable			
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
2009	7,010,000	9,005,000	4,325,000	11,753,090	32,093,090	2.30	707.69
2010	21,650,000	8,863,000	6,185,000	11,012,866	47,710,866	3.77	1,052.08
2011	20,564,926	8,643,000	5,710,074	10,253,758	45,171,758	3.97	1,108.70
2012	19,338,581	8,409,000	5,201,419	9,475,286	42,424,286	3.73	1,041.27
2013	18,898,175	-	8,856,825	8,676,955	36,431,955	3.20	894.19
2014	**17,572,791**	**-**	**25,217,209**	**-**	**42,790,000**	**3.76**	**1,050.24**

Note: Population and personal income data can be found at page 171, Demographic and Economic Statistics.

Note 2: Effective in the fiscal year ended April 30, 2013, the City will no longer be a secondary source for repayment for the SSA bonds. These bonds have been removed from the above schedule beginning with the fiscal year ended April 30, 2013.

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	Less Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2005	$ 15,220,000	$ 2,226,871	$ 12,993,129	118.70%	$ 316.91
2006	14,385,000	2,695,631	11,689,369	97.36%	293.79
2007	13,315,000	1,262,516	12,052,484	93.18%	302.92
2008	12,220,000	806,392	11,413,608	82.53%	286.86
2009	11,335,000	836,020	10,498,980	72.93%	231.52
2010	27,835,000	906,392	26,928,608	189.34%	593.81
2011	26,275,000	850,866	25,424,134	193.32%	624.01
2012	24,540,000	967,874	23,572,126	196.68%	578.56
2013	27,755,000	41,803	27,713,197	255.44%	680.20
2014	**42,790,000**	**664,234**	**42,125,766**	**425.02%**	**1,033.94**

Note: Population data can be found at page 171, Demographic and Economic Statistics.
Property value data can be found at pages 159 and 160, 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, 2014

Governmental Unit	Outstanding Debt	Applicable to the City Percent	Applicable to the City Amount
City of Crystal Lake	$ 17,572,791	100.00 %	$ 17,572,791
Total direct debt	17,572,791		17,572,791
Overlapping:			
School District Number 47	30,515,000	60.14	18,351,721
School District Number 155	15,365,000	40.45	6,215,143
College District Number 528	4,550,000	15.80	718,900
School District Number 46	5,490,000	8.78	482,022
School District Number 200	124,700,940	1.05	1,309,360
School District Number 300	311,555,598	0.04	124,622
College District Number 509	195,973,410	0.06	117,584
McHenry County	-	13.76	-
McHenry County Conservation District	132,350,000	13.76	18,211,360
Crystal Lake Park District	2,079,580	74.19	1,542,840
Cary Park District	7,436,460	0.14	10,411
Huntley Park District	12,556,000	0.89	111,748
Cary Fire District	-	0.79	-
Algonquin Library	3,725,000	0.23	8,568
LITH Sanitary District	-	7.46	-
Algonquin Township	786,249	25.69	201,987
Dorr Township	-	2.58	-
Grafton Township	-	15.95	-
Nunda Township	515,000	20.79	107,069
Total overlapping debt	$ 847,598,237		47,513,335
Total direct and overlapping debt			**$ 65,086,126**

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		Personal Income	Per Capita Personal Income (4)		School Enrollment (5)	Unemployment Rate	
2005	41,000	(1)	$ 1,071,986,000	$ 26,146		15,458	5.3%	(1)
2006	39,788	(1)	1,040,297,048	26,146		16,175	4.6%	(3)
2007	39,788	(2)	1,040,297,048	26,146		16,011	4.1%	(3)
2008	39,788	(2)	1,040,297,048	26,146		16,215	4.9%	(3)
2009	45,349	(2)	1,395,706,173	30,777	(2)	16,008	9.6%	(3)
2010	45,349	(2)	1,267,051,060	27,940	(6)	15,471	10.3%	(3)
2011	40,743	(2)	1,138,359,420	27,940	(6)	15,829	8.3%	(3)
2012	40,743	(2)	1,138,359,420	27,940	(6)	15,312	8.2%	(3)
2013	40,743	(2)	1,267,051,060	27,940	(6)	14,937	8.6%	(3)
2014	**40,743**	**(2)**	1,138,359,420	**27,940**	**(6)**	**14,716**	**6.3%**	**(3)**

Sources:
(1) City estimate.
(2) Link on Crystal Lake website to Demographics Now.
(3) Local Area Unemployment Statistics website.
(4) U.S. Census.
(5) Elementary and high school - obtained from school districts.
(6) Retail Marketplace Profile.

See independent auditor's report.

City of Crystal Lake, Illinois
Principal Employers
Current Year

Employer	Employees	Rank	% of Total City Population
CL Elementary School District 47	1100	1	2.70%
McHenry County College	856	2	2.10%
Consolidated High School District 155	798	3	1.96%
Aptar Group	545	4	1.34%
Crystal Lake Park District	480	5	1.18%
Knaack Manufacturing	381	6	0.94%
Wal-mart	350	7	0.86%
Covidien	350	7	0.86%
City of Crystal Lake	285	8	0.70%
Jewel Foodstores	220	9	0.54%
	5,365		13.18%

Information is not readily available for previous years.

Source: Crystal Lake Website, Demographic Data & Statistics, Labor Statistics

See independent auditor's report.

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government	**43**	43	43	45	45	45	44	44	44	44
Public Safety:										
Police	**75**	73	78	79	78	79	71	71	73	73
Fire	**64**	63	67	66	70	64	55	51	47	47
Highways and Streets:										
Engineering	**9**	10	10	11	11	12	12	11	11	11
Maintenance	**18**	18	19	20	20	22	23	23	23	23
Sanitation	**12**	8	8	7	9	10	10	12	12	12
Waterworks and Sewerage	**18**	22	23	21	23	24	23	28	28	28
	239	237	248	249	256	256	238	240	238	238

Note - Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Source: City records.

See independent auditor's report.

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

	Fiscal Year				Ended April 30,					
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:										
Physical arrests	**918**	979	1,089	956	1,170	1,660	1,717	1,123	1,782	1,804
Parking violations	**4,569**	5,018	7,173	7,019	8,569	8,824	8,978	12,412	13,803	13,762
Traffic violations	**5,914**	5,067	6,185	6,287	7,614	7,093	6,631	7,933	8,255	8,369
Fire:										
Number of calls answered	**5,452**	5,475	5,357	5,069	4,940	5,116	5,207	4,991	5,258	5,567
Inspections	**1,060**	1,077	976	879	970	749	600	600	N/A	N/A
Highways and Streets:										
Street resurfacing (miles)	**8.1**	8.8	6.2	3.8	7.6	6.5	8.2	7.9	N/A	N/A
Water:										
New connections	**7**	7	15	14	15	50	118	195	N/A	N/A
Water main breaks	**34**	23	34	28	31	27	29	18	N/A	N/A
Average daily consumption (millions of gallons)	**4.400**	4.140	4.060	4.300	4.650	4.940	4.860	4.807	N/A	N/A
Wastewater:										
Average daily sewage treatment (in gallons)	**4,800**	4,167	4,793	3,934	5,000	5,870	6,092	4,500	N/A	N/A

Source: City records.

N/A - Information not readily available.

See independent auditor's report.

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

	Fiscal Year					Ended April 30,				
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public safety:										
Police:										
Stations	**1**	1	1	1	1	1	1	1	1	1
Patrol units	**24**	23	23	23	23	22	31	31	31	31
Fire stations	**3**	3	3	3	3	3	3	3	3	3
Highways and Streets:										
Streets (miles)	**160**	160	160	160	160	163	163	163	177	176.8
Streetlights	**1,996**	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,700	1,700
Traffic signals	**31**	31	31	31	31	29	29	29	N/A	N/A
Culture and Recreation:										
Parks acreage	**1,423**	1,423	1,423	1,423	1,393	1,393	1,393	1,393	1,393	1,393
Parks	**46**	46	46	46	45	44	44	44	44	44
Tennis courts	**30**	30	30	30	30	30	30	30	30	30
Community centers	**8**	8	8	8	8	8	8	8	8	8
Water:										
Water mains (miles)	**230**	175	175	229	175	175	175	210	181	181
Fire hydrants	**3,093**	2,859	2,859	3,110	3,045	3,017	2,859	2,795	2,614	2,614
Maximum daily capacity (millions of gallons)	**8.70**	10.00	10.00	8.26	8.37	9.20	9.20	8.45	9.60	9.60
Sewer:										
Sanitary sewers (miles)	**120**	120	120	160	120	120	127	126	185	185
Storm sewers (miles)	**60**	60	60	60	60	60	62	60	110	110
Maximum daily treatment (thousands of gallons)	**17,569**	15,209	16,500	9,109	12,600	12,854	12,825	19,500	19,500	19,500

Source: City records.

See independent auditor's report.