

City of Crystal Lake

Popular Annual Financial Report

Fiscal Year 2020-2021



WELCOME!



On behalf of the Crystal Lake City Council, we are pleased to present the City of Crystal Lake's first Popular Annual Financial Report (PAFR) for the fiscal year ended April 30, 2021. This report is an overview of the City's financial practices and standing. It is intended to provide an easily understandable financial report to citizens and others seeking insight into the City's financial activities and to increase public awareness of where the City's revenues come from and how expenditures are spent. Those who wish to access the City's Annual Comprehensive Financial Reports may do so at www.crystallake.org.

Inside this PAFR, readers will find information on the City's history, government, and financials, including capital improvements and debt service. This report does not include information on the City's fiduciary funds. The Crystal Lake Public Library is a component unit of the City of Crystal Lake, however, the Library's financials are not included in this report.

Thank you for your interest in learning more about the City of Crystal Lake. It is our hope that readers gain an understanding of the City's finances and an appreciation of the City's services.

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CITY PROFILE

The Crystal Lake area's first European settlers arrived in 1836 and discovered a sparkling clear lake, tall timber, and vast prairies. The Village of Crystal Lake was platted in 1840.

The Village of Nunda was established in 1855, with the Chicago, St. Paul and Fond du Lac Railroad as the first direct rail connection from Chicago. The train stop in the Village of Nunda established the town as the commercial hub of McHenry County.

The street configuration of Crystal Lake's present downtown reflects the railroad's early influence. In 1856, a rail spur line (now Dole Avenue) was built from the Village of Nunda to Crystal Lake to transport ice cut from the lake to Chicago and to bring visitors from Chicago to the area.

The Village of Nunda became North Crystal Lake in 1908, and Crystal Lake and North Crystal Lake consolidated on April 28, 1914. The City of Crystal Lake Charter was adopted on September 23, 1914.

Since then, the City of Crystal Lake has grown to a population of 40,269. Located 50 miles northwest of Chicago, Crystal Lake enjoys a stable economic environment. Downtown Crystal Lake remains a vibrant, commercial district, with its own unique dining, specialty shops, services and entertainment options, including the 800-seat, Raue Center for the Arts.

CRYSTAL LAKE QUICK FACTS

Population:
40,269

Square Miles:
18.96

**Median Housing
Value:**
\$221,300

**High School Grad
or Higher:**
93.7%

**Total Housing
Units**
15,414

**Median Household
Income:**
\$87,578

**Income
Per Capita:**
\$39,314

*Source: U.S. Census
Bureau, 2020*



THREE OAKS RECREATION AREA

Opened in 2010, Three Oaks Recreation Area is a 450-acre family-friendly recreation facility that offers amenities such as boat and paddleboard rentals, scuba diving facilities, a swim beach, a splashpad, and a playground. Two trails totaling 1.25 miles are available for walking, hiking, running, and biking.

The marina at Three Oaks offers a variety of row boats and watercraft to rent, including canoes, kayaks, paddle boats, and paddle pontoons. The park also has four pavilions that are available for rent.

While the swim beach and marina are only open from April until October, weather permitting, the trails remain open for use year-round. Admission to the swim beach is free for Crystal Lake residents. Parking at Three Oaks is free to Crystal Lake residents with a valid City vehicle sticker.

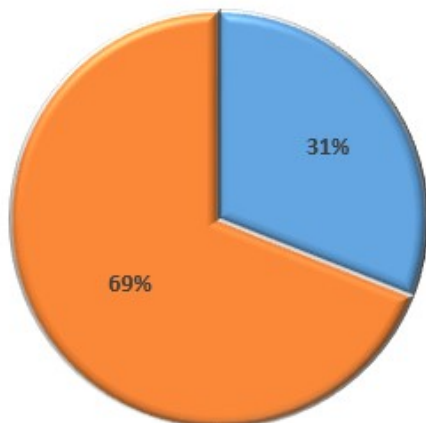


HISTORY OF THREE OAKS RECREATION AREA

Starting in the early 1950's, Vulcan Materials began extracting sand and stone from the site known today as the Three Oaks Recreation Area. After four decades of mining, the water table was exposed creating two lakes. When Vulcan Materials completed mining in the late 1990s, the site became the property of the City of Crystal Lake. The City then began years of development planning to reclaim the long-abandoned quarry into the recreation area it is today. Three Oaks Recreation Area is named after the road that once ran through the land. In 2021, the Three Oaks Recreation Area celebrated its 10th full year of operations.

ATTENDANCE AT THREE OAKS RECREATION AREA

2020 SURVEY RESULTS



■ Crystal Lake Resident ■ Non-Resident



CITY GOVERNMENT

The City of Crystal Lake has operated on a Council-Manager form of government since 1957. The Mayor and the other members of the City Council are elected at-large on a non-partisan basis, and serve four-year staggered terms. The City Council has policy-making and legislative authority while the City Manager carries out the policies and ordinances of the City Council, oversees the day-to-day operations of the government, and appoints the heads of the various departments. The Crystal Lake City Council meets the first and third Tuesdays of the month at 7:00 PM. City Council meetings are held in the City Council Chambers located at 100 W. Woodstock Street.

MAYOR

Haig Haleblian

COUNCILMEMBERS

Ellen Brady

Cameron Hubbard

Cathy A. Ferguson

Mandy Montford

Brett Hopkins

Ian Philpot

CITY CLERK

Nick Kachiroubas

CITY MANAGER

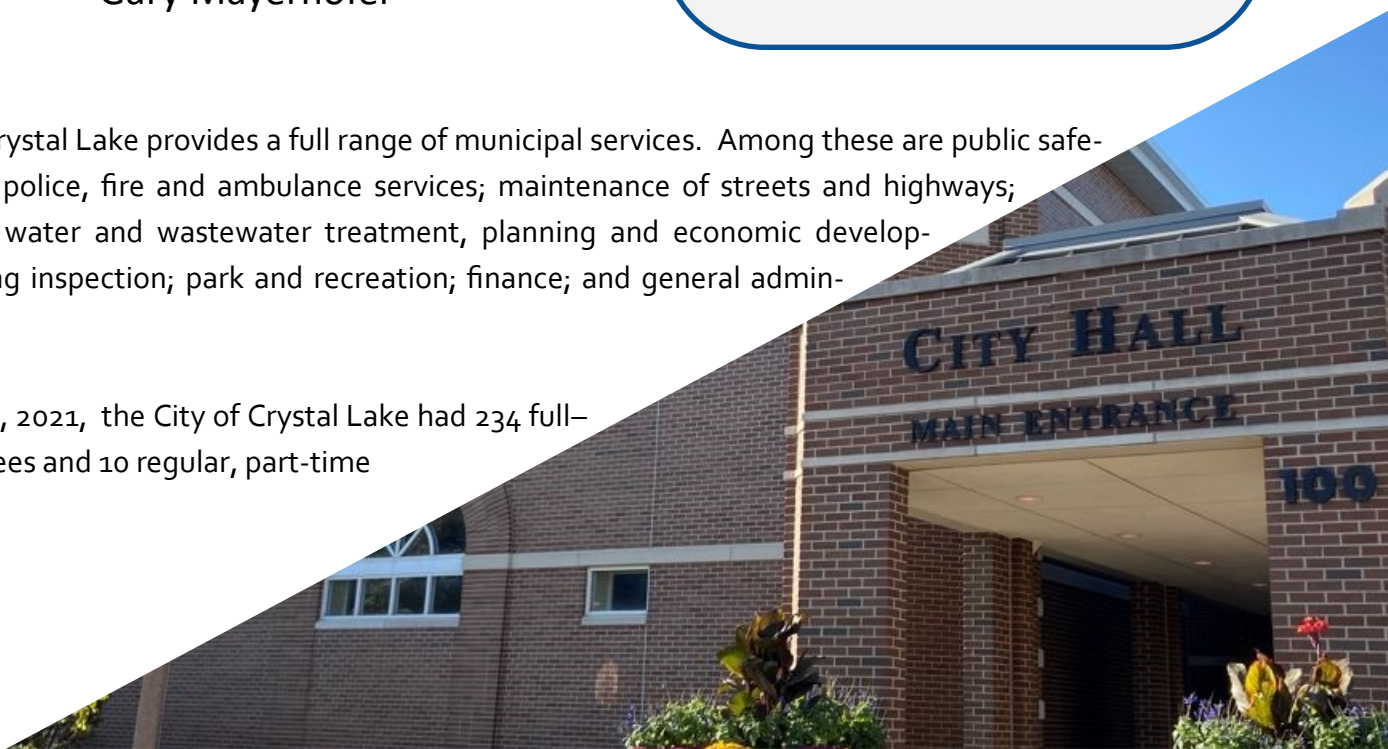
Gary Mayerhofer

MISSION STATEMENT

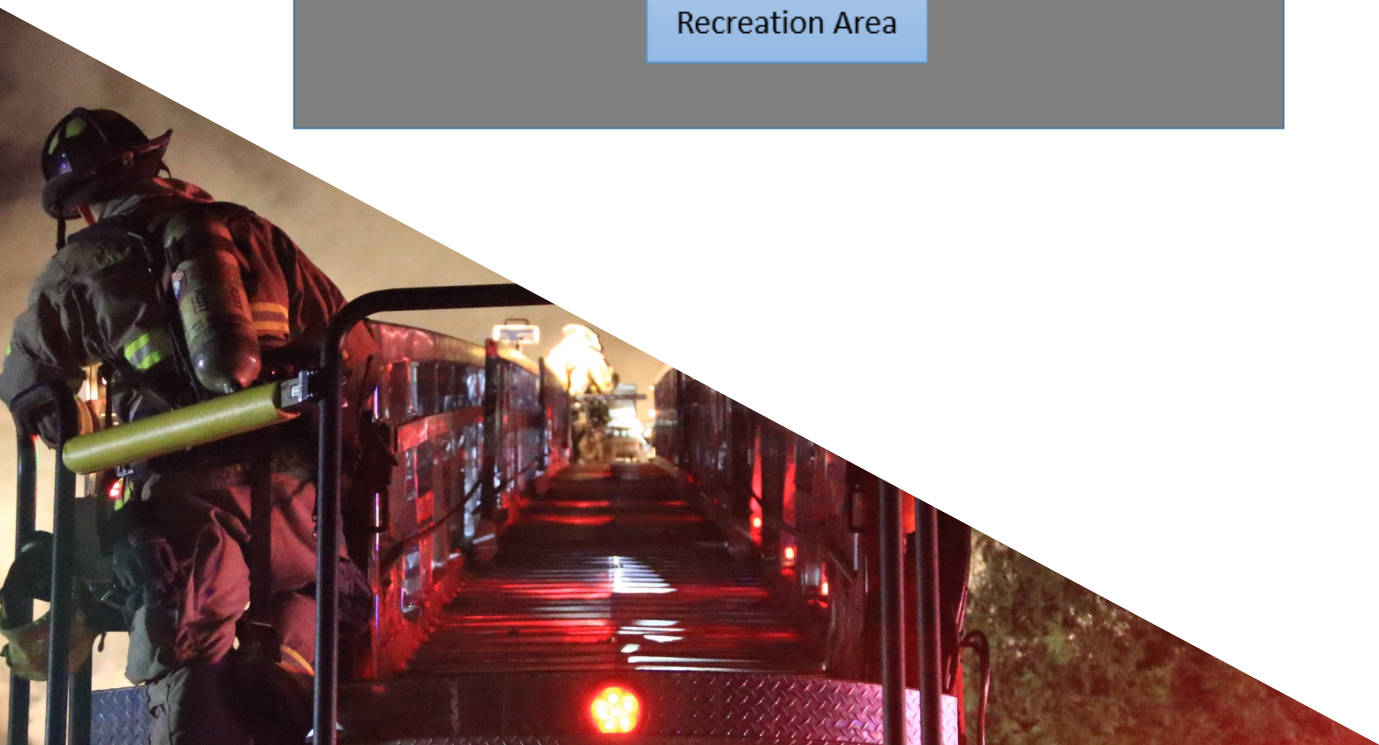
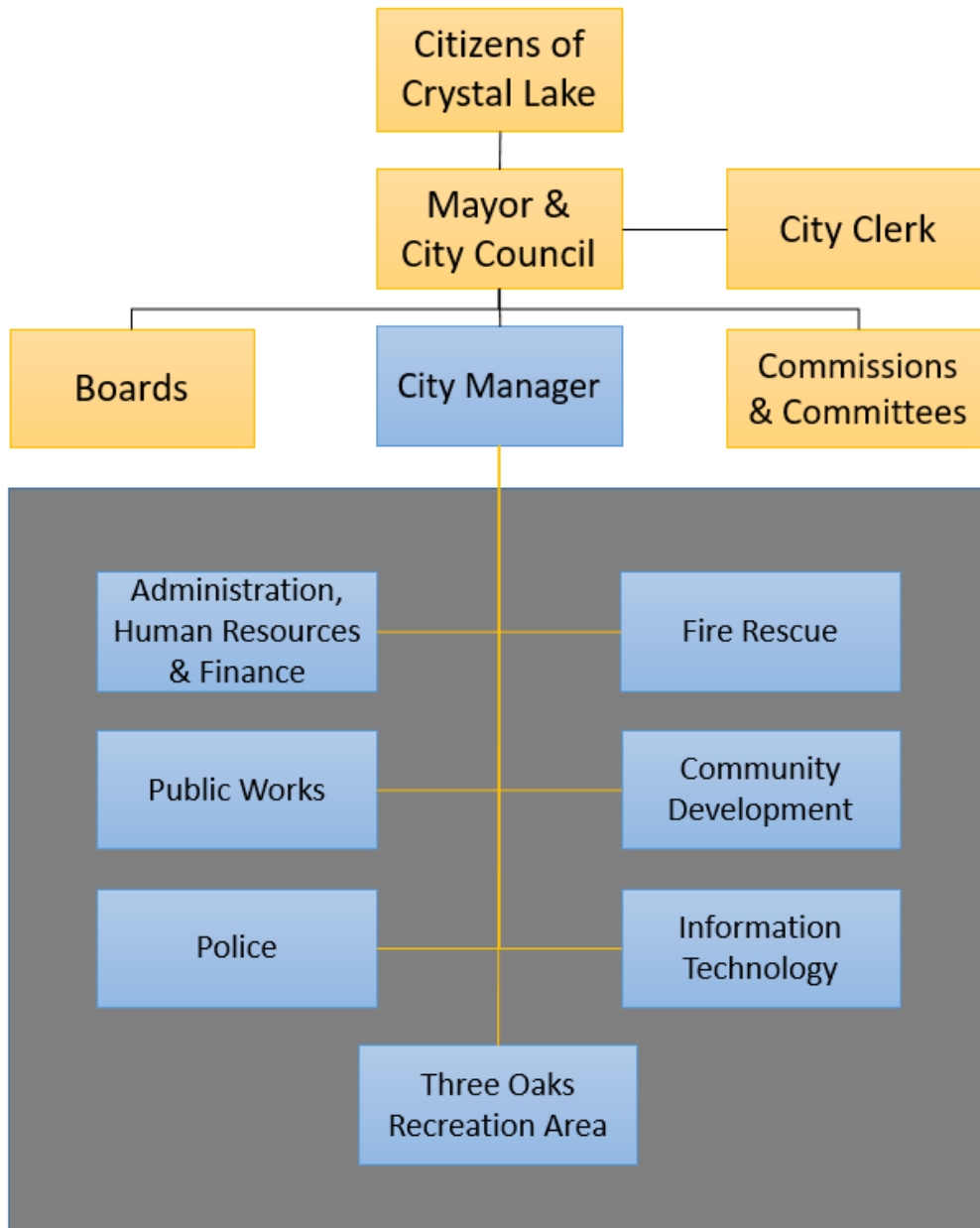
“The City of Crystal Lake is committed to the high quality of life enjoyed by the citizens and businesses of the Crystal Lake community. Our mission is to enhance and preserve the history, natural resources and unique cultural traditions of the community as well as provide fiscally sound and responsive services, programs, and facilities with the highest degree of professionalism, integrity, and efficiency so that Crystal Lake continues to be a great place to live and work.”

The City of Crystal Lake provides a full range of municipal services. Among these are public safety, including police, fire and ambulance services; maintenance of streets and highways; engineering; water and wastewater treatment, planning and economic development; building inspection; park and recreation; finance; and general administration.

As of April 30, 2021, the City of Crystal Lake had 234 full-time employees and 10 regular, part-time employees.



ORGANIZATIONAL CHART



FINANCIAL INFORMATION

The **General Fund** accounts for all general government activity not accounted for in other funds of the City. Departmental operating activities such as those of police, fleets, streets, engineering, community development and the Three Oaks Recreation Area as well as general government support services, such as the City Manager's Office, finance and information technology are accounted for in the General Fund.

Additionally, the City maintains 18 other **governmental funds**, each dedicated to a particular function. The City has three categories of governmental funds:

- **Special revenue funds** account for specific revenue sources that are restricted for a specific purpose.
- **Capital funds** are used for the acquisition of major capital assets.
- **Debt service funds** account for the payments of principal and interest on long-term debt.

Besides governmental funds, the City has two additional fund classifications: **proprietary funds** and **fiduciary funds**.

- **Proprietary funds**, also known as business-type funds, account for City services that are predominantly self-supported through user fees.
- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the City organization. This includes the City's two pension trust funds and custodial Special Service Area Funds.

FINANCIAL HIGHLIGHTS

The City's net position increased by \$15.64 million for a total of \$224.41 million.

City-wide capital assets, net of depreciation, totaled \$269.23 million.

The fund balance of the General Fund ended the fiscal year at \$21.76 million.

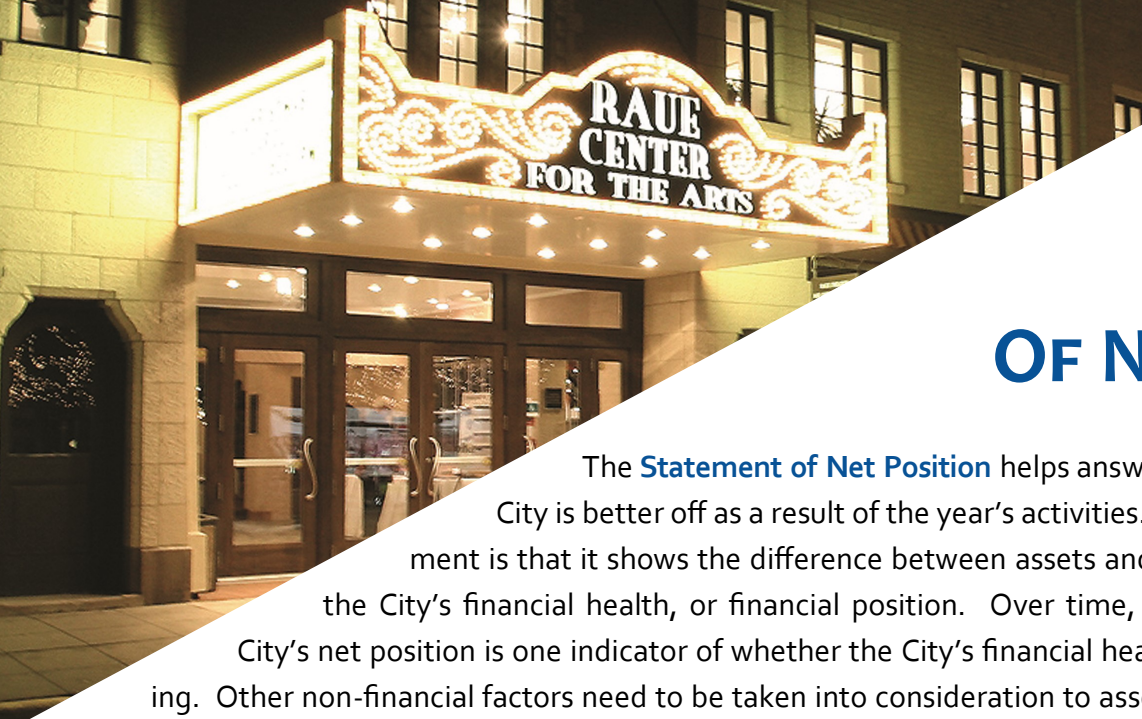
Total revenues for the General Fund finished \$7 million above budget expectations.

General Fund expenditures were \$2.1 million below the budgeted amounts.

The Waterworks and Sewerage Fund's net position increased \$3.26 million to \$60.47 million.

The City's bond rating is AA+ as affirmed by Standard and Poor's.

The City's bonded debt total is \$25.32 million, a decrease of \$2.35 million



STATEMENT OF NET POSITION

The **Statement of Net Position** helps answer the question of whether the City is better off as a result of the year's activities. The importance of this statement is that it shows the difference between assets and liabilities—a way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether the City's financial health is improving or deteriorating. Other non-financial factors need to be taken into consideration to assess the overall financial health of the City such as the City's property tax base and the condition of City infrastructure. For more detailed explanations of the City's financials, please see the City's Annual Comprehensive Financial Report which is available at www.crystallake.org.

**Statement of Net Position
As of April 30, 2020 and 2021**

Category	Governmental Activities		Business-type Activities		Total Primary Government	
	4/30/2021	4/30/2020	4/30/2021	4/30/2020	4/30/2021	4/30/2020
Current and other assets	\$ 69,290,954	\$ 59,394,147	\$ 17,978,049	\$ 18,200,060	\$ 87,269,003	\$ 77,594,207
Capital assets	188,753,134	184,158,729	80,476,765	79,101,542	269,229,899	263,260,271
Total assets	258,044,088	243,552,876	98,454,814	97,301,602	356,498,902	340,854,478
Deferred Outflows	7,580,080	15,449,325	1,561,531	1,464,143	9,141,611	16,913,468
Total assets & deferred outflows	265,624,168	259,002,201	100,016,345	98,765,745	365,640,513	357,767,946
Current liabilities	8,311,541	7,657,788	3,058,576	5,768,908	11,370,117	13,426,696
Long-term liabilities	60,434,142	77,076,759	34,983,377	35,071,985	95,417,519	112,148,744
Total liabilities	68,745,683	84,734,547	38,041,953	40,840,893	106,787,636	125,575,440
Deferred Inflows	32,935,044	22,293,361	1,507,223	720,137	34,442,267	23,013,498
Total liabilities & deferred inflows	101,680,727	107,027,908	39,549,176	41,561,030	141,229,903	148,588,938
Net position:						
Net Invest. In Capital Assets	177,510,754	174,038,413	52,160,171	49,163,769	229,670,925	223,202,182
Restricted	12,269,407	9,379,343	-	-	12,269,407	9,379,343
Unrestricted	(25,836,720)	(31,443,463)	8,306,998	8,040,946	(17,529,722)	(23,402,517)
Total net position	\$ 163,943,441	\$ 151,974,293	\$ 60,467,169	\$ 57,204,715	\$ 224,410,610	\$ 209,179,008

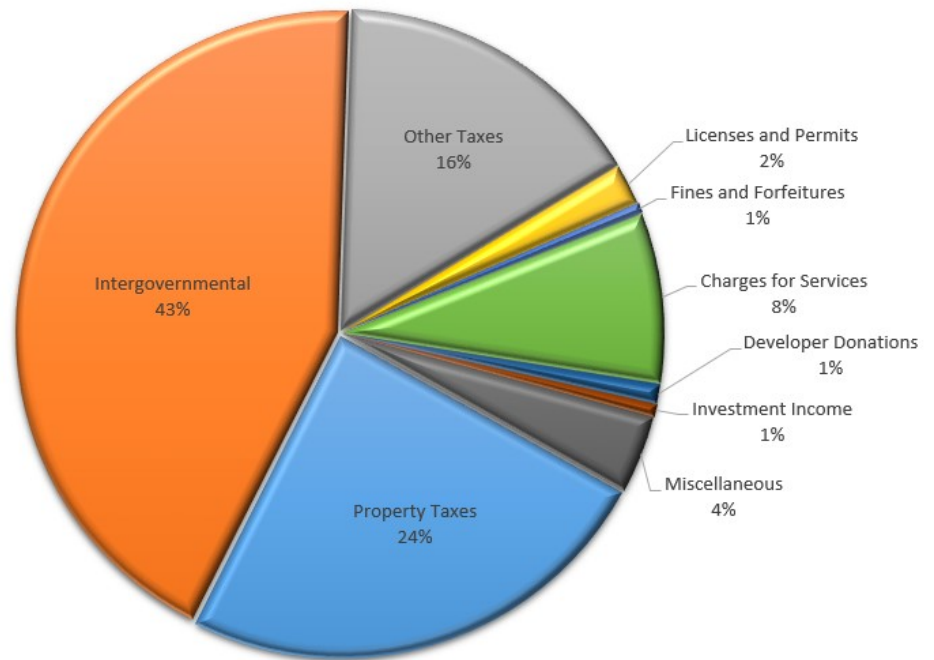
STATEMENT OF ACTIVITIES

As of April 30, 2020 and 2021

Category	Governmental Activities		Business-type Activities		Total Primary Government	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Revenues:						
Program revenues:						
Charges for services	\$ 6,614,777	\$ 6,877,460	\$ 15,285,114	\$ 14,279,570	\$ 21,899,891	\$ 21,157,030
Operating grants	5,281,231	2,037,038	-	-	5,281,231	2,037,038
Capital grants	2,055,758	878,919	609,019	69,920	2,664,777	948,839
General revenues:						
Taxes	22,608,335	21,381,445	1,000,000	1,000,000	23,608,335	22,381,445
Intergovernmental	18,872,364	17,477,992	-	-	18,872,364	17,477,992
Investment earnings	375,853	1,317,219	154,482	578,038	530,335	1,895,257
Other	1,842,502	2,295,775	137,319	297,458	1,979,821	2,593,233
Total revenues	57,650,820	52,265,848	17,185,934	16,224,986	74,836,754	68,490,834
Expenses:						
General Government	8,087,014	10,132,372	-	-	8,087,014	10,132,372
Public Safety	26,072,431	30,628,583	-	-	26,072,431	30,628,583
Highways and Streets	9,916,845	10,577,802	-	-	9,916,845	10,577,802
Culture and Recreation	1,059,755	1,295,958	-	-	1,059,755	1,295,958
Interest on long-term debt	134,854	295,700	-	-	134,854	295,700
Water/Sewer	-	-	13,923,480	13,345,604	13,923,480	13,345,604
Total expenses	45,270,899	52,930,415	13,923,480	13,345,604	59,194,379	66,276,019
Change in Net Position	12,379,921	(664,567)	3,262,454	2,879,382	15,642,375	2,214,815
Beginning net position	151,974,293	156,378,098	57,204,715	53,374,971	209,179,008	209,753,069
Prior Period Adjustment	(410,773)	(3,739,238)	-	950,362	(410,773)	(2,788,876)
Ending net position	\$ 163,943,441	\$ 151,974,293	\$ 60,467,169	\$ 57,204,715	\$ 224,410,610	\$ 209,179,008

The **Statement of Activities** show the change in net position throughout the year. As is typical for governmental activities of local governments, program revenues only cover a small percentage of program expenses with general revenues covering the majority of expenses. For the fiscal year, governmental program expenses of \$45.27 million exceeded program revenues of \$13.95 million by \$31.32 million; general revenues of \$43.70 million are used to make up the difference. With governmental revenues performing better than anticipated while expenses remained low, the City experienced a \$12.38 million surplus in governmental activities.

REVENUES: WHERE DO THE FUNDS COME FROM?



Governmental Revenues

Property Taxes	13,698,616
Intergovernmental	24,193,553
Other Taxes	8,909,719
Licenses and Permits	1,158,614
Fines and Forfeitures	301,362
Charges for Services	4,761,355
Developer Donations	553,878
Investment Income	375,853
Miscellaneous	2,200,268
Total Revenues	\$ 56,153,218

Property Tax. The City does not levy a property tax for General Fund operations. Property taxes go toward funding the City’s public safety pension obligations and the City’s Fire Rescue operations.

Intergovernmental revenues include the City’s state sales tax, the income tax, and the use tax. This is the City’s largest revenue source, totaling 43% of governmental revenues.

Other taxes include the Home Rule Sales Tax, the Hotel Occupation Tax, and the Telecommunications Tax among others.

Licenses and Permits revenues include fees collected for building permits, liquor licenses, video gaming licenses and other miscellaneous licenses and permits.

Fines and Forfeitures are revenues received from police citations, towing fees and adjudication fees.

Charges for Services total 8% of governmental revenues and include fees paid for building inspections, police services, ambulance services, as well as the admission and parking fees at the Three Oaks Recreation Area.

Developer Donations are payments in lieu of land for park and recreational purposes at the Three Oaks Recreation Area.

Investment income is the interest earned on City funds that have been invested in accordance with the City’s investment policy.

Miscellaneous revenues include capital facility fees, reimbursements, transfer station host fees, and various other revenue sources not elsewhere classified.



SALES TAX

Combined, the Sales Tax and the Home Rule Sales Tax are the City's largest source of general revenue. The Sales Tax on general merchandise in the City of Crystal Lake is 7.0%. Of the 7.0%, 1% is returned each month to the City with the remainder being distributed to the



State (5%), the RTA (0.75%) and the County (0.25%). The City also has a 0.75% Home Rule Sales Tax on General Merchandise. However, certain items are exempt from the Home Rule Sales Tax such as groceries, medicine and vehicle purchases.

For fiscal year 2020/21, the City of Crystal Lake collected \$12.22 million in State Sales Tax and \$5.52 million in Home Rule Sales Tax.

PROPERTY TAX

Property taxes are levied against the assessed value of all real estate in the City. Assessed values are established by the County Assessor at approximately 33.33% of appraised market value. For levy year 2019, the City of Crystal Lake's equalized assessed valuation was \$1,199,910,786.

In FY 2020/21, the City collected \$13.7 million in property taxes, of which, \$4.6 million went towards the Police and Fire Pension Funds. Property tax revenues are used to fund the City's public safety pension obligations and the Fire Rescue operations. The City does not levy a property tax for General Fund operations.

A popular misconception is that all or most of the property taxes go to the City. As noted in the chart above, the City is only one of several local taxing bodies that receive a portion of the property tax bill. Currently, the City receives approximately 11% of the total property taxes levied. The County Treasurer collects property taxes on behalf of all taxing districts in the County and remits to the City its portion of the taxes collected.





EXPENDITURES:

WHERE DO THE FUNDS GO?

General Government expenditures include the City's Administration, Human Resources, Finance and Community Development Departments. It accounted for 16% of total governmental expenditures.

Public Safety is the City's largest expenditure category, totaling 49% of all governmental expenditures. This category includes expenditures for the City's Police and Fire Rescue departments, including the City's contribution to the Police and Fire Pension Funds.

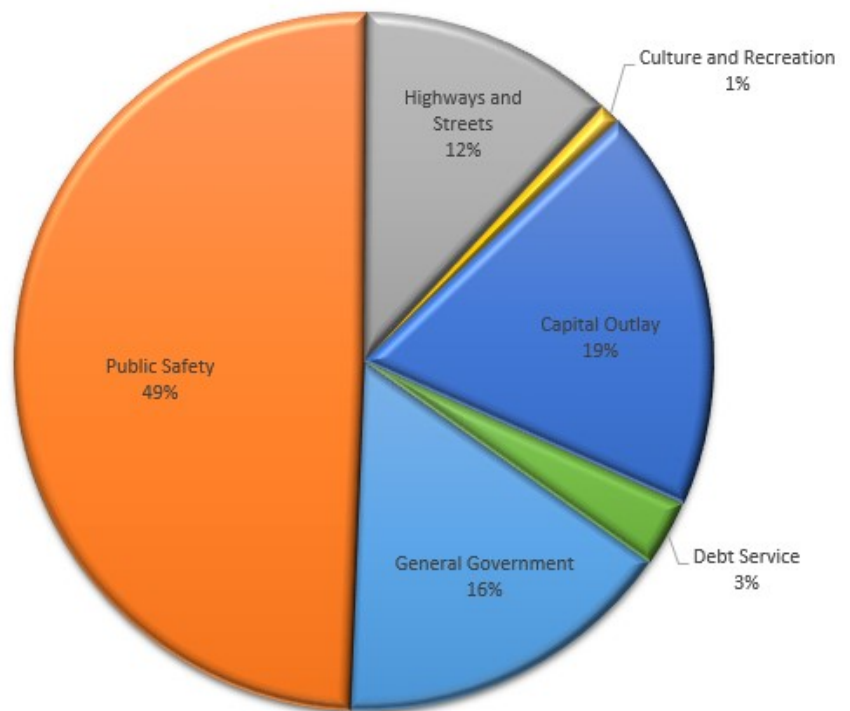
Highways and Streets accounts for expenditures associated with the City's Streets and Engineering divisions within the Public Works Departments.

Culture and Recreation shows the expenditure totals of the Three Oaks Recreation Area, a City-owned beach and marina.

Capital Outlay includes the purchase of large capital items.

The **Debt Service** category accounts for the City's principal and interest payments on its outstanding bonds, loans, and leases. Debt service payments totaled 3% of governmental expenditures.

Governmental Expenditures

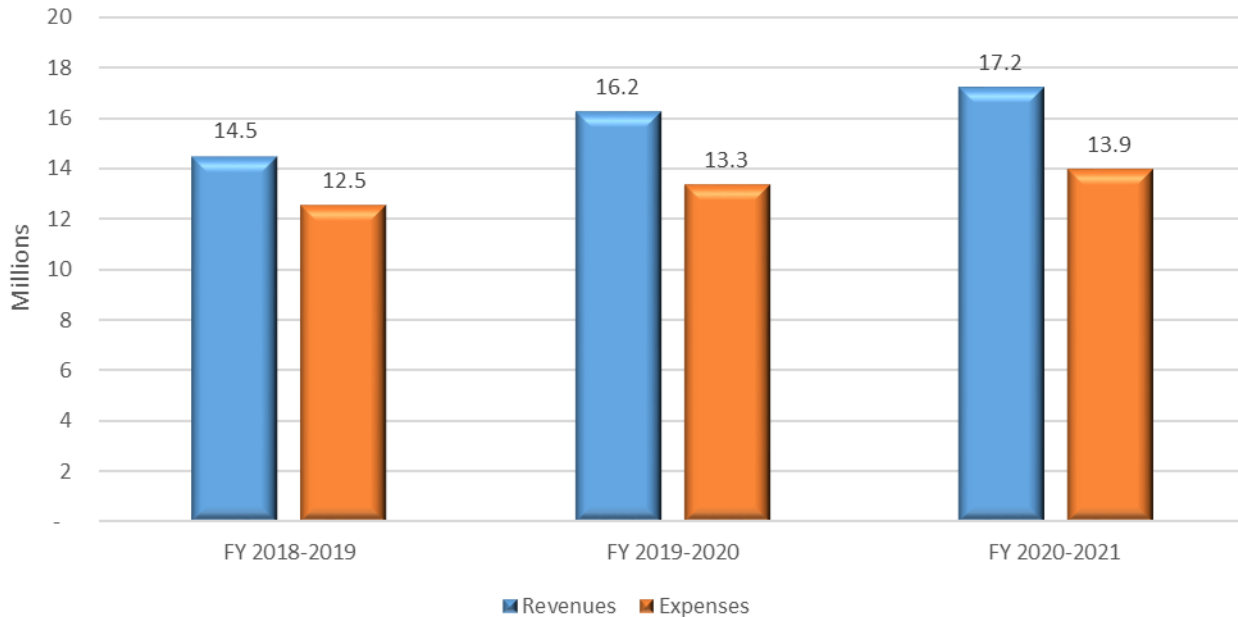


Governmental Expenditures

General Government	8,313,267
Public Safety	25,839,379
Highways and Streets	6,188,853
Culture and Recreation	510,466
Capital Outlay	9,778,291
Debt Service	1,601,938
Total Expenditures	\$ 52,232,194

BUSINESS-TYPE ACTIVITIES

The City's business-type activities include the **Waterworks and Sewerage Fund**. This fund is designed to be self-sustaining, generating 89% of its revenue from user fees. These user fees provide the necessary funds to allow the Waterworks and Sewerage Fund to remain financially independent and provide for some capital investments to maintain the City's waterworks and sewerage infrastructure systems.

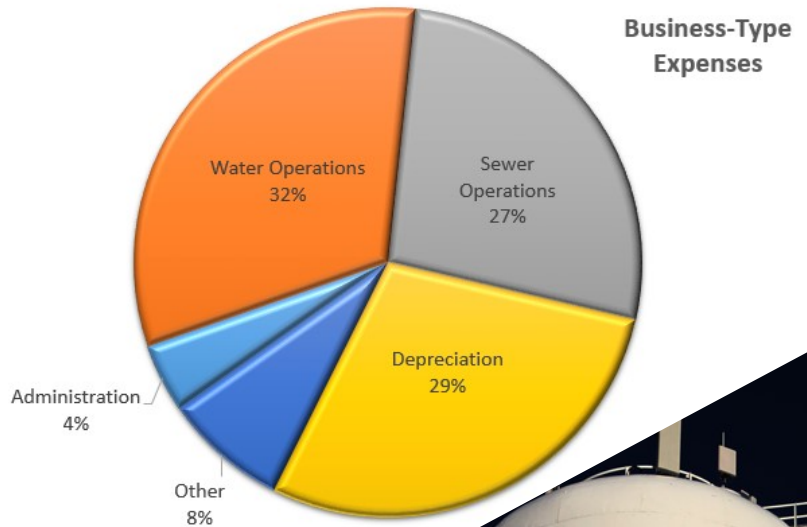


FY 2020/21 Business-Type Expenses

Administration	606,300
Water Operations	4,468,795
Sewer Operations	3,745,950
Depreciation	4,006,913
Other	1,095,522
Total Expenses	\$ 13,923,480

FY 2020/21 Business-Type Revenues

Charges for Services	15,285,114
Taxes	1,000,000
Capital Grants	609,019
Investment Earnings	154,482
Other	137,319
Total Revenues	\$ 17,185,934



CAPITAL IMPROVEMENTS

Assets that have significant value and a useful life of several years are called **capital assets**. Capital assets include land, land improvements, buildings, infrastructure, equipment, software and construction in progress.

Any project of a governmental nature is budgeted in the **Capital Equipment and Replacement Fund**. Any project related to water and sewer functions is budgeted in the **Water & Sewer Capital and Equipment Replacement Fund**.

Capital Asset Investments
Fiscal Year Ended April 30, 2021

	Governmental Activities	Business-type Activities	Total Primary Government
Land and Improvements	\$ -	\$ 607,015	\$ 607,015
Building and Improvements	691,204	-	691,204
Machinery, Equip. & Vehicles	3,657,001	1,150,278	4,807,279
Infrastructure	4,730,178	1,833,327	6,563,505
Construction in Progress	156,488	2,675,774	2,832,262
Total	\$ 9,234,871	\$ 6,266,394	\$ 15,501,265

HIGHLIGHTS OF CAPITAL ASSET ACQUISITIONS:

MACHINERY, EQUIPMENT AND VEHICLES

INFRASTRUCTURE

- Starcom radio migration for the Police, Fire Rescue, and Public Works Departments
- SCADA system upgrades for water and wastewater monitoring
- Alum tank replacement at Wastewater Treatment Plant #2
- Custom Truck-Mounted Inspection System for sewer system inspections

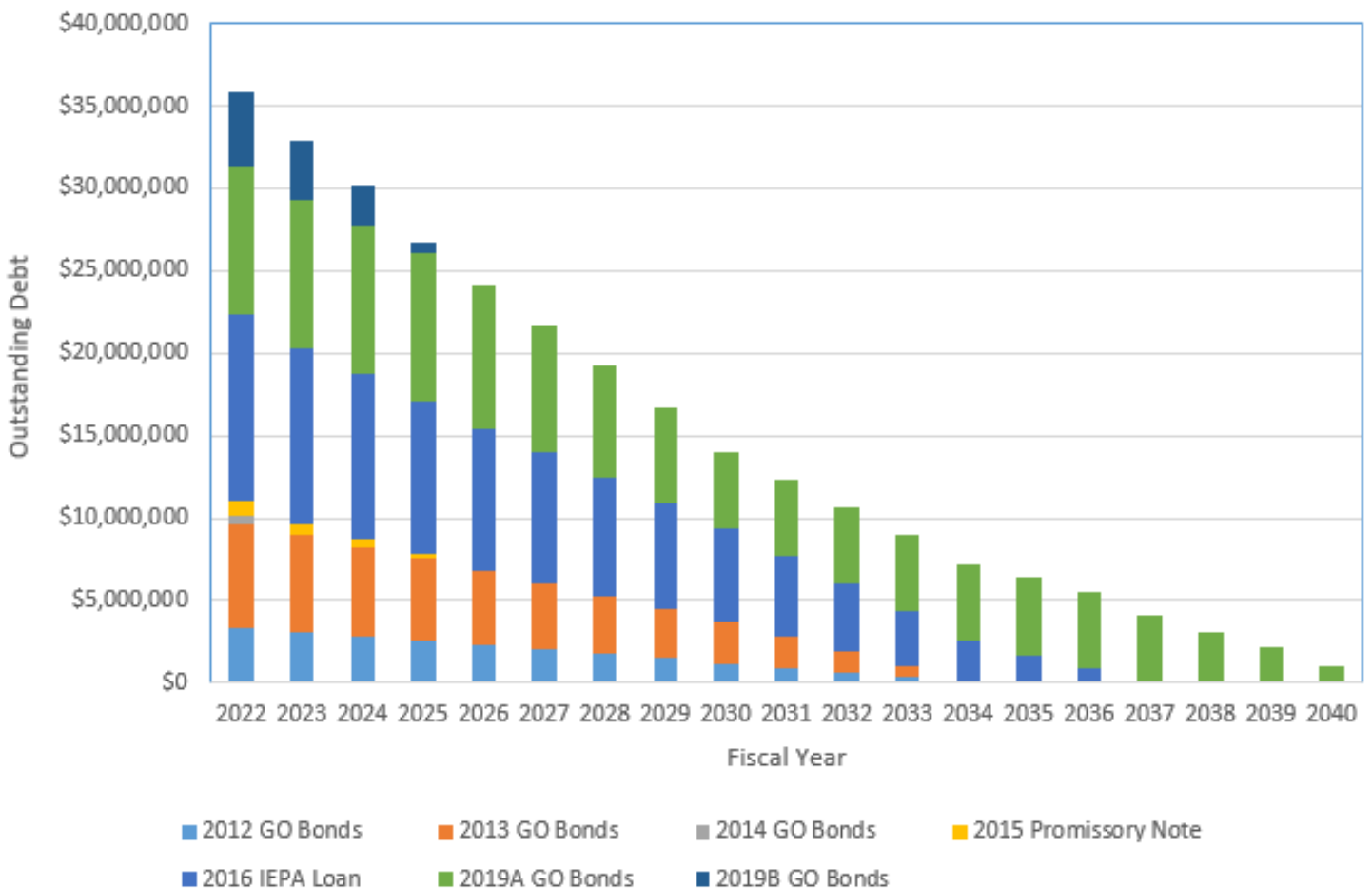
- Intersection improvements at Crystal Lake Avenue and Main Street
- Intersection improvements on North Main Street
- Annual road resurfacing program
- Lift station #9 rehabilitation
- Storm sewer system improvements
- Water and wastewater treatment plant improvements



LONG-TERM DEBT OBLIGATIONS

The City incurs three types of long-term debt: general obligation bonds, IEPA loans and a promissory note. The City issues general obligation bonds for the acquisition and construction of major capital projects. General obligation bonds pledge the full faith and credit of the City. The City has also entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA) to provide financing for drinking water improvements. The promissory note was issued in 2015 to finance water infrastructure improvements. The City of Crystal Lake has a municipal bond rating of AA+ as affirmed by Standard and Poor's. A higher bond rating positions the City to receive more favorable rates when borrowing funds.

Under Illinois Compiled Statutes, indebtedness is limited to 8.625% on the value of taxable property in non-home rule communities. As a home-rule community, the City is not subject to these limitations. However, the City has imposed the non-home rule limit upon itself through approval by the City Council, and the current amount of outstanding debt is below this limit.



FOR MORE INFORMATION...

Visit the City of Crystal Lake's website:

www.crystallake.org

- Find information about upcoming meetings and events
- Make payments online
- Apply for a permit
- Sign-up to receive the City's Newsletter electronically
- View job opportunities with the City of Crystal Lake
- And much more...

Follow the [City of Crystal Lake](#) and [Three Oaks Recreation Area](#) on Facebook, Instagram and Twitter!



Contact Information

	Emergency Only	911
City of Crystal Lake	Police (Non-Emergency)	815-356-3620
100 W. Woodstock Street	Fire Rescue (Non-Emergency)	815-356-3640
Crystal Lake, IL 60014	Other City Departments	815-459-2020
	Three Oaks Recreation Area	815-356-2447

The PAFR highlights aspects of the City's official financial statements, and the information included in this report is derived from the Fiscal Year 2021 Annual Comprehensive Financial Report. The Annual Comprehensive Financial Report is a document prepared in conformity with generally accepted accounting principles (GAAP) and is audited in accordance with generally accepted government auditing standards (GAGAS) by an independent firm of certified public accountants. Those who wish to access the Annual Comprehensive Financial Reports may do so at www.crystallake.org.