



CITY OF
Crystal Lake Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2015

CITY OF CRYSTAL LAKE, ILLINOIS

Comprehensive Annual Financial Report

For the Year Ended April 30, 2015

Prepared By Finance Department:

George Koczvara
Director of Finance

**City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2015**

Table of Contents

Introductory Section

Letter of Transmittal	i - viii
Organization Chart	ix
Principal Officials	x
Certificate of Achievement for Excellence in Financial Reporting	xi

Financial Section

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	MD&A 1-16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	3 - 4
Statement of Activities	5 - 6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7 - 8
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10 - 11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Major Special Revenue Funds:	
General Fund	13
Motor Fuel Tax Fund	14

(cont'd)

**City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2015**

Table of Contents (cont'd)

Financial Section (cont'd)

Basic Financial Statements (cont'd):

Fund Financial Statements (cont'd):

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Major Special Revenue Funds: Fire Rescue Fund	15
Home Rule Sales Tax Fund	16
Statement of Net Position - Proprietary Fund - Waterworks and Sewerage Fund	17
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund - Waterworks and Sewerage Fund	18
Statement of Cash Flows - Proprietary Fund - Waterworks and Sewerage Fund	19 - 20
Statement of Fiduciary Net Position - Fiduciary Funds - Trust and Agency Funds	21
Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Pension Trust Fund	22
Notes to the Financial Statements	23 - 72

Required Supplementary Information:

Schedule of Funding Progress: Illinois Municipal Retirement Fund	73
Police Pension Fund	74
Firefighters' Pension Fund	75
Other Post-employment Benefits Retiree Healthcare Plan	76
Schedule of Employer Contributions: Illinois Municipal Retirement Fund	77

(cont'd)

**City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2015**

Table of Contents (cont'd)

Financial Section (cont'd)

Required Supplementary Information (cont'd):

Schedule of Employer Contributions (cont'd):

Police Pension Fund 78 - 79

Firefighters' Pension Fund 80 - 81

Schedule of Changes in the Employer's Net Pension Liability
and Related Ratios:

Police Pension Fund 82

Firefighters' Pension Fund 83

Schedule of Investment Returns:

Police Pension Fund 84

Firefighters' Pension Fund 84

Supplementary Information:

Governmental Funds:

General Fund:

Schedule of Revenues - Budget and Actual 85 - 86

Schedule of Expenditures - Budget and Actual 87 - 89

Combining Balance Sheet - Nonmajor Governmental Funds 90 - 91

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds 92 - 93

Combining Balance Sheet - Nonmajor Special Revenue Funds 94 - 95

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Special Revenue Funds 96 - 97

(cont'd)

**City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2015**

Table of Contents (cont'd)

Financial Section (cont'd)

Supplementary Information (cont'd):

Governmental Funds (cont'd):

Schedule of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual - Nonmajor Special Revenue Funds:

Illinois Municipal Retirement Fund 98

Road/Vehicle License Fund 99

School Crossing Guard Fund 100

Foreign Fire Insurance Fund 101

Three Oaks Recreation Area Fund 102

Combining Balance Sheet - Nonmajor Debt Service Funds 103 - 104

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Debt Service Funds 105 - 106

Schedule of Revenues, Expenditures and Changes in Fund Balance
- Budget and Actual - Nonmajor Debt Service Funds:
Crystal Heights Debt Service Fund 107

SEECOM Debt Service Fund 108

Three Oaks Recreation Area Debt Service Fund 109

Combining Balance Sheet - Nonmajor Capital Projects Funds 110 - 111

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit) - Nonmajor Capital Projects Funds 112 - 113

Schedule of Revenues, Expenditures and Changes in Fund Balance
(Deficit) - Budget and Actual - Nonmajor Capital Projects Funds:
Main Street TIF Construction Fund 114

Virginia Street Corridor TIF Construction Fund 115

(cont'd)

**City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2015**

Table of Contents (cont'd)

Financial Section (cont'd)

Supplementary Information (cont'd):

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual - Nonmajor Capital Projects Funds:	
Vulcan Lakes TIF District Fund	116
Capital and Equipment Replacement Fund	117
Three Oaks Capital Fund	118
Three Oaks Development Fund	119
Enterprise Fund:	
Schedule of Revenues - Budget and Actual - Waterworks and Sewerage Fund	120
Schedule of Operating Expenses, Excluding Depreciation and Nonoperating Expenses - Budget and Actual - Waterworks and Sewerage Fund	121
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Pension Trust Funds	122
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	123
Schedule of Changes in Fiduciary Net Position - Budget and Actual: Police Pension Fund	124
Firefighters' Pension Fund	125
Combining Statement of Changes in Assets and Liabilities - Agency Fund - Special Assessment Fund	126
Capital Assets Used in the Operation of Governmental Funds:	
Schedule of General Fixed Assets - By Source	127
Schedule By Function and Activity	128 - 129
Schedule of Changes By Function and Activity	130 - 131

(cont'd)

**City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2015**

Table of Contents (cont'd)

Financial Section (cont'd)

Supplementary Information (cont'd):

Discretely Presented Component Unit - Crystal Lake Public Library: Statement of Net Position and Governmental Funds Balance Sheet	132 - 133
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	134
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds	135 - 136
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	137
Combining Balance Sheet - Nonmajor Governmental Funds	138 - 139
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	140 - 141
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Operating Fund	142
Special Reserve Fund (Special Revenue Fund)	143
Gift and Memorial Fund	144
Ames Fund	145
IMRF Fund	146
FICA Fund	147
Public Library Repair and Construction Fund (Capital Project Fund)	148
Working Cash Fund (Permanent Funds)	149

(cont'd)

**City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2015**

Table of Contents (cont'd)

Statistical Section

Net Position by Component - Last Ten Fiscal Years (Accrual Basis of Accounting)	150 - 151
Change in Net Position - Last Ten Fiscal Years (Accrual Basis of Accounting)	152 - 155
Fund Balances of Governmental Funds - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	156 - 157
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	158 - 159
General Governmental Tax Revenues By Source - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	160 - 161
Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years	162 - 163
Property Tax Rates - Direct and Overlapping Governments - Last Ten Levy Years	164 - 165
Principal Property Taxpayers - Current Year and Nine Years Ago	166 - 167
Property Tax Extensions and Collections - Last Ten Fiscal Years	168
Ratios of Outstanding Debt - By Type - Last Ten Fiscal Years	169
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	170 - 171
Direct and Overlapping Governmental Activities Debt	172
Legal Debt Margin Information - Last Ten Fiscal Years	173
Demographic and Economic Statistics - Last Ten Fiscal Years	174
Principal Employers - Current Year	175

(cont'd)

**City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2015**

Table of Contents (cont'd)

Statistical Section (cont'd)

Full-time Equivalent Employees - Last Ten Fiscal Years	176 - 177
Operating Indicators - Last Ten Fiscal Years	178 - 179
Capital Asset Statistics - Last Ten Fiscal Years	180 - 181

INTRODUCTORY SECTION



CITY OF
Crystal Lake
ILLINOIS

October 8, 2015

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, 2015. 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, 2015.

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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent

auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified (“clean”) opinion that the City of Crystal Lake’s financial statements for the fiscal year ended April 30, 2015, 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 the 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 the MD&A, the basic financial statements and the combining and individual fund financial statements and schedules, as well as the independent auditor’s report on the financial statements and schedules. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

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 Community 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 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 illustrate 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, with over two million square feet of commercial occupancies over the last four years. The City's property valuation growth has remained constant over the past year through the addition of new non-residential development. This is evidence of the City's continued strong economic activity level and further underscores the City's strong non-residential tax base.

Despite substantial competition that has occurred from commercial growth in many of the areas surrounding Crystal Lake and the difficult retail environment for certain players in the very competitive Chicago arena, the retail sector has remained stable over the past year. The City has continued to maintain strength as a retail base for serving the regular commercial needs for the immediate City population, and has continued as a regional point for commercial activities. In 2011, over 572,000 square feet of vacant space was leased by new businesses, of which 39% was along Route 14. In 2012, over 338,000 square feet of vacant space was leased by new businesses throughout the City. In 2013, nearly 455,000 square feet of business occupancies occurred which included nearly 234,000 square feet by new businesses. Over 194,000 square feet was occupied by existing Crystal Lake businesses that expanded or relocated within the City of Crystal Lake borders. In 2014, 680,151 square feet of commercial space was occupied by new and existing businesses. Of those occupancies, 577,225 square feet was occupied by new businesses. 2013 and 2014 could be categorized as "the years of the small business" as 78 new small businesses opened in Crystal Lake in 2013 and 98 in 2014.

Route 14 serves as a retail corridor for the City of Crystal Lake, highlighted by Crystal Point Shopping Center, Crystal Court Shopping Center and The Commons Shopping Center. The Bohl Farm Marketplace, consisting of nearly 400,000 sq. ft. of retail space, anchors Kohl's department store, a Target store and Buy Buy Baby, and includes other national tenants such as Barnes and Noble, Five Below and a Chili's restaurant.

The Archway East Center development includes a Portillo's restaurant, Texas Roadhouse restaurant, Chick fil-A, Sports Authority, Mario Triccoci, Menards and three additional small independent retailers. Chipotle Mexican Grill, Noodles & Company, Culver's, Jameson's Charhouse, Fast Eddie's Car Wash, the Village Squire Restaurant, and the Regal Theaters are all located near this center.

The downtown sector of the City, which has continued to show substantial strength, exhibits a very low vacancy rate of less than 5% and continues to be a viable commercial destination. A Starbuck's and two independent ice cream shops are located in the Downtown area, as well as a number of unique fine dining establishments including Benedict's La Strata, Georgio's Pizzeria, Duke's Alehouse, Tacqueria Las Cumbres, Williams Street Public House, Finn McCool's and Da Baffone Cucina Italiana. Downtown Crystal Lake also offers Crystal Lake's first microbrewery, Crystal Lake Beer Company, that opened in the summer of 2014. The downtown district is home to the Raue Center for the Arts, which is an 800-seat theatre that is one of the finest examples of restored art and decor in the nation. The Raue Center provides a unique draw for the downtown area as the largest performing arts theater in McHenry County.

Anderson Motors, a major auto retailer of BMW, Volkswagen, and Mazda vehicles, located on North Route 31, has expanded their service facilities and indoor display areas. As part of a major expansion for this dealership, a new dealership was constructed in the Route 14 corridor, while maintaining the remaining two flags at the Route 31 facility. In addition, Pauly Toyota relocated their auto dealership to the Lutter Center at the intersection of Route 31 and Rakow Road, near a Super Wal-Mart. Brilliance Honda completed a major expansion and relocated also within Crystal Lake. Brilliance Honda consolidated their car inventory locations and rebuilt an automobile dealership located at the northeast corner of Routes 176 and 14. Martin Chevrolet is nearing completion of a substantial renovation of their automobile dealership along Route 14.

Crystal Lake continues to be an attractive place to live and conduct business. In 2011 through 2014, new businesses who have either occupied space or leased space and are under construction, or relocated to larger buildings include: HH Gregg, Five Below, Ross Dress for Less, Superior Health Club, The Fresh Market, Jersey Mikes, Courtesy Motors, Five Guys Burgers, O'Reilly Auto Parts, Harbor Freight Tools, Alternative Garden Supply, Savers, Weight Watchers, Meineke Car Care Center, Randall Road Animal Hospital, Exemplar Financial, Olive Tap, KK Buffet, Gumpas Psychiatry, Advance Auto Parts, Kyoto Restaurant, Electron Marketing, Scali & Assoc. Accounting, The Movement, Suran Built Inc., Action Kung Fu, Supreme Shine Detailing, Comnet Group Staffing, Samsone & Associates, Mr. Cakes, Subway at Healthbridge, Mobil Oil at Routes 31 and 176, The Fit Stop, Sandra's Hair Salon, Colonial Ice Cream & Café, Vanity Cosmetics, The Perfect Pear, Route 14 Dentistry, Crystal Lake Bank & Trust, Chene Chiropractic, Sunshine Travel, Freshly Baked Communication, Mattress Clinic, Straight Shooters Gallery, Panaderia El Molino Azul, N' Focus Photography, Elite Kids, S&M Thurow Salon, Salon 134, Providence Packaging, AL-RO Injection Molding, Phoenix Electronics, RW Technologies, Aptar Group, Phoenix Custom Woodworks, Five Star Pallet, Crystal Lake Rib house, Texas Roadhouse, Crystal Lake Beer Company, Marvin's Toy Store, Melissa's Chocolate Factory, Kitchen Outfitters, Reprographics, National Gift Card, Mathnasium, Pepper Annex, Bio-energy Technology, Inc. and Terra Cotta Industries.

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

Once again, the City has continued to have a very low property tax rate for municipal services compared to other municipalities in southeastern McHenry County. The continued development of the City's non-residential tax base and the 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. 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

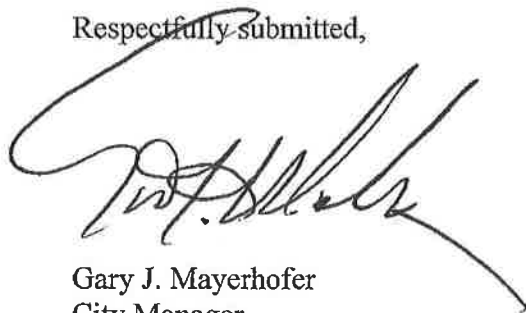
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Crystal Lake for its comprehensive annual financial report (CAFR) for the fiscal year ended April 30, 2014. This results in twenty-five consecutive years that the 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.

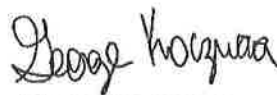
The City of Crystal Lake received the Distinguished Budget presentation award for the Fiscal Year 2015 Budget document for the seventh consecutive year. It is an honor for the City of Crystal Lake to receive these two awards from the National GFOA.

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,

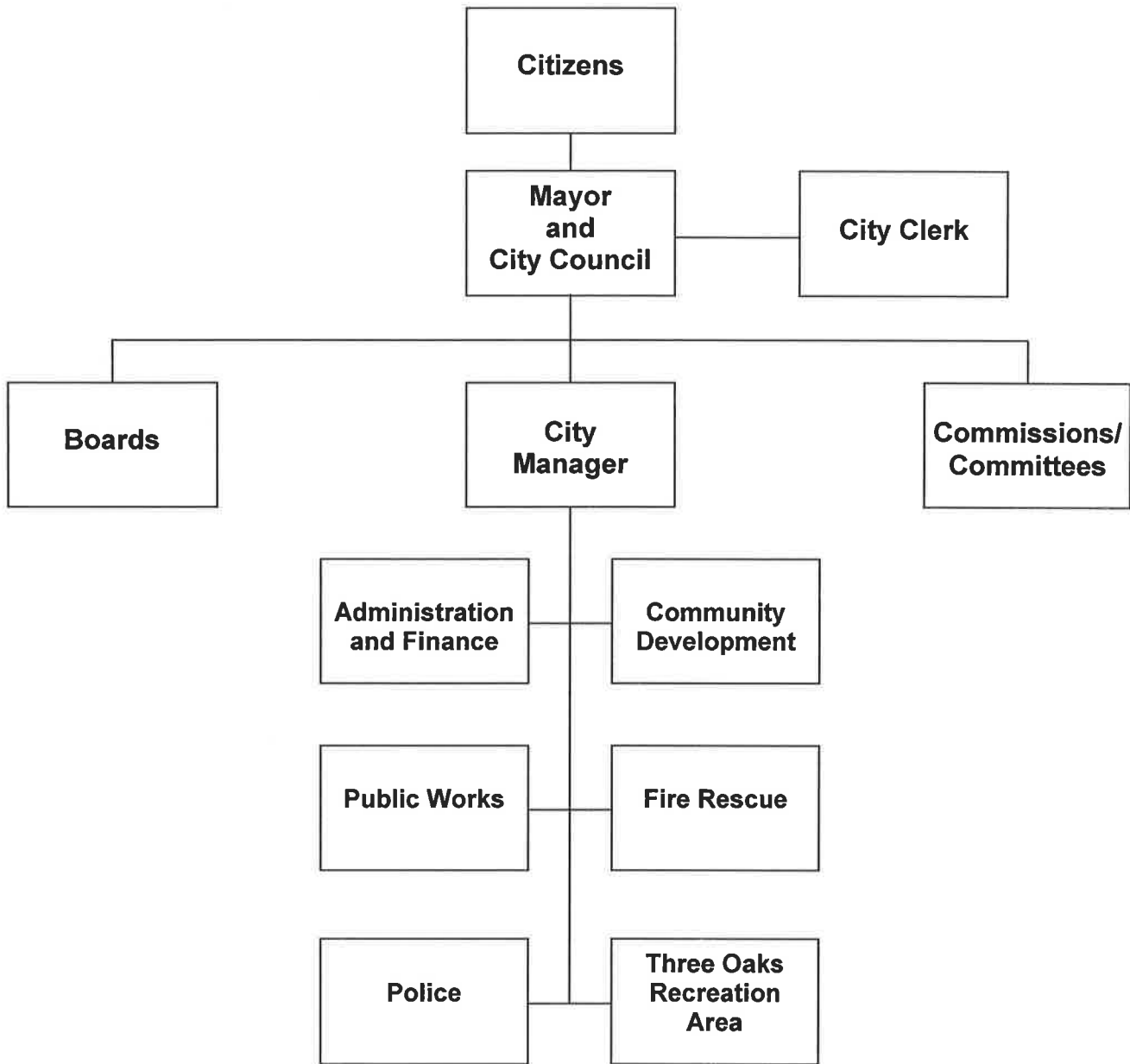


Gary J. Mayerhofer
City Manager



George Koczwar
Director of Finance

CITY OF CRYSTAL LAKE ORGANIZATIONAL STRUCTURE



**City of Crystal Lake, Illinois
Principal Officials
April 30, 2015**

Legislative

Mayor: Aaron T. Shepley

City Clerk: Nick Kachiroubas

Ellen Brady, 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 Koczwar

Director of Human Resources – Julie Meyer

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 – Paul DeRaedt

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, 2014

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Selden Fox, LTD.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
619 Enterprise Drive
Oak Brook, Illinois 60523-8835

630-954-1400
630-954-1327 FAX

email@seldenfox.com
www.seldenfox.com

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, 2015, 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, 2015, 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 MD&A-1 to MD&A-16 and the *Schedules of Funding Progress* (pages 73-76), *Employer Contributions* (pages 77-81), *Changes in the Employer's Net Pension Liability and Related Ratios* (pages 82-83), and *Investment Returns* (page 84), 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 85-149 and the introductory and statistical section on pages i-xii and 150-181, 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 8, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis 2015

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, 2015. 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 viii 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 \$245,954 (net position), a decrease of \$1,778 from the prior year. Of the total, \$21,876 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- During the fiscal year, the City invested \$12,316 in capital (buildings, equipment and infrastructure). Major capital asset acquisitions made during the fiscal year included a redundant cooling system for the server/telephone equipment room, renovation of the fuel island and dispensing system at City Hall, budget and financial planning software (City Administration Department), connector boat, administrative vehicle and ambulance replacement (Fire Rescue Department), five patrol vehicle replacements (Police Department), four utility vehicle replacements (Community Development Department), a sewer cleaner truck, two dump trucks, two cargo vans and two pick-up truck replacements (Public Works Department), as well as the addition of a SCUBA facilities (beach and pier) at the Three Oaks Recreation Area. In addition to the City's annual street resurfacing program, roadway projects included improvements to the intersection of Walkup Avenue and IL 176, engineering and right-of-way acquisition in advance of the widening of South Main Street, engineering and right-of-way acquisition in advance of the construction of a multi-use path along Country Club Road, engineering in advance of reconstruction of the Brink Street Marketplace parking lot and the final payment for roadway improvements along Pingree Road (between Rakow Road and U.S. Route 14). Improvements to water and sewer facilities included the rehabilitation of Lift Station #1, replacement of two turbo blowers used in the wastewater treatment process at Wastewater Treatment Plant #2, clarifier rehabilitation, hydraulics improvements and the construction of a bypass channel also at Wastewater Treatment Plant #2. Head-end screening was installed at Wastewater Treatment Plant #3. The roof and generator were replaced at Water Treatment Plant #3, as well as the resurfacing of the driveway. Storage tanks at Water Treatment Plant #4 were recoated and main extended under the Union Pacific railway to complete a loop to the plant. Phase 2 of the water main replacement project in the Country Club Subdivision was completed, Phase 3 (final) commenced.

- Principal on outstanding bonds in the amount of \$3,135 was retired.

Financial Highlights (cont'd)

- Operating grants totaling \$2,105 were received by the City during fiscal year 2015. Proceeds were used for the purposes of traffic safety enforcement, bulletproof vests, and training. Capital grants and contributions totaling \$1,783 provided funding for a Scuba Facility at Three Oaks Recreation Area, two turbo blowers for Wastewater Treatment Plant #2 and roadway improvement projects along 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 \$13,018 and \$7,820, respectively. The unassigned fund balance represented 33.9% 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

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.

Overview of the Financial Statements (cont'd)

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 3 – 6 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.

Most financial statement users are unlikely to have a significant interest in all twenty-two governmental 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 eighteen governmental funds are combined and reported in aggregate. Individual fund data for each of these non-major 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 7 - 16 of this report.

Overview of the Financial Statements (cont'd)

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 balance 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 17 - 20 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 21 - 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 72 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 73 - 84 of this report.

Other supplementary information. Combining and individual fund statements and schedules can be found beginning on page 85 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 supplementation information says about the City's overall financial health. Statistical information can be found beginning on page 150.

Financial Position Analysis

Net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the assets of the City exceeded liabilities by \$245,954.

Consolidated Statement of Net Position As of April 30, 2015 (In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Current & other assets	\$ 48,097	\$ 47,071	\$ 14,568	\$ 8,471	\$ 62,665	\$ 55,542
Capital assets	184,318	185,607	68,456	69,881	252,774	255,488
Total assets	232,415	232,678	83,024	78,352	315,439	311,030
Long-term liabilities	19,853	18,649	23,584	22,684	43,437	41,333
Other liabilities	7,861	8,235	4,787	3,720	12,648	11,955
Total liabilities	27,714	26,884	28,371	26,404	56,085	53,288
Deferred Inflows	11,621	11,787	-	-	11,621	11,787
Net assets:						
Net investment in capital assets	166,610	169,308	43,239	46,459	209,849	215,767
Restricted	9,327	8,311	-	-	9,327	8,311
Unrestricted	17,143	16,388	11,414	5,489	28,557	21,877
Total net position	\$ 193,080	\$ 194,007	\$ 54,653	\$ 51,948	\$ 247,733	\$ 245,955

By far, the largest portion of the City's net position (87.7%) 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 assets (3.38%) represents resources that are subject to external restrictions relative to their use. The remaining *balance of unrestricted net position* (\$21,877) may be used to meet the City's ongoing obligations to citizens and creditors.

**Changes in Net Position
For the Fiscal Year Ended April 30, 2015
(In thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Program revenues:						
Charges for services	\$ 5,320	\$ 5,716	\$ 9,232	\$ 9,411	\$ 14,552	\$ 15,127
Grants and contributions:						
Operating	1,318	2,105	-	-	1,318	2,105
Capital	502	1,470	167	312	669	1,782
General revenues:						
Property	11,165	11,055	-	-	11,165	11,055
Other taxes	7,521	7,503	-	-	7,521	7,503
Intergovernmental	15,370	16,164	-	-	15,370	16,164
Other	1,718	1,118	348	156	2,066	1,231
Total revenues	42,914	45,131	9,747	9,846	52,661	54,977
Expenses:						
Governmental activities:						
General government	9,433	8,718	-	-	9,433	8,718
Public safety	23,491	23,670	-	-	23,491	23,670
Highways and streets	8,923	9,738	-	-	8,923	9,738
Culture and recreation	1,020	1,046	-	-	1,020	1,046
Interest on long-term debt	629	531	-	-	629	531
Asset Impairment	-	502	-	-	-	502
Business-type activities - waterworks and sewerage	-	-	11,573	12,584	11,573	12,584
Total expenses	43,496	44,205	11,573	12,584	55,069	56,789
Revenues over (under) expenses	(582)	926	(1,826)	(2,705)	(2,408)	(1,779)
Transfers and adjustments	12	-	(12)	-	-	-
Changes in net position	570	926	(1,838)	(2,705)	(2,408)	(1,779)
Net position - beginning of year	193,650	193,080	56,491	54,653	250,141	247,733
Net position - ending of year	\$ 193,080	\$ 194,006	\$ 54,653	\$ 51,948	\$ 247,733	\$ 245,954

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

- Charges for services increased \$396 (7.44%) over the prior year. The increase is largely attributable to increased collections of ambulance fees as the City transitioned to a new billing and collection service. Charges for services in the current year also reflect a one-time recognition of Capital Facility fees that had been recorded previously as a liability. Capital Facility fees are assessed against developers as a condition of a final plat of subdivision. Resources that have accumulated will be used toward funding future expansion of City facilities and/or programs.
- Grants and contributions for fiscal year 2015 totaled \$3,575. Proceeds were used for the purposes of traffic safety enforcement, bulletproof vests, roadway improvements and the development of a SCUBA facility at the Three Oaks Recreation Area. Grants and contributions revenue also reflect a one-time recognition of funds received from property that had been forfeited under federal and state controlled substances acts. Forfeited funds had been recorded previously as a liability. These funds are restricted for law enforcement purposes only.
- In November, 2014, the City received notice relative to a property tax objection that was filed on behalf of a number of Crystal Lake property owners. The suit alleged that the 2013 tax levy was not valid because the City failed to get four concurring votes of its elected corporate authorities. In April, 2015, Judge Caldwell entered a summary judgment in favor of the taxpayer plaintiffs. The City has since filed an appeal. As a result of this case, \$1,118 of property taxes received by the City (\$355 for Police and Firefighter pensions reported in the General Fund, \$583 for fire protection services reported in the Fire Rescue Fund, \$5 for crossing guard services reported in the Crossing Guard Fund and \$175 for non-public safety pensions reported in the IMRF/FICA Fund), will not be recognized as income in fiscal 2015. Instead, funds will be recorded as a liability pending the outcome of the City's appeal.
- Operating results of other taxes were mixed. Home Rule sales tax receipts rose \$84 or 1.69% over 2014 as consumer confidence remains steady and retailers continue to fill vacant spaces. Cable franchise fees also rose \$47 or 7.25% over 2014. Cable operators are charged franchise fees equal to a percentage of their annual gross revenue as compensation for using City-owned right-of-way. Telecommunications Tax revenue declined \$178 or 11.46% from 2014. Changes in how business and residential customers communicate has resulted in lowering telecommunication tax available to local governments. Data plans and other internet-based communications specifically are exempt from the telecommunications tax.
- Included in Intergovernmental revenue is income tax, as well as retail sales tax and use taxes. Income tax receipts rose \$214 or 5.49% over 2014 as unemployment rates continue to fall. Retail sales tax and use taxes increased \$577 or 5.09% over fiscal 2014. Contributing to the increase is a rise in new car sales.

Governmental activities (cont'd):

- Other revenue decreased \$600. Prior period revenues include a one-time recognition of assets held in trust (\$71) at the Intergovernmental Personal Benefit Cooperative (IPBC), and an adjustment to the balance of assets held in trust (\$479) at the Intergovernmental Risk Management Agency (IRMA). The IPBC and IRMA are entities created under Illinois State laws which allow municipal groups to band together in order to pool risk management needs for group health insurance and liability insurance, respectively. Also included in fiscal year 2014 revenues are donations (\$66) toward the City's year-long centennial celebration (September 2013 through September 2014). As the City's celebration came to a close, donations in fiscal year 2015 were no longer needed.
- General and administrative expenditures decreased \$715 or 7.6% from the prior year. Contributing to the decrease was the elimination of two managerial positions, vacated in the prior year. In addition, prior year expenditures reflected a reimbursement that the City had made to the Illinois Department of Revenue (IDOR), for telecommunications tax the IDOR had improperly collected. Expenditures for the centennial celebration diminished as the year-long celebration (September 2013 to September 2014) came to an end.
- Highways and Streets expenditures increased \$815 or 9.1% from the prior year as the City increased its efforts to remove and replace trees infected with the Emerald Ash Borer (EAB). Contributing also to the increase are costs associated with the widening of South Main Street. Portions of the widening project that are under the jurisdiction of McHenry County shall be reimbursed to the City.
- As outstanding bonds associated with Governmental Activities decline, so too does interest expense.
- In November, 2014, information was provided to the City from the Illinois Metropolitan Investment Fund (IMET) regarding a potential investment loss that occurred as a result of fraud undertaken by a U.S. Department of Agriculture (USDA) backed financial institution. At the time of the fraud, the City of Crystal Lake and 292 other municipalities and government agencies utilized IMET to invest their intermediate-term dollars. Recovery efforts are now underway by IMET and other parties impacted by the fraudulent activity. It is anticipated that a significant portion will be recovered as assets from the perpetrators of the fraud are seized and sold. At April 30, 2015, the City of Crystal Lake recognized a loss of \$502 (asset impairment), pending the outcome of this case.

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

- Charges for services increased \$179 or 1.9% from the prior year. Revenues in the Water and Sewer Fund reflect an 11.4% increase in water and sewer rates that went into effect on September 1. The increase provides a funding mechanism that will allow the Water and Sewer Fund to remain financially independent and provide for some capital investment to maintain water and sewer infrastructure systems. Fiscal Year 2015 incorporated the first of five consecutive years of rate increases as recommended by a water and sewer rate study that was commissioned by the City in February, 2014. Water and Sewer connection fees have declined from the prior year.

Business-type activities (cont'd):

- Grants and contributions increased \$145 or 86.8% from the prior year. Proceeds were used for the purpose of purchasing energy efficient turbo blowers used in the wastewater treatment process at Wastewater Treatment Plant #2.
- Other revenue decreased \$192 or 55.2% over the prior year. The decrease is largely attributed to reimbursements the City received in fiscal 2014 for the removal and reinstallation of cellular antenna and for the installation of water main as part of a water main extension project.
- Waterworks and sewerage expenditures increased \$1,011 or 8.7% from the prior year. The increase is largely attributed to a reclassification of prior years' expenses from Capital Assets (balance sheet accounts) to expenditures as projects such as a new well (#18), and the Northwest Area Trunk Sewer have been abandoned. Depreciation expense increased over the prior year. As more assets are acquired or constructed, more depreciation is recorded.

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 \$30,608, a decrease of \$1,632 in comparison with the prior year. Approximately 29.5% of this amount or \$9,015 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 prepaid items such as insurance 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 \$7,820, while the total fund balance was \$13,017. 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 33.9% of General Fund operating expenditures.

The fund balance of the City's General Fund decreased by \$2,664, 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 ending Fund Balance in the Motor Fuel Tax Fund is \$6,828. The entire balance is restricted for purposes of roadway improvements. The net decrease in fund balance during the year was \$1,040, due to the road resurfacing and construction projects including the widening of South Main Street and a multi-use path near County Club Road.

Operating Results (cont'd)

The ending Fund Balance in the Fire Rescue Fund is \$1,810. The net increase in fund balance during the year was \$252. This is due to improved ambulance collections as the City transitioned to a new ambulance billing service. An E-One Pumper that was planned for fiscal year 2015 has been postponed due to the lead time for delivery. Funds for the purchase of the engine have been re-budgeted for fiscal year 2016.

The ending Fund Balance in the Home Rule Sales Tax Fund is \$2,891, an increase of \$112 from the prior year. The net increase in fund balance is attributed to an increase in Home Rule Sales Tax receipts coupled with the postponement of projects aimed at mitigating flooding until engineering studies are complete and/or grant funds become available. 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 the repayment of debt on major construction projects and can be used to enhance the City's street resurfacing program.

In aggregate, the Fund Balance of Other Governmental Funds increased \$1,707 (39.2%). Initial funding for land acquisition and engineering services of the Vulcan Lakes TIF was provided using General Fund reserves. Advances made from the General Fund during Fiscal Year 2008 were reclassified from a liability (Due to General Fund) to an Other Financing Source (Transfer In) in Fiscal Year 2015, curing a negative Fund Balance (\$2,039), in the Vulcan Lakes TIF Fund. The Fund Balance in the Road and Vehicle License Fund decreased \$660 in Fiscal Year 2015 as funds were used to enhance the City's annual resurfacing program.

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 \$5,489. Net position decreased by \$2,705 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 2015 (In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues and other financing sources:			
Property taxes	\$ 3,694	\$ 3,694	\$ 3,335
Other taxes	2,508	2,508	2,420
Intergovernmental	15,214	15,214	16,197
Other	2,172	2,172	2,288
Total revenues	23,588	23,588	24,240
Expenditures	(27,440)	(27,915)	(26,633)
Other financing sources (uses)	1,517	1,517	(271)
Net change in fund balance	\$ (2,334)	\$ (2,810)	\$ (2,664)

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

- Tree removal and replacement (\$475)

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.
- Proceeds from grants and contributions were used for the purposes of traffic safety enforcement, bullet proof vests, and training.
- Police and Adjudication fines exceeded budget expectations. Increased collections of police fines is due in part to efforts by the State of Illinois to re-direct tax refunds of scofflaws to localities with whom fines remain unpaid. Collections of Administrative Adjudication fines has also increased as pre-payment options were made available for those who aren't required to appear before the Administrative Adjudication Law Judge.

General Fund Budgetary Highlights (cont'd)

- Other revenues in excess of budget include Cable franchise fees and Other income. Cable operators are charged franchise fees equal to a percentage of their annual gross revenue as compensation for using City-owned right-of-way. Other income includes reimbursements for workers compensation payments, proceeds from the sale of fixed assets, and receipts from the recycling of scrap metal and other miscellaneous items (motor oil, holiday lights, etc.).
- Legal fees exceeded budget projections due to ongoing litigation with School District 155.
- Shared Services expenditures exceeded budget as a result of rising costs for utilities and fiber optic lines.

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

- In November, 2014, the City received notice relative to a property tax objection that was filed on behalf of a number of Crystal Lake property owners. The suit alleged that the 2013 tax levy was not valid because the City failed to get four concurring votes of its elected corporate authorities. In April, 2015, Judge Caldwell entered a summary judgment in favor of the taxpayer plaintiffs. The City has since filed an appeal. As a result of this case, \$355 of property taxes received by the City for police and firefighter pension obligations will not be recognized as income in the General Fund in fiscal 2015. Instead, funds will be recorded as a liability pending the outcome of the City's appeal.
- Proceeds from building permits and plan reviews missed fiscal year 2015 budget expectations as new commercial and residential housing starts remain slow.
- Telecommunications Tax receipts continue to miss budget expectations. Changes in how business and residential customers communicate has resulted in lowering telecommunication tax available to local governments. Data plans and other internet-based communications specifically are exempt from the telecommunications tax.
- 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. Overtime costs in the Community Development Department were reduced as a result of process changes.
- Contractual services in the Administrative Adjudication Division ended the year below budget. A total of twelve (12) hearings were held throughout the fiscal year as opposed to eighteen (18) that were budgeted.
- Contractual services in the Special Projects Division ended the year below budget as expenses for Para Transit services were lower than anticipated. The budget for Para Transit services was based on an intergovernmental agreement between McHenry County, the City of Crystal Lake, the City of McHenry and the City of Woodstock. The combined local dial-a-ride service provides greater consistency between service fares and hours, improves service performance monitoring and enables direct account for federal grant funding awarded from the Regional Transportation Authority (RTA).

General Fund Budgetary Highlights (cont'd)

- Contractual services in the Police Department ended the year below budget. Costs anticipated for police dispatch services were over-estimated.
- Contractual services in the Community Development are below budget. Due to process changes and projects still in their infancy of development, funds had not been expended for consultant and inspection services.
- Contractual services in the Streets Division of the Public Works Department ended the year below budget. Expenditures ended the year below budget due in large part to savings on snow removal services as the winter of 2014-2015 did not have as many snow events as was anticipated. Additionally, the Streets Division experienced savings on motor fuel expenses as well.

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, 2015, totaled \$255,488 (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 \$2,713 or 1.1%.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Land	\$ 103,540	\$ 103,540	\$ 628	\$ 628	\$ 104,168	\$ 104,168
Construction in progress	4,438	4,755	3,917	2,369	8,355	7,124
Buildings and improvements	23,624	23,148	11,095	11,376	34,719	34,524
Machinery, equipment and vehicles	6,540	7,190	4,843	6,375	11,383	13,565
Infrastructure	46,176	46,974	47,973	49,133	94,149	96,107
Total	\$ 184,318	\$ 185,607	\$ 68,456	\$ 69,881	\$ 252,774	\$ 255,488

Major capital asset acquisitions made during the fiscal year included a redundant cooling system for the server/telephone equipment room, renovation of the fuel island and dispensing system at City Hall, budget and financial planning software (City Administration Department), connector boat, administrative vehicle and ambulance replacement (Fire Rescue Department), five patrol vehicle replacements (Police Department), four utility vehicle replacements (Community Development Department), a sewer cleaner truck, two dump trucks, two cargo vans and two pick-up truck replacements (Public Works Department), as well as the addition of a SCUBA facilities (beach and pier) at the Three Oaks Recreation Area.

In addition to the City's annual street resurfacing program, roadway projects included improvements to the intersection of Walkup Avenue and IL 176, engineering and right-of-way acquisition in advance of the widening of South Main Street, engineering and right-of-way acquisition in advance of the construction of a multi-use path along Country Club Road, engineering in advance of reconstruction of the Brink Street Marketplace parking lot and the final payment for roadway improvements along Pingree Road (between Rakow Road and U.S. Route 14).

Capital Asset and Debt Administration (Cont'd)

Improvements to water and sewer facilities included the rehabilitation of Lift Station #1, replacement of two turbo blowers used in the wastewater treatment process at Wastewater Treatment Plant #2, clarifier rehabilitation, hydraulics improvements and the construction of a bypass channel also at Wastewater Treatment Plant #2. Head-end screening was installed at Wastewater Treatment Plant #3. The roof and generator were replaced at Water Treatment Plant #3, as well as the resurfacing of the driveway. Storage tanks at Water Treatment Plant #4 were recoated and main extended under the Union Pacific railway to complete a loop to the plant. Phase 2 of the water main replacement project in the Country Club Subdivision was completed, Phase 3 (final) commenced.

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 \$39,655.

**Long-Term Debt at Year End
Fiscal Year 2015
(In thousands)**

	<u>Balance, May 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, April 30, 2015</u>
General obligation bonds	\$ 42,790	\$ -	\$ 3,135	\$ 39,655
Notes payable	-	-	-	-
	<u>\$ 42,790</u>	<u>\$ -</u>	<u>\$ 3,135</u>	<u>\$ 39,655</u>

Special Service Area (SSA) bond issues outstanding at April 30, 2015 include:

- Special Service Area Number 45 Bonds, Series 2006 - \$5,440
- Special Service Area Number 44 Bonds, Series 2007 - \$ 350
- Special Service Area Number 46 Bonds, Series 2007 - \$2,402

Special Service Area (SSA) bond issues are not direct obligations of the City. Any cash or fund balance are reported in 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 4.9 percent, down from the rate of 6.3 percent one year ago. The unemployment rate is below the State's average unemployment rate of 6.0 percent and the national average rate of 5.4 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.

The State of Illinois is in the midst of a budget crisis. A number of scenarios have been discussed, some of which could reduce revenue to local government. As an example, on February 8, 2015, Governor Rauner delivered his first budget address. The most important item for the City of Crystal Lake was his proposal to cut by 50% the Local Government Distributive Fund (LGDF). The LGDF is the mechanism that is used to collect the municipal share of state income tax revenue. Under the Governor's proposal, the City of Crystal Lake would lose approximately \$2,017 per year. The City's share of State income tax revenue accounts for the second largest source of revenue for the General Fund with Sales Tax being the largest.

If approved by the Illinois General Assembly, it appears that the proposed cuts would take effect as part of the 2016 State Budget which runs from July 1, 2015 – June 30, 2016. Because it is unknown how the Illinois General Assembly will proceed with this proposal, City staff presented its Fiscal Year 2016 budget as if the City will receive its normal distribution of income tax. The Fiscal Year 2016 Budget can be reevaluated at a future date if the General Assembly does in fact approve the diverting of local government funds. City staff is currently evaluating this impact and will be prepared to discuss options with the City Council if necessary.

It is anticipated, with the change in the economy, that several revenues will show signs of growth. These include Retail Sales Tax, Income Tax, Replacement Tax, Use Tax, Leased Car Tax and Home Rule Sales Tax. Receipts from telecommunications tax will continue to decline. Changes in how business and residential customers communicate has resulted in lowering telecommunication tax available to local governments. Data plans and other internet-based communications specifically are exempt from the telecommunications tax. New construction and residential housing starts will remain sluggish.

A growing number of municipalities, including Algonquin, Cary, Carpentersville, Fox-River Grove, Elgin, and Huntley, have adopted ordinances authorizing the recovery of costs of providing emergency response services to "at-fault" non-resident drivers involved in motor vehicle accidents. The adoption of the Cost Recovery Fee will allow the City to recover the cost of providing these services to non-residents that are otherwise paid by Crystal Lake taxpayers. Like most municipalities, the City already charges fees for some services provided by the Fire Department (e.g. ambulance, and hazardous materials calls) to recover costs associated with the delivery of service. A growing number of fire departments have adopted ordinances that also allow for the recovery of costs associated with providing emergency response services to "at fault" non-resident drivers involved in motor vehicle accidents. The City estimates annual recovery of approximately \$48,000 in costs associated with emergency response services provided to "at-fault" non-resident drivers involved in motor vehicle accidents.

To balance the fiscal year 2016 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 avoiding filling vacated positions unless they are critical to City operations. Whenever possible, grant funding shall be sought to offset program and project costs.

Economic Factors and Next Year's Budgets and Rates (cont'd)

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 2016 budget 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 capital investment to maintain water and sewer infrastructure systems. This is the second 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 Koczwar, 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, 2015**

	Governmental Activities	Business-type Activities	Total	Component Unit
				Crystal Lake Public Library
Assets				
Cash and investments	\$ 26,075,349	\$ 7,159,869	\$ 33,235,218	\$ 4,740,061
Receivables, net:				
Property taxes	11,768,525	-	11,768,525	4,414,247
Accrued interest	99,889	6,823	106,712	-
Accounts	1,800,925	1,296,133	3,097,058	-
Internal balances	4,548	(4,548)	-	319
Due from other governments	5,735,163	-	5,735,163	-
Inventory	166,132	-	166,132	-
Prepaid items and other assets	1,420,176	13,379	1,433,555	-
Total current assets	47,070,707	8,471,656	55,542,363	9,154,627
Noncurrent:				
Capital assets (net of accumulated depreciation):				
Land	103,539,790	628,095	104,167,885	2,074,878
Construction in progress	4,755,421	2,369,137	7,124,558	-
Buildings and improvements	23,147,865	11,375,482	34,523,347	4,826,905
Machinery, equipment and vehicles	7,189,907	6,375,052	13,564,959	109,938
Infrastructure	46,974,296	49,132,708	96,107,004	-
Total noncurrent assets	185,607,279	69,880,474	255,487,753	7,011,721
Total assets	\$ 232,677,986	\$ 78,352,130	\$ 311,030,116	\$ 16,166,348

See accompanying notes.

	Governmental Activities	Business-type Activities	Total	Component Unit
				Crystal Lake Public Library
Liabilities				
Current:				
Accounts payable	\$ 2,963,364	\$ 1,080,788	\$ 4,044,152	\$ 140,734
Accrued liabilities	656,193	81,109	737,302	38,629
Recapture fees payable	108,054	-	108,054	-
Deposits payable	948,067	138,647	1,086,714	-
Interest payable	237,735	277,871	515,606	-
General obligation bonds payable	1,383,966	1,911,034	3,295,000	-
Compensated absences payable	1,937,789	230,060	2,167,849	79,356
Total current liabilities	8,235,168	3,719,509	11,954,677	258,719
Noncurrent:				
Compensated absences payable	1,219,759	197,188	1,416,947	49,952
General obligation bonds payable	14,915,504	22,487,119	37,402,623	-
Net pension obligation	2,307,252	-	2,307,252	-
Net other post-employment benefit obligation	206,954	-	206,954	-
Total noncurrent liabilities	18,649,469	22,684,307	41,333,776	49,952
Total liabilities	26,884,637	26,403,816	53,288,453	308,671
Deferred Inflows of Resources				
Property taxes	11,787,215	-	11,787,215	4,414,247
Net Position				
Net investment in capital assets	169,307,809	46,459,593	215,767,402	7,011,721
Restricted for:				
Working cash	-	-	-	50,204
Highways and streets	6,827,960	-	6,827,960	-
Retirement	826,201	-	826,201	162,816
Debt service	656,450	-	656,450	-
Unrestricted	16,387,714	5,488,721	21,876,435	4,218,689
Total net position	\$ 194,006,134	\$ 51,948,314	\$ 245,954,448	\$ 11,443,430

City of Crystal Lake, Illinois
Statement of Activities
For the Year Ended April 30, 2015

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit Crystal Lake Public Library
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General and administrative	\$ 8,717,673	\$ 1,185,748	\$ 33,002	\$ 2,926	\$ (7,495,997)	\$ -	\$ (7,495,997)	\$ -
Public safety	23,670,546	3,888,838	625,467	5,940	(19,150,301)	-	(19,150,301)	-
Highways and streets	9,738,091	234,750	1,446,094	1,226,760	(6,830,487)	-	(6,830,487)	-
Culture and recreation	1,045,576	406,991	-	234,372	(404,213)	-	(404,213)	-
Interest on long-term debt	531,492	-	-	-	(531,492)	-	(531,492)	-
Asset impairment	501,617	-	-	-	(501,617)	-	(501,617)	-
Total governmental activities	44,204,995	5,716,327	2,104,563	1,469,998	(34,914,107)	-	(34,914,107)	-
Business-type activities - Waterworks and Sewerage	12,584,450	9,411,316	-	312,550	-	(2,860,584)	(2,860,584)	-
Total primary government	\$ 56,789,445	\$ 15,127,643	\$ 2,104,563	\$ 1,782,548	(34,914,107)	(2,860,584)	(37,774,691)	-
Component unit - Crystal Lake Public Library	\$ 4,484,806	\$ 186,821	\$ 50,929	\$ -	-	-	-	(4,247,056)
		General revenues:						
		Taxes:						
			Property		11,054,823	-	11,054,823	4,376,848
			Home rule sales		5,084,373	-	5,084,373	-
			Auto rental		47,986	-	47,986	-
			Franchise fees - cable		692,094	-	692,094	-
			Telecommunications		1,381,207	-	1,381,207	-
			Hotel		298,471	-	298,471	-
		Intergovernmental:						
			Replacement		156,255	-	156,255	-
			State sales and use		11,903,296	-	11,903,296	-
			Income		4,104,684	-	4,104,684	-
			Investment income		179,247	39,673	218,920	18,794
			Gain on sale of capital assets		119,736	33,639	153,375	-
			Miscellaneous		818,562	82,594	901,156	32,905
		Total general revenues			35,840,734	155,906	35,996,640	4,428,547
		Changes in net position			926,627	(2,704,678)	(1,778,051)	181,491
		Net position, beginning of the year			193,079,507	54,652,992	247,732,499	11,261,939
		Net position, end of the year			\$ 194,006,134	\$ 51,948,314	\$ 245,954,448	\$ 11,443,430

See accompanying notes.

City of Crystal Lake, Illinois
Balance Sheet - Governmental Funds
April 30, 2015

	General Fund	Motor Fuel Tax Fund	Special Revenue
			Fire Rescue Fund
Assets			
Cash and investments	\$ 8,333,486	\$ 7,449,832	\$ 2,121,244
Receivables:			
Property taxes, net	3,601,316	-	6,351,334
Interest	26,068	73,821	-
Other	386,826	393,042	594,527
Due from other funds	180,908	7,803	-
Due from other governments	4,518,970	94,760	-
Inventory	166,132	-	-
Prepaid items	1,412,784	-	1,983
Total assets	\$ 18,626,490	\$ 8,019,258	\$ 9,069,088
Liabilities			
Accounts payable	\$ 1,281,981	\$ 509,209	\$ 703,135
Accrued payroll	437,192	-	204,950
Recapture fees payable	61	-	-
Customer deposits	265,978	682,089	-
Due to other funds	3,635	-	-
Total liabilities	1,988,847	1,191,298	908,085
Deferred Inflows of Resources			
Property taxes	3,620,006	-	6,351,334
Fund Balances			
Nonspendable	1,578,916	-	1,983
Restricted, reported in:			
Restricted for highways and streets	-	6,827,960	-
Restricted for retirement	-	-	-
Restricted for police activities	-	-	-
Restricted for debt service	-	-	-
Restricted for park development	-	-	-
Committed for capital facilities	3,128	-	-
Assigned for next fiscal year expenditures	3,530,512	-	838,721
Assigned for engine replacement	-	-	250,000
Assigned for promotion of tourism	84,877	-	-
Assigned, reported in:			
Special Revenue funds	-	-	718,965
Capital Projects funds	-	-	-
Unassigned, reported in:			
General fund	7,820,204	-	-
Special Revenue funds	-	-	-
Total fund balances	13,017,637	6,827,960	1,809,669
Total liabilities, deferred inflows of resources and fund balances	\$ 18,626,490	\$ 8,019,258	\$ 9,069,088

Funds	Home Rule Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
	\$ 1,777,689	\$ 6,393,098	\$ 26,075,349
	-	1,815,875	11,768,525
	-	-	99,889
	-	426,530	1,800,925
	-	8,657	197,368
	1,121,433	-	5,735,163
	-	-	166,132
	-	5,409	1,420,176
Total	\$ 2,899,122	\$ 8,649,569	\$ 47,263,527
	\$ -	\$ 469,039	\$ 2,963,364
	-	14,051	656,193
	-	107,993	108,054
	-	-	948,067
	8,557	180,628	192,820
Total	8,557	771,711	4,868,498
	-	1,815,875	11,787,215
	-	5,409	1,586,308
	-	-	6,827,960
	-	826,201	826,201
	-	491,491	491,491
	-	656,450	656,450
	-	193,425	193,425
	-	-	3,128
	546,255	231,956	5,147,444
	-	-	250,000
	-	-	84,877
	2,344,310	309,565	3,372,840
	-	3,349,107	3,349,107
	-	-	7,820,204
	-	(1,621)	(1,621)
Total	2,890,565	6,061,983	30,607,814
Total	\$ 2,899,122	\$ 8,649,569	\$ 47,263,527

See accompanying notes.

City of Crystal Lake, Illinois
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
April 30, 2015

Total fund balance - governmental funds (page 8)	\$ 30,607,814
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>	185,607,279
<p>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.</p>	(65,351)
<p>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:</p>	
General obligation bonds payable	(16,234,119)
Compensated absences payable	(3,157,548)
Net pension obligation	(2,307,252)
Net other post-employment benefit obligation	(206,954)
Interest payable	(237,735)
	(6,143,618)
Net position of governmental activities (page 4)	\$ 194,006,134

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, 2015

	General Fund	Motor Fuel Tax Fund	Special Revenue	Funds		Total Governmental Funds
			Fire Rescue Fund	Home Rule Sales Tax Fund	Other Governmental Funds	
Revenues:						
Charges for services	\$ 386,465	\$ -	\$ 3,126,468	\$ -	\$ 742,398	\$ 4,255,331
Licenses and permits	359,511	-	-	-	234,750	594,261
Intergovernmental	16,197,237	2,714,958	6,039	-	259,961	19,178,195
Fines and forfeitures	657,408	-	-	-	529,073	1,186,481
Property taxes	3,334,663	-	5,598,080	-	2,122,080	11,054,823
Other taxes	2,419,758	-	-	5,084,373	-	7,504,131
Investment income	135,566	40,301	640	1,814	926	179,247
Miscellaneous	748,980	-	197,225	-	91,588	1,037,793
Total revenues	24,239,588	2,755,259	8,928,452	5,086,187	3,980,776	44,990,262
Expenditures:						
Current:						
General government	7,075,814	-	-	-	855,643	7,931,457
Public safety	13,650,628	-	8,384,572	-	486,324	22,521,524
Highways and streets	5,118,366	511,489	-	-	2,618,556	8,248,411
Culture and recreation	-	-	-	-	563,450	563,450
Debt service:						
Principal retirement	356,004	-	-	-	982,669	1,338,673
Interest and fiscal charges	67,355	-	-	-	449,493	516,848
Miscellaneous	-	-	-	-	28,729	28,729
Capital outlay	-	2,150,984	291,439	-	2,501,542	4,943,965
Asset impairment	364,828	132,450	-	-	4,338	501,616
Total expenditures	26,632,995	2,794,923	8,676,011	-	8,490,744	46,594,673
Revenues over (under) expenditures before other financing sources (uses)	(2,393,407)	(39,664)	252,441	5,086,187	(4,509,968)	(1,604,411)
Other financing sources (uses):						
Transfers in	3,739,821	-	-	13,108	6,259,063	10,011,992
Transfers out	(4,010,425)	(1,000,000)	-	(4,987,684)	(41,608)	(10,039,717)
Total other financing sources (uses)	(270,604)	(1,000,000)	-	(4,974,576)	6,217,455	(27,725)
Net changes in fund balances	(2,664,011)	(1,039,664)	252,441	111,611	1,707,487	(1,632,136)
Fund balances, beginning of the year	15,681,648	7,867,624	1,557,228	2,778,954	4,354,496	32,239,950
Fund balances, end of the year	\$ 13,017,637	\$ 6,827,960	\$ 1,809,669	\$ 2,890,565	\$ 6,061,983	\$ 30,607,814

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, 2015

Amounts reported for governmental activities in the statement of activities (pages 5 and 6) are different because:

Net changes in fund balances (deficit) - total governmental funds (page 11).	\$ (1,632,136)
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities.	4,333,801
Depreciation on capital assets is reported as an expense in the statement of activities.	(3,043,895)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position	(807)
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.	1,338,672
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.	69,805
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	(65,634)
Increase in net pension obligation	(4,956)
Increase in other post-employment benefit obligation	(81,121)
Decrease in interest payable	12,898
Change in net position of governmental activities (page 6)	\$ 926,627

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 445,500	\$ 445,500	\$ 386,465	\$ (59,035)
Licenses and permits	456,000	456,000	359,511	(96,489)
Intergovernmental	15,213,645	15,213,645	16,197,237	983,592
Fines and forfeitures	557,500	557,500	657,408	99,908
Property taxes	3,693,657	3,693,657	3,334,663	(358,994)
Other taxes	2,508,200	2,508,200	2,419,758	(88,442)
Investment income	105,000	105,000	135,566	30,566
Miscellaneous	608,987	608,987	748,980	139,993
Total revenues	23,588,489	23,588,489	24,239,588	651,099
Expenditures:				
Current:				
General government	7,839,323	7,839,323	7,075,814	763,509
Public safety	14,333,563	14,333,563	13,650,628	682,935
Highways and streets	4,843,463	5,318,763	5,118,366	200,397
Debt service:				
Principal	356,017	356,017	356,004	13
Interest and fees	67,176	67,176	67,355	(179)
Miscellaneous	-	-	364,828	(364,828)
Total expenditures	27,439,542	27,914,842	26,632,995	1,281,847
Revenues under expenditures before other financing sources (uses)	(3,851,053)	(4,326,353)	(2,393,407)	1,932,946
Other financing sources (uses):				
Transfers in	3,894,706	3,894,706	3,739,821	(154,885)
Transfers out	(2,377,933)	(2,377,933)	(4,010,425)	(1,632,492)
Total other financing sources (uses)	1,516,773	1,516,773	(270,604)	(1,787,377)
Net changes in fund balance	\$ (2,334,280)	\$ (2,809,580)	(2,664,011)	\$ 145,569
Fund balance, beginning of the year			15,681,648	
Fund balance, end of the year			\$ 13,017,637	

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 990,055	\$ 990,055	\$ 2,714,958	\$ 1,724,903
Investment income	7,000	7,000	40,301	33,301
Miscellaneous	54,138	54,138	-	(54,138)
Total revenues	<u>1,051,193</u>	<u>1,051,193</u>	<u>2,755,259</u>	<u>1,704,066</u>
Expenditures - current:				
Highways and street:				
Contractual services	190,063	190,063	83,565	106,498
Supplies and materials	325,000	492,000	427,924	64,076
Capital outlay - streets	3,295,059	3,295,059	2,150,984	1,144,075
Asset impairment	-	-	132,450	(132,450)
Total expenditures	<u>3,810,122</u>	<u>3,977,122</u>	<u>2,794,923</u>	<u>1,182,199</u>
Revenues under expenditures before other financing uses	<u>(2,758,929)</u>	<u>(2,925,929)</u>	<u>(39,664)</u>	2,886,265
Other financing uses - transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	-
Net changes in fund balance	<u>\$ (3,758,929)</u>	<u>\$ (3,925,929)</u>	<u>(1,039,664)</u>	<u>\$ 2,886,265</u>
Fund balance, beginning of the year			<u>7,867,624</u>	
Fund balance, end of the year			<u>\$ 6,827,960</u>	

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 2,589,300	\$ 2,589,300	\$ 3,126,468	\$ 537,168
Intergovernmental	12,000	12,000	6,039	(5,961)
Property taxes	6,187,211	6,187,211	5,598,080	(589,131)
Investment income	1,500	1,500	640	(860)
Other	30,000	30,000	197,225	167,225
Total revenues	8,820,011	8,820,011	8,928,452	108,441
Expenditures:				
Public safety:				
Personnel services	7,506,363	7,506,363	7,193,519	312,844
Contractual services	946,524	946,524	921,491	25,033
Materials and supplies	304,256	304,256	269,562	34,694
Capital outlay	563,718	563,718	291,439	272,279
Total expenditures	9,320,861	9,320,861	8,676,011	644,850
Net changes in fund balance	\$ (500,850)	\$ (500,850)	252,441	\$ 753,291
Fund balance, beginning of the year			1,557,228	
Fund balance, end of the year			\$ 1,809,669	

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Other taxes - home rule sales tax	\$ 4,900,000	\$ 4,900,000	\$ 5,084,373	\$ 184,373
Investment income	1,000	1,000	1,814	814
Total revenues	<u>4,901,000</u>	<u>4,901,000</u>	<u>5,086,187</u>	<u>185,187</u>
Other financing sources (uses):				
Transfers in	43,100	43,100	13,108	(29,992)
Transfers out	(5,851,552)	(5,851,552)	(4,987,684)	863,868
Total other financing sources (uses)	<u>(5,808,452)</u>	<u>(5,808,452)</u>	<u>(4,974,576)</u>	<u>833,876</u>
Net changes in fund balance	<u>\$ (907,452)</u>	<u>\$ (907,452)</u>	<u>111,611</u>	<u>\$ 1,019,063</u>
Fund balance, beginning of the year			<u>2,778,954</u>	
Fund balance, end of the year			<u>\$ 2,890,565</u>	

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Net Position
April 30, 2015

Assets	
Current assets:	
Cash and cash equivalents	\$ 7,159,869
Receivables - accounts	1,302,956
Due from other funds	3,535
Prepaid items	13,379
Total current assets	8,479,739
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Land	628,095
Construction in progress	2,369,137
Building improvements	11,375,482
Machinery, equipment, and vehicles	6,375,052
Infrastructure	49,132,708
Total noncurrent assets	69,880,474
Total assets	78,360,213
Liabilities	
Current liabilities:	
Accounts payable	1,080,788
Accrued payroll	81,109
Deposits payable	138,647
Interest payable	277,871
Due to other funds	8,083
General obligation bonds - current	1,911,034
Compensated absences payable	230,060
Total current liabilities	3,727,592
Noncurrent liabilities:	
Compensated absences payable	197,188
General obligation bonds - noncurrent	22,487,119
Total noncurrent liabilities	22,684,307
Total liabilities	26,411,899
Net Position	
Net investment in capital assets	46,459,593
Unrestricted	5,488,721
Total net position	\$ 51,948,314

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, 2015

<hr/>	
Operating revenues:	
Charges for services	\$ 8,830,350
Miscellaneous	<u>82,594</u>
Total operating revenues	8,912,944
Operating expenses - excluding depreciation	<u>8,573,859</u>
Operating income before depreciation	339,085
Depreciation	<u>3,229,848</u>
Operating loss	(2,890,763)
Nonoperating revenue (expense):	
Connection fees	315,029
Interest income	39,673
Grant revenue	312,550
Rental income	265,937
Interest expense	(694,842)
Asset impairment	(85,901)
Gain on sale of capital assets	<u>33,639</u>
Total nonoperating revenue (expense)	186,085
Change in net position	(2,704,678)
Total net position, beginning of the year	<u>54,652,992</u>
Total net position, end of the year	<u>\$ 51,948,314</u>

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Cash Flows
For the Year Ended April 30, 2015

<hr/>	
Cash flows from operating activities:	
Receipts from customers	\$ 9,270,638
Payments to suppliers and service providers	(5,762,800)
Payments to employees for salaries and benefits	<u>(3,251,192)</u>
Net cash from operating activities	<u>256,646</u>
Cash flows from capital and related financing activities:	
Grants received for capital purposes	312,550
Proceeds from sale of equipment	43,183
Capital assets purchased	(5,258,137)
Connection fees	315,029
Principal paid on general obligation bonds	(819,056)
Interest paid on general obligation bonds and notes payable	<u>(784,878)</u>
Net cash from capital and related financing activities	<u>(6,191,309)</u>
Cash flows from noncapital financing activities - advances to other funds	<u>517,381</u>
Cash flows from investing activities:	
Interest and dividends	39,673
Asset impairment	<u>(85,901)</u>
Net cash from investing activities	<u>(46,228)</u>
Net decrease in cash and cash equivalents	<u>(5,463,510)</u>
Balance, beginning of the year	<u>12,623,379</u>
Balance, end of the year	<u>\$ 7,159,869</u>

(cont'd)

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Cash Flows (cont'd)
City of Crystal Lake, Illinois

Reconciliation of operating loss to net cash provided
by operating activities:

Operating loss	\$ (2,890,763)
Adjustments to reconcile operating loss to net cash from operating activities:	
Rental income	265,937
Depreciation expense	3,229,848
Loss on disposal of construction in progress	594,393
Decrease in receivables	91,757
Decrease in prepaid items	23,687
Decrease in accounts payable	(1,061,443)
Increase in deposits payable	797
Increase in accrued payroll	7,562
Decrease in compensated absences payable	<u>(5,129)</u>
 Net cash from operating activities	 <u>\$ 256,646</u>

See accompanying notes.

City of Crystal Lake, Illinois
Fiduciary Funds - Trust and Agency Funds
Statement of Fiduciary Net Position
April 30, 2015

Assets	Pension Trust Funds	Agency Funds
Cash	\$ 15,420	\$ 333,934
Investments:		
Illinois Funds Investment Pool	278,359	-
Money market accounts	1,998,375	-
U.S. government and agency securities	15,782,285	-
Corporate bonds	6,246,337	-
Insurance contracts	1,746,308	-
Municipal bonds	2,016,794	-
Mutual funds - bonds	1,010,592	-
Mutual funds - stocks	32,509,938	-
Interest receivable	200,188	-
Prepaid expenses	9,390	-
Total assets	\$ 61,813,986	\$ 333,934
Liabilities		
Accounts payable	\$ 374,724	\$ -
Recapture fees payable	-	(82,566)
Funds held for others	-	416,500
Total liabilities	374,724	333,934
Net Position		
Net position restricted for pensions	61,439,262	-
Total liabilities and net position	\$ 61,813,986	\$ 333,934

See accompanying notes.

**City of Crystal Lake, Illinois
Fiduciary Funds - Pension Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended April 30, 2015**

Additions	
Contributions:	
Employer	\$ 3,334,625
Participant	<u>1,108,013</u>
Total contributions	<u>4,442,638</u>
Investment income:	
Net appreciation in fair value of investments	1,890,735
Interest income	1,916,147
Less investment expenses	<u>(296,079)</u>
Total investment income	<u>3,510,803</u>
Total additions	<u>7,953,441</u>
Deductions	
Pension benefits and refunds	3,296,913
Administrative expenses	<u>32,934</u>
Total deductions	<u>3,329,847</u>
Net increase in fiduciary net position	4,623,594
Net position restricted for pension benefits:	
Beginning of the year	<u>56,815,668</u>
End of the year	<u>\$ 61,439,262</u>

See accompanying notes.

City of Crystal Lake, Illinois
Notes to the Financial Statements

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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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:

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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:

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 or 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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 and expensed under the consumption method.

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 assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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:

	<u>Years</u>
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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 and premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as 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.”

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 and prepaid items totaling \$166,132 and \$1,412,784, respectively. The City committed \$3,128 of fund balance for capital facilities. The City has assigned a portion of the fund balance (\$84,877) derived from hotel/motel tax revenue for the promotion of tourism. To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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):

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.

Fire Rescue Fund – A portion of the fund balance (\$1,983) is considered nonspendable fund balance and is intended as an offset to prepaid items. The City assigned a portion of the fund balance (\$250,000) for engine replacement. 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 (\$5,409) 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 Restricted Police Fund is considered restricted for police activities. 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. Any negative spendable fund balances reported in special revenue 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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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

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

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.

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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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

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

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 Special Assessment No. 145, Crystal Heights Utility Extension and SSA 46 Ryland Main Construction (Capital Projects) Funds.

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 \$642,300 during the year ended April 30, 2015. The Library also approved supplemental appropriations.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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

A. Budgetary Information (cont'd)

As of April 30, 2015, the following funds had an excess of actual expenditures over budget:

Fund Name	Excess
Three Oaks Recreation Area Fund	\$ 14,305
Crystal Heights Debt Service Fund	33,127
Virginia Street Corridor TIF Construction Fund	500
Main Street TIF Construction Fund	500
Vulcan Lakes TIF District Fund	500
Three Oaks Capital Fund	11,413

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.

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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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

A. Deposits and Investments (cont'd)

Custodial Credit Risk – Deposits (cont'd)

Investments – As of April 30, 2015, the City, including the Pension Funds, had the following investments:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	\$ 3,338,592	\$ 487,308	\$ 1,526,957	\$ 1,324,327	\$ -
Fixed Income Money Market funds	1,998,003	1,998,003	-	-	-
Mortgage-backed securities	4,487,638	250,352	3,740,638	444,622	52,026
Other agency securities	9,707,080	192,209	3,783,646	4,742,454	988,771
Certificates of deposit	4,929,503	1,123,168	3,053,189	753,146	-
Municipal bonds	2,867,404	997,291	751,492	1,005,424	113,197
Mutual funds*	33,520,529	33,520,529	-	-	-
Corporate bonds	6,246,337	988,301	3,788,200	1,469,836	-
Insurance contracts	1,746,308	1,746,308	-	-	-
Illinois Funds Investment Pool*	23,719,766	23,719,766	-	-	-
Total investments	\$ 92,561,160	\$ 65,023,235	\$ 16,644,122	\$ 9,739,809	\$ 1,153,994

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

Interest Rate Risk – The City’s formal investment policy limits the weighted average maturity of the portfolio to no more than two years and limits the maximum maturity of any investment to three years from the date of purchase, unless matched to a specific future cash flow need, 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:

<u>Years</u>	<u>Maximum %</u>
0 – 5	100%
6 – 10	75%
10 – 20	50%

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 three 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, 2015, the City's investments were rated as follows:

Investment Type	Fair Value	Moody's
Fixed Income Money Market funds	\$ 1,998,003	NR
Other agency securities	9,707,080	Aaa
Municipal bonds	2,867,404	Aaa to Baa
Corporate bonds	6,246,337	Aa to Baa
Illinois Funds Investment Pool	23,719,766	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 limits the amount the City may invest in any one issuer to 10% of the portfolio. 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.

Illinois Metropolitan Investment Fund – During 2015, Illinois Metropolitan Investment Fund (IMET) was informed of defaults in repurchase agreements involving loans which occurred as a result of fraud by an approved lender of the United States Department of Agriculture (USDA). IMET has advised the City of its intent to seek to recover, liquidate and distribute any proceeds received to eligible participants. The City will monitor IMET's recovery efforts. During this process, the City will not have any access to these funds. Based on IMET's unknown certainty of net realizable value of investments affected by fraud, the City has written off their entire balance at IMET, less any current year recoveries. The total write off in 2015 was \$587,517 and is shown as asset impairment expense in the financial statements.

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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 \$726,648. The weighted average maturity of the Pool is 38 days at April 30, 2015. The Illinois Funds Investment Pool was rated AAAM by Standard & Poors rating service. The Library also invests in eighteen certificates of deposit with an aggregate carrying value of \$2,538,214, of which sixteen certificates of deposit with a carrying value of \$2,329,707 will mature within one year, and two certificates of deposit with a carrying value of \$208,507 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 2014 levy is intended to fund the operations of fiscal year 2016, the 2014 property tax levy is recorded as a receivable and the 2014 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 2014 become due and payable in two installments in June 2015 and September 2015. 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.

In November 2014, the City received notice relative to a property tax objection that was filed on behalf of a number of Crystal Lake property owners. The suit alleged that the 2013 tax levy was not valid because the City failed to get four concurring votes of its elected corporate authorities. In April 2015, the Court entered a summary judgment in favor of the taxpayer plaintiffs. The City has since filed an appeal. As a result of this case, \$1,118,311 of property taxes received by the City (\$355,279 for Police and Firefighter pensions reported in the General Fund, \$582,870 for fire protection services reported in the Fire Rescue Fund, \$4,907 for crossing guard services reported in the Crossing Guard Fund and \$175,255 for non-public safety pensions reported in the IMRF/FICA Fund) will not be recognized as income in fiscal 2015. Instead, these funds will record as a liability for these amounts pending the outcome of the City's appeal.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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, 2015 is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 103,539,790	\$ -	\$ -	\$ 103,539,790
Construction in progress	4,437,997	899,469	582,045	4,755,421
	107,977,787	899,469	582,045	108,295,211
Capital assets being depreciated:				
Buildings and improvements	33,434,817	385,374	-	33,820,191
Machinery, equipment and vehicles	16,131,700	1,684,898	823,415	16,993,183
Infrastructure	64,054,828	1,946,105	-	66,000,933
	113,621,345	4,016,377	823,415	116,814,307
Less accumulated depreciation for:				
Buildings and improvements	9,810,635	861,691	-	10,672,326
Machinery, equipment and vehicles	9,591,255	1,034,629	822,608	9,803,276
Infrastructure	17,879,062	1,147,575	-	19,026,637
	37,280,952	3,043,895	822,608	39,502,239
Total capital assets being depreciated, net	76,340,393	972,482	807	77,312,068
Governmental activities capital assets, net	\$ 184,318,180	\$ 1,871,951	\$ 582,852	\$ 185,607,279

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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, 2015 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	3,916,767	1,198,099	2,745,729	2,369,137
	<u>4,544,862</u>	<u>1,198,099</u>	<u>2,745,729</u>	<u>2,997,232</u>
Capital assets being depreciated:				
Buildings and improvements	18,627,054	1,103,501	-	19,730,555
Machinery, equipment and vehicles	7,359,390	1,962,497	99,972	9,221,915
Infrastructure	91,635,830	3,135,832	-	94,771,662
	<u>117,622,274</u>	<u>6,201,830</u>	<u>99,972</u>	<u>123,724,132</u>
Less accumulated depreciation for:				
Buildings and improvements	7,531,577	823,496	-	8,355,073
Machinery, equipment and vehicles	2,516,052	430,783	99,972	2,846,863
Infrastructure	43,663,385	1,975,569	-	45,638,954
	<u>53,711,014</u>	<u>3,229,848</u>	<u>99,972</u>	<u>56,840,890</u>
Total capital assets being depreciated, net	<u>63,911,260</u>	<u>2,971,982</u>	<u>-</u>	<u>66,883,242</u>
Business-type activities capital assets, net	<u>\$ 68,456,122</u>	<u>\$ 4,170,081</u>	<u>\$ 2,745,729</u>	<u>\$ 69,880,474</u>

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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, 2015 is as follows:

	<u>Balance May 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30</u>
Component Unit Activities:				
Capital assets not being depreciated – land	\$ 661,569	\$ 1,413,309	\$ -	\$ 2,074,878
Capital assets being depreciated:				
Buildings and improvements	7,895,172	(5,000)	-	7,890,172
Machinery, equipment and vehicles	451,471	27,667	47,220	431,918
	<u>8,346,643</u>	<u>22,667</u>	<u>47,220</u>	<u>8,322,090</u>
Less accumulated depreciation for:				
Buildings and improvements	2,899,615	163,652	-	3,063,267
Machinery, equipment and vehicles	321,978	47,222	47,220	321,980
	<u>3,221,593</u>	<u>210,874</u>	<u>47,220</u>	<u>3,385,247</u>
Total capital assets being depreciated, net	<u>5,125,050</u>	<u>(188,207)</u>	<u>-</u>	<u>4,936,843</u>
Component unit activities capital assets, net	<u>\$ 5,786,619</u>	<u>\$ 1,225,102</u>	<u>\$ -</u>	<u>\$ 7,011,721</u>

Depreciation was charged to functions/activities as follows:

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Public Library</u>
General and administrative	\$ 409,379	\$ -	\$ -
Public safety	1,014,289	-	-
Highways and streets	1,139,246	-	-
Culture and recreation	480,981	-	210,874
Waterworks and sewerage	-	3,229,848	-

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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

D. Interfund Receivables, Payables and Transfers

The following interfund receivables and payables as of April 30, 2015 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	Waterworks and Sewerage	\$ 280
General	Nonmajor Governmental	180,628
Motor Fuel Tax	Waterworks and Sewerage	7,803
Nonmajor Governmental	General	100
Nonmajor Governmental	Home Rule Sales Tax	8,557
Waterworks and Sewerage	General	3,535
		<u>\$ 200,903</u>

The composition of interfund transfers for the year ended April 30, 2015 is as follows:

Receiving Fund	Paying Fund	Amount
General	Home Rule Sales Tax	\$ 3,739,821
Home Rule Sales Tax	Nonmajor Governmental	13,108
Nonmajor Governmental	General	4,010,425
Nonmajor Governmental	Motor Fuel Tax	1,000,000
Nonmajor Governmental	Home Rule Sales Tax	1,247,863
Nonmajor Governmental	Nonmajor Governmental	775
Agency	Nonmajor Governmental	27,725
		<u>\$ 10,039,717</u>

The transfers from the General Fund include \$2,039,724 to the Vulcan Lakes TIF District (nonmajor Capital Projects) Fund to eliminate the interfund receivable in the General Fund and the deficit fund balance in the Vulcan Lakes TIF District Fund.

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, document imaging and GIS, Route 14 gateway enhancements, and other core services; and to nonmajor governmental funds for road resurfacing and construction, debt payments and recreational costs at Three Oaks.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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

E. Long-term Obligations

Governmental Activities – The following is a summary of long-term obligation activity for the City associated with governmental activities for the year ended April 30, 2015:

	Balance May 1	Additions	Deletions	Balance April 30
City:				
General obligation bonds	\$ 17,572,791	\$ -	\$ 1,338,672	\$ 16,234,119
Deferred bond premium	135,156	-	69,805	65,351
Net pension obligation*	2,302,296	4,956	-	2,307,252
Net OPEB*	125,833	81,121	-	206,954
Compensated absences*	3,091,914	1,911,147	1,845,513	3,157,548
	<u>\$ 22,948,767</u>	<u>\$ 1,997,224</u>	<u>\$ 3,253,990</u>	<u>\$ 21,971,224</u>
Crystal Lake Public Library:				
Compensated absences	\$ 127,568	\$ 164,269	\$ 162,529	\$ 129,308

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

Business-type Activities – The following is a summary of long-term obligation activities for the City associated with business-type activities for the year ended April 30, 2015.

	Balance May 1	Additions	Deletions	Balance April 30
General obligation bonds	\$ 25,217,209	\$ -	\$ 1,796,328	\$ 23,420,881
Deferred bond premium	1,047,753	-	70,481	977,272
Compensated absences	432,377	220,516	225,645	427,248
	<u>\$ 26,697,339</u>	<u>\$ 220,516</u>	<u>\$ 2,092,454</u>	<u>\$ 24,825,401</u>

The current portion of compensated absences for governmental, business-type, and Library activities are \$1,937,789, \$230,060, and \$79,356, 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:

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 2.75% to 5.75% payable semi-annually on January 1 and July 1.	General and Debt Service	\$ 14,585,478	\$ -	\$ 962,729	\$ 13,622,749	\$ 998,058
	Waterworks and Sewerage	2,704,522	-	327,271	2,377,251	341,942
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 \$240,000 to \$845,000 through December 15, 2032; interest at 2.00% to 2.625% payable semi-annually on June 15 and December 15.	General and Debt Service	2,987,313	-	375,943	2,611,370	385,908
	Waterworks and Sewerage	5,437,687	-	394,057	5,043,630	404,092
2013 General Obligation Bonds, original principal \$9,465,000 (proceeds for Wastewater Treatment Plant improvements, due in annual installments of \$350,000 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	-	185,000	9,280,000	350,000
	Waterworks and Sewerage	7,610,000	-	890,000	6,720,000	815,000
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	-	890,000	6,720,000	815,000
General Obligation Bonds		\$ 42,790,000	\$ -	\$ 3,135,000	\$ 39,655,000	\$ 3,295,000

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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	\$ 17,572,791	\$ -	\$ 1,338,672	\$ 16,234,119	\$ 1,383,966
Business-type activities	25,217,209	-	1,796,328	23,420,881	1,911,034
	<u>\$ 42,790,000</u>	<u>\$ -</u>	<u>\$ 3,135,000</u>	<u>\$ 39,655,000</u>	<u>\$ 3,295,000</u>

The annual requirements to retire all governmental and business-type activities' general obligation bonded debt outstanding of the City as of April 30, 2015 are as follows:

Fiscal Year End	Governmental Activities		Business-type Activities	
	General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
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	1,151,332	522,321	1,908,668	519,591
2021-2025	4,350,083	2,001,640	6,429,917	1,835,149
2026-2030	4,825,978	693,465	3,809,022	1,013,826
2031-2035	152,026	7,860	3,302,974	298,927
	<u>\$ 16,234,119</u>	<u>\$ 5,803,417</u>	<u>\$ 23,420,881</u>	<u>\$ 6,338,889</u>

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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

E. Long-term Obligations (cont'd)

Special service area bonds outstanding are not a direct responsibility of the City. The City will continue to collect taxes assessed on the SSA bonds and forward to bondholders any payments received. The amounts collected are accounted for in an Agency Fund until they are remitted to the bondholders.

The City has the following SSA bond issues outstanding at April 30, 2015:

Special Service Area No. 45 Bonds, Series 2006 – original principal \$5,935,000, due in annual installments of \$205,000 to \$435,000, commencing February 2009 through February 2031; interest at 5.00% to 5.50% payable semiannually on August 1 and February 1. The outstanding principal balance at April 30, 2015 was \$5,440,000.

Special Service Area No. 46 Bonds, Series 2007 – original principal \$2,500,000, due in annual installments of \$31,000 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, 2015 was \$2,402,000.

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, 2015 was \$350,000.

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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

A. Risk Management (cont'd)

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

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

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

Unpaid claims liability – 4/30/12	\$ 242,122
Claims incurred – fiscal year 2013	3,166,384
Claims paid – fiscal year 2013	<u>(3,190,010)</u>
Unpaid claims liability – 4/30/13	218,496
Claims incurred – fiscal year 2014	3,658,543
Claims paid – fiscal year 2014	<u>(3,877,039)</u>
Unpaid claims liability – 4/30/14	-
Claims incurred – fiscal year 2015	3,969,810
Claims paid – fiscal year 2015	<u>(3,969,810)</u>
Unpaid claims liability – 4/30/15	<u>\$ -</u>

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

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.

Benefits Provided – IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after 8 years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, at an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Contributions – 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 2015 and 2014 was 12.93% and 13.22%, respectively. 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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Illinois Municipal Retirement (cont'd)

Net Pension Liability – The components of the net pension liability for the IMRF Plan at April 30, 2015 were as follows:

Annual required contribution	\$ 1,396,235
Interest on the net pension asset	14,090
Adjustment to the ARC	<u>(10,071)</u>
Annual pension cost	1,400,254
Fiscal 2014 contribution	<u>1,396,235</u>
Increase in pension liability	4,019
Net pension liability at April 30, 2014	<u>187,862</u>
Net pension liability at April 30, 2015	<u>\$ 191,881</u>

Actuarial Assumptions – The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions used are included on page 65.

Funding Status and Funding Progress – As of December 31, 2014, the most recent actuarial valuation date, the regular plan was 72.99% funded. The actuarial accrued liability for benefits was \$36,101,180 and the actuarial value of assets was \$26,350,727, resulting in an underfunded actuarial accrued liability (UAAL) of \$9,750,453. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$10,821,667 and the ratio of the UAAL to the covered payroll was 90%.

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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

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, 2015, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	33
Current employees:	
Vested	43
Nonvested	23
Total	99

Benefits Provided – 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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Police Pension (cont'd)

Benefits Provided (cont'd)

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.

Contributions – 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 costs of benefits earned by Plan members as actuarially determined by an enrolled actuary. By the year 2041, 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. For the year ended April 30, 2015, the City's contribution was 29% of covered payroll.

Investment Policy – The pension plan's investment policy was established in accordance with provisions of the Illinois Compiled Statutes (ILCS) for pension plans, and may be amended by the Pension Board of Trustees. It is the policy of the Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The primary policies of the fund, in order of priority are safety, liquidity and return on investment. The following was the Board's adopted asset allocation policy as of April 30, 2015:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income/money market	45%	2.1%
Large Cap Domestic Equities	29%	6.9%
Small Cap Domestic Equities	8%	9.0%
International Equities	18%	7.1%

The ILCS limit the Police Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Police Pension (cont'd)

Investment Policy (cont'd)

The long-term expected rate of return on the Police Pension Fund's investments was determined using an asset allocation study conducted by the Police Pension Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2015 are listed in the table above.

Investment Valuations – All investments in the Police Pension Plan are stated at fair value as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

Investment Concentrations – 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:

<u>Investment Type</u>	<u>% of Net Position</u>
FFCB	15.54%
FHLB	13.69%

Investment Rate of Return – For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – The Police Pension Plan's investment policy requires all bank balances to be covered by federal depository insurance.

Interest Rate Risk – The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2015:

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Police Pension (cont'd)

Interest Rate Risk (cont'd)

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	\$ 926,256	\$ -	\$ 493,878	\$ 432,378	\$ -
Fixed Income Money Market funds	1,944,743	1,944,743	-	-	-
Mortgage-backed securities	1,597,753	250,352	1,315,930	31,471	-
Other agency securities	1,647,784	-	1,647,784	-	-
Mutual funds*	21,328,625	21,328,625	-	-	-
Corporate bonds	6,246,337	988,301	3,788,200	1,469,836	-
Illinois Funds Investment Pool*	166,604	166,604	-	-	-
Total investments	\$ 33,858,102	\$ 24,678,445	\$ 7,245,792	\$ 1,933,865	\$ -

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

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Police Pension Fund.

Credit Risk – The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above Baa3 by Moody's. The fixed income securities are rated A1 to Aaa by Moody's. However, certain fixed income securities are not rated.

Net Pension Liability – The components of the net pension liability of the Police Pension Fund at April 30, 2015 (measurement date April 30, 2014) were as follows:

Total pension liability	\$ 54,343,666
Plan fiduciary net position	<u>31,857,107</u>
Net pension liability	\$ <u>22,486,559</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>58.62%</u>

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Police Pension (cont'd)

Net Pension Liability (cont'd)

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Police Pension Fund.

Actuarial Assumptions – The actuarial assumptions used in the April 30, 2015 valuation (see page 65) are based on the results of the actual experience study for the period May 1, 2013 – April 30, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity - The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 30,111,136	\$ 22,486,559	\$ 16,208,523

Current Year Annual Pension Cost and Net Pension Asset – The City's annual pension cost was \$1,893,694. The annual pension cost is based on an actuarial calculation performed as of April 30, 2015. The City's actual contribution was \$1,971,554. For a description of the significant actuarial assumptions see page 65.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 obligation at April 30, 2015 of \$867,655 was comprised of the following:

Annual required contribution	\$ 1,869,923
Interest on the net pension asset	66,186
Adjustment to the ARC	<u>(42,415)</u>
Annual pension cost	1,893,694
Fiscal 2015 contribution	<u>1,971,554</u>
Decrease in pension liability	(77,860)
Net pension obligation at April 30, 2014	<u>945,515</u>
Net pension obligation at April 30, 2015	<u>\$ 867,655</u>

The City has recorded the net pension obligation of \$867,655 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 57.9% funded. The actuarial accrued liability for benefits was \$54,343,666 and the actuarial value of assets was \$31,485,466, resulting in an underfunded actuarial accrued liability (UAAL) of \$22,858,200 and the ratio of the UAAL to the covered payroll was 399.6%.

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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension

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

At April 30, 2015 (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	20
Current employees:	
Vested	25
Nonvested	<u>37</u>
Total	<u>82</u>

Benefits Provided - 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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension (cont'd)

Benefits Provided (cont'd)

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.

Contributions – 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 2041, 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.

Investment Policy – The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Firefighters' Pension Board of Trustees. It is the policy of the Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over a short period of time. The following was the Board's adopted asset allocation policy as of April 30, 2015:

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension (cont'd)

Investment Policy (cont'd)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income/money market	55%	2.1%
Large Cap Domestic Equities	31.5%	6.9%
Small Cap Domestic Equities	9%	9.0%
International Equities	4.5%	7.1%

The ILCS limit the Firefighters' Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Firefighters' Pension Fund's investments was determined using an asset allocation study conducted by the Firefighters' Pension Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2015 are listed in the table above.

Investment Valuations – All investments in the Firefighters' Pension Plan are stated at fair value as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities municipal bonds, and mutual funds and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

Investment Concentrations – 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
FRLMC	5.03%

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension (cont'd)

Investment Rate of Return – For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – The Firefighters' Pension Plan's investment policy requires all bank balances to be covered by federal depository insurance or collateralized by the financial institution. Third party safekeeping is required for all securities owned by the fund.

Interest Rate Risk - The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of April 30, 2015:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. Treasury securities	\$ 2,412,336	\$ 487,308	\$ 1,033,079	\$ 891,949	\$ -
Fixed Income Money Market funds	53,632	53,632	-	-	-
Mortgage-backed securities	1,138,860	-	673,682	413,152	52,026
Other agency securities	8,059,296	192,209	2,135,862	4,742,454	988,771
Municipal bonds	2,016,794	146,681	751,492	1,005,424	113,197
Mutual funds*	12,191,905	12,191,905	-	-	-
Insurance contracts	1,746,308	1,746,308	-	-	-
Illinois Funds Investment Pool*	111,755	111,755	-	-	-
Total investments	\$ 27,730,886	\$ 14,929,798	\$ 4,594,115	\$ 7,052,979	\$ 1,153,994

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

In accordance with its investment policy, the Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The Firefighters' Pension Fund has the following limits on its investment maturities:

<u>Years</u>	<u>Maximum %</u>
0 – 5	100%
6 – 10	75%
10 – 20	50%

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension (cont'd)

Credit Risk - The Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above Baa3 by Moody's. The fixed income securities are rated A1 to Aaa by Moody's. However, certain fixed income securities are not rated.

Net Pension Liability - The components of the net pension liability of the Firefighters' Pension Fund at April 30, 2015 (measurement date April 30, 2014) were as follows:

Total pension liability	\$ 36,334,049
Plan fiduciary net position	<u>24,958,561</u>
Net pension liability	<u>\$ 11,375,488</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>68.69%</u>

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Firefighters' Pension Fund.

Actuarial Assumptions – The actuarial assumptions used in the April 30, 2015 valuation (see page 65) are based on the results of the actual experience study for the period May 1, 2013 – April 30, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension (cont'd)

Discount Rate Sensitivity – The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 16,950,048	\$ 11,375,488	\$ 6,820,362

Current Year Annual Pension Cost and Net Pension Asset – The City's annual pension cost was \$1,797,148. The annual pension cost is based on the actuarial calculation performed as of April 30, 2015. The City's actual contribution was \$1,718,351. For a description of the significant actuarial assumptions, see page 65.

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

The net pension obligation at April 30, 2015 of \$1,247,716 was comprised of the following:

Annual required contributions (ARC)	\$ 1,767,761
Interest on the net pension asset	81,824
Adjustment to the ARC	(52,437)
Annual pension cost	1,797,148
Fiscal 2015 contribution	1,718,351
Increase in pension liability	78,797
Net pension liability at April 30, 2014	1,168,919
Net pension liability at April 30, 2015	\$ 1,247,716

The City has recorded the net pension obligation of \$1,247,716 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 68.2% funded. The actuarial accrued liability for benefits was \$36,334,049 and the actuarial value of assets was \$24,800,773, resulting in an underfunded actuarial accrued liability (UAAL) of \$11,533,276 and the ratio of the UAAL to the covered payroll was 218.5%.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension (cont'd)

Funding Status and Funding Progress (cont'd) – 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.

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 individual pension fund statements for the year ended April 30, 2015 are as follows:

Statement of Fiduciary Net Position	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Assets:		
Cash	\$ 4,855	\$ 10,565
Investments:		
Illinois funds	166,604	111,755
Money market accounts	1,944,743	53,632
U.S. government and agency securities	4,171,793	11,610,492
Corporate bonds	6,246,337	-
Insurance contracts	-	1,746,308
Municipal bonds	-	2,016,794
Mutual funds – bonds	1,010,592	-
Mutual funds – stocks	20,318,033	12,191,905
Interest receivable	84,913	115,275
Prepaid expenses	4,481	4,909
Total assets	<u>33,952,351</u>	<u>27,861,635</u>
Liabilities:		
Accounts payable	195,334	179,390
Total liabilities	<u>195,334</u>	<u>179,390</u>
Net position restricted for pensions	<u>33,757,017</u>	<u>27,682,245</u>
Total liabilities and net position	<u>\$ 33,952,351</u>	<u>\$ 27,861,635</u>

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 Changes in Fiduciary Net Position	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Additions:		
Contributions:		
Employer	\$ 1,778,970	\$ 1,555,655
Members	568,526	539,487
	<u>2,347,496</u>	<u>2,095,142</u>
Investment income:		
Net appreciation in fair value of investments	954,063	936,672
Interest income	903,134	1,013,013
Less investment expenses	<u>(172,349)</u>	<u>(123,730)</u>
	<u>1,684,848</u>	<u>1,825,955</u>
Total additions	<u>4,032,344</u>	<u>3,921,097</u>
Deductions:		
Pension benefits and refunds	2,118,147	1,178,766
Administrative expense	14,287	18,647
Total deductions	<u>2,132,434</u>	<u>1,197,413</u>
Net increase in fiduciary net position	1,899,910	2,723,684
Beginning net position restricted for pensions	<u>31,857,107</u>	<u>24,958,561</u>
Ending net position restricted for pensions	<u>\$ 33,757,017</u>	<u>\$ 27,682,245</u>

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Annual Pension Costs

The annual required contribution (ARC) has been determined as follows:

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial valuation date	December 31, 2012	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	7.25% compounded annually	7.25% compounded annually
(b) Projected salary increases – attributable to inflation	4.00%	5.00%	5.00%
(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%		
Tier 1		3.00%	3.00%
Tier 2		2.00%	2.00%
Method used to determine actuarial value of assets	Five-year smoothed market value	Five-year average market value	Five-year average market value
Mortality Rate Table	RP-200 Combined Healthy Mortality Table	DOI 2012 Mortality Table	DOI 2012 Mortality Table
Amortization method and remaining period	Level percentage of projected payroll, open basis, 29 years	Level percentage of projected payroll, closed basis, 27 years	Level percentage of projected payroll, closed basis, 27 years

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Trend Information

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

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost	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
	2015	1,400,254	1,893,694	1,797,148
Actual contributions	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
	2015	1,396,235	1,971,554	1,718,351
Percent contributed	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
	2015	99.7	104.1	95.6
Net pension obligation	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)
	2015	(191,881)	(867,655)	(1,247,716)

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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, 2015, 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	16
Current employees:	
Vested	142
Nonvested	97
Total	255

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:

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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	5,033
Adjustment to the ARC	<u>(4,059)</u>
Annual OPEB cost	187,083
2015 contribution	<u>105,962</u>
Increase in net OPEB obligation	81,121
Net OPEB obligation at April 30, 2014	<u>125,833</u>
Net OPEB obligation at April 30, 2015	<u>\$ 206,954</u>

The City has recorded the net pension obligation of \$206,954 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
4/30/14	\$ 187,083	56.6 %	\$ 206,954
4/30/13	186,858	56.7	125,833
4/30/12	66,014	56.3	44,937

Funding Status and Funding Progress – The OPEB plan is being funded on a pay-as-you-go basis. At April 30, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$5,731,167. 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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), including a 3.0 percent inflation assumption, projected salary increases of 4.0 percent annually, and an annual healthcare inflation rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014 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.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

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 \$1,321,050 to SEECOM during fiscal year 2015.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

F. Construction Commitments

The City had commitments under construction contracts of approximately \$7,400,000 outstanding at April 30, 2015.

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 GASB Statement 68*, amend Statements No. 25 and 27 respectively to improve the accounting and financial reporting by state and local governments for pensions. GASB 67 was adopted in the current year for the police and firefighters' pension plans, and GASB 68, which will affect the IMRF Plan, is effective for the fiscal year ending April 30, 2016.

Statement No. 72, *Fair Value Measurement and Application*, establishes accounting and financial reporting standards related to fair value measurements, and is effective for the year ending April 30, 2017.

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, extends the approach to accounting and financial reporting established by GASB Statement 68 to all pensions and clarifies certain issues from GASB Statement 67 and 68. Sections of this Statement are effective for the years ending April 30, 2016, 2017 and 2018.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting standards for OPEB Plans, and is effective for the year ending April 30, 2018.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, establishes new accounting and financial reporting standards for local governments who offer OPEB Plans administered through a trust, and is effective for the year ending April 30, 2019.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies in the context of the current governmental financial reporting format, the sources of accounting principles used to prepare financial statements of local governments in conformity with generally accepted accounting principles, and is effective for the year ending April 30, 2017.

City of Crystal Lake, Illinois
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

G. New Governmental Accounting Standards (cont'd)

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.

H. Subsequent Event

The City issued \$1,900,000 promissory notes, Series 2015, on June 29, 2015. The notes are payable in annual installments ranging from \$175,000 to \$230,000 commencing December 15, 2016 with final payment due December 15, 2024. Interest is payable semiannually on June 15 and December 15, commencing June 15, 2016, at 2.151%.

**City of Crystal Lake, Illinois
 Illinois Municipal Retirement Fund
 Required Supplementary Information -
 Schedule of Funding Progress
 April 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/14	\$ 26,350,727	\$ 36,101,180	\$ 9,750,453	72.99 %	\$ 10,821,667	90.10 %
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

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$31,007,450.
 On a market basis, the funded ratio would be 85.89%.

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, 2015**

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	\$ 31,485,466	\$ 54,343,666	\$ 22,858,200	57.94 %	\$ 5,720,770	399.57 %
04/30/13	29,194,195	51,283,760	22,089,565	56.93	5,397,912	409.22
04/30/12	25,622,403	46,366,536	20,744,133	55.26	5,410,672	383.39
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, 2015**

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	\$ 24,800,773	\$ 36,334,049	\$ 11,533,276	68.26 %	\$ 5,278,118	218.51 %
04/30/13	22,383,225	35,602,007	13,218,782	62.87	5,243,555	252.10
04/30/12	19,537,175	30,279,636	10,742,461	64.52	5,187,455	207.09
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, 2015

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	\$ -	\$ 5,731,167	\$ 5,731,167	- %	\$ 20,782,938	16.86 %
04/30/13	-	3,504,041	3,504,041	-	20,782,938	16.86
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

See independent auditor's report.

**City of Crystal Lake, Illinois
 Illinois Municipal Retirement Fund
 Required Supplementary Information -
 Schedule of Employer Contributions
 April 30, 2015**

<u>Year Ended</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
4/30/15	\$ 1,396,235	\$ 1,396,235	100.00 %
4/30/14	1,434,423	1,434,423	100.00
4/30/13	1,354,937	1,354,937	100.00
4/30/12	1,286,600	1,319,220	97.53
4/30/11	1,211,096	1,314,127	92.16
4/30/10	1,155,049	1,195,520	96.61

See independent auditor's report.

**City of Crystal Lake, Illinois
Police Pension Fund
Required Supplementary Information -
Schedule of Employer Contributions
April 30, 2015**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 1,869,923	\$ 1,973,564	\$ 1,860,207	\$ 1,796,004	\$ 1,844,103	\$ 1,392,466	\$ 1,256,062	\$ 1,190,390	\$ 1,113,556	\$ 967,919
Contributions in relation to actuarially determined contribution	<u>1,971,554</u>	<u>1,844,723</u>	<u>1,848,711</u>	<u>1,834,018</u>	<u>1,385,548</u>	<u>1,240,962</u>	<u>1,187,907</u>	<u>1,111,640</u>	<u>1,073,638</u>	<u>966,026</u>
Contribution deficiency (excess)	<u>\$ (101,631)</u>	<u>\$ 128,841</u>	<u>\$ 11,496</u>	<u>\$ (38,014)</u>	<u>\$ 458,555</u>	<u>\$ 151,504</u>	<u>\$ 68,155</u>	<u>\$ 78,750</u>	<u>\$ 39,918</u>	<u>\$ 1,893</u>
Covered-employee payroll	\$ 6,053,178	\$ 5,720,770	\$ 5,397,912	\$ 5,410,672	\$ 5,005,867	\$ 4,873,269	\$ 4,115,343	\$ 3,950,211	\$ 3,949,442	\$ 3,662,402
Contributions as a percentage of covered-employee payroll	32.57%	32.25%	34.25%	33.90%	27.68%	25.46%	28.87%	28.14%	27.18%	26.38%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67. Additional information as of the latest actuarial valuation date presented is as follows: the actuarial cost method was entry age normal, the amortization method was level percentage of pay, and the amortization period was 27 years.

Year Ended April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percent Contributed
2015	\$ 1,971,554	\$ 1,869,923	105.44%
2014	1,844,723	1,973,564	93.47%
2013	1,848,711	1,848,711	100.00%
2012	1,834,018	1,834,018	100.00%
2011	1,385,548	1,385,548	100.00%
2010	1,240,962	1,240,962	100.00%

The information directly above is presented in accordance with GASB Statement 27. The information was determined as part of the actuarial valuation as of April 30, 2015.

**City of Crystal Lake, Illinois
Firefighters' Pension Fund
Required Supplementary Information -
Schedule of Employer Contributions
April 30, 2015**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 1,767,761	\$ 1,720,093	\$ 1,649,811	\$ 1,565,764	\$ 1,554,771	\$ 1,139,454	\$ 1,011,052	\$ 910,353	\$ 820,030	\$ 711,840
Contributions in relation to actuarially determined contribution	1,718,351	1,618,264	1,621,810	1,541,610	1,128,846	995,800	904,951	817,496	708,003	707,944
Contribution deficiency (excess)	\$ 49,410	\$ 101,829	\$ 28,001	\$ 24,154	\$ 425,925	\$ 143,654	\$ 106,101	\$ 92,857	\$ 112,027	\$ 3,896
Covered-employee payroll	5,777,698	5,278,118	5,243,555	5,187,455	4,617,841	4,491,808	3,648,703	3,344,163	3,036,863	2,693,675
Contributions as a percentage of covered-employee payroll	29.74%	30.66%	30.93%	29.72%	24.45%	22.17%	24.80%	24.45%	23.31%	26.28%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67. Additional information as of the latest actuarial valuation date presented is as follows: the actuarial cost method was entry age normal, the amortization method was level percentage of pay, and the amortization period was 27 years.

Year Ended April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percent Contributed
2015	\$ 1,718,351	\$ 1,767,761	97.20%
2014	1,618,264	1,720,093	94.08%
2013	1,621,810	1,621,810	100.00%
2012	1,541,610	1,541,610	100.00%
2011	1,128,846	1,128,846	100.00%
2010	995,800	995,800	100.00%

The information directly above is presented in accordance with GASB Statement 27. The information was determined as part of the actuarial valuation as of April 30, 2015.

**City of Crystal Lake, Illinois
Police Pension Fund
Required Supplementary Information - Schedule of Changes
in the Employer's Net Pension Liability and Related Ratios
April 30,**

	2015
Total pension liability:	
Service cost	\$ 1,427,537
Interest	3,522,872
Changes in benefit terms	-
Differences between expected and actual experience	(850,901)
Changes in assumptions	874,435
Benefit payments, including refunds of member contributions	(1,914,037)
Net change in total pension liability	3,059,906
Total pension liability, beginning of year	51,283,760
Total pension liability, end of year	\$ 54,343,666
Plan fiduciary net position:	
Contributions - employer	\$ 1,844,723
Contributions - member	553,800
Net investment income	2,835,560
Benefit payments, including refunds of member contributions	(1,914,037)
Administrative expense	(156,150)
Net change in plan fiduciary net position	3,163,896
Plan fiduciary net position, beginning of year	28,693,211
Plan fiduciary net position, end of year	\$ 31,857,107
Employer's net pension liability	\$ 22,486,559
Plan fiduciary net position as a percentage of the total pension liability	58.62%
Covered employee payroll	\$ 5,720,770
Employer's net pension liability as a percentage of covered-employee payroll	393.07%

**City of Crystal Lake, Illinois
Firefighters' Pension Fund
Required Supplementary Information - Schedule of Changes
in the Employer's Net Pension Liability and Related Ratios
April 30,**

	2015
Total Pension Liability:	
Service cost	\$ 1,681,623
Interest	2,454,559
Changes in benefit terms	-
Differences between expected and actual experience	(1,823,175)
Changes in assumptions	(507,215)
Benefit payments, including refunds of member contributions	(1,073,750)
Net change in total pension liability	732,042
Total pension liability, beginning of year	35,602,007
Total pension liability, end of year	\$ 36,334,049
Plan fiduciary net position:	
Contributions - employer	\$ 1,618,264
Contributions - member	522,280
Net investment income	1,596,682
Benefit payments, including refunds of member contributions	(1,073,750)
Administrative expense	(88,140)
Net change in plan fiduciary net position	2,575,336
Plan fiduciary net position, beginning of year	22,383,225
Plan fiduciary net position, end of year	\$ 24,958,561
Employer's net pension liability	\$ 11,375,488
Plan fiduciary net position as a percentage of the total pension liability	68.69%
Covered employee payroll	\$ 5,278,118
Employer's net pension liability as a percentage of covered-employee payroll	215.52%

**City of Crystal Lake, Illinois
Police Pension Fund
Required Supplementary Information
Schedule of Investment Returns
April 30,**

	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	<u>5.93%</u>

**City of Crystal Lake, Illinois
Firefighters' Pension Fund
Required Supplementary Information
Schedule of Investment Returns
April 30,**

	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	<u>6.94%</u>

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

**City of Crystal Lake, Illinois
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended April 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Charges for services:				
Zoning and subdivision fees	\$ 20,000	\$ 20,000	\$ 34,450	\$ 14,450
Plan review fees	75,000	75,000	29,096	(45,904)
Parking	221,000	221,000	207,634	(13,366)
Police revenue	125,000	125,000	104,962	(20,038)
Other fees	4,500	4,500	10,323	5,823
	<u>445,500</u>	<u>445,500</u>	<u>386,465</u>	<u>(59,035)</u>
Licenses and permits:				
Liquor licenses	100,000	100,000	95,732	(4,268)
Miscellaneous licenses and permits	25,000	25,000	24,116	(884)
Building permits	325,000	325,000	236,198	(88,802)
Occupancy permits	6,000	6,000	3,465	(2,535)
	<u>456,000</u>	<u>456,000</u>	<u>359,511</u>	<u>(96,489)</u>
Intergovernmental:				
Income tax	3,984,665	3,984,665	4,104,684	120,019
Local use tax	725,225	725,225	828,192	102,967
Replacement tax	147,700	147,700	156,255	8,555
State sales tax	10,340,055	10,340,055	11,075,104	735,049
Grants	16,000	16,000	33,002	17,002
	<u>15,213,645</u>	<u>15,213,645</u>	<u>16,197,237</u>	<u>983,592</u>
Fines and forfeitures:				
Police fines	497,500	497,500	576,830	79,330
Adjudication fines	60,000	60,000	80,578	20,578
	<u>557,500</u>	<u>557,500</u>	<u>657,408</u>	<u>99,908</u>
Property taxes	<u>3,693,657</u>	<u>3,693,657</u>	<u>3,334,663</u>	<u>(358,994)</u>

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Revenues - Budget and Actual (cont'd)
For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other taxes:				
Auto rental tax	\$ 38,500	\$ 38,500	\$ 47,986	\$ 9,486
Franchise fees - cable	626,000	626,000	692,094	66,094
Hotel tax	290,000	290,000	298,471	8,471
Telecommunications tax	1,553,700	1,553,700	1,381,207	(172,493)
	<u>2,508,200</u>	<u>2,508,200</u>	<u>2,419,758</u>	<u>(88,442)</u>
Investment income	<u>105,000</u>	<u>105,000</u>	<u>135,566</u>	<u>30,566</u>
Miscellaneous:				
Rental income	55,112	55,112	54,692	(420)
Host fees	315,000	315,000	300,951	(14,049)
Other	238,875	238,875	393,337	154,462
	<u>608,987</u>	<u>608,987</u>	<u>748,980</u>	<u>139,993</u>
Total revenues	<u>\$ 23,588,489</u>	<u>\$ 23,588,489</u>	<u>\$ 24,239,588</u>	<u>\$ 651,099</u>

See independent auditor's report.

**City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General government:				
Executive department:				
Personnel services	\$ 22,800	\$ 22,800	\$ 22,800	\$ -
Contractual services	494,498	494,498	474,287	20,211
	<u>517,298</u>	<u>517,298</u>	<u>497,087</u>	<u>20,211</u>
Legal and judiciary department - contractual services	<u>413,350</u>	<u>413,350</u>	<u>486,644</u>	<u>(73,294)</u>
Administration department:				
Personnel services	1,555,153	1,555,153	1,550,055	5,098
Contractual services	213,700	213,700	165,946	47,754
Supplies and materials	69,538	69,538	74,197	(4,659)
	<u>1,838,391</u>	<u>1,838,391</u>	<u>1,790,198</u>	<u>48,193</u>
Administrative adjudication department:				
Personnel services	53,857	53,857	52,361	1,496
Contractual services	54,196	54,196	22,403	31,793
Supplies and materials	3,900	3,900	-	3,900
	<u>111,953</u>	<u>111,953</u>	<u>74,764</u>	<u>37,189</u>
Community development:				
Personnel services	2,242,363	2,242,363	2,131,915	110,448
Contractual services	648,324	648,324	320,531	327,793
Supplies and materials	73,307	73,307	53,279	20,028
Sales tax incentives	575,000	575,000	580,301	(5,301)
	<u>3,538,994</u>	<u>3,538,994</u>	<u>3,086,026</u>	<u>452,968</u>
Information technology:				
Personnel services	247,453	247,453	205,518	41,935
Contractual services	22,796	22,796	27,433	(4,637)
Supplies and materials	48,534	48,534	35,805	12,729
	<u>318,783</u>	<u>318,783</u>	<u>268,756</u>	<u>50,027</u>

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General government (cont'd):				
Health services - contractual services	\$ 130,000	\$ 130,000	\$ 94,493	\$ 35,507
Shared services - contractual services	498,129	498,129	513,776	(15,647)
Special projects department:				
Contractual services	359,700	359,700	299,416	60,284
Supplies and materials	8,000	8,000	1,894	6,106
	367,700	367,700	301,310	66,390
Insurance - contractual services	104,725	104,725	(37,240)	141,965
Total general government	7,839,323	7,839,323	7,075,814	763,509
Public safety:				
Police department:				
Personnel services	8,481,797	8,481,797	8,321,293	160,504
Contractual services	1,735,261	1,735,261	1,633,748	101,513
Supplies and materials	392,825	392,825	337,920	54,905
	10,609,883	10,609,883	10,292,961	316,922
Pension contributions	3,693,657	3,693,657	3,334,663	358,994
Fire and police commission - contractual services	30,023	30,023	23,004	7,019
Total public safety	14,333,563	14,333,563	13,650,628	682,935

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Highways and streets:				
Street department:				
Personnel services	\$ 1,937,785	\$ 1,937,785	\$ 1,884,701	\$ 53,084
Contractual services	983,383	1,408,683	1,350,472	58,211
Supplies and materials	426,574	476,574	481,497	(4,923)
	<u>3,347,742</u>	<u>3,823,042</u>	<u>3,716,670</u>	<u>106,372</u>
Storm sewer maintenance department:				
Personnel services	617,918	617,918	607,204	10,714
Contractual services	65,250	65,250	44,855	20,395
Supplies and materials	53,642	53,642	44,940	8,702
	<u>736,810</u>	<u>736,810</u>	<u>696,999</u>	<u>39,811</u>
Fleet services:				
Personnel services	664,793	664,793	610,249	54,544
Contractual services	45,511	45,511	39,544	5,967
Supplies and materials	48,607	48,607	54,904	(6,297)
	<u>758,911</u>	<u>758,911</u>	<u>704,697</u>	<u>54,214</u>
Total highways and streets	<u>4,843,463</u>	<u>5,318,763</u>	<u>5,118,366</u>	<u>200,397</u>
Debt service - special projects department:				
Principal	356,017	356,017	356,004	13
Interest and fees	67,176	67,176	67,355	(179)
Total debt service	<u>423,193</u>	<u>423,193</u>	<u>423,359</u>	<u>(166)</u>
Miscellaneous - asset impairment	-	-	364,828	(364,828)
Total miscellaneous	<u>-</u>	<u>-</u>	<u>364,828</u>	<u>(364,828)</u>
Total expenditures	<u>\$ 27,439,542</u>	<u>\$ 27,914,842</u>	<u>\$ 26,632,995</u>	<u>\$ 1,281,847</u>

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.

Restricted Police Fund – To account for revenues derived from narcotic asset seizures and expenses incurred from activities intended to restrict such activities.

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.

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, 2015

	Total	Special Revenue	Debt Service	Capital Projects
Assets				
Cash and investments	\$ 6,393,098	\$ 2,150,329	\$ 611,505	\$ 3,631,264
Receivables:				
Property taxes	1,815,875	1,714,808	85,800	15,267
Other	426,530	8,984	225,278	192,268
Due from other funds	8,657	8,657	-	-
Prepaid items	5,409	5,409	-	-
Total assets	\$ 8,649,569	\$ 3,888,187	\$ 922,583	\$ 3,838,799
Liabilities				
Accounts payable	\$ 469,039	\$ 296,032	\$ -	\$ 173,007
Accrued expenses	14,051	14,051	-	-
Recapture fees payable	107,993	-	-	107,993
Due to other funds	180,628	295	180,333	-
Total liabilities	771,711	310,378	180,333	281,000
Deferred Inflows of Resources				
Property taxes	1,815,875	1,714,808	85,800	15,267
Fund Balances				
Nonspendable	5,409	5,409	-	-
Restricted for retirement purposes	826,201	826,201	-	-
Restricted for police activities	491,491	491,491	-	-
Restricted for debt service	656,450	-	656,450	-
Restricted for park development	193,425	-	-	193,425
Assigned for next fiscal years expenditures	231,956	231,956	-	-
Assigned, reported in:				
Special Revenue Funds	309,565	309,565	-	-
Capital Projects Funds	3,349,107	-	-	3,349,107
Unassigned	(1,621)	(1,621)	-	-
Total fund balances	6,061,983	1,863,001	656,450	3,542,532
Total liabilities, deferred inflows of resources and fund balances	\$ 8,649,569	\$ 3,888,187	\$ 922,583	\$ 3,838,799

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, 2015

	Total	Special Revenue	Debt Service	Capital Projects
Revenues:				
Charges for services	\$ 742,398	\$ 401,894	\$ 340,504	\$ -
Licenses and permits	234,750	234,750	-	-
Intergovernmental	259,961	64,767	-	195,194
Fines and forfeitures	529,073	529,073	-	-
Property taxes	2,122,080	2,048,064	58,324	15,692
Interest	926	713	115	98
Miscellaneous	91,588	67,001	10,502	14,085
Total revenues	3,980,776	3,346,262	409,445	225,069
Expenditures:				
Current:				
General government	855,643	850,181	5,462	-
Public safety	486,324	486,324	-	-
Highways and streets	2,618,556	2,618,556	-	-
Culture and recreation	563,450	563,450	-	-
Capital outlay	2,501,542	65,237	-	2,436,305
Debt service:				
Principal	982,669	-	982,669	-
Interest and fees	449,493	-	449,493	-
Miscellaneous	28,729	-	28,729	-
Asset impairment	4,338	4,338	-	-
Total expenditures	8,490,744	4,588,086	1,466,353	2,436,305
Deficiency of revenues under expenditures before other financing sources (uses)	(4,509,968)	(1,241,824)	(1,056,908)	(2,211,236)
Other financing sources (uses):				
Transfers in	6,259,063	1,155,858	1,049,124	4,054,081
Transfers out	(41,608)	-	-	(41,608)
Total other financing sources (uses)	6,217,455	1,155,858	1,049,124	4,012,473
Net changes in fund balances	1,707,487	(85,966)	(7,784)	1,801,237
Fund balances, beginning of the year	4,354,496	1,948,967	664,234	1,741,295
Fund balances, end of the year	\$ 6,061,983	\$ 1,863,001	\$ 656,450	\$ 3,542,532

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Special Revenue Funds
April 30, 2015

	Total	Illinois Municipal Retirement	Road/ Vehicle License	School Crossing Guard	Foreign Fire Insurance	Three Oaks Recreation Area	Restricted Police
Assets							
Cash and investments	\$ 2,150,329	\$ 1,001,456	\$ 328,804	\$ 85,666	\$ 224,533	\$ 20,793	\$ 489,077
Receivables:							
Property taxes	1,714,808	1,670,136	-	44,672	-	-	-
Other	8,984	-	-	6,570	-	-	2,414
Due from other funds	8,657	-	-	-	-	8,657	-
Prepaid items	5,409	-	3,788	-	-	1,621	-
Total assets	\$ 3,888,187	\$ 2,671,592	\$ 332,592	\$ 136,908	\$ 224,533	\$ 31,071	\$ 491,491
Liabilities							
Accounts payable	\$ 296,032	\$ 175,255	\$ 88,364	\$ 4,908	\$ 6,920	\$ 20,585	\$ -
Accrued expenses	14,051	-	-	3,860	-	10,191	-
Due to other funds	295	-	-	-	-	295	-
Total liabilities	310,378	175,255	88,364	8,768	6,920	31,071	-
Deferred Inflows of Resources							
Property taxes	1,714,808	1,670,136	-	44,672	-	-	-
Fund Balances							
Nonspendable	5,409	-	3,788	-	-	1,621	-
Restricted for retirement purposes	826,201	826,201	-	-	-	-	-
Restricted for police activities	491,491	-	-	-	-	-	491,491
Assigned for next fiscal year expenditures	231,956	-	231,885	71	-	-	-
Assigned - reported in Special Revenue Funds	309,565	-	8,555	83,397	217,613	-	-
Unassigned	(1,621)	-	-	-	-	(1,621)	-
Total fund balances	1,863,001	826,201	244,228	83,468	217,613	-	491,491
Total liabilities, deferred inflows of resources and fund balances	\$ 3,888,187	\$ 2,671,592	\$ 332,592	\$ 136,908	\$ 224,533	\$ 31,071	\$ 491,491

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended April 30, 2015

	<u>Total</u>	<u>Illinois Municipal Retirement</u>	<u>Road/ Vehicle License</u>	<u>School Crossing Guard</u>	<u>Foreign Fire Insurance</u>	<u>Three Oaks Recreation Area</u>	<u>Restricted Police</u>
Revenues:							
Charges for services	\$ 401,894	\$ -	\$ -	\$ -	\$ -	\$ 401,894	\$ -
Licenses and permits	234,750	-	234,750	-	-	-	-
Intergovernmental	64,767	-	-	-	64,767	-	-
Fines and forfeitures	529,073	-	-	-	-	-	529,073
Property taxes	2,048,064	1,531,044	476,854	40,166	-	-	-
Investment income	713	243	86	15	323	46	-
Miscellaneous	67,001	-	-	29,820	-	5,652	31,529
Total revenues	3,346,262	1,531,287	711,690	70,001	65,090	407,592	560,602
Expenditures:							
Current:							
General government	850,181	850,181	-	-	-	-	-
Public safety	486,324	338,134	-	52,575	26,504	-	69,111
Highways and streets	2,618,556	311,829	2,306,727	-	-	-	-
Culture and recreation	563,450	-	-	-	-	563,450	-
Capital outlay	65,237	-	65,237	-	-	-	-
Asset impairment	4,338	-	-	-	4,338	-	-
Total expenditures	4,588,086	1,500,144	2,371,964	52,575	30,842	563,450	69,111
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(1,241,824)	31,143	(1,660,274)	17,426	34,248	(155,858)	491,491
Other financing sources - transfers in	1,155,858	-	1,000,000	-	-	155,858	-
Net changes in fund balances	(85,966)	31,143	(660,274)	17,426	34,248	-	491,491
Fund balances, beginning of the year	1,948,967	795,058	904,502	66,042	183,365	-	-
Fund balances, end of the year	\$ 1,863,001	\$ 826,201	\$ 244,228	\$ 83,468	\$ 217,613	\$ -	\$ 491,491

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, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 1,708,041	\$ 1,708,041	\$ 1,531,044	\$ (176,997)
Investment income	1,500	1,500	243	(1,257)
Total revenues	<u>1,709,541</u>	<u>1,709,541</u>	<u>1,531,287</u>	<u>(178,254)</u>
Expenditures - current - personnel services:				
General government	1,029,184	1,029,184	850,181	179,003
Public safety	374,724	374,724	338,134	36,590
Highways and streets	345,572	345,572	311,829	33,743
Total expenditures	<u>1,749,480</u>	<u>1,749,480</u>	<u>1,500,144</u>	<u>249,336</u>
Net changes in fund balance	<u>\$ (39,939)</u>	<u>\$ (39,939)</u>	<u>31,143</u>	<u>\$ 71,082</u>
Fund balance, beginning of the year			<u>795,058</u>	
Fund balance, end of the year			<u>\$ 826,201</u>	

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, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Licenses and permits	\$ 245,000	\$ 245,000	\$ 234,750	\$ (10,250)
Property taxes	440,000	440,000	476,854	36,854
Investment income	199	199	86	(113)
Total revenues	<u>685,199</u>	<u>685,199</u>	<u>711,690</u>	<u>26,491</u>
Expenditures:				
Highways and streets	2,351,080	2,351,080	2,306,727	44,353
Capital outlay	60,000	60,000	65,237	(5,237)
Total expenditures	<u>2,411,080</u>	<u>2,411,080</u>	<u>2,371,964</u>	<u>39,116</u>
Revenues under expenditures before other financing sources	(1,725,881)	(1,725,881)	(1,660,274)	65,607
Other financing sources - transfers in	1,000,000	1,000,000	1,000,000	-
Net changes in fund balance	<u>\$ (725,881)</u>	<u>\$ (725,881)</u>	<u>(660,274)</u>	<u>\$ 65,607</u>
Fund balance, beginning of the year			<u>904,502</u>	
Fund balance, end of the year			<u>\$ 244,228</u>	

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, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 45,116	\$ 45,116	\$ 40,166	\$ (4,950)
Investment income	100	100	15	(85)
Miscellaneous	17,489	17,489	29,820	12,331
Total revenues	62,705	62,705	70,001	7,296
Expenditures - public safety:				
Personnel services	62,605	62,605	52,575	10,030
Materials and supplies	100	100	-	100
Total expenditures	62,705	62,705	52,575	10,130
Net changes in fund balance	\$ -	\$ -	17,426	\$ 17,426
Fund balance, beginning of the year			66,042	
Fund balance, end of the year			\$ 83,468	

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, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 64,767	\$ 4,767
Investment income	150	150	323	173
Total revenues	60,150	60,150	65,090	4,940
Expenditures - public safety:				
Personnel services	1,500	1,500	900	600
Contractual services	6,800	6,800	100	6,700
Materials and supplies	51,850	51,850	25,504	26,346
Asset impairment	-	-	4,338	(4,338)
Total expenditures	60,150	60,150	30,842	29,308
Net changes in fund balance	\$ -	\$ -	34,248	\$ 34,248
Fund balance, beginning of the year			183,365	
Fund balance, end of the year			\$ 217,613	

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, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 392,445	\$ 392,445	\$ 401,894	\$ 9,449
Investment income	100	100	46	(54)
Miscellaneous	9,300	9,300	5,652	(3,648)
Total revenues	<u>401,845</u>	<u>401,845</u>	<u>407,592</u>	<u>5,747</u>
Expenditures - culture and recreation:				
Personnel services	362,333	362,333	365,799	(3,466)
Contractual services	135,522	135,522	142,895	(7,373)
Materials and supplies	51,290	51,290	54,756	(3,466)
Total expenditures	<u>549,145</u>	<u>549,145</u>	<u>563,450</u>	<u>(14,305)</u>
Revenues under expenditures before other financing sources	(147,300)	(147,300)	(155,858)	(8,558)
Other financing sources - transfers in	<u>147,300</u>	<u>147,300</u>	<u>155,858</u>	<u>8,558</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of the year			<u>-</u>	
Fund balance, end of the year			<u>\$ -</u>	

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Debt Service Funds
April 30, 2015

	<u>Total</u>	<u>Special Assess- ment No. 149</u>	<u>Crystal Heights Debt Service</u>	<u>SEECOM Debt Service</u>	<u>Three Oaks Recreation Area Debt Service Fund</u>
Assets					
Cash and investments	\$ 611,505	\$ -	\$ 611,338	\$ 167	\$ -
Receivables:					
Property taxes	85,800	-	85,800	-	-
Other	225,278	225,278	-	-	-
Total assets	\$ 922,583	\$ 225,278	\$ 697,138	\$ 167	\$ -
Liabilities					
Due to other funds	\$ 180,333	\$ 180,333	\$ -	\$ -	\$ -
Total liabilities	180,333	180,333	-	-	-
Deferred Inflows of Resources					
Property taxes	85,800	-	85,800	-	-
Fund Balances					
Restricted for debt service	656,450	44,945	611,338	167	-
Total fund balances	656,450	44,945	611,338	167	-
Total liabilities, deferred inflows of resources and fund balances	\$ 922,583	\$ 225,278	\$ 697,138	\$ 167	\$ -

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended April 30, 2015

	Total	Special Assess- ment No. 149	Crystal Heights Debt Service	SEECOM Debt Service	Three Oaks Recreation Area Debt Service Fund
Revenues:					
Charges for services	\$ 340,504	\$ -	\$ 76,669	\$ 263,835	\$ -
Property taxes	58,324	-	58,324	-	-
Investment income	115	-	115	-	-
Miscellaneous	10,502	-	10,502	-	-
Total revenues	409,445	-	145,610	263,835	-
Expenditures:					
Current - general government	5,462	-	5,462	-	-
Debt service:					
Principal	982,669	-	106,667	234,000	642,002
Interest and fees	449,493	-	13,600	29,835	406,058
Miscellaneous	28,729	-	27,665	-	1,064
Total expenditures	1,466,353	-	153,394	263,835	1,049,124
Revenues under expenditures before other financing sources	(1,056,908)	-	(7,784)	-	(1,049,124)
Other financing sources - transfers in	1,049,124	-	-	-	1,049,124
Net changes in fund balances	(7,784)	-	(7,784)	-	-
Fund balances, beginning of the year	664,234	44,945	619,122	167	-
Fund balances, end of the year	\$ 656,450	\$ 44,945	\$ 611,338	\$ 167	\$ -

City of Crystal Lake, Illinois
Crystal Heights Debt Service Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 123,291	\$ 123,291	\$ 76,669	\$ (46,622)
Property taxes	-	-	58,324	58,324
Investment income	-	-	115	115
Miscellaneous	-	-	10,502	10,502
Total revenues	123,291	123,291	145,610	22,319
Expenditures:				
Current - general government - contractual services	-	-	5,462	(5,462)
Debt service:				
Principal	106,667	106,667	106,667	-
Interest	13,600	13,600	13,600	-
Miscellaneous	-	-	27,665	(27,665)
Total expenditures	120,267	120,267	153,394	(33,127)
Net changes in fund balance	\$ 3,024	\$ 3,024	(7,784)	\$ (10,808)
Fund balance, beginning of the year			619,122	
Fund balance, end of the year			\$ 611,338	

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 263,669	\$ 263,669	\$ 263,835	\$ 166
Total revenues	<u>263,669</u>	<u>263,669</u>	<u>263,835</u>	<u>166</u>
Expenditures:				
Debt service:				
Principal	234,000	234,000	234,000	-
Interest	29,836	29,836	29,835	1
Total expenditures	<u>263,836</u>	<u>263,836</u>	<u>263,835</u>	<u>1</u>
Net changes in fund balance	<u>\$ (167)</u>	<u>\$ (167)</u>	-	<u>\$ 167</u>
Fund balance, beginning of the year			<u>167</u>	
Fund balance, end of the year			<u>\$ 167</u>	

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures:				
Debt Service:				
Principal	\$ 642,002	\$ 642,002	\$ 642,002	\$ -
Interest	407,944	407,944	406,058	1,886
Miscellaneous	-	-	1,064	(1,064)
Total expenditures	<u>1,049,946</u>	<u>1,049,946</u>	<u>1,049,124</u>	<u>822</u>
Revenues under expenditures before other financing sources	(1,049,946)	(1,049,946)	(1,049,124)	822
Other financing sources - transfers in	<u>1,049,946</u>	<u>1,049,946</u>	<u>1,049,124</u>	<u>(822)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of the year			<u>-</u>	
Fund balance, end of the year			<u>\$ -</u>	

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Capital Projects Funds
April 30, 2015

	Total	Special Assessment No. 145	Main Street TIF Construction	Virginia Street Corridor TIF	SSA 46 Ryland Main Construction	Capital & Equipment Replacement	Vulcan Lakes TIF District	Three Oaks Capital	Three Oaks Development
Assets									
Cash and investments	\$ 3,631,264	\$ 117,591	\$ 292,273	\$ -	\$ -	\$ 3,165,328	\$ -	\$ 47,236	\$ 8,836
Receivables - property taxes	15,267	-	515	14,752	-	-	-	-	-
Receivables - other	192,268	-	-	-	-	-	-	-	192,268
Total assets	\$ 3,838,799	\$ 117,591	\$ 292,788	\$ 14,752	\$ -	\$ 3,165,328	\$ -	\$ 47,236	\$ 201,104
Liabilities									
Accounts payable	\$ 173,007	\$ -	\$ -	\$ -	\$ -	\$ 165,328	\$ -	\$ -	\$ 7,679
Recapture fees payable	107,993	107,993	-	-	-	-	-	-	-
Total liabilities	281,000	107,993	-	-	-	165,328	-	-	7,679
Deferred Inflows of Resources									
Property taxes	15,267	-	515	14,752	-	-	-	-	-
Fund Balances									
Restricted for park development	193,425	-	-	-	-	-	-	-	193,425
Assigned for capital outlay	3,349,107	9,598	292,273	-	-	3,000,000	-	47,236	-
Total fund balances	3,542,532	9,598	292,273	-	-	3,000,000	-	47,236	193,425
Total liabilities, deferred inflows of resources and fund balances	\$ 3,838,799	\$ 117,591	\$ 292,788	\$ 14,752	\$ -	\$ 3,165,328	\$ -	\$ 47,236	\$ 201,104

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, 2015

	Total	Special Assessment No. 145	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	\$ 195,194	\$ -	\$ -	\$ -	\$ -	\$ 2,926	\$ -	\$ -	\$ 192,268
Property taxes	15,692	-	811	13,606	-	-	1,275	-	-
Investment income	98	-	48	2	-	-	-	12	36
Miscellaneous	14,085	-	-	-	-	-	-	-	14,085
Total revenues	225,069	-	859	13,608	-	2,926	1,275	12	206,389
Expenditures:									
Current - culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay - public works improvements	1,290,039	-	-	-	-	1,290,039	-	-	-
Capital outlay - administrative	56,261	-	-	-	-	56,261	-	-	-
Capital outlay - information technology	157,260	-	-	-	-	157,260	-	-	-
Capital outlay - police	189,951	-	-	-	-	189,951	-	-	-
Capital outlay - community development	325,272	-	500	500	-	323,772	500	-	-
Capital outlay - culture and recreation	417,522	-	-	-	-	-	-	55,413	362,109
Total expenditures	2,436,305	-	500	500	-	2,017,283	500	55,413	362,109
Revenues over (under) expenditures before other financing sources (uses)	(2,211,236)	-	359	13,108	-	(2,014,357)	775	(55,401)	(155,720)
Other financing sources (uses):									
Transfers in	4,054,081	-	-	-	-	2,014,357	2,039,724	-	-
Transfers out	(41,608)	-	-	(13,108)	(27,725)	-	(775)	-	-
Total other financing sources (uses)	4,012,473	-	-	(13,108)	(27,725)	2,014,357	2,038,949	-	-
Net changes in fund balances (deficit)	1,801,237	-	359	-	(27,725)	-	2,039,724	(55,401)	(155,720)
Fund balances (deficit), beginning of the year	1,741,295	9,598	291,914	-	27,725	3,000,000	(2,039,724)	102,637	349,145
Fund balances, end of the year	\$ 3,542,532	\$ 9,598	\$ 292,273	\$ -	\$ -	\$ 3,000,000	\$ -	\$ 47,236	\$ 193,425

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, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 8,600	\$ 8,600	\$ 811	\$ (7,789)
Interest	300	300	48	(252)
Total revenues	<u>8,900</u>	<u>8,900</u>	<u>859</u>	<u>(8,041)</u>
Expenditures:				
Capital outlay:				
Community development	-	-	500	(500)
Total expenditures	<u>-</u>	<u>-</u>	<u>500</u>	<u>(500)</u>
Net changes in fund balance	<u>\$ 8,900</u>	<u>\$ 8,900</u>	<u>359</u>	<u>\$ (8,541)</u>
Fund balance, beginning of the year			<u>291,914</u>	
Fund balance, end of the year			<u>\$ 292,273</u>	

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 43,100	\$ 43,100	\$ 13,606	\$ (29,494)
Interest	-	-	2	2
Total revenues	43,100	43,100	13,608	(29,492)
Expenditures:				
Capital outlay - Community development	-	-	500	(500)
Total expenditures	-	-	500	(500)
Revenues over expenditures before other financing uses	43,100	43,100	13,108	(29,992)
Other financing (uses) - transfers out	(43,100)	(43,100)	(13,108)	29,992
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
Vulcan Lakes TIF District Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance (Deficit) - Budget and Actual
For the Year Ended April 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 4,400	\$ 4,400	\$ 1,275	\$ (3,125)
Total revenues	<u>4,400</u>	<u>4,400</u>	<u>1,275</u>	<u>(3,125)</u>
Expenditures:				
Capital outlay:				
Community development	-	-	500	(500)
Total expenditures	<u>-</u>	<u>-</u>	<u>500</u>	<u>(500)</u>
Revenues over expenditures before other financing sources (uses)	<u>4,400</u>	<u>4,400</u>	<u>775</u>	<u>(3,625)</u>
Other financing sources (uses):				
Transfers in	-	-	2,039,724	2,039,724
Transfers out	(4,400)	(4,400)	(775)	3,625
Total other financing sources (uses)	<u>(4,400)</u>	<u>(4,400)</u>	<u>2,038,949</u>	<u>2,043,349</u>
Net changes in fund balance (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>2,039,724</u>	<u>\$ 2,039,724</u>
Fund deficit, beginning of the year			<u>(2,039,724)</u>	
Fund balance, end of the year			<u>\$ -</u>	

See independent auditor's report.

City of Crystal Lake, Illinois
Capital & Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Grant proceeds	\$ -	\$ -	\$ 2,926	\$ 2,926
Expenditures:				
Administrative	163,000	163,000	56,261	106,739
Information technology	241,100	241,100	157,260	83,840
Police	249,800	249,800	189,951	59,849
Community development	921,943	921,943	323,772	598,171
Public works	1,522,090	1,522,090	1,290,039	232,051
Total expenditures	3,097,933	3,097,933	2,017,283	1,080,650
Revenues under expenditures before other financing sources	(3,097,933)	(3,097,933)	(2,014,357)	1,083,576
Other financing sources - transfers in	3,097,933	3,097,933	2,014,357	(1,083,576)
Net changes in fund balance	\$ -	\$ -	-	\$ -
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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Interest income	\$ -	\$ -	\$ 12	\$ 12
Total revenues	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
Expenditures:				
Capital outlay	44,000	44,000	55,413	(11,413)
Total expenditures	<u>44,000</u>	<u>44,000</u>	<u>55,413</u>	<u>(11,413)</u>
Revenues under expenditures before other financing sources	(44,000)	(44,000)	(55,401)	(11,401)
Other financing sources - transfers in	44,000	44,000	-	(44,000)
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(55,401)</u>	<u>\$ (55,401)</u>
Fund balance, beginning of the year			<u>102,637</u>	
Fund balance, end of the year			<u>\$ 47,236</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois
Three Oaks Development Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 199,413	\$ 199,413	\$ 192,268	\$ (7,145)
Donations	100,000	100,000	14,085	(85,915)
Interest income	2,000	2,000	36	(1,964)
Total revenues	301,413	301,413	206,389	(95,024)
Expenditures:				
Capital outlay:				
Administrative	398,826	398,826	362,109	36,717
Total expenditures	398,826	398,826	362,109	36,717
Net changes in fund balance	\$ (97,413)	\$ (97,413)	(155,720)	\$ (58,307)
Fund balance, beginning of the year			349,145	
Fund balance, end of the year			\$ 193,425	

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:				
Charges for services:				
Water sales	\$ 4,371,663	\$ 4,371,663	\$ 4,248,179	\$ (123,484)
Sewer sales	4,353,303	4,353,303	4,230,634	(122,669)
Penalties	300,000	300,000	296,589	(3,411)
Water meter fees	15,000	15,000	21,168	6,168
Water tap fees	1,000	1,000	33,780	32,780
Miscellaneous	16,350	16,350	82,594	66,244
Total operating revenues	9,057,316	9,057,316	8,912,944	(144,372)
Nonoperating revenue:				
Connection fees	138,734	138,734	315,029	176,295
Investment income	10,000	10,000	39,673	29,673
Grant revenue	167,250	167,250	312,550	145,300
Rental income	269,438	269,438	265,937	(3,501)
Gain on sale of capital assets	-	-	33,639	33,639
Total nonoperating revenues	585,422	585,422	966,828	381,406
Total revenues	\$ 9,642,738	\$ 9,642,738	\$ 9,879,772	\$ 237,034

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating expenses, excluding depreciation:				
Administration:				
Personal services	\$ 608,754	\$ 608,754	\$ 526,704	\$ 82,050
Contractual services	155,505	155,505	182,841	(27,336)
Supplies and materials	40,296	40,296	618,328	(578,032)
Total administration	804,555	804,555	1,327,873	(523,318)
Operations:				
Water division:				
Personal services	844,702	844,702	756,172	88,530
Contractual services	987,564	987,564	807,067	180,497
Supplies and materials	853,845	853,845	653,231	200,614
Capital outlay	3,072,437	3,072,437	107,375	2,965,062
Total water division	5,758,548	5,758,548	2,323,845	3,434,703
Wastewater division:				
Personal services	1,154,870	1,154,870	1,113,878	40,992
Contractual services	937,860	937,860	863,868	73,992
Supplies and materials	630,337	630,337	701,224	(70,887)
Capital outlay	1,301,343	1,301,343	494,495	806,848
Total wastewater division	4,024,410	4,024,410	3,173,465	850,945
Sewer and lifts division:				
Personal services	869,155	869,155	856,871	12,284
Contractual services	520,102	520,102	223,236	296,866
Supplies and materials	98,425	98,425	144,969	(46,544)
Capital outlay	463,564	463,564	523,600	(60,036)
Total sewer and lifts division	1,951,246	1,951,246	1,748,676	202,570
Total operations	11,734,204	11,734,204	7,245,986	4,488,218
Total operating expenses, excluding depreciation	\$ 12,538,759	\$ 12,538,759	\$ 8,573,859	\$ 3,964,900
Nonoperating expenses:				
Interest expense	\$ 1,102,581	\$ 1,102,581	\$ 694,842	\$ (407,739)
Asset impairment	-	-	85,901	85,901
Total nonoperating expenses	\$ 1,102,581	\$ 1,102,581	\$ 780,743	\$ (321,838)

See independent auditor's report.

City of Crystal Lake, Illinois
Pension Trust Funds
Combining Statement of Plan Net Position
April 30, 2015

Assets	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Cash	\$ 4,855	\$ 10,565	\$ 15,420
Investments:			
Illinois Funds Investment Pool	166,604	111,755	278,359
Money market accounts	1,944,743	53,632	1,998,375
U.S. government and agency securities	4,171,793	11,610,492	15,782,285
Corporate bonds	6,246,337	-	6,246,337
Insurance contracts	-	1,746,308	1,746,308
Municipal bonds	-	2,016,794	2,016,794
Mutual funds - bonds	1,010,592	-	1,010,592
Mutual funds - stocks	20,318,033	12,191,905	32,509,938
Interest receivable	84,913	115,275	200,188
Prepaid expenses	4,481	4,909	9,390
Total assets	<u>\$ 33,952,351</u>	<u>\$ 27,861,635</u>	<u>\$ 61,813,986</u>
Liabilities and Net Position			
Liabilities - accounts payable	\$ 195,334	\$ 179,390	\$ 374,724
Net position held in trust for pension benefits	<u>33,757,017</u>	<u>27,682,245</u>	<u>61,439,262</u>
Total liabilities and net position	<u>\$ 33,952,351</u>	<u>\$ 27,861,635</u>	<u>\$ 61,813,986</u>

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, 2015**

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 1,778,970	\$ 1,555,655	\$ 3,334,625
Members	568,526	539,487	1,108,013
	<u>2,347,496</u>	<u>2,095,142</u>	<u>4,442,638</u>
Investment income:			
Net appreciation in fair value of investments	954,063	936,672	1,890,735
Interest income	903,134	1,013,013	1,916,147
Less investment expenses	(172,349)	(123,730)	(296,079)
	<u>1,684,848</u>	<u>1,825,955</u>	<u>3,510,803</u>
Total additions	<u>4,032,344</u>	<u>3,921,097</u>	<u>7,953,441</u>
Deductions:			
Pension benefits and refunds	2,118,147	1,178,766	3,296,913
Administrative expenses	14,287	18,647	32,934
Total deductions	<u>2,132,434</u>	<u>1,197,413</u>	<u>3,329,847</u>
Changes in net position	1,899,910	2,723,684	4,623,594
Total net position, beginning of the year	<u>31,857,107</u>	<u>24,958,561</u>	<u>56,815,668</u>
Total net position, end of the year	<u>\$ 33,757,017</u>	<u>\$ 27,682,245</u>	<u>\$ 61,439,262</u>

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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Additions:				
Contributions:				
Employer	\$ 1,973,564	\$ 1,973,564	\$ 1,778,970	\$ (194,594)
Members	546,000	546,000	568,526	22,526
	<u>2,519,564</u>	<u>2,519,564</u>	<u>2,347,496</u>	<u>(172,068)</u>
Investment income:				
Net appreciation in fair value of investments	-	-	954,063	954,063
Interest income	1,100,000	1,100,000	903,134	(196,866)
Less investment expenses	(141,000)	(141,000)	(172,349)	(31,349)
	<u>959,000</u>	<u>959,000</u>	<u>1,684,848</u>	<u>725,848</u>
Total additions	<u>3,478,564</u>	<u>3,478,564</u>	<u>4,032,344</u>	<u>553,780</u>
Deductions:				
Pension benefits and refunds	2,162,695	2,162,695	2,118,147	44,548
Administrative expenses	24,000	24,000	14,287	9,713
Total deductions	<u>2,186,695</u>	<u>2,186,695</u>	<u>2,132,434</u>	<u>54,261</u>
Changes in net position	<u>\$ 1,291,869</u>	<u>\$ 1,291,869</u>	<u>1,899,910</u>	<u>\$ 608,041</u>
Total net position, beginning of the year			<u>31,857,107</u>	
Total net position, end of the year			<u>\$ 33,757,017</u>	

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, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Additions:				
Contributions:				
Employer	\$ 1,720,093	\$ 1,720,093	\$ 1,555,655	\$ (164,438)
Members	559,000	559,000	539,487	(19,513)
	<u>2,279,093</u>	<u>2,279,093</u>	<u>2,095,142</u>	<u>(183,951)</u>
Investment income:				
Net appreciation in fair value of investments	-	-	936,672	936,672
Interest income	645,000	645,000	1,013,013	368,013
Less investment expenses	(86,800)	(86,800)	(123,730)	(36,930)
	<u>558,200</u>	<u>558,200</u>	<u>1,825,955</u>	<u>1,267,755</u>
Total additions	<u>2,837,293</u>	<u>2,837,293</u>	<u>3,921,097</u>	<u>1,083,804</u>
Deductions:				
Pension benefits and refunds	1,258,260	1,258,260	1,178,766	79,494
Administrative expenses	25,500	25,500	18,647	6,853
Total deductions	<u>1,283,760</u>	<u>1,283,760</u>	<u>1,197,413</u>	<u>86,347</u>
Changes in net position	<u>\$ 1,553,533</u>	<u>\$ 1,553,533</u>	<u>2,723,684</u>	<u>\$ 1,170,151</u>
Total net position, beginning of the year			<u>24,958,561</u>	
Total net position, end of the year			<u>\$ 27,682,245</u>	

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, 2015

	<u>Balance</u> <u>May 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Adjustments</u>	<u>Balance</u> <u>April 30, 2015</u>
Assets					
Cash	\$ 452,404	\$ (118,470)	\$ -	\$ -	\$ 333,934
Other receivables	10,435	-	-	(10,435)	-
	<u>\$ 462,839</u>	<u>\$ (118,470)</u>	<u>\$ -</u>	<u>\$ (10,435)</u>	<u>\$ 333,934</u>
Liabilities					
Recapture fees payable	\$ (72,152)	\$ -	\$ -	\$ (10,414)	\$ (82,566)
Due to other funds	213,053	(213,053)	-	-	-
Funds held for others	321,938	365,129	270,546	(21)	416,500
	<u>\$ 462,839</u>	<u>\$ 152,076</u>	<u>\$ 270,546</u>	<u>\$ (10,435)</u>	<u>\$ 333,934</u>

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, 2015

Assets

Governmental funds capital assets:	
Land	\$ 103,539,790
Construction in progress	4,698,259
Buildings and improvements	33,820,191
Machinery, equipment and vehicles	16,993,183
Infrastructure	<u>66,000,933</u>
Total governmental funds capital assets	<u>\$ 225,052,356</u>

Investment in Governmental Funds
Capital Assets By Source

General Fund	\$ 143,100,993
Special Revenue Funds	24,680,719
Capital Projects Funds	18,145,062
Developer contributions	<u>39,125,582</u>
Total governmental funds capital assets	<u>\$ 225,052,356</u>

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, 2015

	Land	Construction in Progress	Buildings and Improvements
General government	\$ 103,342,963	\$ 804,758	\$ 11,252,982
Public safety	-	-	15,142,491
Highways and streets	196,827	3,893,501	388,874
Culture and recreation	-	-	7,035,844
	<u>\$ 103,539,790</u>	<u>\$ 4,698,259</u>	<u>\$ 33,820,191</u>

	Machinery, Equipment and Vehicles	Infrastructure	Total
	\$ 2,389,835	\$ 1,718,041	\$ 119,508,579
	7,455,222	-	22,597,713
	6,264,919	54,582,161	65,326,282
	883,207	9,700,731	17,619,782
	<u>\$ 16,993,183</u>	<u>\$ 66,000,933</u>	<u>\$ 225,052,356</u>

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, 2015

	Balance May 1, 2014	Additions	Deletions and Transfers	Balance April 30, 2015
General government	\$ 118,881,242	\$ 705,868	\$ 78,531	\$ 119,508,579
Public safety	22,503,024	481,453	386,764	22,597,713
Highways and streets	62,595,084	3,089,318	358,120	65,326,282
Culture and recreation	17,619,782	-	-	17,619,782
	<u>\$ 221,599,132</u>	<u>\$ 4,276,639</u>	<u>\$ 823,415</u>	<u>\$ 225,052,356</u>

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, 2015

	Governmental		Funds			Statement of Net Position
	General Operating	Special Reserve	Nonmajor Funds	Total	Adjustments	
Assets						
Current:						
Cash and investments	\$ 2,972,887	\$ 918,889	\$ 848,285	\$ 4,740,061	\$ -	\$ 4,740,061
Property tax receivable	3,947,465	-	466,782	4,414,247	-	4,414,247
Due from other funds	-	-	319	319	-	319
Capital assets, net of accumulated depreciation	-	-	-	-	7,011,721	7,011,721
Total assets	\$ 6,920,352	\$ 918,889	\$ 1,315,386	\$ 9,154,627	\$ 7,011,721	\$ 16,166,348
Liabilities						
Current:						
Accounts payable	\$ 114,292	\$ -	\$ 26,442	\$ 140,734	\$ -	\$ 140,734
Accrued payroll	33,761	-	4,868	38,629	-	38,629
Compensated absences	-	-	-	-	79,356	79,356
Total current liabilities	148,053	-	31,310	179,363	79,356	258,719
Noncurrent:						
Compensated absences payable	-	-	-	-	49,952	49,952
Total noncurrent liabilities	-	-	-	-	49,952	49,952
Total liabilities	148,053	-	31,310	179,363	129,308	308,671
Deferred Inflows of Resources						
Property taxes	3,947,465	-	466,782	4,414,247	-	4,414,247
Total liabilities and deferred inflows of resources	4,095,518	-	498,092	4,593,610	129,308	4,722,918
Fund balance/net position:						
Restricted for working cash	-	-	50,204	50,204	-	50,204
Restricted for retirement	-	-	162,816	162,816	-	162,816
Assigned	-	918,889	604,274	1,523,163	(1,523,163)	-
Unassigned	2,824,834	-	-	2,824,834	1,393,855	4,218,689
Invested in capital assets, net of related debt	-	-	-	-	7,011,721	7,011,721
Total fund balance/net position	2,824,834	918,889	817,294	4,561,017	6,882,413	11,443,430
Total liabilities, deferred inflows of resources and fund balance/net position	\$ 6,920,352	\$ 918,889	\$ 1,315,386	\$ 9,154,627	\$ 7,011,721	\$ 16,166,348

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, 2015

Total fund balance - governmental funds	\$ 4,561,017
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.	7,011,721
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	<u>(129,308)</u>
Net position of governmental activities	<u>\$ 11,443,430</u>

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, 2015

	Governmental		Funds		Adjustments	Statement of Activities
	General Operating	Special Reserve	Nonmajor Funds	Total		
Expenditures/expenses:						
Culture and recreation	\$ 3,532,563	\$ 212,287	\$ 510,468	\$ 4,255,318	\$ (1,206,488)	\$ 3,048,830
Capital outlay	27,964	1,424,886	-	1,452,850	(16,874)	1,435,976
Total expenses/expenditures	<u>3,560,527</u>	<u>1,637,173</u>	<u>510,468</u>	<u>5,708,168</u>	<u>(1,223,362)</u>	<u>4,484,806</u>
Program revenues:						
Fines and fees	129,145	-	-	129,145	-	129,145
Rental income	-	-	57,676	57,676	-	57,676
Intergovernmental	50,929	-	-	50,929	-	50,929
Total program revenues	<u>180,074</u>	<u>-</u>	<u>57,676</u>	<u>237,750</u>	<u>-</u>	<u>237,750</u>
Net program expenditures/expenses	<u>(3,380,453)</u>	<u>(1,637,173)</u>	<u>(452,792)</u>	<u>(5,470,418)</u>	<u>1,223,362</u>	<u>(4,247,056)</u>
General revenues:						
Property taxes	3,924,400	-	452,448	4,376,848	-	4,376,848
Interest	11,910	4,786	2,098	18,794	-	18,794
Capital facilities	-	-	2,898	2,898	-	2,898
Miscellaneous	5,978	-	24,029	30,007	-	30,007
Total general revenues	<u>3,942,288</u>	<u>4,786</u>	<u>481,473</u>	<u>4,428,547</u>	<u>-</u>	<u>4,428,547</u>
Other financing sources (uses):						
Transfers in	-	706,941	-	706,941	-	706,941
Transfers out	(493,206)	-	(213,735)	(706,941)	-	(706,941)
Total other financing sources (uses)	<u>(493,206)</u>	<u>706,941</u>	<u>(213,735)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>68,629</u>	<u>(925,446)</u>	<u>(185,054)</u>	<u>(1,041,871)</u>	<u>1,223,362</u>	<u>181,491</u>
Fund balances, beginning of the year	2,756,205	1,844,335	1,002,348	5,602,888	5,659,051	11,261,939
Fund balances, end of the year	<u>\$ 2,824,834</u>	<u>\$ 918,889</u>	<u>\$ 817,294</u>	<u>\$ 4,561,017</u>	<u>\$ 6,882,413</u>	<u>\$ 11,443,430</u>

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, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (1,041,871)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,435,976) exceeds depreciation (\$210,874) in the current period. 1,225,102

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 (1,740)

Change in net position of governmental activities \$ 181,491

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, 2015

	Total	Special	
		Gift and Memorial	Ames
Assets			
Cash and investments	\$ 848,285	\$ 34,731	\$ 365,490
Property tax receivable	466,782	-	-
Accounts receivable	-	-	-
Due from other funds	319	-	-
Total assets	\$ 1,315,386	\$ 34,731	\$ 365,490
Liabilities			
Accrued payroll	\$ 4,868	\$ -	\$ -
Accounts payable	26,442	-	-
Total liabilities	31,310	-	-
Deferred Inflows of Resources			
Property taxes	466,782	-	-
Total liabilities and deferred inflows of resources	498,092	-	-
Fund balances:			
Restricted	213,020	-	-
Assigned	604,274	34,731	365,490
Total fund balances	817,294	34,731	365,490
Total liabilities and fund balances	\$ 1,315,386	\$ 34,731	\$ 365,490

Revenue		Capital Project Fund	Permanent Fund
IMRF	FICA	Public Library Repair and Construction	Working Cash
\$ 105,279	\$ 62,405	\$ 230,176	\$ 50,204
285,665	181,117	-	-
-	-	-	-
-	-	319	-
\$ 390,944	\$ 243,522	\$ 230,495	\$ 50,204
Liabilities			
\$ 3,008	\$ 1,860	\$ -	\$ -
-	-	26,442	-
3,008	1,860	26,442	-
Deferred Inflows of Resources			
285,665	181,117	-	-
288,673	182,977	26,442	-
Fund balances:			
102,271	60,545	-	50,204
-	-	204,053	-
102,271	60,545	204,053	50,204
\$ 390,944	\$ 243,522	\$ 230,495	\$ 50,204

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, 2015

	Total	Special	
		Gift and Memorial	Ames
Revenues:			
Property taxes	\$ 452,448	\$ -	\$ -
Interest	2,098	-	1,713
Capital facilities	2,898	-	-
Rental income	57,676	-	-
Miscellaneous	24,029	23,288	-
Total revenues	539,149	23,288	1,713
Expenditures - current - culture and recreation	510,468	29,493	3,500
Revenue over (under) expenditures before other financing sources (uses)	28,681	(6,205)	(1,787)
Other financing uses:			
Transfer out	(213,735)	-	-
Total other financing uses	(213,735)	-	-
Changes in fund balances	(185,054)	(6,205)	(1,787)
Fund balances, beginning of the year	1,002,348	40,936	367,277
Fund balances, end of the year	\$ 817,294	\$ 34,731	\$ 365,490

Revenue		Capital Project Fund	Permanent Fund
IMRF	FICA	Public Library Repair and Construction	Working Cash
\$ 281,818	\$ 170,630	\$ -	\$ -
163	99	7	116
-	-	2,898	-
-	-	57,676	-
-	-	741	-
281,981	170,729	61,322	116
271,159	165,410	40,906	-
10,822	5,319	20,416	116
(132,516)	(81,219)	-	-
(132,516)	(81,219)	-	-
(121,694)	(75,900)	20,416	116
223,965	136,445	183,637	50,088
\$ 102,271	\$ 60,545	\$ 204,053	\$ 50,204

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, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 4,124,817	\$ 4,085,541	\$ 3,924,400	\$ (161,141)
Intergovernmental	90,000	50,929	50,929	-
Fines and forfeitures	129,200	134,000	129,145	(4,855)
Interest	3,000	3,000	11,910	8,910
Miscellaneous	5,500	5,500	5,978	478
Total revenues	4,352,517	4,278,970	4,122,362	(156,608)
Expenditures:				
Culture and recreation:				
Personal services	3,043,391	2,987,591	2,551,115	436,476
Contractual services	742,315	761,710	397,112	364,598
Supplies and materials	683,876	697,475	584,336	113,139
Capital outlay:				
Operating equipment	157,935	158,123	27,964	130,159
Total expenditures	4,627,517	4,604,899	3,560,527	1,044,372
Excess (deficiency) of revenues over (under) expenditures before other financing uses	(275,000)	(325,929)	561,835	887,764
Other financing uses - transfers out	(250,000)	(300,929)	(493,206)	(192,277)
Net changes in fund balance	\$ (525,000)	\$ (626,858)	68,629	\$ 695,487
Fund balance, beginning of the year			2,756,205	
Fund balance, end of the year			\$ 2,824,834	

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, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest income	\$ -	\$ -	\$ 4,786	\$ 4,786
Expenditures:				
Culture and recreation:				
Contractual services	-	425,230	206,144	219,086
Maintenance	-	6,143	6,143	-
Capital outlay	-	1,460,170	1,424,886	35,284
Contingency	1,938,734	659,732	-	659,732
Total expenditures	1,938,734	2,551,275	1,637,173	914,102
Revenues under expenditures before other financing sources	(1,938,734)	(2,551,275)	(1,632,387)	918,888
Other financing sources - transfers in	277,492	300,929	706,941	406,012
Net changes in fund balance	\$ (1,661,242)	\$ (2,250,346)	(925,446)	\$ 1,324,900
Fund balance, beginning of the year			1,844,335	
Fund balance, end of the year			\$ 918,889	

See independent auditor's report.

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, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Miscellaneous	\$ 26,750	\$ 26,750	\$ 23,288	\$ (3,462)
Total revenues	<u>26,750</u>	<u>26,750</u>	<u>23,288</u>	<u>(3,462)</u>
Expenditures:				
Culture and recreation:				
Contractual services	49,360	53,319	1,004	52,315
Supplies and materials	12,390	13,790	28,489	(14,699)
Total expenditures	<u>61,750</u>	<u>67,109</u>	<u>29,493</u>	<u>37,616</u>
Changes in fund balance	<u>\$ (35,000)</u>	<u>\$ (40,359)</u>	<u>(6,205)</u>	<u>\$ 34,154</u>
Fund balance, beginning of the year			<u>40,936</u>	
Fund balance, end of the year			<u>\$ 34,731</u>	

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, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest	\$ -	\$ -	\$ 1,713	\$ 1,713
Expenditures - materials and supplies	4,000	4,000	3,500	500
Changes in fund balance	\$ (4,000)	\$ (4,000)	(1,787)	\$ 2,213
Fund balance, beginning of the year			367,277	
Fund balance, end of the year			\$ 365,490	

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, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 288,873	\$ 288,545	\$ 281,818	\$ (6,727)
Interest	-	-	163	163
Total revenues	288,873	288,545	281,981	(6,564)
Expenditures - culture and recreation - personnel services	302,415	288,545	271,159	17,386
Excess of revenues over expenditures before other financing uses	(13,542)	-	10,822	10,822
Other financing uses - transfers out	14,040	-	(132,516)	(132,516)
Net changes in fund balance	\$ 498	\$ -	(121,694)	\$ (121,694)
Fund balance, beginning of the year			223,965	
Fund balance, end of the year			\$ 102,271	

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, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 177,821	\$ 182,946	\$ 170,630	\$ (12,316)
Interest	-	-	99	99
Total revenues	177,821	182,946	170,729	(12,217)
Expenditures - culture and recreation - personnel services	191,861	182,946	165,410	17,536
Excess of revenues over expenditures before other financing sources	(14,040)	-	5,319	5,319
Other financing uses - transfers out	13,452	-	(81,219)	(81,219)
Net changes in fund balance	\$ (588)	\$ -	(75,900)	\$ (75,900)
Fund balance, beginning of the year			136,445	
Fund balance, end of the year			\$ 60,545	

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, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 7	\$ 7
Capital facilities	18,000	24,500	2,898	(21,602)
Rental income	17,940	56,640	57,676	1,036
Miscellaneous	-	-	741	741
Total revenues	<u>35,940</u>	<u>81,140</u>	<u>61,322</u>	<u>(19,818)</u>
Expenditures - culture and recreation - contractual services	<u>50,940</u>	<u>96,140</u>	<u>40,906</u>	<u>55,234</u>
Net changes in fund balance	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>20,416</u>	<u>\$ 35,416</u>
Fund balance, beginning of the year			<u>183,637</u>	
Fund balance, end of the year			<u>\$ 204,053</u>	

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, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest	\$ -	\$ -	\$ 116	\$ 116
Net changes in fund balance	\$ -	\$ -	116	\$ 116
Fund balance, beginning of the year			50,088	
Fund balance, end of the year			\$ 50,204	

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.	150 – 161
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	162 – 168
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	169 – 173
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place, and to help make comparisons over time and with other governments.	174 – 175
Operating Information 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.	176– 181

**City of Crystal Lake, Illinois
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year				Ended April 30,					
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
Net investment in capital assets	\$ 169,307,809	\$ 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
Restricted	8,310,611	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
Unrestricted	16,387,714	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
Total governmental activities	\$ 194,006,134	\$ 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
Business-type activities:										
Net investment in capital assets	\$ 46,459,593	\$ 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
Unrestricted	5,488,721	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
Total business-type activities	\$ 51,948,314	\$ 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
Primary government:										
Net investment in capital assets	\$ 215,767,402	\$ 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
Restricted	8,310,611	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
Unrestricted	21,876,435	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
Total primary government	\$ 245,954,448	\$ 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

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,					
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
General and administrative	\$ 9,219,290	\$ 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
Public safety	23,670,546	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
Highways and streets	9,738,091	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
Culture and recreation	1,045,576	1,020,029	1,020,428	1,400,906	1,482,797	664,816	323,582	299,181	251,717	258,943
Interest on long-term debt	531,492	629,055	773,768	625,751	663,220	751,000	766,112	741,136	646,250	560,334
Total governmental activities expenses	44,204,995	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
Business-type activities - waterworks/sewerage										
	12,584,450	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
Total business-type activities expenses	12,584,450	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
Total expenses	\$ 56,789,445	\$ 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
Program revenues:										
Governmental activities:										
Charges for services:										
General and administrative	\$ 1,185,748	\$ 1,137,583	\$ 1,154,208	\$ 1,001,950	\$ 955,184	\$ 798,578	\$ 869,769	\$ 1,344,296	\$ 1,418,677	\$ 1,767,822
Public safety	3,888,838	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
Highways and streets	234,750	232,521	247,139	240,339	232,567	236,273	248,958	220,544	220,926	851,872
Culture and recreation	406,991	407,383	445,580	488,712	93,247	-	-	-	-	-
Operating grants and contributions:										
Highways and streets	1,446,094	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
Other activities	658,469	111,147	636,459	132,808	253,015	116,891	76,141	169,777	211,743	41,468
Capital grants and contributions:										
Highways and streets	1,226,760	142,398	2,023,692	3,723,623	981,926	2,269,918	-	-	-	-
Other activities	243,238	359,298	262,863	-	11,016	12,478	17,631	-	-	-
Total governmental activities program revenues	9,290,888	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
Business-type activities:										
Charges for services - waterworks/sewerage	9,411,316	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
Capital grants and contributions	312,550	167,250	65,842	101,311	15,683	183,500	-	-	-	-
Total business-type activities program revenues	9,723,866	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
Total program revenues	\$ 19,014,754	\$ 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

(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,					
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (expense) revenue:										
Governmental activities	\$(34,914,107)	\$(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)
Business-type activities	<u>(2,860,584)</u>	<u>(2,174,138)</u>	<u>1,100,512</u>	<u>(1,575,230)</u>	<u>(1,483,851)</u>	<u>(2,210,059)</u>	<u>(1,581,660)</u>	<u>(1,516,424)</u>	<u>(886,576)</u>	<u>(1,201,196)</u>
Total net (expense) revenue	<u>\$(37,774,691)</u>	<u>\$(38,531,292)</u>	<u>\$(30,788,271)</u>	<u>\$(35,633,831)</u>	<u>\$(33,807,184)</u>	<u>\$(31,611,650)</u>	<u>\$(33,264,315)</u>	<u>\$(29,613,974)</u>	<u>\$(26,444,824)</u>	<u>\$(23,075,864)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property	\$ 11,054,823	\$ 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
Home rule	5,084,373	5,000,073	4,756,678	4,710,538	4,574,657	4,546,821	3,833,890	-	-	-
Auto rental	47,986	43,174	36,185	35,281	29,429	28,204	30,560	26,807	26,677	26,619
Franchise fees - cable	692,094	645,315	640,472	604,233	566,979	501,544	474,377	433,134	403,659	364,175
Telecommunications	1,381,207	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
Hotel	298,471	272,587	278,356	281,817	251,417	230,880	313,289	241,208	157,955	152,288
Intergovernmental:										
Replacement	156,255	152,358	142,418	139,013	154,893	135,686	144,517	171,107	162,583	146,870
State sales and use	11,903,296	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
Income	4,104,684	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
Investment earnings	179,247	213,842	354,263	367,609	974,115	1,081,644	1,345,422	1,794,262	1,902,500	1,375,656
Miscellaneous	938,298	1,504,447	814,168	1,222,460	782,343	840,270	735,643	1,271,781	1,633,322	112,259
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	<u>35,840,734</u>	<u>35,786,895</u>	<u>41,921,978</u>	<u>32,738,726</u>	<u>32,935,320</u>	<u>33,573,942</u>	<u>34,180,592</u>	<u>30,913,379</u>	<u>23,881,889</u>	<u>26,254,067</u>
Business-type activities:										
Investment earnings	39,673	40,184	2,382	5,062	48,105	30,986	59,519	222,720	215,259	194,092
Miscellaneous	116,233	307,698	30,710	30,442	(2,751)	40,222	13,943	11,183	26,515	-
Transfers	-	(12,480)	848,275	1,697,616	1,252,036	-	402,017	632,796	6,616,359	-
Total business-type activities	<u>155,906</u>	<u>335,402</u>	<u>881,367</u>	<u>1,733,120</u>	<u>1,297,390</u>	<u>71,208</u>	<u>475,479</u>	<u>866,699</u>	<u>6,858,133</u>	<u>194,092</u>
Total	<u>\$ 35,996,640</u>	<u>\$ 36,122,297</u>	<u>\$ 42,803,345</u>	<u>\$ 34,471,846</u>	<u>\$ 34,232,710</u>	<u>\$ 33,645,150</u>	<u>\$ 34,656,071</u>	<u>\$ 31,780,078</u>	<u>\$ 30,740,022</u>	<u>\$ 26,448,159</u>
Change in net position:										
Governmental activities	\$ 926,627	\$ (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
Business-type activities	<u>(2,704,678)</u>	<u>(1,838,736)</u>	<u>1,981,879</u>	<u>157,890</u>	<u>(186,461)</u>	<u>(2,138,851)</u>	<u>(1,106,181)</u>	<u>(649,725)</u>	<u>5,971,557</u>	<u>(1,007,104)</u>
Total change in net position	<u>\$ (1,778,051)</u>	<u>\$ (2,408,995)</u>	<u>\$ 12,015,074</u>	<u>\$ (1,161,985)</u>	<u>\$ 425,526</u>	<u>\$ 2,033,500</u>	<u>\$ 1,391,756</u>	<u>\$ 2,166,104</u>	<u>\$ 4,295,198</u>	<u>\$ 3,372,295</u>

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,					
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,675,549	\$ 677,431	\$ 611,212	\$ 340,272
Unreserved	-	-	-	-	-	-	19,485,158	21,744,305	19,788,129	17,260,266
Nonspendable	1,578,916	3,237,798	2,845,081	2,910,564	2,859,443	3,028,759	-	-	-	-
Committed	3,128	-	-	-	-	-	-	-	-	-
Assigned	3,615,389	2,419,158	3,660,817	2,452,902	3,000,000	5,050,000	-	-	-	-
Unassigned	7,820,204	10,024,692	11,123,805	12,539,460	15,338,381	13,531,107	-	-	-	-
Total General Fund	\$ 13,017,637	\$ 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
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
Debt Service Funds	-	-	-	-	-	-	836,020	806,392	1,262,516	2,695,631
Capital Projects Funds	-	-	-	-	-	-	(503,734)	2,437,541	4,037,027	951,259
Nonspendable, reported in:										
Special Revenue Funds	7,392	429	82,460	150,365	174,629	472,933	-	-	-	-
Restricted, reported in:										
Special Revenue Funds	8,145,652	8,662,682	8,521,260	9,082,375	9,760,597	10,822,453	-	-	-	-
Debt Service Funds	656,450	664,234	44,827	969,634	850,866	906,392	-	-	-	-
Capital Projects Funds	193,425	349,145	-	-	-	-	-	-	-	-
Assigned, reported in:										
Special Revenue Funds	5,239,772	5,489,662	6,069,521	7,008,252	10,935,899	10,188,580	-	-	-	-
Capital Projects Funds	3,349,107	3,431,874	3,994,997	4,200,746	2,032,886	6,328,647	-	-	-	-
Unassigned, reported in:										
Special Revenue Funds	(1,621)	-	-	-	-	-	-	-	-	-
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	\$ 17,590,177	\$ 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

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)

	2015				Fiscal Year Ended April 30,					
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Charges for services	\$ 4,255,331	\$ 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
Licenses and permits	594,261	689,030	681,467	603,915	571,338	623,399	687,478	860,051	1,210,611	632,204
Intergovernmental	19,178,195	17,210,359	18,897,440	5,034,520	15,699,908	1,255,501	15,518,767	16,655,508	16,927,272	15,461,953
Fines and forfeitures	1,186,481	593,493	581,230	681,590	615,032	637,172	626,212	501,930	663,780	432,197
Property taxes	11,054,823	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
Other taxes	7,504,131	7,521,129	7,458,667	21,784,312	7,401,254	20,352,032	6,626,604	2,780,057	2,479,577	2,640,722
Interest	179,247	213,846	354,263	367,608	974,114	1,081,644	1,345,426	1,794,262	1,902,500	1,204,294
Miscellaneous	1,037,793	1,595,211	865,199	1,128,819	686,785	497,962	321,738	971,674	1,289,021	1,357,289
Total revenues	44,990,262	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
Expenditures:										
Current:										
General government	8,433,073	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
Public safety	22,521,524	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
Highways and streets	8,248,411	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
Culture and recreation	563,450	542,720	550,698	546,814	1,124,645	1,805,834	1,471,775	299,181	251,717	258,943
Capital outlay	4,943,965	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
Debt service:										
Principal	1,338,673	1,325,384	1,343,197	1,460,345	1,305,074	3,677,000	680,000	830,000	1,040,000	805,000
Interest and fees	545,577	579,843	974,494	1,060,370	1,216,578	754,475	771,991	743,676	559,090	417,044
Total expenditures	46,594,673	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
Revenues over (under) expenditures before other financing sources (uses)	(1,604,411)	(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
Other financing sources (uses):										
Transfers in	10,011,992	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
Transfers out	(10,039,717)	(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)
General obligation bonds	-	-	3,389,792	-	-	18,175,000	-	-	-	-
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)	(27,725)	12,480	(6,755)	(1,697,616)	(1,252,036)	18,236,658	34,827	750,000	8,435,000	-
Net changes in fund balances	\$ (1,632,136)	\$ (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
Debt service as a percentage of noncapital expenditures	4.39%	4.50%	5.78%	6.10%	6.86%	10.25%	3.94%	4.61%	4.63%	3.99%

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)

	2015	2014	2013	2012
Property tax	\$ 11,054,823	\$ 11,165,179	\$ 11,327,721	\$ 11,061,961
Replacement tax	156,225	152,358	142,418	139,013
State sales tax	11,075,104	10,608,131	10,016,056	10,137,309
Home rule sales tax	5,084,373	5,000,073	4,756,678	4,710,538
Auto rental tax	47,986	43,174	36,185	35,281
Income	4,104,684	3,890,892	3,854,999	3,451,994
Franchise fees - cable	692,094	645,315	640,472	604,233
Telecommunications	1,381,207	1,559,980	1,746,976	1,824,479
Hotel	298,471	272,587	278,356	281,817
Local use	828,192	718,436	645,986	599,648
	\$ 34,723,159	\$ 34,056,125	\$ 33,445,847	\$ 32,846,273

Fiscal Year Ended April 30,					
2011	2010	2009	2008	2007	2006
\$ 11,880,834	\$ 11,364,280	\$ 11,527,194	\$ 10,364,823	\$ 7,709,144	\$ 7,875,234
154,893	135,686	144,517	171,107	142,124	146,870
9,627,149	9,467,834	10,189,283	10,915,086	11,168,510	11,296,923
4,574,657	4,546,821	3,833,890	-	-	-
29,429	28,204	30,560	26,807	26,677	26,619
3,079,075	3,068,722	3,503,952	3,748,680	3,431,732	2,806,403
566,979	501,544	474,377	433,134	403,659	364,175
1,693,257	1,831,489	1,925,732	2,022,417	1,911,745	2,097,640
251,417	230,880	313,289	241,208	157,955	152,288
573,208	476,568	558,750	556,870	512,083	-
\$ 32,430,898	\$ 31,652,028	\$ 32,501,544	\$ 28,480,132	\$ 25,463,629	\$ 24,766,152

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
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%
2014	1,275,219	682,859,738	215,592,383	56,205,928	766,260	1,320,683	958,020,211	1.2351	2,874,060,633	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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating:										
City of Crystal Lake	\$ 1.2351	\$ 1.1786	\$ 0.9797	\$ 0.8590	\$ 0.7574	\$ 0.7370	\$ 0.7021	\$ 0.7056	\$ 0.6962	\$ 0.6499
Crystal Lake Public Library	0.4670	0.4436	0.3878	0.3471	0.3145	0.2773	0.2773	0.2773	0.2773	0.2773
McHenry County	1.1412	1.0960	0.9958	0.8879	0.7927	0.7157	0.7014	0.6871	0.7060	0.7278
District 47	4.3867	4.1626	3.7347	3.2520	2.9484	2.6374	0.2588	2.5283	2.8974	2.6392
District 155	2.9721	2.8118	2.5090	2.1864	1.9577	1.7711	1.7395	1.6992	2.1707	1.7781
Debt service:										
McHenry County	-	-	-	-	-	-	-	-	-	-
District 47	0.2655	0.2446	0.2129	0.1815	0.1591	0.0912	0.0863	0.1313	0.1330	0.1355
District 155	0.1227	0.1495	0.1360	0.1115	0.0770	0.1344	0.1253	0.1221	0.1230	0.1242
Other	-	-	-	-	-	-	-	-	1.2152	0.9678
Total tax rate:										
City of Crystal Lake	1.2351	1.1786	0.9797	0.8590	0.7574	0.7370	0.7021	0.7056	0.6962	0.6499
Crystal Lake Public Library	0.4670	0.4436	0.3878	0.3471	0.3145	0.2773	0.2773	0.2773	0.2773	0.2773
McHenry County	1.1412	1.0960	0.9958	0.8879	0.7927	0.7157	0.7014	0.6871	0.7060	0.7278
District 47	4.6522	4.4072	3.9476	3.4335	3.1075	2.7286	0.3451	2.6596	3.0304	2.7747
District 155	3.0948	2.9613	2.6450	2.2979	2.0347	1.9055	1.8648	1.8213	2.2937	1.9023
Other	-	-	-	-	-	-	-	-	0.9379	0.9678
Other:										
College District	0.4453	0.4306	0.3921	0.3395	0.3039	0.2740	0.2686	0.2634	0.2741	0.2922
McHenry County Conservation	0.284	0.2748	0.2481	0.2191	0.1956	0.1775	0.1732	0.1738	0.1425	0.1490
Crystal Lake Park District	0.5582	0.5193	0.4605	0.4135	0.3758	0.3519	0.3463	0.3431	0.3536	0.3562
Township (Algonquin)	0.0851	0.0821	0.0742	0.0659	0.0577	0.0532	0.0522	0.0510	0.0523	0.0531
Road and Bridge (Algonquin)	0.1913	0.1827	0.1627	0.1450	0.1270	0.1171	0.1151	0.1124	0.1154	0.1173

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
Crystal Point LLC	Shopping
Skyridge Partners II LLC	Residential housing
Bradley Oper. Ltd. Partnership	Shopping
Cobalt Industrial	Industrial
Tyco Healthcare Group	Manufacturing
Walmart Real Estate Business	Shopping
Sunrise Residential Housing	Residential housing
Northern Illinois Medical Center	Medical
Chicago Title	Shopping
Home State Bank	Business
The Fountains	Residential housing
Rose SPE 1 LP	Shopping
Menards	Shopping
Sam's Real Estate Business	Shopping
Dayton Hudson Corporation	Shopping
Equities Venture Corporation	Shopping
Showplace Theatre Co	Entertainment

2014			2005		
Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value
\$ 7,561,697	1	0.79%	\$ 7,654,573	1	0.64%
7,254,804	2	0.76%	3,900,000	5	0.32%
5,860,002	3	0.61%	-	-	-
4,557,882	4	0.48%	-	-	-
4,102,762	6	0.43%	5,674,310	2	0.47%
3,996,945	5	0.42%	-	-	-
3,732,373	7	0.39%	-	-	-
3,125,735	8	0.33%	-	-	-
2,923,878	9	0.31%	-	-	-
2,853,610	10	0.30%	-	-	-
-		-	4,108,618	3	0.34%
-		-	4,148,772	4	0.35%
-		-	3,541,759	6	0.29%
-		-	3,421,747	7	0.28%
-		-	3,400,000	8	0.28%
-		-	3,352,104	9	0.28%
-		-	3,373,050	10	0.28%
\$ 45,969,688		4.82%	\$ 42,574,933		3.53%

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
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
2015	11,785,312	11,622,227	98.62	-	11,622,227	98.62

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			
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
2015	16,234,119	-	23,420,881	-	39,655,000	2.76	973.30

Note: Population and personal income data can be found at page 174, 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
2006	\$ 14,385,000	\$ 2,695,631	\$ 11,689,369	0.97%	\$ 293.79
2007	13,315,000	1,262,516	12,052,484	0.93%	302.92
2008	12,220,000	806,392	11,413,608	0.83%	286.86
2009	11,335,000	836,020	10,498,980	0.73%	231.52
2010	27,835,000	906,392	26,928,608	1.89%	593.81
2011	26,275,000	850,866	25,424,134	1.93%	624.01
2012	24,540,000	967,874	23,572,126	1.97%	578.56
2013	27,755,000	41,803	27,713,197	2.55%	680.20
2014	42,790,000	664,234	42,125,766	4.25%	1,033.94
2015	39,655,000	656,449	38,998,551	4.07%	957.18

Note: Population data can be found at page 174, Demographic and Economic Statistics.
Property value data can be found at pages 162 and 163, 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, 2015

Governmental Unit	Outstanding Debt	Applicable to the City	
		Percent	Amount
City of Crystal Lake	\$ 39,655,000	100.00 %	\$ 39,655,000
Total direct debt	39,655,000		39,655,000
Overlapping:			
School District Number 47	26,475,000	60.07	15,903,533
School District Number 155	21,610,000	40.09	8,663,449
College District Number 528	4,110,000	15.26	627,186
School District Number 46	4,480,000	8.68	388,864
School District Number 200	118,176,940	1.11	1,311,764
School District Number 300	495,483,381	0.01	49,548
McHenry County	-	13.85	-
McHenry County Conservation District	113,455,000	13.85	15,713,518
Crystal Lake Park District	1,679,670	74.03	1,243,460
Cary Park District	6,149,967	0.03	1,845
Huntley Park District	8,470,000	0.73	61,831
Cary Fire District	-	0.67	-
Algonquin Library	3,090,000	0.20	6,180
LITH Sanitary District	-	7.26	-
Algonquin Township	759,074	25.76	195,537
Dorr Township	-	2.68	-
Grafton Township	-	15.51	-
Nunda Township	-	21.12	-
Total overlapping debt	\$ 803,939,032		44,166,715
Total direct and overlapping debt			\$ 83,821,715

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 (1)	Personal Income	Per Capita Personal Income	School Enrollment (4)	Unemployment Rate (2)
2006	39,788	\$ 1,040,297,048	\$ 26,146 (3)	16,175	4.6%
2007	39,788	1,040,297,048	26,146 (3)	16,011	4.1%
2008	39,788	1,040,297,048	26,146 (3)	16,215	4.9%
2009	45,349	1,395,706,173	30,777 (1)	16,008	9.6%
2010	45,349	1,267,051,060	27,940 (5)	15,471	10.3%
2011	40,743	1,138,359,420	27,940 (5)	15,829	8.3%
2012	40,743	1,138,359,420	27,940 (5)	15,312	8.2%
2013	40,743	1,267,051,060	27,940 (5)	14,937	8.6%
2014	40,743	1,138,359,420	27,940 (5)	14,716	6.3%
2015	40,743	1,434,275,829	35,203 (5)	14,336	4.9%

Sources:

- (1) Link on Crystal Lake website to Demographics Now.
- (2) Local Area Unemployment Statistics website.
- (3) U.S. Census.
- (4) Elementary and high school - obtained from school districts.
- (5) 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	9	0.70%
Jewel Foodstores	220	10	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**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government	42	43	43	43	45	45	45	44	44	44
Public Safety:										
Police	75	75	73	78	79	78	79	71	71	73
Fire	66	64	63	67	66	70	64	55	51	47
Highways and Streets:										
Engineering	8	9	10	10	11	11	12	12	11	11
Maintenance	17	18	18	19	20	20	22	23	23	23
Sanitation	13	12	8	8	7	9	10	10	12	12
Waterworks and Sewerage	18	18	22	23	21	23	24	23	28	28
	<u>239</u>	<u>239</u>	<u>237</u>	<u>248</u>	<u>249</u>	<u>256</u>	<u>256</u>	<u>238</u>	<u>240</u>	<u>238</u>

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,					
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:										
Physical arrests	1,010	918	979	1,089	956	1,170	1,660	1,717	1,123	1,782
Parking violations	5,406	4,569	5,018	7,173	7,019	8,569	8,824	8,978	12,412	13,803
Traffic violations	5,877	5,914	5,067	6,185	6,287	7,614	7,093	6,631	7,933	8,255
Fire:										
Number of calls answered	5,695	5,452	5,475	5,357	5,069	4,940	5,116	5,207	4,991	5,258
Inspections	1,104	1,060	1,077	976	879	970	749	600	600	N/A
Highways and Streets:										
Street resurfacing (miles)	6.9	8.1	8.8	6.2	3.8	7.6	6.5	8.2	8	N/A
Water:										
New connections	23	7	7	15	14	15	50	118	195	N/A
Water main breaks	29	34	23	34	28	31	27	29	18	N/A
Average daily consumption (millions of gallons)	3.930	4.400	4.140	4.060	4.300	4.650	4.940	4.860	5	N/A
Wastewater:										
Average daily sewage treatment (in gallons)	5,092	4,800	4,167	4,793	3,934	5,000	5,870	6,092	4,500	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,				
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	23	23	23	23	22	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	160	163	163	163	177.0
Streetlights	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,700
Traffic signals	31	31	31	31	31	31	29	29	29	N/A
Culture and Recreation:										
Parks acreage	1,393	1,423	1,423	1,423	1,423	1,393	1,393	1,393	1,393	1,393
Parks	45	46	46	46	46	45	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	230	175	175	229	175	175	175	210	181
Fire hydrants	3,093	3,093	2,859	2,859	3,110	3,045	3,017	2,859	2,795	2,614
Maximum daily capacity (millions of gallons)	8.70	8.70	10.00	10.00	8.26	8.37	9.20	9.20	8.45	9.60
Sewer:										
Sanitary sewers (miles)	120	120	120	120	160	120	120	127	126	185
Storm sewers (miles)	60	60	60	60	60	60	60	62	60	110
Maximum daily treatment (thousands of gallons)	18,552	17,569	15,209	16,500	9,109	12,600	12,854	12,825	19,500	19,500

Source: City records.

See independent auditor's report.

Selden Fox, LTD.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
619 Enterprise Drive
Oak Brook, Illinois 60523-8835

630-954-1400
630-954-1327 FAX

email@seldenfox.com
www.seldenfox.com

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 8, 2015

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, 2015, and have issued our report thereon dated October 8, 2015. 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 March 7, 2015, 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 April 27, 2015 and in our engagement letter dated March 7, 2015.

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 used by the City of Crystal Lake, Illinois are described in Note 1 to the financial statements. For the fiscal year ended April 30, 2015, the City implemented GASB Statement No. 67 – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*. This Statement expands the disclosure requirements, in both the notes and the required supplementary information, for single employer defined benefit pension plans for which a separate plan audit report is not issued. No other new accounting policies were adopted and the application of existing policies was not changed during the year ended April 30, 2015.

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. 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. 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, 2015 in the government-wide financial statements is not needed is based on funds on deposit with the Illinois Risk Management Agency.

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.

Significant Audit Findings (cont'd)

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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 8, 2015.

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/lr

**City of Crystal Lake, Illinois
Adjusting Journal Entries
For the Year Ended April 30, 2015**

Account	Description	Debit	Credit	Income Increase (Decrease)
Adjusting Journal Entry JE # 1				
Client adjustment to various tax receivable and revenue.				
10100000014035	Auto Rental Tax Receivable	\$ 351.82	\$ -	\$ -
10100000041030	Sales Tax - II	6,460.02		
10200000041032	Home Rule Sales Tax	9,181.77		
10100000014030	Sales Tax Receivable		6,460.02	
10100000041035	Auto Rental Tax - II		351.82	
10200000014032	Home Rule Sales Tax Receivable		9,181.77	(15,289.97)
Adjusting Journal Entry JE # 2				
Client adjustment to reclassify certain waste treatment expenses to the proper fund.				
62000000049630	Transfer from Water Capital Fund	163,991.05		
63000000016800	Due from Other Funds	163,991.05		
65005150058620	Transfer to Wtr & Swr Fund 620	163,991.05		
62000000049650	Transfer from 2015 GO Project Fund		163,991.05	
63005150058620	Transfer to Water Fund 620		163,991.05	
65000000025800	Due to Other Funds		163,991.05	-
Adjusting Journal Entry JE # 3				
Client adjustment to retainage payable.				
29905690557100	Capital - System Improvement	7,533.93		
29900000021710	Retainage Payable		7,533.93	(7,533.93)
Adjusting Journal Entry JE # 4				
Record Library property tax receivable and deferred inflows.				
94000000013190	Property Tax Receivable - Library	3,987,338.54		
94300000013190	Property Tax Receivable - Library - IMRF/FICA	288,550.42		
94800000013190	Property Tax Receivable - FICA	182,946.87		
94000000013010	Property Tax Receivable - PY		39,873.39	
94000000026190	Deferred Property Tax - Library - IMRF/FICA		3,947,465.15	
94300000013010	Property Tax Receivable - PY Library -		2,885.50	
94300000026190	Deferred Property Tax - Library - IMRF/FICA		285,664.92	
94800000013010	Property Tax Receivable - PY		1,829.47	
94800000026190	Deferred Property Tax - FICA		181,117.40	-

(cont'd)

**City of Crystal Lake, Illinois
Adjusting Journal Entries (cont'd)
For the Year Ended April 30, 2015**

Account	Description	Debit	Credit	Income Increase (Decrease)
Adjusting Journal Entry JE # 5				
Record Library transfers and balance interfund accounts.				
9400000016800	Due from Other Funds	\$ 50,928.75	\$ -	\$ -
94099601058860	Transfer to Special Reserve	493,205.51		
94300000059999	Transfer to Special Reserve	132,515.62		
94800000059999	Transfer to Special Reserve	81,219.29		
94400000049953	Transfer from Library Operation		493,205.51	
94400000049954	Transfer from FICA		81,219.29	
94400000049955	Transfer from IMRF		132,515.62	
94900000025800	Due to Other Funds		50,928.75	-
Adjusting Journal Entry JE # 6				
Record accounts payable for road work completed prior to April 30, 2015.				
10199150058399	Transfer to Capital Reserve Fund	57,162.00		
11000000010210	Cash - IL Funds	57,162.00		
11025801057100	Capital - Systems Improvements	57,162.00		
23725421057080	Capital - Streets	151,710.06		
10100000010210	Cash - IL Funds Mm		57,162.00	
11000000021020	Vouchers Payable		57,162.00	
11000000049101	Transfer from General Fund		57,162.00	
23700000021020	Vouchers Payable		151,710.06	(208,872.06)
Adjusting Journal Entry JE # 7				
Record State contribution for road projects.				
23725421057080	Capital - Streets	1,226,759.89		
23700000041700	Grant Proceeds - II		1,226,759.89	-
Adjusting Journal Entry JE # 8				
Properly record Library acquisitions of properties in current year.				
94400000059110	Spec Res Cap. Expenditure - Land	17,308.50		
94500000044234	Rental Property - 17 McHenry Ave.	1,995.00		
94500000044235	Rental Income - 91 Crystal Lk Ave.	600.60		
94500000044236	Rental Income - 81 Crystal Lk Ave.	500.00		
94500000044237	Rental Income -1 McHenry Ave.	750.00		
94500000044950	Tax - C & R	5,287.67		
94500000023100	Escrow - Security Deposits		7,905.00	
94500000024100	Escrow - Property Taxes		18,536.77	(26,441.77)

(cont'd)

**City of Crystal Lake, Illinois
Adjusting Journal Entries (cont'd)
For the Year Ended April 30, 2015**

Account	Description	Debit	Credit	Income Increase (Decrease)
Adjusting Journal Entry JE # 9				
Adjusted compensated absences in enterprise fund to actual.				
62025411054999	Change in Compensated Absences	\$ 54,450.00	\$ -	\$ -
62000000029015	Compensated Absences Payable		54,450.00	(54,450.00)
Adjusting Journal Entry JE # 10				
Client adjustment to adjust property tax revenue for anticipated reduction due to tax objection lawsuit.				
10100000021020	Vouchers Payable	162,695.23		
10100000021020	Vouchers Payable	192,583.97		
10100000040030	Property Tax - Police Pension	192,583.97		
10100000040035	Property Tax - Fire Pension	162,695.23		
23000000040050	Property Tax - Fire/Rescue	582,870.06		
23500000040070	Property Tax - Crossing Guards	4,907.44		
23600000040080	Property Tax - IMRF	91,857.77		
23600000040090	Property Tax - FICA	83,396.83		
83800000040030	Property Tax - Police Pension	192,583.97		
83900000040035	Property Tax - Fire Pension	162,695.23		
10100000021020	Vouchers Payable		162,695.23	
10100000021020	Vouchers Payable		192,583.97	
10199150058310	Transfer To Police Pension Fund		192,583.97	
10199150058315	Transfer To Fire Pension Fund		162,695.23	
23000000021020	Accounts Payable		582,870.06	
23500000021020	Vouchers Payable		4,907.44	
23600000021020	Vouchers Payable		83,396.83	
23600000021020	Vouchers Payable		91,857.77	
83800000021020	Vouchers Payable		192,583.97	
83900000021020	Vouchers Payable		162,695.23	(1,473,590.50)
Adjusting Journal Entry JE # 11				
Client adjustment to accrue McHenry Avenue construction engineering reimbursement for May - November 2013.				
23700000015120	Accounts Receivable - Miscellaneous	69,843.52		
23700000041800	Grant Proceeds - Federal		69,843.52	69,843.52

(cont'd)

City of Crystal Lake, Illinois
Adjusting Journal Entries (cont'd)
For the Year Ended April 30, 2015

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Income Increase (Decrease)</u>
Adjusting Journal Entry JE # 12				
Client adjustment to accrue various Baxter & Woodman invoices for services performed prior to April 30, 2015.				
62025701055010	Professional Services	\$ 6,273.20	\$ -	\$ -
62025701055420	Plant Maintenance Services	48,244.41		
62000000021020	Vouchers Payable		54,517.61	(54,517.61)
Adjusting Journal Entry JE # 13				
Client adjustment to reverse payroll accrued in error at April 30, 2015.				
10100000020010	Accrued Wages Payable	190.00		
10101101054110	Regular Salaries		190.00	190.00
Adjusting Journal Entry JE # 14				
Client adjustment to reclassify certain employee assistance program costs to Fund 105.				
10100000010210	Cash - II Funds Mm	23,430.86		
10505121054200	Group Insurance	23,430.86		
10105121054200	Group Insurance		23,430.86	
10500000010210	Cash - IL Funds MM		23,430.86	-
Net effect of adjusting journal entries				<u>\$ (1,770,662.32)</u>

City of Crystal Lake, Illinois
GASB 34 Adjusting Entries
For the Year Ended April 30, 2015

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 1				
Record governmental activities long-term debt.				
10100000031010	Unreserved Fund Balance	\$ 19,990.64	\$ -	\$ -
10100000031010	Unreserved Fund Balance	2,532,396.24		
10195150058110	Interest	83.81		
55000000031010	Unreserved Fund Balance	5,671.29		
55000000031010	Unreserved Fund Balance	680,000.00		
55300000031010	Unreserved Fund Balance	13,616.09		
55300000031010	Unreserved Fund Balance	1,491,749.99		
55600000031010	Unreserved Fund Balance	211,354.98		
55600000031010	Unreserved Fund Balance	12,868,645.00		
10100000027010	Interest Payable		20,074.45	
10100000027115	Debt, Current Portion		375,710.60	
10100000027116	Debt, Noncurrent Portion		1,800,681.96	
10195150058100	Principal		356,003.68	
55000000027010	Interest Payable		4,300.00	
55000000027115	Debt, Current Portion		109,523.81	
55000000027116	Debt, Noncurrent Portion		463,809.52	
55095150058100	Debt Service - Principal		106,666.67	
55095150058110	Debt Service - Interest		1,371.29	
55300000027010	Interest Payable		9,433.13	
55300000027115	Debt, Current Portion		240,267.86	
55300000027116	Debt, Noncurrent Portion		1,017,482.13	
55395150058100	Debt Service - Principal		234,000.00	
55395150058110	Debt Service - Interest		4,182.96	
55600000027010	Interest Payable		203,927.06	
55600000027115	Debt, Current Portion		658,464.00	
55600000027116	Debt, Noncurrent Portion		11,568,179.00	
55695150058100	Debt Service - Principal		642,002.00	
55695150058110	Debt Service - Interest		7,427.92	1,351,570.71
GASB 34 Adjusting Entry # 2				
Record amortization of bond premiums and discounts.				
99910000030100	Gov. Activities - Unrestricted Net Assets	135,156.05		
99910000027000	Gov. Activities - Deferred Bond Premium		65,351.62	
99910000050901	Gov. Activities - Amortization of Bond Premium		69,804.43	69,804.43

(cont'd)

**City of Crystal Lake, Illinois
 GASB 34 Adjusting Entries (cont'd)
 For the Year Ended April 30, 2015**

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 3				
Record beginning governmental activities capital assets.				
99910000010100	Buildings	\$ 33,434,816.71	\$ -	\$ -
99910000010200	Construction in Progress	4,437,997.34		
99910000010300	Equipment	7,554,773.92		
99910000010400	Infrastructure	64,054,828.78		
99910000010500	Other Equipment	1,520,145.00		
99910000010600	Vehicles	7,056,781.00		
99910000010700	Land	103,539,790.42		
99910000011100	Accumulated Depreciation - Buildings		9,810,634.46	
99910000011300	Accumulated Depreciation - Equipment		3,207,909.32	
99910000011400	Accumulated Depreciation - Infrastructure		17,879,062.75	
99910000011600	Accumulated Depreciation - Other Equip		1,321,620.00	
99910000011700	Accumulated Depreciation - Vehicles		5,061,726.00	
99910000030000	Net Assets Invested in Capital Assets		184,318,180.64	-
GASB 34 Adjusting Entry # 4				
Record current additions to governmental activities capital assets.				
99910000010100	Governmental Activities - Buildings	106,647.00		
99910000010200	Governmental Activities - CIP	899,468.86		
99910000010300	Governmental Activities - Equipment	1,677,273.76		
99910000010400	Governmental Activities - Infrastructure	1,650,411.84		
10105881055300	Buildings And Offices Maintenance		19,950.00	
10120801055010	Professional Services		5,541.15	
11005121056050	Computer Hardware & Software		28,000.00	
11005881057040	Capital - Departmental Equipment		14,000.00	
11010171057000	Capital - Buildings & Facility		106,647.00	
11015201057030	Capital - Automotive Equipment		139,629.25	
11020801055010	Professional Services		13,958.85	
11020801057000	Capital - Buildings & Facilities		34,066.85	
11020801057030	Capital - Automotive Equipment		122,109.00	
11025421057030	Capital - Automotive Equipment		345,204.60	
11025711057030	Capital - Automotive Equipment		465,180.00	
11025801055390	Sidewalk Maintenance & Repair		65,236.95	
11025801057100	Capital - Systems Improvements		204,443.60	
11025871057000	Capital - Buildings & Facility		93,955.00	
11025871057030	Capital - Automotive Equipment		46,551.56	
11025871057040	Capital - Departmental Equipment		53,511.85	
20115201085710	DUI Fines		26,690.00	
20115201085785	DEA (Federal Sharing)		16,374.00	

(cont'd)

City of Crystal Lake, Illinois
GASB 34 Adjusting Entries (cont'd)
For the Year Ended April 30, 2015

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 4 (cont'd)				
23018231057030	Capital - Automotive Equipment	\$ -	\$ 239,881.90	\$ -
23018231057160	Capital - Departmental Equipment		58,876.60	
23325421057090	Capital - Sidewalks		65,236.95	
23725421057080	Capital - Streets		1,758,087.47	
23725421057120	Capital - Land		15,007.00	
29805690557040	Capital - Operating Equipment		34,698.28	
29905690557100	Capital - System Improvement		360,963.60	4,333,801.46
GASB 34 Adjusting Entry # 5				
Record transfers out of governmental activities construction in progress.				
99910000010100	Buildings	278,727.00		
99910000010300	Equipment	7,625.00		
99910000010400	Infrastructure	295,693.04		
99910000010200	Construction in Progress		582,045.04	-
GASB 34 Adjusting Entry # 6				
Record governmental activities depreciation expense.				
99910000050100	Depreciation - General Government	409,378.87		
99910000050200	Depreciation - Public Safety	1,014,288.73		
99910000050300	Depreciation - Highways and Streets	1,139,245.97		
99910000050400	Depreciation - Culture and Recreation	480,981.37		
99910000011100	Accumulated Depreciation - Buildings		861,691.43	
99910000011300	Accumulated Depreciation - Equipment		1,034,629.20	
99910000011400	Accumulated Depreciation - Infrastructure		1,147,574.31	(3,043,894.94)
GASB 34 Adjusting Entry # 7				
Record disposal of capital assets of governmental activities.				
23018231057160	Capital - Departmental Equipment	8,500.00		
99910000011300	Accum Depreciation - Equipment	822,608.37		
99910000010300	Equipment		823,415.38	
99910000060000	Loss on Disposal of Capital Assets		7,692.99	(807.01)
GASB 34 Adjusting Entry # 8				
Reclassify proceeds from sale of assets from miscellaneous.				
10100000048990	Miscellaneous Income	112,043.14		
99910000060000	Loss on Disposal of Capital Assets		112,043.14	-

(cont'd)

City of Crystal Lake, Illinois
GASB 34 Adjusting Entries (cont'd)
For the Year Ended April 30, 2015

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 9				
Adjust governmental activities compensated absences payable to actual.				
99910000030100	Unrestricted Net Assets	\$ 3,091,914.54	\$ -	\$ -
99910000054100	Comp. Absences Expense - Public Safety	125,360.45		
99910000029010	Comp. Absences Payable - Current		1,937,789.12	
99910000029015	Comp. Absences Payable - Long-term		1,219,759.32	
99910000054000	Comp. Absences Expense - General Govt		17,476.21	
99910000054200	Comp. Absences Expense - Highways		42,250.34	(65,633.90)
GASB 34 Adjusting Entry # 10				
Adjust governmental activities net pension and OPEB obligations to actual.				
99910000030100	Unrestricted Net Assets	2,428,129.00		
99910000053000	Pension - Public Safety	937.00		
99910000053001	IMRF NPO - General Government	4,019.00		
99910000053010	OPEB - General Government	81,121.00		
99910000025000	Net Pension Obligations		2,307,252.00	
99910000025010	OPEB Obligation Liability		206,954.00	(86,077.00)
GASB 34 Adjusting Entry # 11				
Record beginning Library capital asset activity.				
99800000010100	Library - Land	2,074,877.22		
99800000010200	Library - Buildings and Improvements	7,890,171.84		
99800000010300	Library - Equipment	431,916.82		
99800000050000	Library - Depreciation	210,874.38		
99800000011200	Library - Accumulated Depreciation - Buildings		3,063,265.49	
99800000011300	Library - Accumulated Depreciation - Equipment		321,979.19	
99800000030100	Library - Net Assets Invested in Capital Assets		5,786,619.34	
99800000057999	Library Activities - Capital Asset Additions		1,435,976.24	
GASB 34 Adjusting Entry # 12				
Record compensated absences payable in the Library activities.				
94000000031010	Unreserved Fund Balance	127,567.72		
94060601054125	Vacation Wages	1,740.31		
94000000029010	Compensated Absences Payable - Current		79,356.34	
94000000029015	Compensated Absences Payable - Noncurrent		49,951.69	(1,740.31)
Net effect of GASB 34 adjusting entries				\$ 2,557,023.44

**City of Crystal Lake, Illinois
Proposed Adjusting Entries
For the Year Ended April 30, 2015**

Account	Description	Debit	Credit	Income Increase (Decrease)
Proposed Journal Entry # 1				
Adjust accrued investment income to actual.				
10100000047010	Interest Income	\$ 16,122.05	\$ -	\$ -
10100000031010	Unreserved Fund Balance		16,122.05	(16,122.05)
Proposed Journal Entry # 2				
Record capital facility fees as revenue in the proper period.				
23000000025910	Capital Facilities Fees	178,445.00		
23000000031010	Unreserved Fund Balance		178,445.00	(178,445.00)
Proposed Journal Entry # 3				
Adjust water/sewer receivable balances to detail aging report.				
62000000031010	Unreserved Fund Balance	6,637.30		
62000000046010	Water Sales	42,989.89		
62000000015010	Accounts Receivable - Water Sewer		49,627.19	(42,989.89)
Proposed Journal Entry # 4				
Properly recognize Library subscription fee revenue in the fiscal year in which it is earned.				
94000000021020	Vouchers Payable	2,500.00		
94060601056440	Electronic Reserve - Adult Reference	20,598.86		
94000000031010	Unreserved Fund Balance		23,098.86	(20,598.86)
Proposed Journal Entry # 5				
Recognize Library property tax expense in the proper fiscal year.				
94000000016800	Due from Other Funds	28,248.72		
94500000031010	Unreserved Fund Balance	10,719.57		
94500000058135	Maint & Mgmt - 91 Crystal Lk Ave	8,844.41		
94500000058136	Maint & Mgmt - 81 Crystal Lk Ave.	3,660.41		
94500000058137	Maint - 1 McHenry Ave.	4,128.73		
94500000058138	Maint & Mgmt - 94 Paddock St.	895.60		
94000000021020	Vouchers Payable		28,248.72	
94500000025800	Due to Other Funds		28,248.72	(17,529.15)

City of Crystal Lake, Illinois
Proposed Adjusting Entries (cont'd)
For the Year Ended April 30, 2015

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Income Increase (Decrease)</u>
Proposed Journal Entry # 6				
Adjust various tax receivable and revenue to actual.				
10100000014045	Local Use Tax Receivable	\$ 20,279.85	\$ -	\$ -
10100000040300	Telecommunications Tax	9,116.18		
10100000014050	Telecommunications Tax Receivable		9,116.18	
10100000041045	Use Tax - II		20,279.85	11,163.67
	Net effect of passed adjusting journal entries			<u>\$ (264,521.28)</u>

Selden Fox, LTD.

A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

619 Enterprise Drive
Oak Brook, Illinois 60523-8835

630-954-1400
630-954-1327 FAX

email@seldenfox.com
www.seldenfox.com

October 8, 2015

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

We have audited the financial statements of the **City of Crystal Lake, Illinois (City)** as of and for the year ended April 30, 2015, and have issued our report thereon dated October xx, 2015. During our audit, we noted the following operational or administrative 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. Those recently issued statements which may have an impact on the City are detailed below:

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 is the difference between the actuarial accrued liability and the investments being held to meet that liability. The calculation of this liability will be done by actuaries (or in the case of IMRF, will be provided by IMRF to member agencies). Management will need to review the information provided by IMRF or the independent actuary and make a determination as to the appropriateness of the assumptions used as they relate to the City, and reconcile amounts used in the calculations (salary expense, employer contributions) to the City's financial records. Statement No. 68 is applicable for the year ending April 30, 2016. It is important to note that the Statement does not change the manner in which pension obligations are funded, only the manner in which they are presented. Financial information previously reported only within the Required Supplementary Information following the notes to the financial statement will now be presented within the financial statements.

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.

Future Accounting and Auditing Pronouncements (cont'd)

GASB Statement 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value investments. The Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value, and requires disclosure of the level of the fair value hierarchy and valuation techniques for investments held by the local government. Statement No. 72 is effective for the year ending April 30, 2017.

GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* establishes new accounting and financial reporting requirements for governments whose employees are provided other postemployment benefits (OPEB) administered through trusts meeting certain criteria. The Statement requires new disclosures in the notes to the financial statements and in required supplementary information. Statement No. 74 is effective for the year ending April 30, 2018.

GASB Statement 75, *Financial Reporting for Postemployment Benefit Other Than Pension Plans* establishes new accounting and financial reporting requirements for governments for OPEB that is provided to state and local government employees. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenses, and also requires new disclosures in the notes to the financial statements and in required supplementary information. Statement No. 75 is effective for the year ending April 30, 2019.

GASB Statement 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about both a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the City's tax revenues. Statement No. 77 is effective for the year ending April 30, 2017.

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.

Seiden Fox, Ltd.