

City of Crystal Lake

Popular Annual Financial Report

For the Fiscal Year Ended April 30, 2023



WELCOME!

On behalf of the Crystal Lake City Council, we are pleased to present the City of Crystal Lake’s Popular Annual Financial Report (PAFR) for the fiscal year ended April 30, 2023. 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.

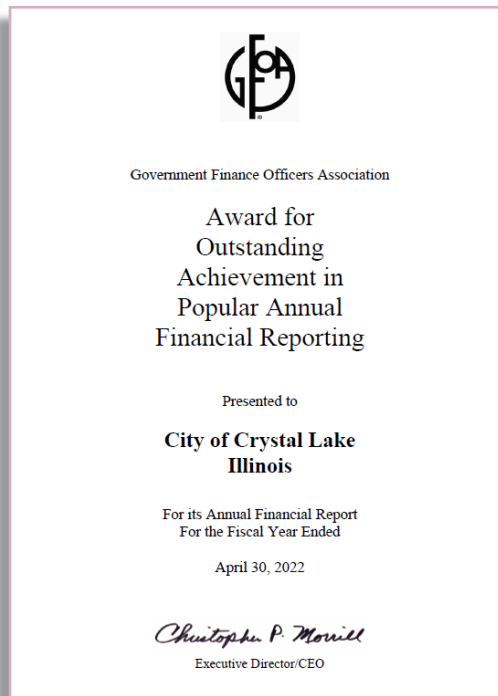


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The City received its second Certificate of Achievement in Popular Financial Reporting from the Government Finance Officers Association (GFOA) for its Fiscal Year 2022 Popular Annual Financial Report. Those who wish to view the City’s Popular Annual Financial Reports may do so at www.crystallake.org.

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.



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:	19.24
Median Housing Value:	\$241,500
High School Grad or Higher:	94.4%
Total Households:	14,375
Median Household Income:	\$96,274
Income Per Capita:	\$41,507

Source: U.S. Census Bureau; City Records



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.

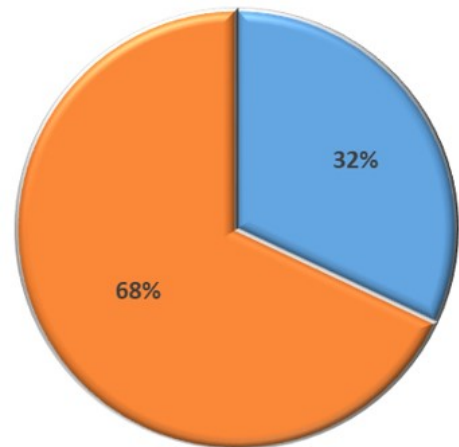
While the swim beach and marina are only open from April until October, weather permitting, the trails remain open for use year-round. Admission to the swim beach is free for Crystal Lake residents. Parking at Three Oaks is free to Crystal Lake residents with a valid City vehicle sticker.

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 2022, the Three Oaks Recreation Area completed its 11th full year of operations.



ATTENDANCE AT THREE OAKS RECREATION AREA 2022 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. The City's current officials are listed below.

MAYOR

Haig Haleblian

COUNCILMEMBERS

Ellen Brady

Mandy Montford

Brett Hopkins

Ian Philpot

Cameron Hubbard

Denise Smith

CITY CLERK

Nick Kachiroubas

CITY MANAGER

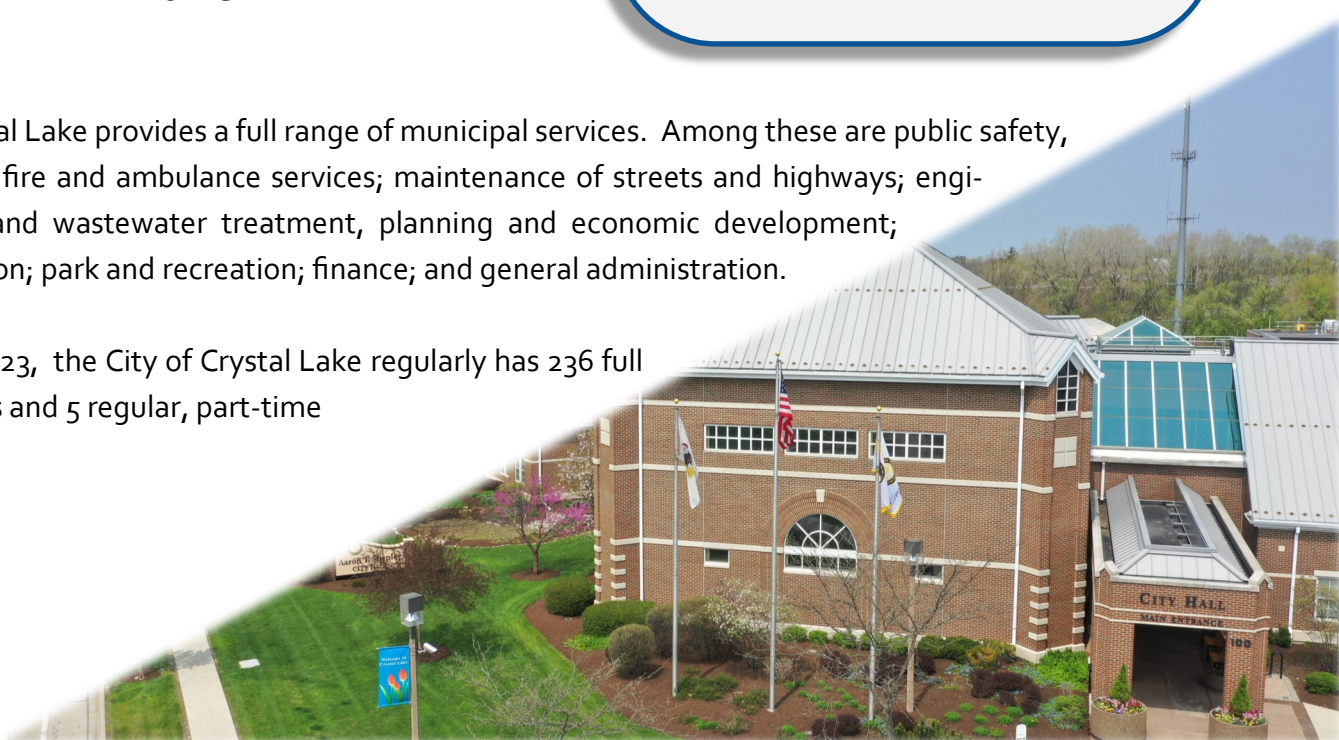
Eric Helm

MISSION STATEMENT

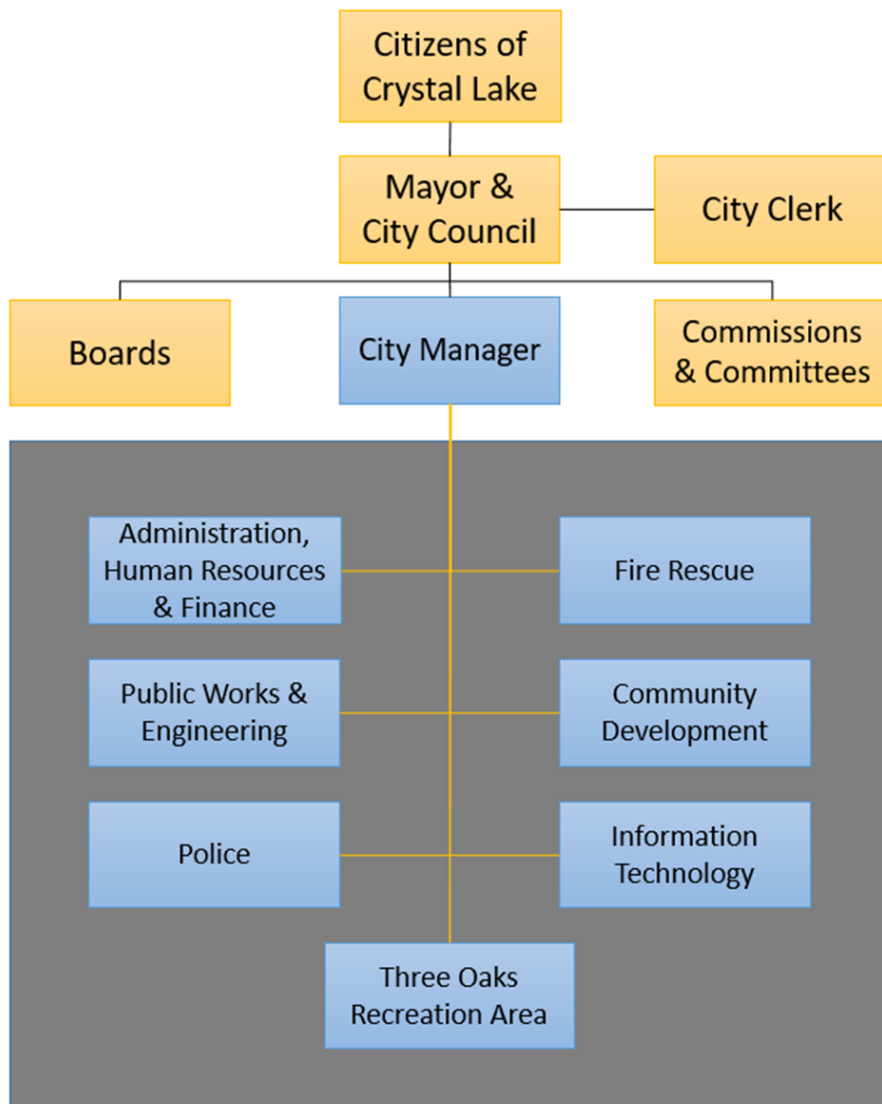
“The City of Crystal Lake is committed to the high quality of life enjoyed by the citizens and businesses of the Crystal Lake community. Our mission is to enhance and preserve the history, natural resources and unique cultural traditions of the community as well as provide fiscally sound and responsive 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, 2023, the City of Crystal Lake regularly has 236 full-time employees and 5 regular, part-time employees.



ORGANIZATIONAL CHART



GLOSSARY OF TERMS

ASSESSED VALUATION: A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSETS: Property owned by a government, which has a monetary value.

CAPITAL ASSETS: Assets of significant value and having a useful life of several years.

DEFERRED INFLOW OF RESOURCES: An acquisition of net position by the City that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES: The consumption of net position by the City that is applicable to a future reporting period.

DEPRECIATION: The measure of the value of a fixed asset that has been consumed during a period whether arising from use, passage of time or obsolescence.

FUND BALANCE: The excess of a fund's assets over its liabilities, generally called a reserve. A negative fund balance is sometimes called a deficit.

INFRASTRUCTURE: The basic facilities, equipment, services and installations needed for the growth and functioning of a community, including roads, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems.

LIABILITIES: What the City owes. They require future spending as a result of past transactions or events.

NET POSITION: The difference between assets and liabilities, of which may or may not be available for future spending



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 19 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 such as water and sewer services.
- **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 \$12.14 million for a total of \$252.13 million.

City-wide capital assets, net of depreciation, totaled \$273.30 million.

The fund balance of the General Fund ended the fiscal year at \$21.08 million.

Total revenues for the General Fund finished \$3 million above budget expectations.

General Fund expenditures were \$1.61 million below the budgeted amounts.

The Waterworks and Sewerage Fund's net position increased \$2.34 million to \$67.15 million.

The City has a bond rating of AAA by Standard and Poor's.

The City's bonded debt total is \$27.55 million, an increase of \$4.87 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, 2022 and 2023**

Category	Governmental Activities		Business-type Activities		Total Primary Government	
	4/30/2023	4/30/2022	4/30/2023	4/30/2022	4/30/2023	4/30/2022
Current and other assets	\$ 88,400,676	\$ 82,467,459	\$ 34,820,787	\$ 23,171,336	\$ 123,221,463	\$ 105,638,795
Capital assets	186,913,940	185,170,929	86,387,966	84,938,207	273,301,906	270,109,136
Total assets	275,314,616	267,638,388	121,208,753	108,109,543	396,523,369	375,747,931
Deferred Outflows	18,046,552	10,395,469	3,007,085	1,324,394	21,053,637	11,719,863
Total assets & deferred outflows	293,361,168	278,033,857	124,215,838	109,433,937	417,577,006	387,467,794
Current liabilities	7,113,077	6,633,855	7,329,888	6,860,044	14,442,965	13,493,899
Long-term liabilities	77,494,236	67,107,124	45,464,818	35,143,536	122,959,054	102,250,660
Total liabilities	84,607,313	73,740,979	52,794,706	42,003,580	137,402,019	115,744,559
Deferred Inflows	23,774,729	28,994,764	4,274,264	2,610,092	28,048,993	31,604,856
Total liabilities & deferred inflows	108,382,042	102,735,743	57,068,970	44,613,672	165,451,012	147,349,415
Net position:						
Net Invest. In Capital Assets	176,875,488	175,285,923	54,686,616	54,063,611	231,562,104	229,349,534
Restricted	11,849,081	12,059,384	-	-	11,849,081	12,059,384
Unrestricted	(3,745,443)	(12,047,193)	12,460,252	10,756,654	8,714,809	(1,290,539)
Total net position	\$ 184,979,126	\$ 175,298,114	\$ 67,146,868	\$ 64,820,265	\$ 252,125,994	\$ 240,118,379

STATEMENT OF ACTIVITIES

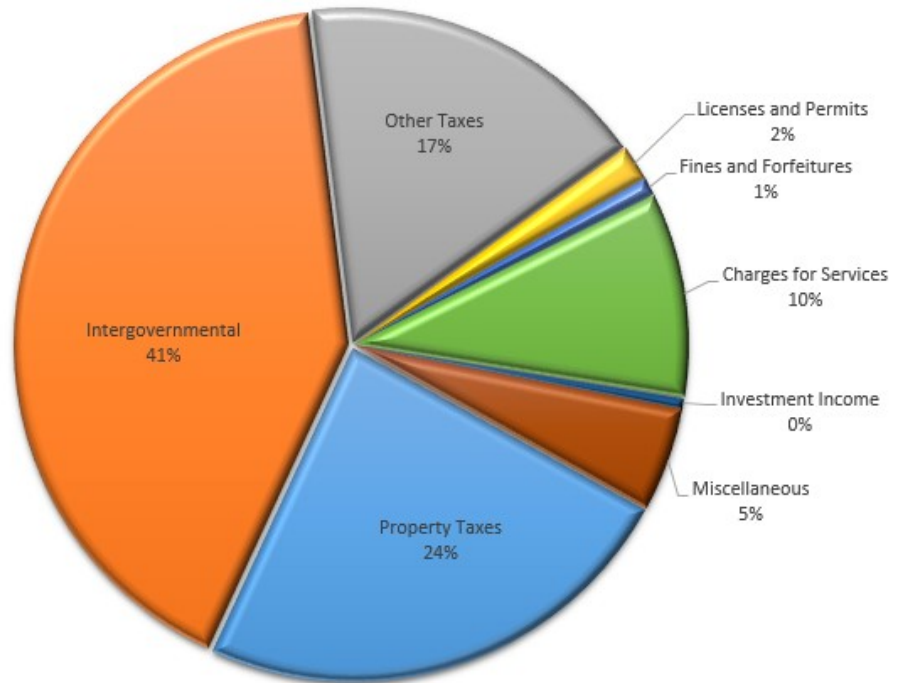
For the Year Ended April 30, 2022 and 2023

Category	Governmental Activities		Business-type Activities		Total Primary Government	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Revenues:						
Program revenues:						
Charges for services	\$ 8,034,322	\$ 7,682,143	\$ 15,397,219	\$ 15,323,203	\$ 23,431,541	\$ 23,005,346
Operating grants/contributions	2,238,021	2,746,496	-	-	2,238,021	2,746,496
Capital grants/contributions	2,601,288	199,629	109,003	1,165,579	2,710,291	1,365,208
General revenues:						
Taxes	24,937,069	24,012,189	1,000,000	999,998	25,937,069	25,012,187
Intergovernmental	22,852,234	21,624,803	-	-	22,852,234	21,624,803
Investment earnings	329,908	(1,716,158)	246,960	(366,107)	576,868	(2,082,265)
Other	1,716,455	1,946,219	638,101	165,199	2,354,556	2,111,418
Total revenues	62,709,297	56,495,321	17,391,283	17,287,872	80,100,580	73,783,193
Expenses:						
General Government	9,204,627	7,181,840	-	-	9,204,627	7,181,840
Public Safety	30,424,252	26,893,048	-	-	30,424,252	26,893,048
Highways and Streets	11,473,336	9,192,114	-	-	11,473,336	9,192,114
Culture and Recreation	1,558,416	1,289,476	-	-	1,558,416	1,289,476
Interest on long-term debt	250,474	296,979	-	-	250,474	296,979
Water/Sewer	-	-	15,048,735	13,221,966	15,048,735	13,221,966
Total expenses	52,911,105	44,853,457	15,048,735	13,221,966	67,959,840	58,075,423
Excess (deficiency) of revenues over expenses	9,798,192	11,641,864	2,342,548	4,065,906	12,140,740	15,707,770
Transfers:	-	(287,190)	-	287,190	-	-
Change in net position	9,798,192	11,354,674	2,342,548	4,353,096	12,140,740	15,707,770
Beginning net position	175,298,114	163,943,440	64,820,265	60,467,169	240,118,379	224,410,609
Change in accounting principle	(117,180)	-	(15,945)	-	(133,125)	-
Ending net position	\$ 184,979,126	\$ 175,298,114	\$ 67,146,868	\$ 64,820,265	\$ 252,125,994	\$ 240,118,379

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 \$52.91 million exceeded program revenues of \$12.87 million by \$40.04 million; general revenues of \$49.84 million are used to make up the difference. With governmental revenues performing better than anticipated while expenses remained low, the City experienced a \$9.80 million surplus in governmental activities.

REVENUES: WHERE DO THE FUNDS COME FROM?



Governmental Revenues

Property Taxes	14,543,492
Intergovernmental	25,113,422
Other Taxes	10,393,577
Licenses and Permits	1,059,180
Fines and Forfeitures	528,493
Charges for Services	5,994,755
Investment Income	329,908
Miscellaneous	3,058,970
Total Revenues	\$ 61,021,797
Contributed Capital Assets	1,687,500
Total Governmental Activities Revenue	\$ 62,709,297

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 41% 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 10% 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.

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.

Contributed Capital Assets are assets paid for directly by another governmental entity, usually the State or the Federal Government, as part of a capital project.



SALES TAX

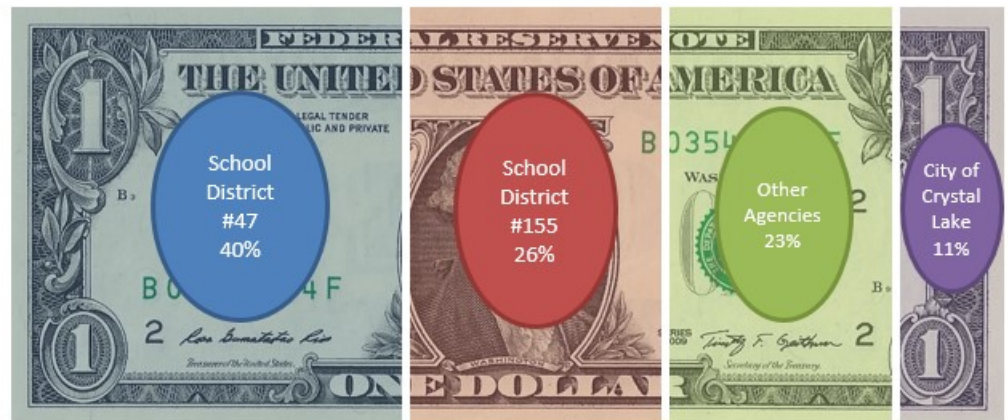
Combined, the Sales Tax and the Home Rule Sales Tax are the City's largest source of general revenue. The Sales Tax on general merchandise in the City of Crystal Lake is 7.0%. The City receives 1% of the 7% total rate



each month as well as an additional 0.75% Home Rule Sales Tax. The remainder is distributed to the State (5%), the RTA (0.75%) and the County (0.25%). Certain items are exempt from the Home Rule Sales Tax such as groceries, medicine and vehicle purchases. For fiscal year 2022/23, the City of Crystal Lake collected \$14.15 million in State Sales Tax and \$6.83 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 2021, the City of Crystal Lake's equalized assessed valuation was \$1,290,649,653.



In FY 2022/23, the City collected \$14.5 million in property taxes, of which, \$5.76 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 14% of total governmental expenditures.

Public Safety is the City's largest expenditure category, totaling 52% 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.

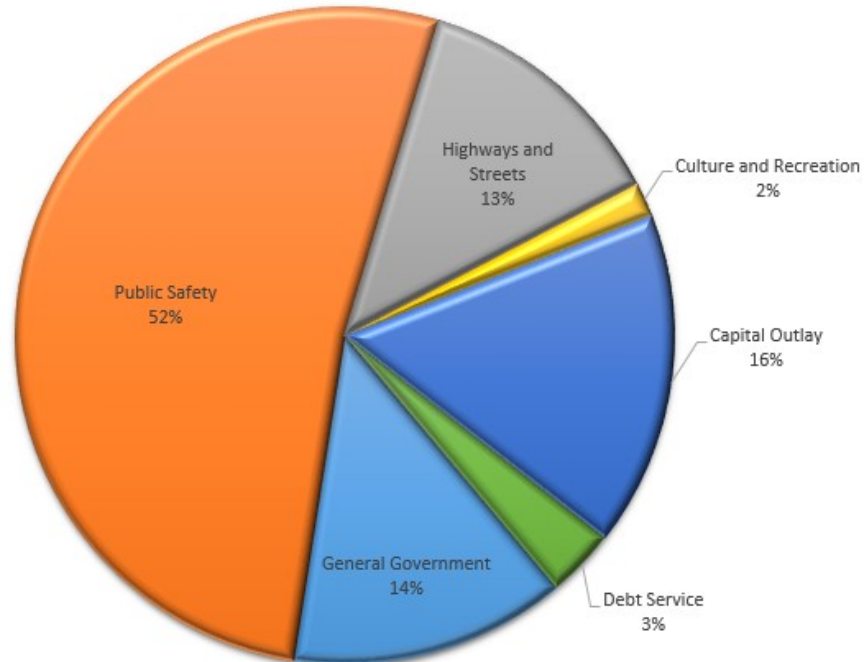
Highways and Streets accounts for expenditures associated with the City's Streets and Engineering divisions within the Public Works Departments.

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

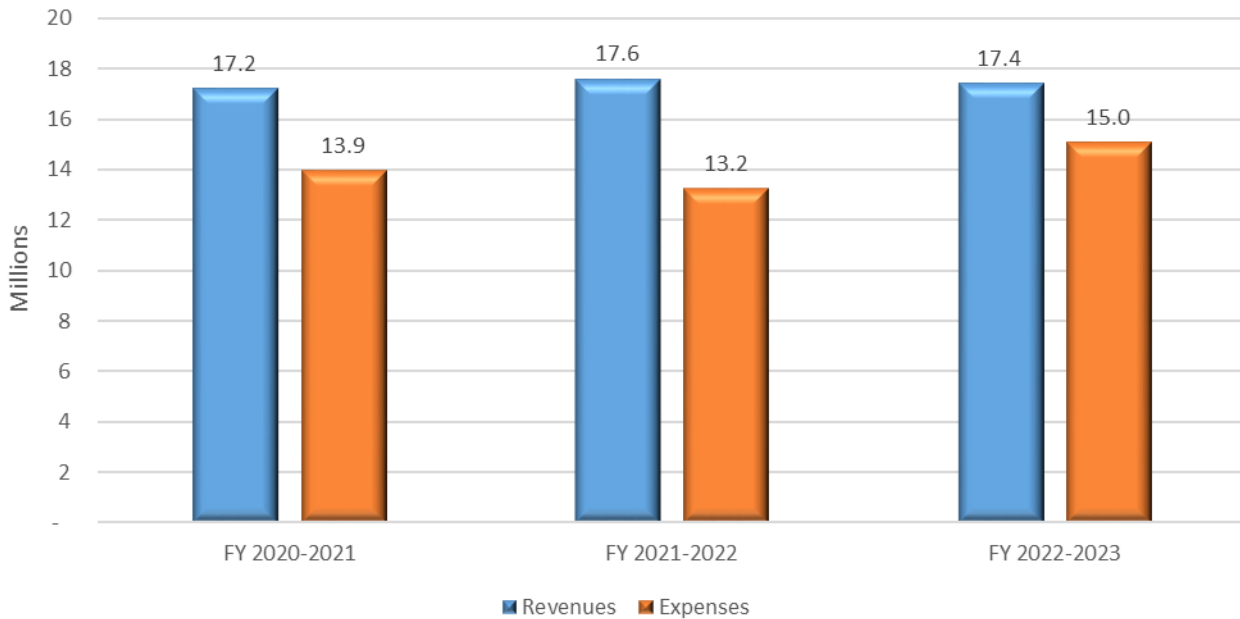


Governmental Expenditures

General Government	7,540,492
Public Safety	28,930,616
Highways and Streets	7,064,744
Culture and Recreation	926,822
Capital Outlay	9,160,231
Debt Service	1,858,336
Total Expenditures	\$ 55,481,241

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.

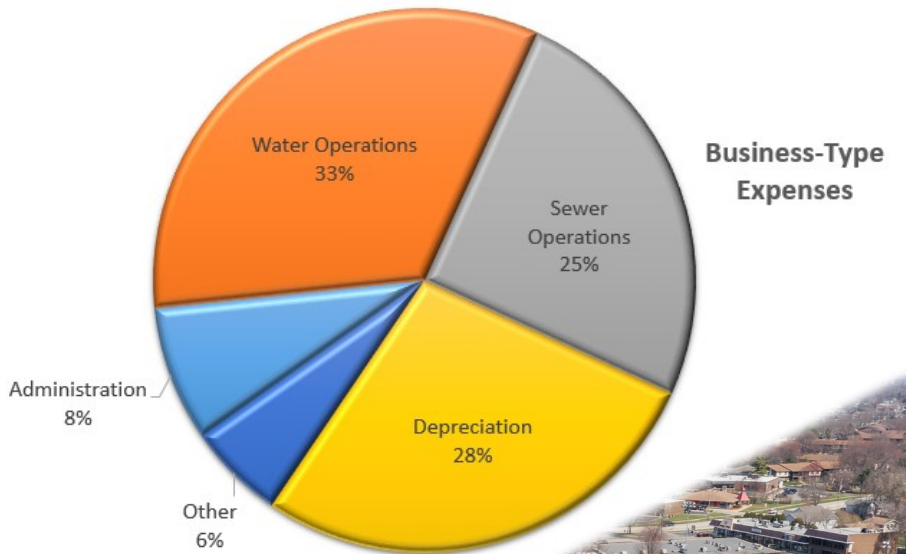


FY 2022/23 Business-Type Expenses

Administration	1,215,735
Water Operations	5,037,066
Sewer Operations	3,765,045
Depreciation/Amortization	4,163,194
Other	867,695
Total Expenses	\$ 15,048,735

FY 2022/23 Business-Type Revenues

Charges for Services	15,397,219
Taxes	1,000,000
Capital Grants/Contributions	109,003
Investment Earnings	246,960
Other	638,101
Total Revenues	\$ 17,391,283



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, 2023

	Governmental Activities	Business-type Activities	Total Primary Government
Land and Improvements	\$ -	\$ 568,273	\$ 568,273
Building and Improvements	604,097	-	604,097
Machinery, Equip. & Vehicles	2,285,019	203,186	2,488,205
Infrastructure	3,941,692	6,574,575	10,516,267
Construction in Progress	2,340,872	4,183,759	6,524,631
Total	\$ 9,171,680	\$ 11,529,793	\$ 20,701,473

HIGHLIGHTS OF CAPITAL ASSET ACQUISITIONS:

MACHINERY, EQUIPMENT AND VEHICLES

- Two fire engines for the Fire Rescue Department
- One ambulance for the Fire Rescue Department
- Two leased vehicles for the Police Department
- One leased vehicle for the Public Works Street Division
- Three leased vehicles for the Public Works Water & Sewer and Wastewater Divisions
 - Lift station equipment replacement
 - Downtown train station parking terminal replacements

BUILDINGS AND IMPROVEMENTS

- Municipal complex flooring replacement
- Three Oaks storage building

INFRASTRUCTURE

- North Main Street improvements
- Three Oaks lake level adjustment
- Edgewater storage area
- Lift station #16 rehabilitation
- Three Oaks aeration fountain
- Annual road resurfacing program
- Water main replacements
- Storm sewer system improvements
- Water and wastewater treatment plant improvements

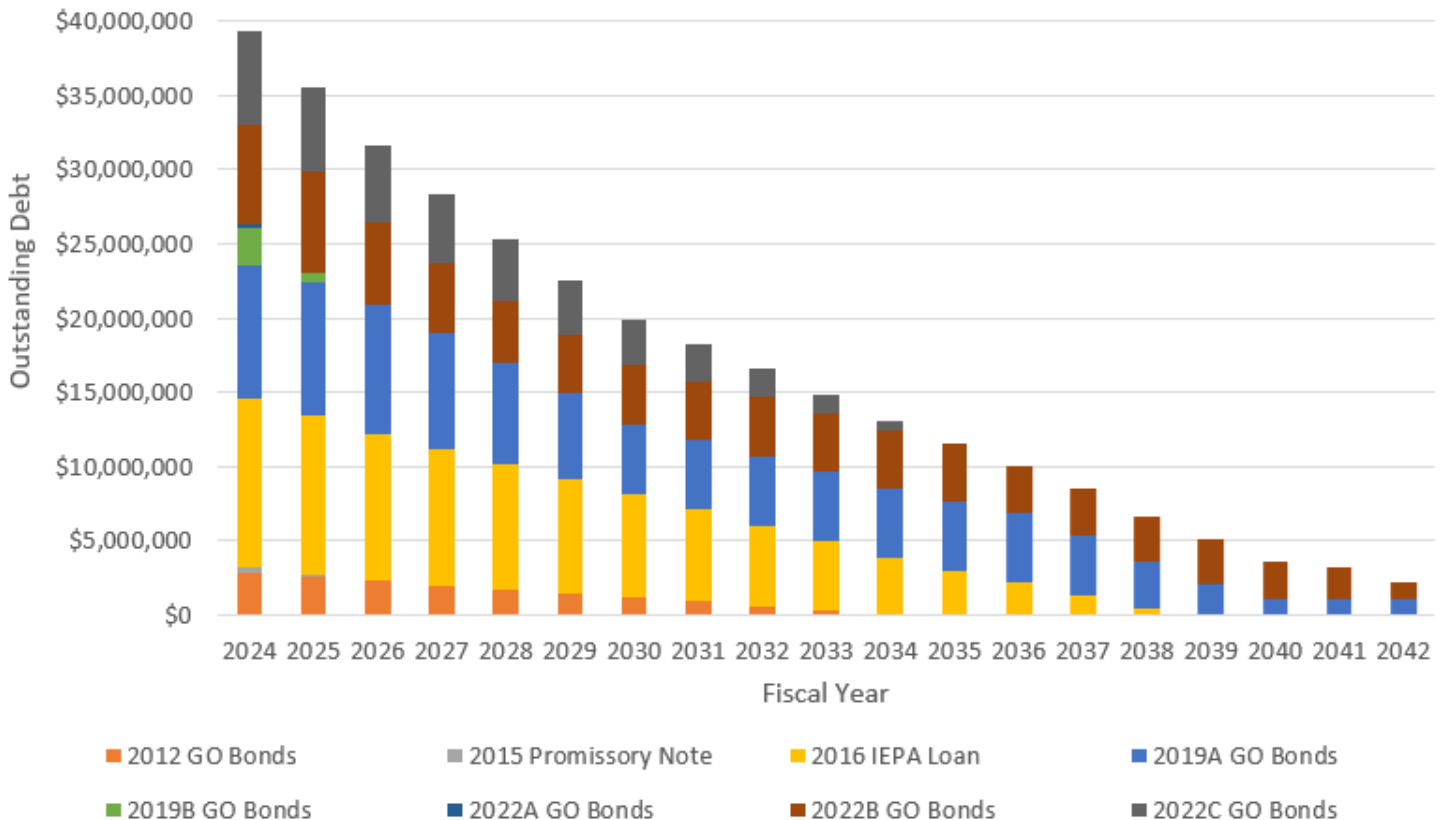




LONG-TERM DEBT OBLIGATIONS

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 AAA 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 2023 Annual Comprehensive Financial Report. The Annual Comprehensive Financial Report (ACFR) 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.