

# CITY OF CRYSTAL LAKE, ILLINOIS

## **Comprehensive Annual Financial Report**

For the Year Ended April 30, 2012

Prepared By Finance Department:

Mark Nannini  
Director of Finance

**City of Crystal Lake, Illinois  
Comprehensive Annual Financial Report  
For the Year Ended April 30, 2012**

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## **INTRODUCTORY SECTION**



CITY OF  
*Crystal Lake*  
ILLINOIS

September 10, 2012

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Crystal Lake for the fiscal year ended April 30, 2012.

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 and 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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Crystal Lake's financial statements for the fiscal year ended April 30, 2012, 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, the budgetary comparison schedules, and notes to the financial statements. The required supplementary information presents other schedules related to pension obligations. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Crystal Lake's MD&A can be found immediately following the report of the independent auditors. The City of Crystal Lake has complied with GASB Statement 45 Reporting for Post-employment Benefits (OPEB) as well as GASB Statement 54 Fund Balance Reporting and Governmental Fund Type Definitions.

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

## **PROFILE OF THE CITY OF CRYSTAL LAKE**

The City of Crystal Lake, incorporated in 1914, is located in the southeastern portion of McHenry County, which is the furthest northwestern county in the Chicago metropolitan region. McHenry County was recognized as the fastest growing county in the State of Illinois in the 1990 census. This particular development trend is most prevalent in the southeastern portion of McHenry County, which includes the Crystal Lake area. The 2010 Census further substantiated this experience. The City of Crystal Lake currently occupies a land area of 19.24 square miles and serves a certified population of 40,743. The City of Crystal Lake is empowered by State Statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

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

This report encompasses all funds of the City of Crystal Lake. The City of Crystal Lake provides a full range of services, including police and fire protection; construction and maintenance of highways, streets, and infrastructure; maintenance of the public storm drainage system; water, sanitary sewer service and wastewater treatment; and growth management, planning and development control through the activities of the Engineering and Building Department, and the Planning and Economic Development Department. In addition to these general governmental activities, the City has certain information relative to the public library (a discretely presented component unit) and police and fire pension systems (blended component units). Therefore, these activities have been included in the City of Crystal Lake's financial reporting entity. However, as separate governmental entities, the Crystal Lake Elementary and High School Districts, the Crystal Lake Park District, and the Crystal Lake Civic Center Authority have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Crystal Lake operates.

### **LOCAL ECONOMY**

The City of Crystal Lake currently enjoys a rather stable economic environment and local indicators point to continued stability. The region has a varied manufacturing and 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.

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

The non-residential sector of economic activity has continued to be built out, but not at the same pace as prior years. The City's property valuation has leveled off with current economic conditions. The residential sector continues to grow but not as significantly as in past years.

The City currently has three Tax Increment Financing Districts (TIF) within our 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 2003 EAV for the Virginia Street Corridor TIF was \$9,845,120. It is estimated that the EAV will be in excess of \$26 million in 2003 dollars upon completion of redevelopment.

The Vulcan Lakes TIF is complete with the opening of the Three Oaks Recreation Area back in October, 2010. This recreation area has shown to be successful so far. Construction of the recreational 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 and playground are the core amenities. The lake house has shower facilities, a concessions areas, 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 and 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 sail boats. Additional recreational amenities include shoreline fishing areas, walking trails, volleyball courts, a sledding hill and a picnic grove. Three Oaks Recreation Area is a focal point for the City and is a destination for both residents and non-residents to enjoy these amenities.

The 2005 EAV for the Vulcan Lakes TIF was \$4,506,145. It is estimated that the EAV will be in excess of \$96 million in 2005 dollars when properties adjunct to the TIF are completed. Commercial activities along U.S. Route 14, such as restaurants and entertainment venues with a mix of commercial uses are planned for South Main Street. 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 TIF is 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 potential major redevelopment of key underutilized 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 had a formal Strategic Planning meeting in January 2012 with City staff. One of the disciplines that resulted from this session was the formalization of the five-year capital plan for the City. A new software package, (Plan It! Software), is now being utilized by all operating departments. During the next budget, the new software will be 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 the City staff to protect the 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.

### AWARDS AND ACKNOWLEDGEMENTS

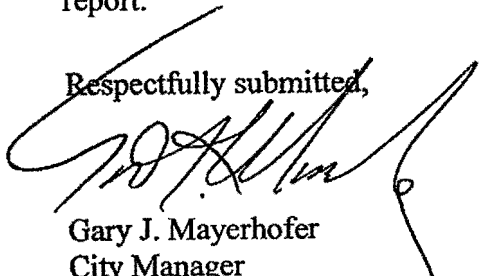
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Crystal Lake for its comprehensive annual financial report (CAFR) for the fiscal year ended April 30, 2011. This results in twenty-two consecutive years that the 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 2011 Budget Document for the fourth 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 for their unfailing commitment to maintaining the highest standards of professionalism in the management of the City of Crystal Lake's finances, this report would not be possible. Recognition and acknowledgement of the essential nature of their support and commitment to effective and responsible local government financial operations, which has enabled a report that is believed to meet the requirements of the GFOA Certificate of Achievement Program again this year, is an appropriate conclusion to this year's report.

Respectfully submitted,

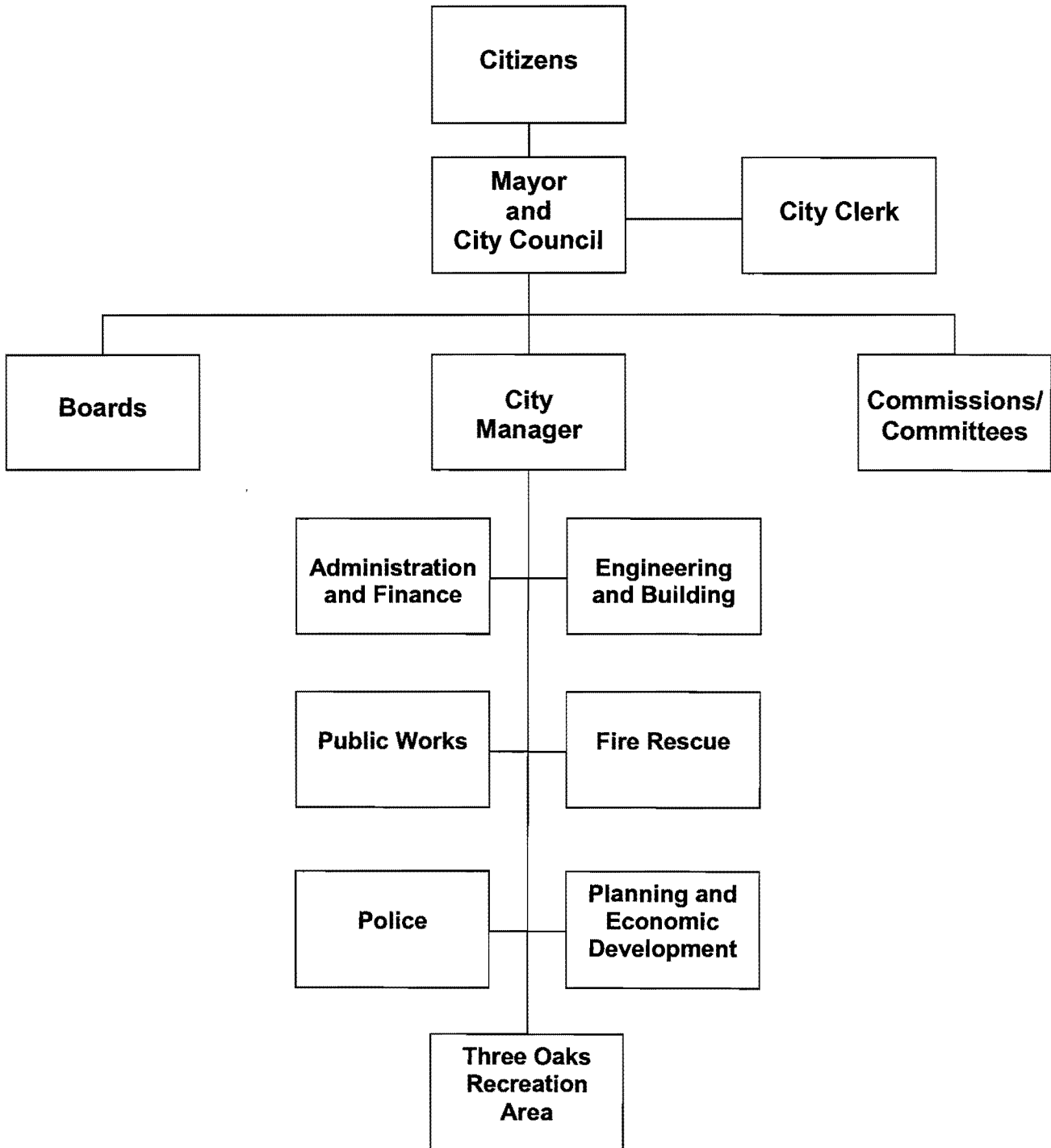


Gary J. Mayerhofer  
City Manager



Mark F. Nannini  
Director of Finance

# CITY OF CRYSTAL LAKE ORGANIZATIONAL STRUCTURE



**City of Crystal Lake, Illinois  
Principal Officials  
April 30, 2012**

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**Legislative**

Mayor: Aaron T. Shepley

City Clerk: Nick Kachiroubas

Ellen Brady Mueller, Council Member  
Ralph M. Dawson, Council Member  
Carolyn Schofield, Council Member

Brett Hopkins, Council Member  
Cathy A. Ferguson, Council Member  
Jeffrey T. Thorsen, Council Member

**Administrative**

City Manager - Gary J. Mayerhofer

Deputy City Manager - George Koczwar

Deputy City Manager – Eric Helm

City Attorney – John L. Cowlin

Director of Finance – Mark Nannini

Director of Engineering and Building – Erik Morimoto

Director of Human Resources – Ann Everhart

Director of Information Technology – Greg Fettes

Director of Planning and Economic Development – Michelle Rentzsch

Director of Public Works – Victor Ramirez

Police Chief – David Linder

Fire/Rescue Chief – James P. Moore

Library Director – Kathryn Martens



# 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, 2011

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



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

## **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 financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the statements of revenues, expenditures and changes in fund balance – budget and actual for the General and Major Special Revenue Funds, which collectively comprise the basic financial statements of the **City of Crystal Lake, Illinois** as of and for the year ended April 30, 2012, as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the statements of revenues, expenditures and changes in fund balance – budget and actual for the General and Major Special Revenue Funds of the City of Crystal Lake, Illinois as of April 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying financial information listed as supplementary information and other financial schedules in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements or to the 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Selden Fox, Ltd.*

September 10, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Management's Discussion and Analysis 2012**

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, 2012. We encourage readers of this document to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to vii of this report. All amounts within the management's discussion and analysis, unless otherwise indicated, are expressed in thousands of dollars (000's omitted).

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$238,645 (net assets), an increase of \$1,229 from the prior year. Of the total, \$25,960 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- During the fiscal year, the City invested \$10,704 in capital (buildings, equipment and infrastructure). Capital investments included intersection and roadway improvements at Route 176 and Walkup, as well as at Route 176 and Briarwood, widening east Crystal Lake Avenue, for the Virginia Street corridor, charcoal filtration system, purchase of a new ladder truck for the Fire Rescue Fund, water main replacements, McCormick Water Tower maintenance and painting, new squad cars, backhoe, and narrow band radios.
- Grants totaling \$1,598 were received by the City. Proceeds were used for the purposes of reimbursement from clearing snow (February 2011 blizzard), Water Treatment Plant #4 reroute, bullet proof vests, Click it or Ticket campaign, and improving roadways.
- Principal on outstanding bonds and notes were reduced by \$2,748 during the year. No new debt (bonds or notes) were issued.
- 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 \$17,903 and \$12,540, respectively. The unassigned fund balance represented 52.22% 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.

### **Government-wide Financial Statements**

The *government-wide financial statements* are intended to provide an aggregated overview of the City's net assets and changes in net assets. 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.

## Government-wide Financial Statements (cont'd)

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

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

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 13 - 16 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* is 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 and fund balances (or fund equity), which is the difference between current assets and current liabilities. 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.



## **Governmental funds (cont'd)**

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 of the thirty-five 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 Vulcan Lakes TIF). Data from the other 27 governmental funds are combined and reported in aggregate. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 - 25 of this report.

Because governmental funds 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 assets. Similarly, information reported in the governmental funds statement of revenues, expenditures and changes in fund balances are reconciled to that reported as governmental activities in the government-wide statement of activities.

The combination of government-wide and governmental funds 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 26 - 29 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 30 - 31 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 32 - 73 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.

Required supplementary information can be found on pages 74 – 78 of this report.

**Other supplementary information.** Combining and individual fund statements and schedules can be found beginning on page 79 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 146.

### 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 \$238,645.

#### Consolidated Statement of Net Assets As of April 30, 2012 (In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	Restated 2011	2012	Restated 2011	2012	Restated 2011
Current & other assets	\$ 53,644	\$ 59,677	\$ 4,942	\$ 6,207	\$ 58,586	\$ 65,884
Capital assets	179,272	175,839	65,826	66,352	245,098	242,191
<b>Total assets</b>	<b>232,916</b>	235,516	<b>70,768</b>	72,559	<b>303,684</b>	308,075
Long-term liabilities	29,667	31,750	13,459	14,835	43,126	46,585
Other liabilities	19,114	18,311	2,799	3,372	21,913	21,683
<b>Total liabilities</b>	<b>48,781</b>	50,061	<b>16,258</b>	18,207	<b>65,039</b>	68,268
Net assets:						
Invested capital assets, net of related debt	151,485	146,631	51,150	50,388	202,635	197,019
Restricted	10,050	12,072	-	-	10,050	12,072
Unrestricted	22,600	26,752	3,360	3,964	25,960	30,716
<b>Total net assets</b>	<b>\$ 184,135</b>	\$ 185,455	<b>\$ 54,510</b>	\$ 54,352	<b>\$ 238,645</b>	\$ 239,807

By far, the largest portion of the City's net assets (84.9 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (0.41 percent) represents resources that are subject to external

## Financial Position Analysis (cont'd)

restrictions relative to their use. The remaining *balance of unrestricted net assets* (\$25,960) may be used to meet the City's ongoing obligations to citizens and creditors.

The government's net assets increased by \$1,229, including a restatement of beginning net assets of \$2,391, during the current fiscal year as a result of a decrease in long-term liabilities. The increase is the result of changes in accounting policies to accrue and capture compensated absences. Only those employees whose sick leave hours met a minimum threshold are included in the computation of compensated absences (in addition to accrued vacation hours).

### Changes in Net Assets For the Fiscal Year Ended April 30, 2012 (In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$ 5,387	\$ 4,431	\$ 8,231	\$ 7,900	\$ 13,618	\$ 12,331
Grants and contributions:						
Operating	1,311	1,558	-	-	1,311	1,558
Capital	3,724	993	101	16	3,825	1,009
General revenues:						
Property	11,062	11,881	-	-	11,062	11,881
Other taxes	21,784	20,550	-	-	21,784	20,550
Other	1,590	1,756	35	46	1,625	1,802
<b>Total revenues</b>	<b>44,858</b>	<b>41,169</b>	<b>8,367</b>	<b>7,962</b>	<b>53,225</b>	<b>49,131</b>
Expenses:						
Governmental activities:						
General government	10,447	7,646	-	-	10,447	7,646
Public safety	24,157	21,621	-	-	24,157	21,621
Highways and streets	7,849	7,892	-	-	7,849	7,892
Culture and recreation	1,401	1,483	-	-	1,401	1,483
Interest on long-term debt	626	663	-	-	626	663
Business-type activities - waterworks and sewerage	-	-	9,907	9,400	9,907	9,400
<b>Total expenses</b>	<b>44,480</b>	<b>39,305</b>	<b>9,907</b>	<b>9,400</b>	<b>54,387</b>	<b>48,705</b>
Revenues over (under) expenses	378	1,864	(1,540)	(1,438)	(1,162)	426
Transfers and adjustments	(1,698)	(1,252)	1,698	1,252	-	-
Changes in net assets	(1,320)	612	158	(186)	(1,162)	426
Net assets - beginning of year	183,481	182,869	53,935	54,121	237,416	236,990
Restatement	1,974	-	417	-	2,391	-
<b>Net assets - end of year</b>	<b>\$ 184,135</b>	<b>\$ 183,481</b>	<b>\$ 54,510</b>	<b>\$ 53,935</b>	<b>\$ 238,645</b>	<b>\$ 237,416</b>

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

- Charges for services increased \$956 (21.6%) from the prior year. Included this year are alarm monitoring fees (a new alarm monitoring program offered by the Fire Rescue Department), boat and facility rental fees, as well as beach access fees at the Three Oaks Recreation Area (opened October 1, 2010).
- Grants totaling \$1,497 were received during the year. Proceeds were used for reimbursement from clearing snow (February 2011 blizzard), bullet proof vests, Click it or Ticket campaign, and improving roadways.
- Contributions totaling \$3,538 were received for purposes of funding City road projects.
- Property tax revenue decreased by \$819 (6.9%) during the year as a result of conscious action by the Mayor and City Council to lower taxes in a tough economy.
- Other taxes increased \$1,234 as retail sales increased providing the City with additional sales tax, increased cable services (franchise) fees attributable to the bundling of services by cable providers (phone and internet as well as television) netted against a decline in telecommunication tax receipts as a result of increasing competition.
- Interest income (reflected above as "Other") is dependent upon market conditions. Interest income declined \$607 to \$367. During the prior year, interest that was previously accrued but unaccounted was recorded.
- General and administrative expenditures increased \$2,801 or 36.6% from the prior year. The increase is largely attributable to the City's contribution towards Virginia Street paving, (in turn the City received grant funds back for this project).
- Rising personnel and pension costs are responsible for increased Public Safety expenditures. Also reflected here are legal fees that were incurred as a result of on-going litigation against the Village of Lakewood.
- Culture and recreation expenses (down \$82) are attributable to the City's new Three Oaks Recreation area moving beyond its initial year of operations. The Three Oaks Recreation Area was completed in the fall of 2010. The general public now can enjoy numerous recreational amenities offered at the facility, including a lake, marina, 200-foot beach, spray park, playground, volleyball courts, walking trails, picnic grove and a sledding hill.
- As outstanding bonds and notes decline, so too does the City's interest expense.

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

- Charges for services increased \$331 (4.19%) from the prior year. Included this year is a blended rate increase of 5.4% in the charge for water and sewer services as well as an increase in rent receipts from adding new cell tower sites.
- Grants totaling \$101 were received during the year. Proceeds were used for mitigating residual chlorides.
- Waterworks and sewerage expenditures increased \$507 from the prior year. Increases are largely attributable to rising utility costs associated with pumping and treating water as well as the cost to maintain sanitary sewers (rehabilitation), well repairs and meter replacements.

### **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 \$37,515, a decrease of \$6,116 in comparison with the prior year. Approximately 31.0% of this amount or \$10,741 constituted spendable unassigned fund balance, which would be available to spend at the government's discretion. The remainder of the combined ending fund balance considered spendable is restricted, committed or assigned to indicate that it is available for spending for specified purposes. A portion of the fund balance classified as nonspendable is considered reserved for prepaids and inventories.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, the unassigned fund balance was \$12,540, while the total fund balance was \$17,903. 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 52.22% of General Fund operating expenditures.

The fund balance of the City's General Fund decreased by \$3,295 at the end of the fiscal year. Key factors attributing to the decrease included:

- Planned use of reserves to fund technology and capital purchases; and
- Planned use of reserves loaned to the Waterworks and Sewerage Fund to fund debt service associated with the IEPA Loan.
- Initial funding to establish a Capital Reserve Fund.

The Motor Fuel Tax Fund had a total fund balance of \$8,023, all of which is set aside for street improvements. The net decrease in fund balance during the year was \$1,737, due mainly to projects to improve City roadways.

The Fire Rescue Fund had a total fund balance of \$2,824. The net decrease in fund balance during the year was \$583. This is due mainly to the planned use of reserves to purchase a 100 foot ladder truck.

The Vulcan Lakes TIF Fund had a total fund balance (\$1,797). The balance in the Vulcan Lakes TIF Fund reflects a long-term loan payable of \$1,800,000 to the General Fund for property acquisition in addition to a donation of land from Meyer Material Corporation.

**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 assets of the Waterworks and Sewerage Fund at the end of the year amounted to \$3,360. Net assets increased by \$575 from the prior year. The increase is the result of changes in accounting policies to accrue and capture compensated absences as previously mentioned on page 7.

## General Fund Budgetary Highlights

### General Fund Budgetary Highlights Fiscal Year 2012 (In thousands)

	Original Budget	Final Budget	Actual
Revenues and other financing sources:			
Property taxes	\$ 3,381	\$ 3,381	\$ 3,376
Other taxes	16,114	16,114	17,074
Other	2,701	2,701	2,177
<b>Total revenues</b>	22,196	22,196	22,627
Expenditures	(26,247)	(26,479)	(24,013)
Other financing uses /sources	1,857	1,857	(1,908)
<b>Net change in fund balance</b>	<b>\$ (2,194)</b>	<b>\$ (2,426)</b>	<b>\$ (3,294)</b>

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

- Tuckpointing and waterproofing services for the Municipal Complex (\$87).
- Radio Communications System upgrade (\$146).

Revenues and expenditures that exceeded final budget expectations included:

- Local Income tax distributions were accelerated by the State of Illinois.
- Sales and use taxes – a rise in receipts may signal a return of consumers to retail outlets following recessionary levels experienced in recent years.
- Cable franchise fees – an increase in receipts can be attributed to the “bundling” of phone, internet and television services.
- Tree removal costs exceeded budget due to summer storms.
- Initial funding for Capital Reserves Fund (\$3,000).

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

- Plan review fees and building permits – construction related fees continue to miss expectations in large part due to the housing and credit crisis amid today’s economy.
- Police fines – actual receipts missing budget projections does not translate to a lack in enforcement rather, high gas prices have forced travel restrictions for families and the economic climate has caused more drivers to comply with road rules (fearing large fines).
- Parking fees – this fiscal year, maintenance and supplies costs for the City’s commuter lot meters have been charged against parking fees collected.
- Wages – positions vacated through attrition that are not critical to core service delivery have not been filled. The mild winter and lack of snow contributed to low personnel costs.

## General Fund Budgetary Highlights (cont'd)

- Police overtime – overtime costs were reduced through chargebacks to organizations utilizing special police services.
- Police dispatch services – a reduction in cost is a direct result in a reduction in the number of calls for service.
- Flooding mitigation (engineering and construction) – a North Shore flooding mitigation project has been postponed until the project can receive input and design approval from area residents.

## 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, 2012, amounted to \$245,099 (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 \$2,908 or 1.19%.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 102,928	\$ 102,929	\$ 628	\$ 628	\$ 103,556	\$ 103,557
Construction in progress	1,513	1,585	679	3,562	2,192	5,147
Buildings and improvements	23,694	24,602	10,582	10,870	34,276	35,472
Machinery, equipment and vehicles	5,068	4,039	4,254	1,775	9,322	5,814
Infrastructure	46,069	42,684	49,683	49,517	95,752	92,201
<b>Total</b>	<b>\$ 179,272</b>	<b>\$ 175,839</b>	<b>\$ 65,826</b>	<b>\$ 66,352</b>	<b>\$ 245,098</b>	<b>\$ 242,191</b>

Major capital asset acquisitions made during the fiscal year included the following:

- A variety of street construction projects, including widening and expansion projects for existing streets, and utility-related projects.
- Several vehicles, including four squads, mini-dump truck, wheel loader, forestry truck, grapple truck, and one dump truck.
- Residual Construction and equipment costs for the Three Oaks Recreation Area.

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 \$32,949. Of this amount, \$24,540 comprises debt backed by the full faith and credit of the government and \$8,409 is special assessment debt consisting of three issues. For the two Series 2007 issues (SSA 44 and SSA 46 Bonds) which have outstanding balances of \$2,469 and \$750 at April 30, 2012, respectively, the City is liable in the event of default by the property owners subject to the assessment. For the SSA #45 Series 2006 Bonds, with an outstanding balance of \$5,440 at April 30, 2012, the City collects taxes assessed and makes payments, but the ultimate liability remains with the participating properties in the SSA.

**Capital Asset and Debt Administration (cont'd)**

**Long-Term Debt at Year End  
Fiscal Year 2012  
(In thousands)**

	<u>Balance, May 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, April 30, 2012</u>
General obligation bonds	\$ 26,275	\$ -	\$ 1,735	\$ 24,540
Special service area bonds	8,643	-	234	8,409
Notes payable	10,254	-	779	9,475
	<u>\$ 45,172</u>	<u>\$ -</u>	<u>\$ 2,748</u>	<u>\$ 42,424</u>

The City's total debt decreased by \$2,748, no new debt was issued.

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 8.3 percent, which is the same as the rate of 8.3 percent a year ago. This compares to the State's average unemployment rate of 8.6 percent and the national average rate of 8.1 percent.
- The occupancy rate of the government's central business district has remained at 95.0 percent for the past three years.
- Inflationary trends in the region compare favorably to national indices.

All of the above factors were considered in preparing the City's budget for the 2013 fiscal year.

Both water and sewer rates increased for the 2013 budget year. The water and sewer rates were increased by an average of 5.40 percent for all customers. These rate increases were necessary for the operational needs for the Water and Sewer Fund.

**Requests for Information**

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



## **BASIC FINANCIAL STATEMENTS**

**City of Crystal Lake, Illinois**  
**Statement of Net Assets**  
**April 30, 2012**

	Governmental Activities	Business-type Activities	Total	Component Unit
				Crystal Lake Public Library
<b>Assets</b>				
Cash and investments	\$ 33,271,543	\$ 4,089,496	\$ 37,361,039	\$ 4,662,312
Receivables, net:				
Property taxes	11,087,569	-	11,087,569	4,106,620
Accrued interest	527,417	198	527,615	-
Accounts	1,045,729	690,568	1,736,297	-
Internal balances	(99,178)	99,178	-	-
Due from fiduciary funds	213,053	-	213,053	-
Due from other governments	5,818,214	-	5,818,214	-
Inventory	166,599	-	166,599	-
Prepaid items and other assets	1,094,330	62,730	1,157,060	-
<b>Total current assets</b>	<b>53,125,276</b>	<b>4,942,170</b>	<b>58,067,446</b>	<b>8,768,932</b>
Noncurrent:				
Deferred bond issuance costs	518,597	-	518,597	-
Capital assets (net of accumulated depreciation):				
Land	102,928,633	628,095	103,556,728	661,569
Construction in progress	1,512,719	679,189	2,191,908	-
Buildings and improvements	23,694,014	10,581,810	34,275,824	5,306,036
Machinery, equipment and vehicles	5,068,382	4,254,206	9,322,588	102,064
Infrastructure	46,068,683	49,682,772	95,751,455	-
<b>Total noncurrent assets</b>	<b>179,791,028</b>	<b>65,826,072</b>	<b>245,617,100</b>	<b>6,069,669</b>
<b>Total assets</b>	<b>\$ 232,916,304</b>	<b>\$ 70,768,242</b>	<b>\$ 303,684,546</b>	<b>\$ 14,838,601</b>

(cont'd)

**City of Crystal Lake, Illinois**  
**Statement of Net Assets (cont'd)**  
**April 30, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit Crystal Lake Public Library</u>
<b>Liabilities</b>				
<b>Current:</b>				
Accounts payable	\$ 2,295,187	\$ 960,356	\$ 3,255,543	\$ 123,062
Accrued liabilities	435,750	52,261	488,011	-
Recapture fees payable	1,740,007	-	1,740,007	-
Unearned property tax revenue	11,087,569	-	11,087,569	4,106,620
Deposits payable	51,296	118,575	169,871	-
Interest payable	294,784	142,740	437,524	-
General obligation bonds payable	1,250,864	529,136	1,780,000	-
Special service area bonds payable	243,000	-	243,000	-
Notes payable	-	798,332	798,332	-
Compensated absences payable	1,716,116	197,374	1,913,490	82,942
<b>Total current liabilities</b>	<u>19,114,573</u>	<u>2,798,774</u>	<u>21,913,347</u>	<u>4,312,624</u>
<b>Noncurrent:</b>				
Compensated absences payable	1,110,614	110,382	1,220,996	53,028
Claims and judgments	242,122	-	242,122	-
Bonds payable:				
General obligation	18,127,041	4,672,283	22,799,324	-
Special service area	8,166,000	-	8,166,000	-
Notes payable	-	8,676,954	8,676,954	-
Net pension obligation	1,975,849	-	1,975,849	-
Net other post-employment benefit obligation	44,937	-	44,937	-
<b>Total noncurrent liabilities</b>	<u>29,666,563</u>	<u>13,459,619</u>	<u>43,126,182</u>	<u>53,028</u>
<b>Total liabilities</b>	<u>48,781,136</u>	<u>16,258,393</u>	<u>65,039,529</u>	<u>4,365,652</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	151,485,526	51,149,367	202,634,893	6,069,669
Restricted for:				
Working cash	-	-	-	50,034
Highways and streets	8,023,333	-	8,023,333	-
Retirement	1,059,042	-	1,059,042	-
Debt service	967,873	-	967,873	-
Unrestricted	22,599,394	3,360,482	25,959,876	4,353,246
<b>Total net assets</b>	<u>\$ 184,135,168</u>	<u>\$ 54,509,849</u>	<u>\$ 238,645,017</u>	<u>\$ 10,472,949</u>

See accompanying notes.

**City of Crystal Lake, Illinois  
Statement of Activities  
For the Year Ended April 30, 2012**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General and administrative	\$ 10,447,524	\$ 1,001,950	\$ 71,870
Public safety	24,157,329	3,656,295	60,938
Highways and streets	7,848,907	240,339	1,178,089
Culture and recreation	1,400,906	488,712	-
Interest on long-term debt	625,751	-	-
<b>Total governmental activities</b>	<b>44,480,417</b>	<b>5,387,296</b>	<b>1,310,897</b>
Business-type activities - Waterworks and Sewerage	9,907,476	8,230,935	-
<b>Total primary government</b>	<b>\$ 54,387,893</b>	<b>\$ 13,618,231</b>	<b>\$ 1,310,897</b>
Component unit - Crystal Lake Public Library	\$ 3,972,185	\$ 149,466	\$ 40,716

General revenues:

Taxes:

Property	11,061,961	-	11,061,961	4,106,952
Home rule sales	4,710,538	-	4,710,538	-
Auto rental	35,281	-	35,281	-
Franchise fees - cable	604,233	-	604,233	-
Telecommunications	1,824,479	-	1,824,479	-
Hotel	281,817	-	281,817	-
Replacement	139,013	-	139,013	-
State sales and use	10,736,957	-	10,736,957	-
Income	3,451,994	-	3,451,994	-
Investment income	367,609	5,062	372,671	7,269
Miscellaneous	1,222,460	30,442	1,252,902	79,898
Transfers	(1,697,616)	1,697,616	-	-
<b>Total general revenues</b>	<b>32,738,726</b>	<b>1,733,120</b>	<b>34,471,846</b>	<b>4,194,119</b>
<b>Change in net assets</b>	<b>(1,319,875)</b>	<b>157,890</b>	<b>(1,161,985)</b>	<b>412,116</b>
Net assets, beginning of the year, as previously reported	183,481,264	53,934,876	237,416,140	10,060,833
Prior period restatement for improper accrual of sick pay and net pension obligation	1,973,779	417,083	2,390,862	-
Net assets, beginning of the year, as restated	185,455,043	54,351,959	239,807,002	10,060,833
Net assets, end of the year	\$ 184,135,168	\$ 54,509,849	\$ 238,645,017	\$ 10,472,949

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Component Unit Crystal Lake Public Library
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (9,373,704)	\$ -	\$ (9,373,704)	\$ -
-	(20,440,096)	-	(20,440,096)	-
3,723,623	(2,706,856)	-	(2,706,856)	-
-	(912,194)	-	(912,194)	-
-	(625,751)	-	(625,751)	-
3,723,623	(34,058,601)	-	(34,058,601)	-
101,311	-	(1,575,230)	(1,575,230)	-
\$ 3,824,934	(34,058,601)	(1,575,230)	(35,633,831)	-
\$ -	-	-	-	(3,782,003)

See accompanying notes.

**City of Crystal Lake, Illinois**  
**Balance Sheet - Governmental Funds**  
**April 30, 2012**

	Special Revenue Funds		
	General Fund	Motor Fuel Tax Fund	Fire Rescue Fund
<b>Assets</b>			
Cash and investments	\$ 10,574,687	\$ 8,128,833	\$ 2,911,399
Receivables:			
Property taxes, net	3,347,776	-	5,378,183
Interest	513,726	13,087	-
Other	364,803	52,562	330,976
Due from other funds	661,758	10,208	-
Due from other governments	4,690,229	79,098	-
Inventory	166,599	-	-
Prepaid items	943,965	-	146,489
Advances to other funds	1,800,000	-	-
<b>Total assets</b>	<b>\$ 23,063,543</b>	<b>\$ 8,283,788</b>	<b>\$ 8,767,047</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 1,396,956	\$ 260,455	\$ 431,319
Accrued payroll	292,110	-	133,224
Recapture fees payable	61	-	-
Due to other funds	123,714	-	-
Deferred property tax revenue	3,347,776	-	5,378,183
Advances from other funds	-	-	-
<b>Total liabilities</b>	<b>5,160,617</b>	<b>260,455</b>	<b>5,942,726</b>
Fund balance:			
Nonspendable	2,910,564	-	146,489
Restricted, reported in:			
Special Revenue Funds	-	8,023,333	-
Debt Service Funds	-	-	-
Assigned for next fiscal year expenditures	2,452,902	-	1,684,384
Assigned, reported in:			
Special Revenue Funds	-	-	993,448
Capital Projects Funds	-	-	-
Unassigned, reported in:			
General Fund	12,539,460	-	-
Debt Service Funds	-	-	-
Capital Projects Funds	-	-	-
<b>Total fund balances (deficit)</b>	<b>17,902,926</b>	<b>8,023,333</b>	<b>2,824,321</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,063,543</b>	<b>\$ 8,283,788</b>	<b>\$ 8,767,047</b>

See accompanying notes.

Capital Projects Fund Vulcan Lakes TIF District	Other Governmental Funds	Total Governmental Funds
\$ 320,862	\$ 11,335,762	\$ 33,271,543
-	2,361,610	11,087,569
-	604	527,417
-	297,388	1,045,729
-	-	671,966
-	1,048,887	5,818,214
-	-	166,599
-	3,876	1,094,330
-	-	1,800,000
<b>\$ 320,862</b>	<b>\$ 15,048,127</b>	<b>\$ 55,483,367</b>
\$ 78,208	\$ 179,545	\$ 2,346,483
-	10,416	435,750
-	1,739,946	1,740,007
239,724	194,653	558,091
-	2,361,610	11,087,569
1,800,000	-	1,800,000
<b>2,117,932</b>	<b>4,486,170</b>	<b>17,967,900</b>
-	3,876	3,060,929
-	1,059,042	9,082,375
-	969,634	969,634
-	1,082,341	5,219,627
-	3,248,079	4,241,527
-	4,200,746	4,200,746
-	-	12,539,460
-	(1,761)	(1,761)
(1,797,070)	-	(1,797,070)
<b>(1,797,070)</b>	<b>10,561,957</b>	<b>37,515,467</b>
<b>\$ 320,862</b>	<b>\$ 15,048,127</b>	<b>\$ 55,483,367</b>

**City of Crystal Lake, Illinois**  
**Reconciliation of Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**April 30, 2012**

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Total fund balance - governmental funds (page 18)	\$ 37,515,467
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	179,272,431
Bond issuance costs are amortized over the life of the issue for governmental activities, but expensed in the period paid in the governmental funds.	518,597
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.	(39,324)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:	
General obligation bonds payable	(19,338,581)
Special service area bonds payable	(8,409,000)
Compensated absences payable	(2,826,730)
Claims and judgments	(242,122)
Net pension obligation	(1,975,849)
Net other post-employment benefit obligation	(44,937)
Interest payable	<u>(294,784)</u>
Net assets of governmental activities (page 14)	<u>\$ 184,135,168</u>

See accompanying notes.

**City of Crystal Lake, Illinois**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances (Deficit) - Governmental Funds**  
**For the Year Ended April 30, 2012**

	Special Revenue Funds			Capital Projects Fund Vulcan Lakes TIF District	Other Governmental Funds	Total Governmental Funds
	General Fund	Motor Fuel Tax Fund	Fire Rescue Fund			
<b>Revenues:</b>						
Charges for services	\$ 418,254	\$ -	\$ 2,888,177	\$ -	\$ 945,709	\$ 4,252,140
Licenses and permits	363,576	-	-	-	240,339	603,915
Intergovernmental	54,121	3,621,712	17,749	-	1,340,938	5,034,520
Fines and forfeitures	681,590	-	-	-	-	681,590
Property taxes	3,375,658	-	5,423,158	-	2,263,145	11,061,961
Other taxes	17,073,774	-	-	-	4,710,538	21,784,312
Investment income	224,001	93,987	3,053	1,637	44,930	367,608
Miscellaneous	436,123	-	464,039	-	228,657	1,128,819
<b>Total revenues</b>	<b>22,627,097</b>	<b>3,715,699</b>	<b>8,796,176</b>	<b>1,637</b>	<b>9,774,256</b>	<b>44,914,865</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	6,177,249	-	-	-	1,148,692	7,325,941
Public safety	12,203,542	-	8,752,582	-	440,553	21,396,677
Highways and streets	4,157,415	780,465	-	-	501,382	5,439,262
Culture and recreation	-	-	-	910	545,904	546,814
<b>Debt service:</b>						
Principal retirement	308,150	-	-	-	1,152,195	1,460,345
Interest and fiscal charges	69,276	-	-	-	991,094	1,060,370
Capital outlay	1,097,442	3,026,282	1,176,435	478,865	6,325,323	12,104,347
<b>Total expenditures</b>	<b>24,013,074</b>	<b>3,806,747</b>	<b>9,929,017</b>	<b>479,775</b>	<b>11,105,143</b>	<b>49,333,756</b>
<b>Revenues under expenditures before other financing sources (uses)</b>	<b>(1,385,977)</b>	<b>(91,048)</b>	<b>(1,132,841)</b>	<b>(478,138)</b>	<b>(1,330,887)</b>	<b>(4,418,891)</b>
<b>Other financing sources (uses):</b>						
Transfers in	4,697,258	-	550,000	2,572,676	7,523,407	15,343,341
Transfers out	(6,606,179)	(1,646,216)	-	(2,572,676)	(6,215,886)	(17,040,957)
<b>Total other financing sources (uses)</b>	<b>(1,908,921)</b>	<b>(1,646,216)</b>	<b>550,000</b>	<b>-</b>	<b>1,307,521</b>	<b>(1,697,616)</b>
<b>Net changes in fund balances</b>	<b>(3,294,898)</b>	<b>(1,737,264)</b>	<b>(582,841)</b>	<b>(478,138)</b>	<b>(23,366)</b>	<b>(6,116,507)</b>
Fund balances (deficit), beginning of the year	21,197,824	9,760,597	3,407,162	(1,318,932)	10,585,323	43,631,974
Fund balances (deficit), end of the year	\$ 17,902,926	\$ 8,023,333	\$ 2,824,321	\$ (1,797,070)	\$ 10,561,957	\$ 37,515,467

See accompanying notes.

**City of Crystal Lake, Illinois**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances (Deficit)**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended April 30, 2012**

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Amounts reported for governmental activities in the statement of activities (pages 15 and 16) are different because:

Net changes in fund balances (deficit) - total governmental funds (page 21)	\$ (6,116,507)
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities.	7,987,446
Depreciation on capital assets is reported as an expense in the statement of activities.	(2,984,547)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(1,569,178)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities.	1,460,345
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(1,936)
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	(174,793)
Decrease in claims and judgments	90,360
Increase in net pension obligation	(86,388)
Decrease in interest payable	75,323
	75,323
Change in net assets of governmental activities (page 16)	\$ (1,319,875)

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 519,124	\$ 519,124	\$ 418,254	\$ (100,870)
Licenses and permits	432,385	432,385	363,576	(68,809)
Intergovernmental	12,500	12,500	54,121	41,621
Fines and forfeitures	770,100	770,100	681,590	(88,510)
Property taxes	3,381,556	3,381,556	3,375,658	(5,898)
Other taxes	16,113,990	16,113,990	17,073,774	959,784
Investment income	306,138	306,138	224,001	(82,137)
Miscellaneous	659,890	659,890	436,123	(223,767)
<b>Total revenues</b>	<b>22,195,683</b>	<b>22,195,683</b>	<b>22,627,097</b>	<b>431,414</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	6,911,991	6,911,991	6,177,249	734,742
Public safety	12,519,214	12,519,214	12,203,542	315,672
Highways and streets	4,604,152	4,604,152	4,157,415	446,737
Capital outlay	1,833,904	2,066,089	1,097,442	968,647
<b>Debt service:</b>				
Principal	308,161	308,161	308,150	11
Interest and fees	69,108	69,108	69,276	(168)
<b>Total expenditures</b>	<b>26,246,530</b>	<b>26,478,715</b>	<b>24,013,074</b>	<b>2,465,641</b>
<b>Revenues under expenditures before other financing sources (uses)</b>	<b>(4,050,847)</b>	<b>(4,283,032)</b>	<b>(1,385,977)</b>	<b>2,897,055</b>
<b>Other financing sources (uses):</b>				
Transfers in	3,107,582	3,107,582	4,697,258	1,589,676
Transfers out	(1,250,681)	(1,250,681)	(6,606,179)	(5,355,498)
<b>Total other financing sources (uses)</b>	<b>1,856,901</b>	<b>1,856,901</b>	<b>(1,908,921)</b>	<b>(3,765,822)</b>
<b>Net changes in fund balance</b>	<b>\$ (2,193,946)</b>	<b>\$ (2,426,131)</b>	<b>(3,294,898)</b>	<b>\$ (868,767)</b>
Fund balance, beginning of the year			<b>21,197,824</b>	
Fund balance, end of the year			<b>\$ 17,902,926</b>	

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,023,991	\$ 1,023,991	\$ 3,621,712	\$ 2,597,721
Investment income	10,000	10,000	93,987	83,987
<b>Total revenues</b>	<u>1,033,991</u>	<u>1,033,991</u>	<u>3,715,699</u>	<u>2,681,708</u>
Expenditures - current:				
Highways and street:				
Contractual services	1,508,533	1,598,533	580,324	1,018,209
Supplies and materials	328,000	328,000	200,141	127,859
Capital outlay - streets	3,903,425	3,903,425	3,026,282	877,143
<b>Total expenditures</b>	<u>5,739,958</u>	<u>5,829,958</u>	<u>3,806,747</u>	<u>2,023,211</u>
<b>Revenues under     expenditures before     other financing uses</b>	(4,705,967)	(4,795,967)	(91,048)	4,704,919
Other financing uses - transfers out	<u>(1,646,216)</u>	<u>(1,646,216)</u>	<u>(1,646,216)</u>	<u>-</u>
<b>Net changes in fund balance</b>	<u>\$ (6,352,183)</u>	<u>\$ (6,442,183)</u>	<u>(1,737,264)</u>	<u>\$ 4,704,919</u>
Fund balance, beginning of the year			<u>9,760,597</u>	
Fund balance, end of the year			<u>\$ 8,023,333</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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 2,761,000	\$ 2,761,000	\$ 2,888,177	\$ 127,177
Intergovernmental	12,000	12,000	17,749	5,749
Property taxes	5,432,500	5,432,500	5,423,158	(9,342)
Investment income	20,000	20,000	3,053	(16,947)
Other	17,000	17,000	464,039	447,039
<b>Total revenues</b>	<b>8,242,500</b>	<b>8,242,500</b>	<b>8,796,176</b>	<b>553,676</b>
<b>Expenditures:</b>				
Public safety:				
Personnel services	7,029,667	7,029,667	6,821,758	207,909
Contractual services	1,595,385	1,595,385	1,676,188	(80,803)
Materials and supplies	266,270	266,270	254,636	11,634
Capital outlay	2,023,445	2,029,272	1,176,435	852,837
<b>Total expenditures</b>	<b>10,914,767</b>	<b>10,920,594</b>	<b>9,929,017</b>	<b>991,577</b>
<b>Revenues under expenditures before other financing sources (uses)</b>	<b>(2,672,267)</b>	<b>(2,678,094)</b>	<b>(1,132,841)</b>	<b>1,545,253</b>
<b>Other financing sources (uses):</b>				
Transfers in	550,700	550,700	550,000	(700)
Transfers out	(145,130)	(145,130)	-	145,130
<b>Total other financing sources (uses)</b>	<b>405,570</b>	<b>405,570</b>	<b>550,000</b>	<b>144,430</b>
<b>Net changes in fund balances</b>	<b>\$ (2,266,697)</b>	<b>\$ (2,272,524)</b>	<b>(582,841)</b>	<b>\$ 1,689,683</b>
Fund balance, beginning of the year			<b>3,407,162</b>	
Fund balance, end of the year			<b>\$ 2,824,321</b>	

See accompanying notes.

**City of Crystal Lake, Illinois**  
**Proprietary Fund - Waterworks and Sewerage Fund**  
**Statement of Net Assets**  
**April 30, 2012**

<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 4,089,496
Receivables - accounts	690,766
Due from other funds	113,506
Prepaid items	62,730
<b>Total current assets</b>	<b>4,956,498</b>
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Land	628,095
Construction in progress	679,189
Building improvements	10,581,810
Machinery, equipment, and vehicles	4,254,206
Infrastructure	49,682,772
<b>Total noncurrent assets</b>	<b>65,826,072</b>
<b>Total assets</b>	<b>70,782,570</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	960,356
Accrued payroll	52,261
Deposits payable	118,575
Interest payable	142,740
Due to other funds	14,328
General obligation bonds - current	529,136
Notes payable	798,332
Compensated absences payable	197,374
<b>Total current liabilities</b>	<b>2,813,102</b>
Noncurrent liabilities:	
Compensated absences payable	110,382
Notes payable	8,676,954
General obligation bonds - noncurrent	4,672,283
<b>Total noncurrent liabilities</b>	<b>13,459,619</b>
<b>Total liabilities</b>	<b>16,272,721</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	51,149,367
Unrestricted	3,360,482
<b>Total net assets</b>	<b>\$ 54,509,849</b>

See accompanying notes.

**City of Crystal Lake, Illinois**  
**Proprietary Fund - Waterworks and Sewerage Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended April 30, 2012**

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Operating revenues:	
Charges for services	\$ 7,523,456
Miscellaneous	<u>26,653</u>
<b>Total operating revenues</b>	<b>7,550,109</b>
Operating expenses - excluding depreciation	<u>6,634,584</u>
<b>Operating income before depreciation</b>	<b>915,525</b>
Depreciation	<u>2,846,503</u>
<b>Operating loss</b>	<b>(1,930,978)</b>
Nonoperating revenue (expense):	
Connection fees	443,654
Interest income	5,062
Rental income	263,825
Interest expense	(426,389)
Gain on sale of capital assets	<u>3,789</u>
<b>Total nonoperating revenue (expense)</b>	<b>289,941</b>
<b>Loss before capital contributions and transfers</b>	<b>(1,641,037)</b>
Capital contributions	101,311
Transfers in	<u>1,697,616</u>
<b>Change in net assets</b>	<b>157,890</b>
Total net assets, beginning of the year, as previously report	53,934,876
Restatement of beginning net assets for prior year overstatement of compensated absences payable	<u>417,083</u>
Total net assets, beginning of the year, as restated	<u>54,351,959</u>
Total net assets, end of the year	<u><b>\$ 54,509,849</b></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, 2012**

<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 7,873,717
Grant proceeds	
Payments to suppliers	(4,391,993)
Payments to employees	<u>(2,894,310)</u>
<b>Net cash from operating activities</b>	<u>587,414</u>
 <b>Cash flows from (used in) capital and related financing activities:</b>	
Capital assets purchased	(2,320,420)
Connection fees	443,654
Grants received for capital purposes	101,311
Proceeds from sale of capital assets	3,789
Principal paid on general obligation bonds	(508,655)
Principal paid on notes payable	(778,472)
Interest paid on general obligation bonds and notes payable	<u>(426,291)</u>
<b>Net cash from (used in) capital and related financing activities</b>	<u>(3,485,084)</u>
 <b>Cash flows from noncapital financing activities:</b>	
Advances to other funds	(110,284)
Transfers in from other funds	<u>1,697,616</u>
<b>Net cash from noncapital financing activities</b>	<u>1,587,332</u>
 <b>Cash flows from investing activities - interest and dividends</b>	
	<u>5,062</u>
<b>Net decrease in cash and cash equivalents</b>	(1,305,276)
Balance, beginning of the year	<u>5,394,772</u>
Balance, end of the year	<u>\$ 4,089,496</u>

(cont'd)

**City of Crystal Lake, Illinois**  
**Proprietary Fund - Waterworks and Sewerage Fund**  
**Statement of Cash Flows (cont'd)**  
**For the Year Ended April 30, 2012**

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Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (1,930,978)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Rental income	263,825
Depreciation expense	2,846,503
Decrease in receivables	59,783
Decrease in prepaid items	9,876
Decrease in accounts payable	(679,999)
Decrease in deposits payable	(7,144)
Increase in accrued payroll	5,412
Increase in compensated absences payable	<u>20,136</u>
 <b>Net cash from operating activities</b>	 <b><u>\$ 587,414</u></b>

See accompanying notes.

**City of Crystal Lake, Illinois**  
**Fiduciary Funds - Trust and Agency Funds**  
**Statement of Fiduciary Net Assets**  
**April 30, 2012**

<b>Assets</b>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash	\$ 4,444	\$ 130,306
Investments:		
Illinois Funds Investment Pool	167,290	-
Money market accounts	909,054	-
U.S. government and agency securities	22,124,078	-
Insurance contracts	1,248,749	-
Municipal bonds	551,551	-
Mutual funds - bonds	1,368,763	-
Mutual funds - stocks	18,654,153	-
Interest receivable	136,192	-
Other receivable	-	621
Due from other funds	100	-
<b>Total assets</b>	<u>\$ 45,164,374</u>	<u>\$ 130,927</u>
<b>Liabilities</b>		
Accounts payable	\$ 4,695	\$ -
Recapture fees payable	-	(82,126)
Due to other funds	100	213,053
<b>Total liabilities</b>	<u>4,795</u>	<u>130,927</u>
<b>Net Assets</b>		
Restricted for pension benefits	<u>45,159,579</u>	<u>-</u>
<b>Total liabilities and net assets</b>	<u>\$ 45,164,374</u>	<u>\$ 130,927</u>

See accompanying notes.



**City of Crystal Lake, Illinois**  
**Fiduciary Funds - Pension Trust Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended April 30, 2012**

<b>Additions</b>	
Contributions:	
Employer	\$ 3,375,628
Participant	<u>1,018,973</u>
<b>Total contributions</b>	<u>4,394,601</u>
Investment income:	
Net depreciation in fair value of investments	(115,530)
Interest income	1,077,957
Less investment expenses	<u>(160,098)</u>
<b>Total investment income</b>	<u>802,329</u>
<b>Total additions</b>	<u>5,196,930</u>
<b>Deductions</b>	
Pension benefits and refunds	2,347,143
Administrative expenses	<u>26,342</u>
<b>Total deductions</b>	<u>2,373,485</u>
<b>Changes in net assets</b>	2,823,445
Total net assets, beginning of the year	<u>42,336,134</u>
Total net assets, end of the year	<u>\$ 45,159,579</u>

See accompanying notes.

## City of Crystal Lake, Illinois Notes to the Financial Statements

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### I. Summary of Significant Accounting Policies

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

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

#### A. The Reporting Entity

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

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

**Discretely Presented Component 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, 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)**

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

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

The government-wide statement of net assets and statement of activities report the overall financial activity of the City. Eliminations have been made to minimize the double counting of internal activities of the City. 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 assets presents the City's nonfiduciary assets and liabilities with the difference reported in three categories:

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e., general government, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational 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)**

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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.

**Vulcan Lakes TIF District** – This fund is intended to spur a comprehensive development of this area and will include residential, retail and recreational facilities.

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.

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

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal year (60 days for property taxes 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.

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

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

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**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 and Equity**

**1. Deposits and Investments**

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

**Investments** – Investments are reported at fair value. Fair value is based on quoted market prices. Under Illinois law, the City (and Library) 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)**

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

**D. Assets, Liabilities and Equity (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)**

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

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

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

**Investments (cont'd)**

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

**2. Inventory and Prepaid Items**

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

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

**3. Capital Assets**

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

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

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

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



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

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

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

**3. Capital Assets**

Depreciation of capital assets is recorded in the statement of activities with accumulated depreciation reflected in the statement of net assets and is provided on the straight-line basis over the following estimated useful lives:

	<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.

**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 assets. Bond premiums and discounts, as well as issuance costs, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

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

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

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

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

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

**6. Equity Classifications**

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

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets with constraints placed on their 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 assets – All other net assets that do not meet the definitions of “restricted” or “invested in capital assets, net of related debt.”

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.

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

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

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

**6. Equity Classifications (cont'd)**

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.

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 resolutions and 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, as expressed by the City Council.

**Individual Fund Restrictions, Commitments and Assignments:**

**General Fund** – The City has a portion of the fund balance that is considered nonspendable fund balance. The nonspendable fund balance is intended as an offset to inventory, prepaid items, and a long-term loan receivable to another fund totaling \$166,599, \$943,965, and \$1,800,000, respectively. To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance.

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

**Fire Rescue Fund** – A portion of the fund balance is considered nonspendable. The nonspendable fund balance is intended as an offset to prepaid items totaling \$146,489. 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 is considered nonspendable fund balance. The nonspendable portion of the fund balance is intended as an offset to prepaid items totaling \$3,876. The fund balance in the Illinois Municipal Retirement Fund is restricted to meeting retirement obligations to City employees. The portion of the fund balance from Debt Service Funds with a positive fund balance is considered restricted for the payment of long-term debt obligations.

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

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

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

**6. Equity Classifications (cont'd)**

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

All other special revenue and capital projects fund balances are considered assigned for the purposes of their respective funds, to the extent those funds have a positive fund balance. Negative fund balances reported in debt service and capital project funds are considered unassigned fund balances.

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

**7. Capital Contributions**

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

**8. Accounting Estimates**

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

**9. Interfund Transactions**

The City has the following types of transactions between funds:

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

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

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

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

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

**9. Interfund Transactions (cont'd)**

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

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

**10. Claims and Judgments**

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

**11. Unbilled Services**

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

**II. 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 following funds:

<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
Special Service Area Nos. 4-18	Special Service Area No. 42
Special Service Area No. 19	Special Assessment No. 145
Special Service Area Nos. 21-31	Crystal Heights Utility Extension
Special Service Area Nos. 32-39	SSA 44 Tracy Trail Construction
Special Service Area No. 42	SSA 45 Bryn Mawr Project
Special Assessment No. 149	SSA 46 Ryland Main Construction
	Vulcan Lakes TIF District

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

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**II. Budgetary Information (cont'd)**

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

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

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.

- C. 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 \$244,512 during the year ended April 30, 2012. The Library also approved supplemental appropriations.

As of April 30, 2012, the following funds had an excess of actual expenditures over budget:

Fund Name	Excess
School Crossing Guard Fund	\$ 2,146
Crystal Heights Debt Service Fund	78,098
SSA #44 Tracy Trail Project Debt Service Fund	23,653
SSA #45 Bryn Mawr Water and Sewer Project Debt Service Fund	3,000
SSA #46 Ryland Water and Sewer Project Debt Service Fund	3,000
Three Oaks Recreation Area Debt Service Fund	1,030
Police Pension Fund	37,746
Firefighters' Pension Fund	119,739

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

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**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:

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

**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)**

**Investments** – As of April 30, 2012, 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	\$ 3,193,141	\$ 490,456	\$ 1,110,018	\$ 1,592,667	\$ -
Fixed Income Money Market funds	909,054	909,054	-	-	-
Mortgage-backed securities	7,740,203	1,001,936	5,734,195	903,105	100,967
Other agency securities	21,213,716	1,025,237	15,523,361	4,199,176	465,942
Certificates of deposit	9,720,378	1,349,142	8,119,068	252,168	-
Municipal bonds	551,551	-	31,385	177,310	342,856
Mutual funds*	20,022,916	20,022,916	-	-	-
Corporate notes	502,410	-	502,410	-	-
Insurance contracts	1,248,749	1,248,749	-	-	-
Illinois Funds Investment Pool*	15,722,950	15,722,950	-	-	-
<b>Total investments</b>	<b>\$ 80,825,068</b>	<b>\$ 41,770,440</b>	<b>\$ 31,020,437</b>	<b>\$ 7,124,426</b>	<b>\$ 909,765</b>

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

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

<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 two ratings issued by nationally recognized statistical rating organizations (NRSROs). The City’s policy places no further limits beyond those required by state law.

As of April 30, 2012, the City’s investments were rated as follows:

Investment Type	Fair Value	Moody’s
Fixed Income Money Market funds	\$ 909,054	NR
Other agency securities	21,213,716	AAA/Aaa
Municipal bonds	551,551	A2/Aa2/Aa3/NR
Corporate notes	502,410	A1/Aaa
Illinois Funds Investment Pool	15,722,950	AAA

NR = Not Rated

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

**Concentration of Credit Risk** – The City’s investment policy places no limit on the amount the City may invest in any one issuer. More than 5 percent of the City’s investments (excluding the Pension Trust Funds) are in Federal National Mortgage Association and Federal Home Loan Mortgage Corporation debt securities, which account for 35.88% and 8.69% of the City’s total investments respectively. Concentration risk disclosures for the Police and Firefighters’ Pension Funds are in Note III. B.

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

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

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**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 \$505,498. The weighted average maturity of the Pool is less than one year. The Illinois Funds Investment Pool was rated AAA by Standard & Poors rating service. The Library also invests in twenty two certificates of deposit with an aggregate carrying value of \$4,120,242, of which fifteen certificates of deposit with a carrying value of \$2,802,333 will mature within one year, and seven certificates of deposit with a carrying value of \$1,317,909 will mature in one to two 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 2011 levy is intended to fund the operations of fiscal year 2013, the 2011 property tax levy is recorded as a receivable and the 2011 property tax revenue is deferred.

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

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective share of the collections. Taxes levied in 2011 become due and payable in two installments in June 2012 and September 2012. 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.

**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, 2012 is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 102,928,633	\$ -	\$ -	\$ 102,928,633
Construction in progress	<u>1,585,419</u>	<u>724,115</u>	<u>796,815</u>	<u>1,512,719</u>
	<u>104,514,052</u>	<u>724,115</u>	<u>796,815</u>	<u>104,441,352</u>
Capital assets being depreciated:				
Buildings and improvements	31,758,304	18,883	-	31,777,187
Machinery, equipment and vehicles	12,149,892	2,126,038	569,806	13,706,124
Infrastructure	<u>57,226,690</u>	<u>5,906,319</u>	<u>1,414,207</u>	<u>61,718,802</u>
	<u>101,134,886</u>	<u>8,051,240</u>	<u>1,984,013</u>	<u>107,202,113</u>
Less accumulated depreciation for:				
Buildings and improvements	7,156,784	926,389	-	8,083,173
Machinery, equipment and vehicles	8,111,209	921,990	395,457	8,637,742
Infrastructure	<u>14,542,235</u>	<u>1,136,168</u>	<u>28,284</u>	<u>15,650,119</u>
	<u>29,810,228</u>	<u>2,984,547</u>	<u>423,741</u>	<u>32,371,034</u>
<b>Total capital assets being depreciated, net</b>	<u>71,324,658</u>	<u>5,066,693</u>	<u>1,560,272</u>	<u>74,831,079</u>
Governmental activities capital assets, net	<u>\$ 175,838,710</u>	<u>\$ 5,790,808</u>	<u>\$ 2,357,087</u>	<u>\$ 179,272,431</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)**

**Business-type Activities** – A summary of changes in capital assets for business-type activities of the City for the year ended April 30, 2012 is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 628,095	\$ -	\$ -	\$ 628,095
Construction in progress	3,561,952	287,576	3,170,339	679,189
	4,190,047	287,576	3,170,339	1,307,284
Capital assets being depreciated:				
Buildings and improvements	16,254,716	381,413	-	16,636,129
Machinery, equipment and vehicles	3,623,477	2,691,028	23,826	6,290,679
Infrastructure	88,121,304	2,130,742	-	90,252,046
	107,999,497	5,203,183	23,826	113,178,854
Less accumulated depreciation for:				
Buildings and improvements	5,384,525	669,794	-	6,054,319
Machinery, equipment and vehicles	1,848,806	211,493	23,826	2,036,473
Infrastructure	38,604,058	1,965,216	-	40,569,274
	45,837,389	2,846,503	23,826	48,660,066
<b>Total capital assets being depreciated, net</b>	<b>62,162,108</b>	<b>2,356,680</b>	<b>-</b>	<b>64,518,788</b>
Business-type activities capital assets, net	<b>\$ 66,352,155</b>	<b>\$ 2,644,256</b>	<b>\$ 3,170,339</b>	<b>\$ 65,826,072</b>

**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, 2012 is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
<b>Component Unit Activities:</b>				
Capital assets not being depreciated – land	\$ 661,569	\$ -	\$ -	\$ 661,569
Capital assets being depreciated:				
Buildings and improvements	7,849,561	40,611	-	7,890,172
Machinery, equipment and vehicles	275,539	68,020	-	343,559
	8,125,100	108,631	-	8,233,731
Less accumulated depreciation for:				
Buildings and improvements	2,399,664	184,472	-	2,584,136
Machinery, equipment and vehicles	226,746	14,749	-	241,495
	2,626,410	199,221	-	2,825,631
<b>Total capital assets being depreciated, net</b>	5,498,690	(90,590)	-	5,408,100
Component unit activities capital assets, net	\$ 6,160,259	\$ (90,590)	\$ -	\$ 6,069,669

Depreciation was charged to functions/activities as follows:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Public Library
General and administrative	\$ 409,838	\$ -	\$ -
Public safety	1,014,567	-	-
Highways and streets	1,063,484	-	-
Culture and recreation	496,658	-	199,221
Waterworks and sewerage	-	2,846,503	-

**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, 2012 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	Vulcan Lakes TIF District	\$ 239,724
General	Waterworks and Sewerage	14,328
General	Nonmajor Governmental	194,653
General	Agency	213,053
Motor Fuel Tax	General	10,208
Waterworks and Sewerage	General	113,506
Pension Trust	Pension Trust	100
		<u>\$ 785,572</u>

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

Receiving Fund	Paying Fund	Amount
General	Nonmajor Governmental	\$ 2,124,582
General	Vulcan Lakes TIF District	2,572,676
Vulcan Lakes TIF District	General	2,572,676
Nonmajor Governmental	General	3,000,000
Waterworks and Sewerage	General	1,033,503
Nonmajor Governmental	Motor Fuel Tax	1,646,216
Fire Rescue	Nonmajor Governmental	550,000
Nonmajor Governmental	Nonmajor Governmental	2,877,191
Waterworks and Sewerage	Nonmajor Governmental	664,113
		<u>\$ 17,040,957</u>

The transfers from Nonmajor Governmental included \$2,124,582 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," and other core services; to the Fire Rescue Fund for core services; and to nonmajor Debt Service and Capital Projects Funds for debt payments and construction costs. The transfers between the General and Vulcan Lakes TIF District Fund represent a reallocation of the use of Series 2009 bonds proceeds between allowable projects.

**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, 2012:

	Balance May 1	Additions	Deletions	Balance April 30
<b>City:</b>				
General obligation bonds	\$ 20,564,926	\$ -	\$ 1,226,345	\$ 19,338,581
Deferred bond premium	55,723	-	16,399	39,324
Special service area bonds	8,643,000	-	234,000	8,409,000
Claims and judgments	332,482	3,091,186	3,181,546	242,122
Net pension obligation*	1,069,521	5,568,552	4,662,224	1,975,849
Net OPEB*	16,101	66,014	37,178	44,937
Compensated absences*	5,474,488	1,809,189	4,456,947	2,826,730
	<u>\$ 36,156,241</u>	<u>\$ 10,534,941</u>	<u>\$ 13,814,639</u>	<u>\$ 32,876,543</u>
<b>Crystal Lake Public Library:</b>				
Compensated absences	\$ 124,054	\$ 209,410	\$ 197,494	\$ 135,970

\* 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, 2012.

	Balance May 1	Additions	Deletions	Balance April 30
General obligation bonds	\$ 5,710,074	\$ -	\$ 508,655	\$ 5,201,419
Notes payable	10,253,758	-	778,472	9,475,286
Claims and judgments	-	395,487	395,487	-
Compensated absences	704,703	208,111	605,058	307,756
	<u>\$ 16,668,535</u>	<u>\$ 603,598</u>	<u>\$ 2,287,672</u>	<u>\$ 14,984,461</u>

The compensated absences deletions amount for governmental and business-type activities includes \$2,822,551 and \$417,083, respectively, of sick pay accrued in error in the prior year and presented as a restatement of beginning net assets. The net pension obligation additions amount includes \$848,772 prior period adjustment to record the proper period's net pension obligation in the police and firefighters pension plans.

The current portion of compensated absences for governmental, business-type, and library activities are \$1,716,116, \$197,374 and \$82,942, respectively. All claims and judgments accrued at April 30, 2012 are considered due within one year.

**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)**

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

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
2004 General Obligation Bonds, original principal \$7,825,000 (partial Waterworks and TIF alternate revenue source), due in annual installments of \$525,000 to \$650,000 through December 15, 2019; interest at 3.10% to 3.90% payable semi-annually on June 15 and December 15.	General and Debt Service	\$ 3,175,000	\$ -	\$ 305,000	\$ 2,870,000	\$ 315,000
	Waterworks and Sewerage	2,050,000	-	195,000	1,855,000	210,000
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 December 15, 2019; interest at 1.75% to 5.30% payable semi-annually on June 15 and December 15.	General and Debt Service	17,389,926	-	921,345	16,468,581	935,864
	Waterworks and Sewerage	3,660,074	-	313,655	3,346,419	319,136
<b>General Obligation Bonds</b>		<b>\$ 26,275,000</b>	<b>\$ -</b>	<b>\$ 1,735,000</b>	<b>\$24,540,000</b>	<b>\$ 1,780,000</b>
Reported in:						
Governmental activities		\$ 20,564,926	\$ -	\$ 1,226,345	\$19,338,581	\$1,250,864
Business-type activities		5,710,074	-	508,655	5,201,419	529,136
		<b>\$ 26,275,000</b>	<b>\$ -</b>	<b>\$ 1,735,000</b>	<b>\$24,540,000</b>	<b>\$1,780,000</b>



**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, included within the governmental activities, outstanding and the current year activity are as follows:

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
Special Service Area No. 45 Bonds, Series 2006 – original principal \$5,935,000, due in annual installments of \$175,000 to \$435,000, commencing February 2009 through February 2031; interest at 4.70% to 5.50% payable semiannually on August 1 and February 1.	Capital Projects	\$ 5,610,000	\$ -	\$ 170,000	\$ 5,440,000	\$ 175,000
Special Service Area No. 46 Bonds, Series 2007 – original principal \$2,500,000, due in annual installments of \$18,000 to \$240,000, commencing March 2010 through March 2036; interest at 5.75% payable semiannually on September 1 and March 1.	Capital Projects	2,483,000	-	14,000	2,469,000	18,000
Special Service Area No. 44 Bonds, Series 2007 – original principal \$750,000, due in annual installments of \$50,000 through March 2022; interest at 4.25% to 4.85% payable annually on December 1.	Capital Projects	550,000	-	50,000	500,000	50,000
		<u>\$ 8,643,000</u>	<u>\$ -</u>	<u>\$ 234,000</u>	<u>\$ 8,409,000</u>	<u>\$ 243,000</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)**

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

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
Notes payable due in annual installments beginning February 1, 2003; interest at 2.535%.	Waterworks and Sewerage	\$ 10,253,758	\$ -	\$ 778,472	\$ 9,475,286	\$ 798,332

The annual requirements to retire all governmental activities' debt outstanding of the City as of April 30, 2012 are as follows:

Fiscal Year End	General Obligation Bonds		SSA Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 1,250,864	\$ 837,957	\$ 243,000	\$ 463,271
2014	1,272,239	806,367	257,000	455,886
2015	1,297,729	770,886	272,000	448,541
2016	1,348,058	729,091	286,000	439,233
2017	1,393,068	682,172	302,000	431,001
2018-2022	5,587,230	2,619,283	1,763,000	1,994,614
2023-2027	4,819,393	1,501,150	2,075,000	1,690,879
2028-2032	2,370,000	204,397	2,356,000	1,323,002
2033-2036	-	-	855,000	982,651
	<u>\$ 19,338,581</u>	<u>\$ 8,151,303</u>	<u>\$ 8,409,000</u>	<u>\$ 8,229,078</u>

The annual requirements to retire all business-type activities' debt outstanding of the City as of April 30, 2012 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)**

Fiscal Year End	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2013	\$ 529,136	\$ 187,782	\$ 798,332	\$ 235,171
2014	547,761	174,222	818,698	214,805
2015	542,271	159,105	839,583	193,919
2016	566,942	142,287	861,002	172,501
2017	586,932	123,606	882,966	150,536
2018-2022	1,957,770	314,752	4,764,422	403,092
2023	470,607	45,985	510,283	6,469
	<u>\$ 5,201,419</u>	<u>\$ 1,147,739</u>	<u>\$ 9,475,286</u>	<u>\$ 1,376,493</u>

**IV. Other Information**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for and finances its uninsured risks of loss in the General, Waterworks and Sewerage (Enterprise), and Fire Rescue (Special Revenue) funds. These funds provided coverage for group health and dental coverage up to \$75,000 per claim.

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

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

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

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

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

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 – 4/30/09	\$	102,535
Claims incurred – fiscal year 2010		3,065,899
Claims paid – fiscal year 2010		<u>(3,037,189)</u>
Unpaid claims liability – 4/30/10		131,245
Claims incurred – fiscal year 2011		3,307,440
Claims paid – fiscal year 2011		<u>(3,106,203)</u>
Unpaid claims liability – 4/30/11		332,482
Claims incurred – fiscal year 2012		3,486,673
Claims paid – fiscal year 2012		<u>(3,577,033)</u>
Unpaid claims liability – 4/30/12	\$	<u>242,122</u>

**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](http://www.imrf.org).

**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)**

**Funding Policy** – As set by statute, Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statutes require the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the employer was 12.29% of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 12.75%. 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.

**Annual Pension Cost** – For fiscal year ended April 30, 2012, the City's actual contributions for pension cost for the Regular plan was \$1,286,600 and its required contribution was \$1,322,308.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
4/30/12	\$ 1,322,308	98 %
4/30/11	1,314,127	92
4/30/10	1,195,520	97

The net pension liability of \$180,075 was comprised of the following:

Annual required contribution	\$ 1,319,220
Interest on the net pension asset	10,828
Adjustment to the ARC	(7,740)
Annual pension cost	1,322,308
Fiscal 2012 contribution	1,286,600
Increase in pension liability	35,708
Net pension liability at April 30, 2011	144,367
Net pension liability at April 30, 2012	\$ 180,075

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

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

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

**Illinois Municipal Retirement (cont'd)**

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the IMRF's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period using a 20% corridor between the actuarial and market value of assets. The City's regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

**Funding Status and Funding Progress** – As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 71.23% funded. The actuarial accrued liability for benefits was \$31,196,934 and the actuarial value of assets was \$22,220,589, resulting in an underfunded actuarial accrued liability (UAAL) of \$8,976,345. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$10,323,537 and the ratio of the UAAL to the covered payroll was 87%.

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

**Police Pension**

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

At April 30, 2011 (consistent with the actuarial valuation date), the Police Pension Plan membership consisted of:

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

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

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

**Police Pension (cont'd)**

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	28
Current employees:	
Vested	43
Nonvested	<u>23</u>
<b>Total</b>	<u>94</u>

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.

**Funding Policy** – Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2032, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded. Actuarial valuations are performed annually.

**Current Year Annual Pension Cost and Net Pension Asset** – The City's annual pension cost was \$1,796,004. The annual pension cost is based on an actuarial valuation performed as of April 30, 2012. The City's actual contribution was \$1,834,018. For a description of the significant actuarial assumptions see page 67.

**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)**

The net pension liability of \$784,188 was comprised of the following:

Annual required contribution	\$ 1,772,308
Interest on the net pension asset	57,554
Adjustment to the ARC	<u>(33,858)</u>
Annual pension cost	1,796,004
Fiscal 2012 contribution	<u>1,834,018</u>
Decrease in pension liability	(38,014)
Net pension liability at April 30, 2011	<u>822,202</u>
Net pension liability at April 30, 2012	<u>\$ 784,188</u>

The City has recorded the net pension obligation of \$784,188 in the government-wide statement of net assets.

**Funding Status and Funding Progress** – As of April 30, 2012, the most recent actuarial valuation date, the plan was 57.13% funded. The actuarial accrued liability for benefits was \$43,863,747 and the actuarial value of assets was \$25,061,280, resulting in an underfunded actuarial accrued liability (UAAL) of \$18,802,467 and the ratio of the UAAL to the covered payroll was 361%.

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

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

<u>Investment Type</u>	<u>% of Net Assets</u>
FFCB	15.49%
FHLB	5.47%
FNMA	25.48%



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

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**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, 2011 (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	12
Current employees:	
Vested	21
Nonvested	43
<b>Total</b>	<u>76</u>

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 through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greatest of 54% of final salary or the monthly retirement pension the deceased firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary.

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

**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 Policy** – Covered employees are required to contribute 9.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2032, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded. Actuarial valuations are performed annually.

**Current Year Annual Pension Cost and Net Pension Asset** – The City's annual pension cost was \$1,565,764. The annual pension cost is based on the actuarial valuation performed as of April 30, 2012. The City's actual contribution was \$1,541,610. For a description of the significant actuarial assumptions, see page 67.

The net pension liability of \$1,011,586 was comprised of the following:

Annual required contributions (ARC)	\$ 1,537,306
Interest on the net pension asset	69,120
Adjustment to the ARC	<u>(40,662)</u>
Annual pension cost	1,565,764
Fiscal 2012 contribution	<u>1,541,610</u>
Increase in pension liability	24,154
Net pension liability at April 30, 2011	<u>987,432</u>
Net pension liability at April 30, 2012	<u>\$ 1,011,586</u>

The City has recorded the net pension obligation of \$1,011,586 in the government-wide statement of net assets.

**Funding Status and Funding Progress** – As of April 30, 2012, the most recent actuarial valuation date, the plan was 63.69% funded. The actuarial accrued liability for benefits was \$27,122,698 and the actuarial value of assets was \$17,274,852, resulting in an underfunded actuarial accrued liability (UAAL) of \$9,847,846 and the ratio of the UAAL to the covered payroll was 197%.

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)**

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

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

**Firefighters' Pension (cont'd)**

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

<u>Investment Type</u>	<u>% of Net Assets</u>
FFCB	15.13%
FHLMC	5.84%
FHLB	9.78%

**Summary of Significant Accounting Policies and Plan Asset Matters**

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

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

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

**Pension Plan Statements** – The following page contains the individual pension fund statements for the year ended April 30, 2012.

**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)**

<b>Statement of Plan Net Assets</b>	<b>Police Pension</b>	<b>Firefighters' Pension</b>
<b>Assets:</b>		
Cash	\$ -	\$ 4,444
<b>Investments:</b>		
Illinois funds	134,839	32,451
Money market accounts	533,849	375,205
U.S. government and agency securities	12,072,833	10,051,245
Insurance contracts	-	1,248,749
Municipal bonds	-	551,551
Mutual funds – bonds	1,368,763	-
Mutual funds – stocks	11,467,028	7,187,125
Interest receivable	46,981	89,211
Due from other funds	100	-
<b>Total assets</b>	<b>25,624,393</b>	<b>19,539,981</b>
<b>Liabilities:</b>		
Accounts payable	1,990	2,705
Due to other funds	-	100
<b>Total liabilities</b>	<b>1,990</b>	<b>2,805</b>
Plan net assets held in trust for pension benefits	25,622,403	19,537,176
<b>Total liabilities and plan net assets</b>	<b>\$ 25,624,393</b>	<b>\$ 19,539,981</b>
<b>Statement of Changes in Plan Net Assets</b>	<b>Police Pension</b>	<b>Firefighters' Pension</b>
<b>Additions:</b>		
<b>Contributions:</b>		
Employer	\$ 1,834,018	\$ 1,541,610
Members	528,711	490,262
	2,362,729	2,031,872
<b>Investment income:</b>		
Net appreciation (depreciation) in fair value of investments	(712,167)	596,637
Interest income	591,460	486,497
Less investment expenses	(102,153)	(57,945)
	(222,860)	1,025,189
<b>Total additions</b>	<b>2,139,869</b>	<b>3,057,061</b>
<b>Deductions:</b>		
Pension benefits and refunds	1,566,766	780,377
Administrative expense	11,980	14,362
<b>Total deductions</b>	<b>1,578,746</b>	<b>794,739</b>
Change in net assets	561,123	2,262,322
Beginning net assets held in trust for pension benefits	25,061,280	17,274,854
Ending net assets held in trust for pension benefits	<b>\$ 25,622,403</b>	<b>\$ 19,537,176</b>

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

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

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

**Significant Actuarial Assumptions**

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

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2009	April 30, 2011	April 30, 2011
Actuarial cost method	Entry age normal	Entry age normal	Entry age Normal
Significant actuarial assumptions:			
(a) Rate of return on investment of present and future assets	7.50% compounded annually	7.00% compounded annually	7.00% compounded annually
(b) Projected salary increases – attributable to inflation	4.00%	5.50%	5.50%
(c) Additional projected salary increases – attributable to seniority/merit	0.40% to 10.00%, depending on age and service	(Note: Separate information for (b) and (c) not available)	
(d) Post-retirement benefit increases	3.00%	3.00%	3.00%
Method used to determine actuarial value of assets	Five-year smoothed market value	Three-year smoothed market value	Three-year smoothed market value
Amortization method and remaining period	Level percentage of projected payroll, open basis, 30 years	Level percentage of projected payroll, closed basis, 30 years	Level percentage of projected payroll, closed basis, 30 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 required contributions (ARC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the ARC and the actual contribution made.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost	2007	\$ 955,892	\$ 1,113,556	\$ 820,030
	2008	996,724	1,190,390	910,353
	2009	1,056,168	1,256,062	1,011,052
	2010	1,195,520	1,392,466	1,139,454
	2011	1,314,127	1,844,103	1,554,771
	2012	1,319,220	1,796,004	1,565,764
Actual contributions	2007	\$ 955,892	\$ 1,073,638	\$ 708,003
	2008	996,724	1,111,640	817,496
	2009	1,056,168	1,187,907	904,951
	2010	1,155,049	1,240,962	995,800
	2011	1,211,096	1,385,548	1,128,846
	2012	1,286,600	1,834,018	1,541,610
Percent contributed	2007	% 100	% 96.4	% 86.3
	2008	100	93.4	89.8
	2009	100	94.6	89.5
	2010	96.6	89.1	87.4
	2011	92.2	75.1	72.6
	2012	97.6	102.1	98.5
Net pension obligation	2007	\$ -	\$ (65,238)	\$ (218,895)
	2008	-	(143,988)	(311,752)
	2009	-	(212,143)	(417,853)
	2010	(40,471)	(363,647)	(561,507)
	2011	(144,367)	(822,202)	(987,432)
	2012	(180,075)	(784,188)	(1,011,586)

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

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**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, 2012, the OPEB Retiree Healthcare Plan membership consisted of:

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

**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	\$	65,746
Interest on net OPEB obligation		805
Adjustment to the ARC		<u>(537)</u>
Annual OPEB cost		66,014
2011 contribution		<u>37,178</u>
Increase in net OPEB obligation		28,836
Net OPEB obligation at April 30, 2011		<u>16,101</u>
Net OPEB obligation at April 30, 2012	\$	<u>44,937</u>

The City has recorded the net pension obligation of \$44,937 in the government-wide statement of net assets.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/12	\$ 66,014	56.3 %	\$ 44,937
4/30/11	30,158	123.3	16,101
4/30/10	30,158	123.3	16,101

**Funding Status and Funding Progress** – The OPEB plan is being funded on a pay-as-you-go basis. At April 30, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$3,504,041. Annual covered payroll was \$17,083,575.

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)**

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**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, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), including a 3.0 percent inflation assumption, projected salary increases of 5.0 percent annually, and an annual healthcare inflation rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 6.0 percent. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2012 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)**

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**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 \$1,199,909 to SEECOM during fiscal year 2012.

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

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

**F. Construction Commitments**

The City had commitments under construction contracts of approximately \$6,350,000 outstanding at April 30, 2012.

**G. New Governmental Accounting Standards**

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

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, addresses issues related to the use of alternative measurement methods by employers that participate in agent multiple-employer OPEB plans, and is effective beginning in fiscal year ending April 30, 2013.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, provides guidance for governments that have entered into this type of public-private or public-public partnership, and is effective beginning in fiscal year ending April 30, 2013.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides reporting guidance for deferred inflows and deferred outflows of resources, and is effective beginning in fiscal year ending April 30, 2013.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, amends Statement 53 and provides clarification as to whether an effective hedging relationship continues after the replacement of a swap counterparty, and is effective beginning in fiscal year ending April 30, 2013.

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows and deferred inflows of resources, certain items that were previously reported as assets and liabilities, and is effective for the fiscal year ending April 30, 2014.

Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, amend Statements No. 25 and 27 respectively to improve the accounting and financial reporting by state and local governments for pensions, and is effective for the fiscal year ending April 30, 2016.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Crystal Lake, Illinois  
 Illinois Municipal Retirement Fund  
 Required Supplementary Information -  
 Schedule of Funding Progress  
 April 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 22,220,589	\$ 31,196,934	\$ 8,976,345	71.23 %	\$ 10,323,537	86.95 %
12/31/10	20,306,412	29,546,622	9,240,210	68.73	10,628,964	86.93
12/31/09	20,311,024	29,364,612	9,053,588	69.17	11,185,631	80.94
12/31/08	20,536,625	28,307,042	7,770,417	72.55	10,437,197	74.45
12/31/07	23,938,555	26,951,188	3,012,633	88.82	9,917,574	30.38
12/31/06	22,917,309	25,094,454	2,177,145	91.32	9,302,054	23.40

See independent auditor's report.

**City of Crystal Lake, Illinois  
Police Pension Fund  
Required Supplementary Information -  
Schedule of Funding Progress  
April 30, 2012**

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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
04/30/12	\$ 25,061,280	\$ 43,863,747	\$ 18,802,467	57.13 %	\$ 5,213,441	360.65 %
04/30/11	22,511,639	40,578,250	18,066,611	55.48	5,005,867	360.91
04/30/10	18,468,343	39,294,808	20,826,465	47.00	4,873,269	427.36
04/30/09	21,079,158	36,079,367	15,000,209	58.42	4,115,343	364.49
04/30/08	20,366,745	33,981,410	13,614,665	59.93	3,950,211	344.66
04/30/07	18,189,042	30,682,017	12,492,975	59.28	3,949,442	316.32

See independent auditor's report.

**City of Crystal Lake, Illinois  
Firefighters' Pension Fund  
Required Supplementary Information -  
Schedule of Funding Progress  
April 30, 2012**

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
04/30/12	\$ 17,274,852	\$ 27,122,698	\$ 9,847,846	63.69 %	\$ 5,001,529	196.90 %
04/30/11	15,021,180	24,630,907	9,609,727	60.99	4,617,841	208.10
04/30/10	12,125,259	22,561,770	10,436,511	53.74	4,491,808	232.35
04/30/09	12,718,081	19,271,158	6,553,077	66.00	3,648,703	179.60
04/30/08	11,186,566	16,690,125	5,503,559	67.03	3,344,163	164.57
04/30/07	9,841,460	14,929,757	5,088,297	65.92	3,036,863	167.55

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, 2012**

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
04/30/12	\$ -	\$ 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  
Police and Firefighters' Pension Plans  
Required Supplementary Information -  
Schedule of Employer Contributions  
April 30, 2012**

Year Ended	Police Pension		Firefighters' Pension	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
4/30/12	\$ 1,796,004	102.12 %	\$ 1,565,764	98.46 %
4/30/11	1,844,103	75.13	1,554,771	72.61
4/30/10	1,392,466	89.12	1,139,454	87.39
4/30/09	1,256,062	94.57	1,011,052	89.51
4/30/08	1,190,390	93.39	910,353	89.80
4/30/07	1,113,556	96.42	820,030	86.34

**City of Crystal Lake, Illinois  
Illinois Municipal Retirement Fund  
Required Supplementary Information -  
Schedule of Employer Contributions  
April 30, 2012**

Year Ended	Annual Required Contribution	Percentage Contributed
4/30/12	\$ 1,319,220	97.53 %
4/30/11	1,314,127	92.16
4/30/10	1,195,520	96.61
4/30/09	1,056,168	100.00
4/30/08	996,724	100.00
4/30/07	955,892	100.00

See independent auditor's report.

**SUPPLEMENTARY INFORMATION**

**City of Crystal Lake, Illinois  
General Fund  
Schedule of Revenues - Budget and Actual  
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Charges for services:				
Zoning and subdivision fees	\$ 8,160	\$ 8,160	\$ 21,624	\$ 13,464
Plan review fees	115,000	115,000	40,417	(74,583)
Parking	285,600	285,600	235,637	(49,963)
Police revenue	91,800	91,800	86,528	(5,272)
Annexation fees	1,224	1,224	-	(1,224)
Other fees	17,340	17,340	34,048	16,708
	<u>519,124</u>	<u>519,124</u>	<u>418,254</u>	<u>(100,870)</u>
Licenses and permits:				
Liquor licenses	94,000	94,000	99,744	5,744
Miscellaneous licenses and permits	37,230	37,230	25,740	(11,490)
Building permits	295,800	295,800	232,482	(63,318)
Occupancy permits	5,355	5,355	5,610	255
	<u>432,385</u>	<u>432,385</u>	<u>363,576</u>	<u>(68,809)</u>
Intergovernmental - grants	<u>12,500</u>	<u>12,500</u>	<u>54,121</u>	<u>41,621</u>
Fines and forfeitures:				
Police fines	719,100	719,100	619,363	(99,737)
Adjudication fines	51,000	51,000	62,227	11,227
	<u>770,100</u>	<u>770,100</u>	<u>681,590</u>	<u>(88,510)</u>
Property taxes	<u>3,381,556</u>	<u>3,381,556</u>	<u>3,375,658</u>	<u>(5,898)</u>

(cont'd)

**City of Crystal Lake, Illinois**  
**General Fund**  
**Schedule of Revenues - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other taxes:				
Auto rental tax	\$ 29,580	\$ 29,580	\$ 35,281	\$ 5,701
Franchise fees - cable	510,000	510,000	604,233	94,233
Hotel tax	230,000	230,000	281,817	51,817
Income tax	3,187,520	3,187,520	3,451,994	264,474
Local use tax	488,089	488,089	599,648	111,559
Replacement tax	123,664	123,664	139,013	15,349
State sales tax	9,658,137	9,658,137	10,137,309	479,172
Telecommunications tax	1,887,000	1,887,000	1,824,479	(62,521)
	<u>16,113,990</u>	<u>16,113,990</u>	<u>17,073,774</u>	<u>959,784</u>
Investment income	<u>306,138</u>	<u>306,138</u>	<u>224,001</u>	<u>(82,137)</u>
Miscellaneous:				
Rental income	114,750	114,750	82,607	(32,143)
Other	545,140	545,140	353,516	(191,624)
	<u>659,890</u>	<u>659,890</u>	<u>436,123</u>	<u>(223,767)</u>
<b>Total revenues</b>	<u>\$ 22,195,683</u>	<u>\$ 22,195,683</u>	<u>\$ 22,627,097</u>	<u>\$ 431,414</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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General government:				
Executive department:				
Personnel services	\$ 22,800	\$ 22,800	\$ 20,570	\$ 2,230
Contractual services	336,935	336,935	303,957	32,978
	<u>359,735</u>	<u>359,735</u>	<u>324,527</u>	<u>35,208</u>
Legal and judiciary department - contractual services	<u>311,350</u>	<u>311,350</u>	<u>355,301</u>	<u>(43,951)</u>
Administration department:				
Personnel services	1,669,098	1,669,098	1,560,465	108,633
Contractual services	185,552	185,552	161,599	23,953
Supplies and materials	65,550	65,550	51,820	13,730
	<u>1,920,200</u>	<u>1,920,200</u>	<u>1,773,884</u>	<u>146,316</u>
Administrative adjudication department:				
Personnel services	50,528	50,528	50,339	189
Contractual services	54,340	54,340	26,298	28,042
Supplies and materials	5,000	5,000	1,054	3,946
	<u>109,868</u>	<u>109,868</u>	<u>77,691</u>	<u>32,177</u>
Building department:				
Personnel services	964,544	964,544	849,378	115,166
Contractual services	61,528	61,528	50,333	11,195
Supplies and materials	23,650	23,650	21,568	2,082
	<u>1,049,722</u>	<u>1,049,722</u>	<u>921,279</u>	<u>128,443</u>
Engineering department:				
Personnel services	1,003,217	1,003,217	891,727	111,490
Contractual services	247,261	247,261	166,526	80,735
Supplies and materials	37,900	37,900	26,250	11,650
	<u>1,288,378</u>	<u>1,288,378</u>	<u>1,084,503</u>	<u>203,875</u>

(cont'd)

**City of Crystal Lake, Illinois**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>General government (cont'd):</b>				
Planning department:				
Personnel services	\$ 510,545	\$ 510,545	\$ 506,730	\$ 3,815
Contractual services	239,170	239,170	210,941	28,229
Supplies and materials	5,925	5,925	6,281	(356)
	<u>755,640</u>	<u>755,640</u>	<u>723,952</u>	<u>31,688</u>
Information technology:				
Personnel services	237,885	237,885	230,838	7,047
Contractual services	22,403	22,403	11,891	10,512
Supplies and materials	94,540	94,540	91,324	3,216
	<u>354,828</u>	<u>354,828</u>	<u>334,053</u>	<u>20,775</u>
Health services - contractual services	<u>147,452</u>	<u>147,452</u>	<u>116,755</u>	<u>30,697</u>
Shared services - contractual services	<u>379,540</u>	<u>379,540</u>	<u>352,763</u>	<u>26,777</u>
Special projects department:				
Contractual services	152,056	152,056	100,155	51,901
Supplies and materials	83,222	83,222	12,386	70,836
	<u>235,278</u>	<u>235,278</u>	<u>112,541</u>	<u>122,737</u>
<b>Total general government</b>	<u>6,911,991</u>	<u>6,911,991</u>	<u>6,177,249</u>	<u>734,742</u>
<b>Public safety:</b>				
Police department:				
Personnel services	7,792,581	7,792,581	7,689,784	102,797
Contractual services	934,410	934,410	813,531	120,879
Supplies and materials	374,648	374,648	317,517	57,131
	<u>9,101,639</u>	<u>9,101,639</u>	<u>8,820,832</u>	<u>280,807</u>
Pension contributions	<u>3,381,556</u>	<u>3,381,556</u>	<u>3,375,658</u>	<u>5,898</u>

(cont'd)

**City of Crystal Lake, Illinois**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public safety (cont'd):				
Fire and police commission:				
Contractual services	\$ 35,619	\$ 35,619	\$ 7,052	\$ 28,567
Supplies and materials	400	400	-	400
	<u>36,019</u>	<u>36,019</u>	<u>7,052</u>	<u>28,967</u>
<b>Total public safety</b>	<u>12,519,214</u>	<u>12,519,214</u>	<u>12,203,542</u>	<u>315,672</u>
Highways and streets:				
Street department:				
Personnel services	1,820,223	1,820,223	1,718,157	102,066
Contractual services	963,416	963,416	773,498	189,918
Supplies and materials	343,005	343,005	296,349	46,656
	<u>3,126,644</u>	<u>3,126,644</u>	<u>2,788,004</u>	<u>338,640</u>
Storm sewer maintenance department:				
Personnel services	663,217	663,217	619,672	43,545
Contractual services	60,961	60,961	50,742	10,219
Supplies and materials	44,725	44,725	54,106	(9,381)
	<u>768,903</u>	<u>768,903</u>	<u>724,520</u>	<u>44,383</u>
Fleet services:				
Personnel services	616,305	616,305	568,913	47,392
Contractual services	57,900	57,900	55,512	2,388
Supplies and materials	34,400	34,400	20,466	13,934
	<u>708,605</u>	<u>708,605</u>	<u>644,891</u>	<u>63,714</u>
<b>Total highways and streets</b>	<u>4,604,152</u>	<u>4,604,152</u>	<u>4,157,415</u>	<u>446,737</u>

(cont'd)

**City of Crystal Lake, Illinois**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Capital outlay:				
Fleet services department	\$ 43,000	\$ 43,000	\$ 42,064	\$ 936
Information technology department	85,000	85,000	98,847	(13,847)
Police department	344,404	490,088	452,466	37,622
Storm sewer maintenance department	752,500	752,500	-	752,500
Street department	241,000	241,000	190,191	50,809
Special projects department	368,000	454,501	313,874	140,627
<b>Total capital outlay</b>	<b>1,833,904</b>	<b>2,066,089</b>	<b>1,097,442</b>	<b>968,647</b>
Debt service - special projects department:				
Principal	308,161	308,161	308,150	11
Interest and fees	69,108	69,108	69,276	(168)
<b>Total debt service</b>	<b>377,269</b>	<b>377,269</b>	<b>377,426</b>	<b>(157)</b>
<b>Total expenditures</b>	<b>\$ 26,246,530</b>	<b>\$ 26,478,715</b>	<b>\$ 24,013,074</b>	<b>\$ 2,465,641</b>

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.

**Home Rule Sales Tax** – To account for revenues derived from the home rule sales tax which is transferred to other funds transferred to other funds to provide resources for special projects.

**Road/Vehicle License** – To account for revenues received from the county road and bridge taxes and to account for revenue from vehicle license fees.

**School Crossing Guard** – To account for expenditures related to school crossing guards.

**Foreign Fire Insurance** – To account for proceeds of foreign fire insurance tax and for expenses authorized by the Board of Foreign Fire Insurance.

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

### **Debt Service Funds**

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

**Special Service Area Nos. 4-18** – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area Nos. 4-18 bonds. Financing is being provided by a property tax levy.

**Special Service Area No. 19** – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area No. 19 bonds. Financing is being provided by a property tax levy.

**Special Service Area Nos. 21-31** – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area Nos. 21-31 bonds. Financing is being provided by a property tax levy.

**Special Service Area Nos. 32-39** – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area Nos. 32-39 bonds. Financing is being provided by a property tax levy.

**Special Service Area No. 42** – To account for the accumulation of resources for, and the payment of, principal and interest on the Special Service Area No. 42 bonds. Financing is being provided by a property tax levy.

**Special 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.

## **Nonmajor Governmental Funds (cont'd)**

### **Debt Service Funds (cont'd)**

**SEECOM Debt Service** – To account for the accumulation of resources to retire principal and interest on the 2004 General Obligation Bonds related to the SEECOM central dispatch service. Financing is provided by SEECOM member communities.

**2007 Special Service Area No. 44 Tracy Trail Street Project** – To account for the accumulation of resources for, and the payment of, principal and interest on the 2007 Special Service Area No. 44 bonds. Financing is being provided by a property tax levy on property owners in the Service Area No. 44.

**2006 Special Service Area No. 45 Bryn Mawr Water and Sewer Project** – To account for the accumulation of resources for, and the payment of, principal and interest on the 2006 Special Service Area No. 45 bonds. Financing is being provided by a property tax levy on property owners in the Service Area No. 45.

**2006 Special Service Area No. 46 Ryland Water and Sewer Project** – To account for the accumulation of resources for, and the payment of, principal and interest on the 2006 Special Service Area No. 46 bonds. Financing is being provided by a property tax levy on property owners in the Service Area No. 46.

**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.

### **Capital Projects Funds**

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

**Special Service Area No. 42** – To account for the proceeds of special service area bonds used for capital improvements in special service districts within the City.

**Special Assessment No. 145** – To account for the proceeds of special assessment bonds used for capital improvements to the Woodstock Street sanitary sewer and cover lift station.

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

**Main Street TIF Construction** – To account for the initial planning and engineering design services of the Main Street TIF, including improvements to the Main Street and Crystal Lake Avenue intersection.

**Virginia Street Corridor TIF** – To account for the initial planning and engineering design services of the Virginia Street Corridor TIF, intended to spur a comprehensive revitalization of this area.

**Special Service Area No. 44 Tracy Trail Construction** – To account for the proceeds of special service area bonds used for capital improvements in special service districts within the City.

**Special Service Area No. 45 Bryn Mawr Project** – To account for the proceeds of special service area bonds used for capital improvements in special service districts within the City.

**Special Service Area No. 46 Ryland Main Construction** – To account for the proceeds of special service area bonds used for capital improvements in special service districts within the City.

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

**City of Crystal Lake, Illinois  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
April 30, 2012**

<b>Assets</b>	<b>Total</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
Cash and investments	\$ 11,335,762	\$ 4,483,455	\$ 2,495,840	\$ 4,356,467
Receivables:				
Property taxes	2,361,610	1,431,037	798,978	131,595
Accrued interest	604	604	-	-
Other	297,388	8,255	229,133	60,000
Due from other governments	1,048,887	1,048,887	-	-
Prepaid items	3,876	3,876	-	-
<b>Total assets</b>	<b>\$ 15,048,127</b>	<b>\$ 6,976,114</b>	<b>\$ 3,523,951</b>	<b>\$ 4,548,062</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 179,545	\$ 141,323	\$ -	\$ 38,222
Accrued expenses	10,416	10,416	-	-
Recapture fees payable	1,739,946	-	1,562,447	177,499
Due to other funds	194,653	-	194,653	-
Deferred revenue - property taxes	2,361,610	1,431,037	798,978	131,595
<b>Total liabilities</b>	<b>4,486,170</b>	<b>1,582,776</b>	<b>2,556,078</b>	<b>347,316</b>
Fund balances (deficit):				
Nonspendable	3,876	3,876	-	-
Restricted, reported in:				
Special Revenue Funds	1,059,042	1,059,042	-	-
Debt Service Funds	969,634	-	969,634	-
Assigned for next fiscal years expenditures	1,082,341	1,082,341	-	-
Assigned, reported in:				
Special Revenue Funds	3,248,079	3,248,079	-	-
Capital Projects Funds	4,200,746	-	-	4,200,746
Unassigned	(1,761)	-	(1,761)	-
<b>Total fund balances</b>	<b>10,561,957</b>	<b>5,393,338</b>	<b>967,873</b>	<b>4,200,746</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,048,127</b>	<b>\$ 6,976,114</b>	<b>\$ 3,523,951</b>	<b>\$ 4,548,062</b>

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, 2012**

	Total	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Charges for services	\$ 945,709	\$ 479,595	\$ 466,114	\$ -
Licenses and permits	240,339	240,339	-	-
Intergovernmental	1,340,938	60,938	-	1,280,000
Property taxes	2,263,145	1,540,704	496,459	225,982
Other taxes	4,710,538	4,710,538	-	-
Interest	44,930	41,602	196	3,132
Miscellaneous	228,657	228,657	-	-
<b>Total revenues</b>	<b>9,774,256</b>	<b>7,302,373</b>	<b>962,769</b>	<b>1,509,114</b>
<b>Expenditures:</b>				
Current:				
General government	1,148,692	838,769	5,458	304,465
Public safety	440,553	440,553	-	-
Highways and streets	501,382	501,382	-	-
Culture and recreation	545,904	545,904	-	-
Capital outlay	6,325,323	1,854,805	94,168	4,376,350
Debt service:				
Principal	1,152,195	-	1,152,195	-
Interest and fees	991,094	-	991,094	-
<b>Total expenditures</b>	<b>11,105,143</b>	<b>4,181,413</b>	<b>2,242,915</b>	<b>4,680,815</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<b>(1,330,887)</b>	<b>3,120,960</b>	<b>(1,280,146)</b>	<b>(3,171,701)</b>
<b>Other financing sources (uses):</b>				
Transfers in	7,523,407	500,000	1,398,952	5,624,455
Transfers out	(6,215,886)	(5,930,988)	(4)	(284,894)
<b>Total other financing sources (uses)</b>	<b>1,307,521</b>	<b>(5,430,988)</b>	<b>1,398,948</b>	<b>5,339,561</b>
<b>Net changes in fund balances</b>	<b>(23,366)</b>	<b>(2,310,028)</b>	<b>118,802</b>	<b>2,167,860</b>
Fund balances, beginning of the year	10,585,323	7,703,366	849,071	2,032,886
Fund balances, end of the year	<b>\$ 10,561,957</b>	<b>\$ 5,393,338</b>	<b>\$ 967,873</b>	<b>\$ 4,200,746</b>

See independent auditor's report.

**City of Crystal Lake, Illinois  
Combining Balance Sheet -  
Nonmajor Special Revenue Funds  
April 30, 2012**

<b>Assets</b>	<u>Total</u>	<u>Illinois Municipal Retirement</u>	<u>Home Rule Sales tax</u>	<u>Road/ Vehicle License</u>	<u>School Crossing Guard</u>	<u>Foreign Fire Insurance</u>	<u>Three Oaks Recreation Area</u>
Cash and investments	\$ 4,483,455	\$ 1,059,042	\$ 2,185,475	\$ 860,305	\$ 49,042	\$ 157,174	\$ 172,417
Receivables:							
Property taxes	1,431,037	1,396,378	-	-	34,659	-	-
Accrued interest	604	-	-	-	-	604	-
Other	8,255	-	-	-	8,255	-	-
Due from other governments	1,048,887	-	1,048,887	-	-	-	-
Prepaid items	3,876	-	-	2,881	-	-	995
<b>Total assets</b>	<b>\$ 6,976,114</b>	<b>\$ 2,455,420</b>	<b>\$ 3,234,362</b>	<b>\$ 863,186</b>	<b>\$ 91,956</b>	<b>\$ 157,778</b>	<b>\$ 173,412</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 141,323	\$ -	\$ -	\$ 119,178	\$ -	\$ 6,416	\$ 15,729
Accrued expenses	10,416	-	-	-	3,811	-	6,605
Deferred revenue - property taxes	1,431,037	1,396,378	-	-	34,659	-	-
<b>Total liabilities</b>	<b>1,582,776</b>	<b>1,396,378</b>	<b>-</b>	<b>119,178</b>	<b>38,470</b>	<b>6,416</b>	<b>22,334</b>
Fund balances:							
Nonspendable	3,876	-	-	2,881	-	-	995
Restricted	1,059,042	1,059,042	-	-	-	-	-
Assigned for next fiscal year expenditures	1,082,341	-	423,398	650,096	8,847	-	-
Assigned - reported in Special Revenue Funds	3,248,079	-	2,810,964	91,031	44,639	151,362	150,083
<b>Total fund balances</b>	<b>5,393,338</b>	<b>1,059,042</b>	<b>3,234,362</b>	<b>744,008</b>	<b>53,486</b>	<b>151,362</b>	<b>151,078</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,976,114</b>	<b>\$ 2,455,420</b>	<b>\$ 3,234,362</b>	<b>\$ 863,186</b>	<b>\$ 91,956</b>	<b>\$ 157,778</b>	<b>\$ 173,412</b>

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, 2012**

	Total	Illinois Municipal Retirement	Home Rule Sales tax	Road/ Vehicle License	School Crossing Guard	Foreign Fire Insurance	Three Oaks Recreation Area
<b>Revenues:</b>							
Charges for services	\$ 479,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 479,595
Licenses and permits	240,339	-	-	240,339	-	-	-
Intergovernmental	60,938	-	-	-	-	60,938	-
Property taxes	1,540,704	1,053,121	-	459,621	27,962	-	-
Other taxes	4,710,538	-	4,710,538	-	-	-	-
Investment income	41,602	922	3,741	36,140	48	680	71
Miscellaneous	228,657	-	-	25	25,669	-	202,963
<b>Total revenues</b>	<b>7,302,373</b>	<b>1,054,043</b>	<b>4,714,279</b>	<b>736,125</b>	<b>53,679</b>	<b>61,618</b>	<b>682,629</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	838,769	838,769	-	-	-	-	-
Public safety	440,553	328,785	-	-	62,420	49,348	-
Highways and streets	501,382	275,483	-	225,899	-	-	-
Culture and recreation	545,904	14,353	-	-	-	-	531,551
Capital outlay	1,854,805	-	-	1,854,805	-	-	-
<b>Total expenditures</b>	<b>4,181,413</b>	<b>1,457,390</b>	<b>-</b>	<b>2,080,704</b>	<b>62,420</b>	<b>49,348</b>	<b>531,551</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<b>3,120,960</b>	<b>(403,347)</b>	<b>4,714,279</b>	<b>(1,344,579)</b>	<b>(8,741)</b>	<b>12,270</b>	<b>151,078</b>
<b>Other financing sources (uses):</b>							
Transfers in	500,000	-	-	500,000	-	-	-
Transfers out	(5,930,988)	-	(5,930,988)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(5,430,988)</b>	<b>-</b>	<b>(5,930,988)</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>(2,310,028)</b>	<b>(403,347)</b>	<b>(1,216,709)</b>	<b>(844,579)</b>	<b>(8,741)</b>	<b>12,270</b>	<b>151,078</b>
Fund balances, beginning of the year	7,703,366	1,462,389	4,451,071	1,588,587	62,227	139,092	-
Fund balances, end of the year	<b>\$ 5,393,338</b>	<b>\$ 1,059,042</b>	<b>\$ 3,234,362</b>	<b>\$ 744,008</b>	<b>\$ 53,486</b>	<b>\$ 151,362</b>	<b>\$ 151,078</b>

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 1,055,000	\$ 1,055,000	\$ 1,053,121	\$ (1,879)
Investment income	2,000	2,000	922	(1,078)
<b>Total revenues</b>	<u>1,057,000</u>	<u>1,057,000</u>	<u>1,054,043</u>	<u>(2,957)</u>
Expenditures - current - personnel services:				
General government	956,801	956,801	838,769	118,032
Public safety	375,052	375,052	328,785	46,267
Highways and streets	314,249	314,249	275,483	38,766
Culture and recreation	16,373	16,373	14,353	2,020
<b>Total expenditures</b>	<u>1,662,475</u>	<u>1,662,475</u>	<u>1,457,390</u>	<u>205,085</u>
<b>Net changes in fund balance</b>	<u>\$ (605,475)</u>	<u>\$ (605,475)</u>	<u>(403,347)</u>	<u>\$ 202,128</u>
Fund balance, beginning of the year			<u>1,462,389</u>	
Fund balance, end of the year			<u>\$ 1,059,042</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois  
Home Rule Sales Tax Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Other taxes - home rule sales tax	\$ 4,450,000	\$ 4,450,000	\$ 4,710,538	\$ 260,538
Investment income	5,800	5,800	3,741	(2,059)
<b>Total revenues</b>	4,455,800	4,455,800	4,714,279	258,479
Other financing uses - transfers out	(7,083,298)	(7,083,298)	(5,930,988)	1,152,310
<b>Net changes in fund balance</b>	<u>\$ (2,627,498)</u>	<u>\$ (2,627,498)</u>	<u>(1,216,709)</u>	<u>\$ 1,410,789</u>
Fund balance, beginning of the year			<u>4,451,071</u>	
Fund balance, end of the year			<u>\$ 3,234,362</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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Licenses and permits	\$ 230,000	\$ 230,000	\$ 240,339	\$ 10,339
Property taxes	420,000	420,000	459,621	39,621
Investment income	22,129	22,129	36,140	14,011
Miscellaneous	60,300	60,300	25	(60,275)
<b>Total revenues</b>	<u>732,429</u>	<u>732,429</u>	<u>736,125</u>	<u>3,696</u>
<b>Expenditures:</b>				
Highways and streets	418,120	418,120	225,899	192,221
Capital outlay	1,910,000	1,910,000	1,854,805	55,195
<b>Total expenditures</b>	<u>2,328,120</u>	<u>2,328,120</u>	<u>2,080,704</u>	<u>247,416</u>
<b>Revenues under expenditures before other financing sources</b>	(1,595,691)	(1,595,691)	(1,344,579)	251,112
Other financing sources - transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
<b>Net changes in fund balance</b>	<u>\$ (1,095,691)</u>	<u>\$ (1,095,691)</u>	<u>(844,579)</u>	<u>\$ 251,112</u>
Fund balance, beginning of the year			<u>1,588,587</u>	
Fund balance, end of the year			<u>\$ 744,008</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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 28,000	\$ 28,000	\$ 27,962	\$ (38)
Investment income	-	-	48	48
Miscellaneous	18,000	18,000	25,669	7,669
<b>Total revenues</b>	<u>46,000</u>	<u>46,000</u>	<u>53,679</u>	<u>7,679</u>
Expenditures - public safety:				
Personnel services	60,174	60,174	62,405	(2,231)
Materials and supplies	100	100	15	85
<b>Total expenditures</b>	<u>60,274</u>	<u>60,274</u>	<u>62,420</u>	<u>(2,146)</u>
<b>Net changes in fund balance</b>	<u>\$ (14,274)</u>	<u>\$ (14,274)</u>	<u>(8,741)</u>	<u>\$ 5,533</u>
Fund balance, beginning of the year			<u>62,227</u>	
Fund balance, end of the year			<u>\$ 53,486</u>	

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Foreign fire insurance	\$ 62,226	\$ 62,226	\$ 60,938	\$ (1,288)
Investment income	300	300	680	380
<b>Total revenues</b>	<u>62,526</u>	<u>62,526</u>	<u>61,618</u>	<u>(908)</u>
Expenditures - public safety:				
Personnel services	1,500	1,500	450	1,050
Contractual services	6,800	6,800	1,632	5,168
Materials and supplies	54,226	54,226	47,266	6,960
<b>Total expenditures</b>	<u>62,526</u>	<u>62,526</u>	<u>49,348</u>	<u>13,178</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>12,270</u>	<u>\$ 12,270</u>
Fund balance, beginning of the year			<u>139,092</u>	
Fund balance, end of the year			<u>\$ 151,362</u>	

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 254,000	\$ 254,000	\$ 479,595	\$ 225,595
Investment income	250	250	71	(179)
Miscellaneous	2,500	2,500	202,963	200,463
<b>Total revenues</b>	<b>256,750</b>	<b>256,750</b>	<b>682,629</b>	<b>425,879</b>
Expenditures - culture and recreation:				
Personnel services	413,599	413,599	377,362	36,237
Contractual services	120,777	120,777	105,456	15,321
Materials and supplies	30,786	30,786	48,733	(17,947)
<b>Total expenditures</b>	<b>565,162</b>	<b>565,162</b>	<b>531,551</b>	<b>33,611</b>
<b>Revenues over (under) expenditures before other financing sources</b>	<b>(308,412)</b>	<b>(308,412)</b>	<b>151,078</b>	<b>459,490</b>
Other financing sources - transfers in	308,412	308,412	-	(308,412)
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>151,078</b>	<b>\$ 151,078</b>
Fund balance, beginning of the year			-	
Fund balance, end of the year			<b>\$ 151,078</b>	

See independent auditor's report.

**City of Crystal Lake, Illinois  
Combining Balance Sheet -  
Nonmajor Debt Service Funds  
April 30, 2012**

<b>Assets</b>	<b>Total</b>	<b>Special Service Area Nos. 4-18</b>	<b>Special Service Area No. 19</b>	<b>Special Service Area Nos. 21-31</b>	<b>Special Service Area Nos. 32-39</b>	<b>Special Service Area No. 42</b>	<b>Special Assess- ment No. 149</b>
Cash and investments	\$ 2,495,840	\$ 506,640	\$ 18,099	\$ 121,204	\$ 1,620,118	\$ -	\$ -
Receivables:							
Property taxes	798,978	-	-	-	-	-	-
Other	229,133	-	-	(10,364)	-	-	239,497
<b>Total assets</b>	<b>\$ 3,523,951</b>	<b>\$ 506,640</b>	<b>\$ 18,099</b>	<b>\$ 121,204</b>	<b>\$ 1,609,754</b>	<b>\$ -</b>	<b>\$ 239,497</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Recapture fees payable	\$ 1,562,447	\$ 508,301	\$ 15,084	\$ 115,713	\$ 912,747	\$ 100	\$ -
Due to other funds	194,653	-	-	-	-	-	194,653
Deferred revenue - property taxes	798,978	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,556,078</b>	<b>508,301</b>	<b>15,084</b>	<b>115,713</b>	<b>912,747</b>	<b>100</b>	<b>194,653</b>
Fund balances (deficits):							
Assigned	969,634	-	3,015	5,491	697,007	-	44,844
Unassigned	(1,761)	(1,661)	-	-	-	(100)	-
<b>Total fund balances (deficits)</b>	<b>967,873</b>	<b>(1,661)</b>	<b>3,015</b>	<b>5,491</b>	<b>697,007</b>	<b>(100)</b>	<b>44,844</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,523,951</b>	<b>\$ 506,640</b>	<b>\$ 18,099</b>	<b>\$ 121,204</b>	<b>\$ 1,609,754</b>	<b>\$ -</b>	<b>\$ 239,497</b>

(cont'd)

**City of Crystal Lake, Illinois**  
**Combining Balance Sheet -**  
**Nonmajor Debt Service Funds (cont'd)**  
**April 30, 2012**

	Crystal Heights Debt Service	2007 SSA #44 Tracy Trail Street Project	2006 SSA #45 Bryn Mawr Water and Sewer Project	2007 SSA #46 Ryland Water and Sewer Project	Three Oaks Recreation Area Debt Service Fund
<b>Assets</b>					
Cash and investments	\$ 45,946	\$ 151,453	\$ 58	\$ 9,821	\$ 22,501
Receivables:					
Property taxes	85,800	71,948	451,072	165,297	24,861
Other	-	-	-	-	-
<b>Total assets</b>	<b>\$ 131,746</b>	<b>\$ 223,401</b>	<b>\$ 451,130</b>	<b>\$ 175,118</b>	<b>\$ 47,362</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Recapture fees payable	\$ 10,502	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue - property taxes	85,800	71,948	451,072	165,297	24,861
<b>Total liabilities</b>	<b>96,302</b>	<b>71,948</b>	<b>451,072</b>	<b>165,297</b>	<b>24,861</b>
Fund balances (deficits) :					
Restricted for debt service	35,444	151,453	58	9,821	22,501
Unassigned	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>35,444</b>	<b>151,453</b>	<b>58</b>	<b>9,821</b>	<b>22,501</b>
<b>Total liabilities and fund balances</b>	<b>\$ 131,746</b>	<b>\$ 223,401</b>	<b>\$ 451,130</b>	<b>\$ 175,118</b>	<b>\$ 47,362</b>

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances (Deficits) - Nonmajor Debt Service Funds**  
**For the Year Ended April 30, 2012**

	Total	Special Service Area Nos. 4-18	Special Service Area No. 19
<b>Revenues:</b>			
Charges for services	\$ 466,114	\$ -	\$ -
Property taxes	496,459	-	-
Investment income (loss)	196	34	1
<b>Total revenues</b>	<b>962,769</b>	<b>34</b>	<b>1</b>
<b>Expenditures:</b>			
Current - general government	5,458	-	-
Debt service:			
Principal	1,152,195	-	-
Interest and fees	991,094	-	-
Miscellaneous	94,168	-	-
<b>Total expenditures</b>	<b>2,242,915</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures before other financing sources</b>	<b>(1,280,146)</b>	<b>34</b>	<b>1</b>
<b>Other financing sources (uses):</b>			
Transfers in	1,398,952	-	-
Transfers out	(4)	-	-
<b>Total other financing sources (uses)</b>	<b>1,398,948</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances (deficits)</b>	<b>118,802</b>	<b>34</b>	<b>1</b>
Fund balances (deficits), beginning of the year	849,071	(1,695)	3,014
Fund balances (deficits), end of the year	\$ 967,873	\$ (1,661)	\$ 3,015

Special Service Area Nos. 21-31	Special Service Area Nos. 32-39	Special Service Area No. 42	Special Assess- ment No. 149	Crystal Heights Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 140,743
-	-	-	-	72,640
8	108	-	(115)	7
<b>8</b>	<b>108</b>	<b>-</b>	<b>(115)</b>	<b>213,390</b>
-	-	-	-	5,458
-	-	-	-	95,000
-	-	-	-	34,879
-	-	-	-	72,640
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207,977</b>
<b>8</b>	<b>108</b>	<b>-</b>	<b>(115)</b>	<b>5,413</b>
-	-	-	-	-
-	-	-	-	-
<b>8</b>	<b>108</b>	<b>-</b>	<b>(115)</b>	<b>5,413</b>
5,483	696,899	(100)	44,959	30,031
\$ 5,491	\$ 697,007	\$ (100)	\$ 44,844	\$ 35,444

(cont'd)

**City of Crystal Lake, Illinois**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances (Deficits) - Nonmajor Debt Service Funds (cont'd)**  
**For the Year Ended April 30, 2012**

	SEECOM Debt Service	2007 SSA #44 Tracy Trail Street Project	2006 SSA #45 Bryn Mawr Water and Sewer Project	2007 SSA #46 Ryland Water and Sewer Project	Three Oaks Recreation Area Debt Service Fund
<b>Revenues:</b>					
Charges for services	\$ 286,403	\$ 38,968	\$ -	\$ -	\$ -
Property taxes	-	53,696	132,609	163,773	73,741
Investment income (loss)	-	111	-	37	5
<b>Total revenues</b>	<b>286,403</b>	<b>92,775</b>	<b>132,609</b>	<b>163,810</b>	<b>73,746</b>
<b>Expenditures:</b>					
Current - general government	-	-	-	-	-
Debt service:					
Principal	210,000	50,000	170,000	14,000	613,195
Interest and fees	76,403	24,800	291,448	145,773	417,791
Miscellaneous	-	21,528	-	-	-
<b>Total expenditures</b>	<b>286,403</b>	<b>96,328</b>	<b>461,448</b>	<b>159,773</b>	<b>1,030,986</b>
<b>Revenues over (under) expenditures before other financing sources (uses)</b>	<b>-</b>	<b>(3,553)</b>	<b>(328,839)</b>	<b>4,037</b>	<b>(957,240)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	120,368	321,335	-	957,249
Transfers out	-	-	-	(4)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>120,368</b>	<b>321,335</b>	<b>(4)</b>	<b>957,249</b>
<b>Net changes in fund balances (deficits)</b>	<b>-</b>	<b>116,815</b>	<b>(7,504)</b>	<b>4,033</b>	<b>9</b>
Fund balances (deficits), beginning of the year	-	34,638	7,562	5,788	22,492
Fund balances (deficits), end of the year	\$ -	\$ 151,453	\$ 58	\$ 9,821	\$ 22,501

See independent auditor's report.



**City of Crystal Lake, Illinois  
 Crystal Heights Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in  
 Fund Balance - Budget and Actual  
 For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 129,879	\$ 129,879	\$ 140,743	\$ 10,864
Property taxes	-	-	72,640	72,640
Investment income	-	-	7	7
<b>Total revenues</b>	<b>129,879</b>	<b>129,879</b>	<b>213,390</b>	<b>83,511</b>
<b>Expenditures:</b>				
Current - general government - contractual services	-	-	5,458	(5,458)
<b>Debt service:</b>				
Principal	95,000	95,000	95,000	-
Interest	34,879	34,879	34,879	-
Miscellaneous	-	-	72,640	(72,640)
<b>Total expenditures</b>	<b>129,879</b>	<b>129,879</b>	<b>207,977</b>	<b>(78,098)</b>
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>5,413</b>	<b>\$ 5,413</b>
Fund balance, beginning of the year			<b>30,031</b>	
Fund balance, end of the year			<b>\$ 35,444</b>	

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues - charges for services	\$ 286,403	\$ 286,403	\$ 286,403	\$ -
Expenditures:				
Debt service:				
Principal	210,000	210,000	210,000	-
Interest	76,403	76,403	76,403	-
<b>Total expenditures</b>	<b>286,403</b>	<b>286,403</b>	<b>286,403</b>	<b>-</b>
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund balance, beginning of the year			-	
Fund balance, end of the year			<b>\$ -</b>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**SSA #44 Tracy Trail Street Project Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 38,968	\$ 38,968
Property taxes	72,675	72,675	53,696	(18,979)
Investment income	-	-	111	111
<b>Total revenues</b>	<u>72,675</u>	<u>72,675</u>	<u>92,775</u>	<u>20,100</u>
Expenditures:				
Debt service:				
Principal	50,000	50,000	50,000	-
Interest	22,675	22,675	24,800	(2,125)
Miscellaneous	-	-	21,528	(21,528)
<b>Total expenditures</b>	<u>72,675</u>	<u>72,675</u>	<u>96,328</u>	<u>(23,653)</u>
<b>Revenues over (under) expenditures before other financing sources</b>	-	-	(3,553)	(3,553)
Other financing sources - transfers in	-	-	120,368	120,368
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>116,815</u>	<u>\$ 116,815</u>
Fund balance, beginning of the year			<u>34,638</u>	
Fund balance, end of the year			<u>\$ 151,453</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**SSA #45 Bryn Mawr Water and Sewer Project Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 458,448	\$ 458,448	\$ 132,609	\$ (325,839)
<b>Total revenues</b>	<b>458,448</b>	<b>458,448</b>	<b>132,609</b>	<b>(325,839)</b>
Expenditures - debt service:				
Principal	170,000	170,000	170,000	-
Interest	288,448	288,448	291,448	(3,000)
<b>Total expenditures</b>	<b>458,448</b>	<b>458,448</b>	<b>461,448</b>	<b>(3,000)</b>
<b>Revenues over (under) expenditures before other financing sources</b>	<b>-</b>	<b>-</b>	<b>(328,839)</b>	<b>(328,839)</b>
Other financing sources - transfers in	-	-	321,335	321,335
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(7,504)</b>	<b>\$ (7,504)</b>
Fund balance, beginning of the year			7,562	
Fund balance, end of the year			<b>\$ 58</b>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**SSA #46 Ryland Water and Sewer Project Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property tax	\$ 156,773	\$ 156,773	\$ 163,773	\$ 7,000
Investment income	-	-	37	37
<b>Total revenues</b>	<b>156,773</b>	<b>156,773</b>	<b>163,810</b>	<b>7,037</b>
Expenditures:				
Debt service:				
Principal retirement	14,000	14,000	14,000	-
Interest	142,773	142,773	145,773	(3,000)
<b>Total expenditures</b>	<b>156,773</b>	<b>156,773</b>	<b>159,773</b>	<b>(3,000)</b>
<b>Revenues over expenditures before other financing uses</b>	<b>-</b>	<b>-</b>	<b>4,037</b>	<b>4,037</b>
Other financing uses - transfers out	-	-	(4)	(4)
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,033</b>	<b>\$ 4,033</b>
Fund balance, beginning of the year			<b>5,788</b>	
Fund balance, end of the year			<b>\$ 9,821</b>	

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property tax	\$ 55,000	\$ 55,000	\$ 73,741	\$ 18,741
Investment income	-	-	5	5
<b>Total revenues</b>	<b>55,000</b>	<b>55,000</b>	<b>73,746</b>	<b>18,746</b>
Expenditures - debt service:				
Principal	613,195	613,195	613,195	-
Interest	416,761	416,761	417,791	(1,030)
<b>Total expenditures</b>	<b>1,029,956</b>	<b>1,029,956</b>	<b>1,030,986</b>	<b>(1,030)</b>
<b>Revenues under expenditures before other financing sources</b>	<b>(974,956)</b>	<b>(974,956)</b>	<b>(957,240)</b>	<b>17,716</b>
Other financing sources - transfers in	974,956	974,956	957,249	(17,707)
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>9</b>	<b>\$ 9</b>
Fund balance, beginning of the year			<b>22,492</b>	
Fund balance, end of the year			<b>\$ 22,501</b>	

See independent auditor's report.

**City of Crystal Lake, Illinois  
Combining Balance Sheet -  
Nonmajor Capital Projects Funds  
April 30, 2012**

	<u>Total</u>	<u>Special Service Area No. 42</u>	<u>Special Assessment No. 145</u>
<b>Assets</b>			
Cash and investments	\$ 4,356,467	\$ 100,153	\$ 117,423
Receivables:			
Property taxes	131,595	-	-
Accounts	60,000	-	-
<b>Total assets</b>	<b>\$ 4,548,062</b>	<b>\$ 100,153</b>	<b>\$ 117,423</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 38,222	\$ -	\$ -
Recapture fees payable	177,499	69,674	107,825
Deferred revenue - property taxes	131,595	-	-
<b>Total liabilities</b>	<b>347,316</b>	<b>69,674</b>	<b>107,825</b>
Fund balances - assigned	4,200,746	30,479	9,598
<b>Total liabilities and fund balances</b>	<b>\$ 4,548,062</b>	<b>\$ 100,153</b>	<b>\$ 117,423</b>

<u>Crystal Heights Utility Extension</u>	<u>Main Street TIF Construction</u>	<u>Virginia Street Corridor TIF</u>	<u>SSA 45 Bryn Mawr Project</u>	<u>SSA 46 Ryland Main Construction</u>	<u>Capital Reserve</u>
\$ 674,325	\$ 234,447	\$ 202,398	\$ -	\$ 27,721	\$ 3,000,000
-	48,250	83,345	-	-	-
-	-	60,000	-	-	-
<b>\$ 674,325</b>	<b>\$ 282,697</b>	<b>\$ 345,743</b>	<b>\$ -</b>	<b>\$ 27,721</b>	<b>\$ 3,000,000</b>
\$ -	\$ -	\$ 38,222	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	48,250	83,345	-	-	-
-	48,250	121,567	-	-	-
674,325	234,447	224,176	-	27,721	3,000,000
<b>\$ 674,325</b>	<b>\$ 282,697</b>	<b>\$ 345,743</b>	<b>\$ -</b>	<b>\$ 27,721</b>	<b>\$ 3,000,000</b>

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Capital Projects Funds**  
**For the Year Ended April 30, 2012**

	<b>Total</b>	<b>Special Service Area No. 42</b>	<b>Special Assessment No. 145</b>	<b>Crystal Heights Utility Extension</b>	<b>Main Street TIF Construction</b>	<b>Virginia Street Corridor TIF</b>	<b>SSA 44 Tracy Trail Construction</b>	<b>SSA 45 Bryn Mawr Project</b>	<b>SSA 46 Ryland Main Construction</b>	<b>Capital Reserve</b>
<b>Revenues:</b>										
Intergovernmental	\$ 1,280,000	\$ -	\$ -	\$ -	\$ -	\$ 1,280,000	\$ -	\$ -	\$ -	\$ -
Property taxes	225,982	-	-	-	72,120	153,862	-	-	-	-
Investment income	3,132	-	7	424	145	899	-	105	1,552	-
<b>Total revenues</b>	<b>1,509,114</b>	<b>-</b>	<b>7</b>	<b>424</b>	<b>72,265</b>	<b>1,434,761</b>	<b>-</b>	<b>105</b>	<b>1,552</b>	<b>-</b>
<b>Expenditures:</b>										
Current - contractual services	304,465	-	-	-	2,113	302,352	-	-	-	-
Capital outlay - public works improvements	4,376,350	-	-	-	-	4,376,350	-	-	-	-
<b>Total expenditures</b>	<b>4,680,815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,113</b>	<b>4,678,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures before other financing sources (uses)</b>	<b>(3,171,701)</b>	<b>-</b>	<b>7</b>	<b>424</b>	<b>70,152</b>	<b>(3,243,941)</b>	<b>-</b>	<b>105</b>	<b>1,552</b>	<b>-</b>
<b>Other financing sources (uses):</b>										
Transfers in	5,624,455	-	-	-	-	2,624,451	-	-	4	3,000,000
Transfers out	(284,894)	-	-	-	-	-	(120,368)	(164,526)	-	-
<b>Total other financing sources (uses)</b>	<b>5,339,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,624,451</b>	<b>(120,368)</b>	<b>(164,526)</b>	<b>4</b>	<b>3,000,000</b>
<b>Net changes in fund balances</b>	<b>2,167,860</b>	<b>-</b>	<b>7</b>	<b>424</b>	<b>70,152</b>	<b>(619,490)</b>	<b>(120,368)</b>	<b>(164,421)</b>	<b>1,556</b>	<b>3,000,000</b>
Fund balances, beginning of the year	2,032,886	30,479	9,591	673,901	164,295	843,666	120,368	164,421	26,165	-
Fund balances, end of the year	<b>\$ 4,200,746</b>	<b>\$ 30,479</b>	<b>\$ 9,598</b>	<b>\$ 674,325</b>	<b>\$ 234,447</b>	<b>\$ 224,176</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,721</b>	<b>\$ 3,000,000</b>

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 52,000	\$ 52,000	\$ 72,120	\$ 20,120
Interest	-	-	145	145
<b>Total revenues</b>	<u>52,000</u>	<u>52,000</u>	<u>72,265</u>	<u>20,265</u>
Expenditures:				
Current - contractual services	-	-	2,113	(2,113)
Capital outlay - public works improvements	181,500	181,500	-	181,500
<b>Total expenditures</b>	<u>181,500</u>	<u>181,500</u>	<u>2,113</u>	<u>179,387</u>
<b>Net changes in fund balance</b>	<u>\$ (129,500)</u>	<u>\$ (129,500)</u>	<u>70,152</u>	<u>\$ 199,652</u>
Fund balance, beginning of the year			<u>164,295</u>	
Fund balance, end of the year			<u>\$ 234,447</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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,254,173	\$ 2,254,173	\$ 1,280,000	\$ (974,173)
Property taxes	125,000	125,000	153,862	28,862
Interest	-	-	899	899
<b>Total revenues</b>	<u>2,379,173</u>	<u>2,379,173</u>	<u>1,434,761</u>	<u>(944,412)</u>
Expenditures:				
Contractual services	-	-	302,352	(302,352)
Capital outlay - public works	5,302,095	5,302,095	4,376,350	925,745
<b>Total expenditures</b>	<u>5,302,095</u>	<u>5,302,095</u>	<u>4,678,702</u>	<u>623,393</u>
<b>Revenues under expenditures     before other financing sources</b>	<u>(2,922,922)</u>	<u>(2,922,922)</u>	<u>(3,243,941)</u>	<u>(321,019)</u>
Other financing sources:				
Transfers in	2,624,451	2,624,451	2,624,451	-
<b>Total other financing sources</b>	<u>2,624,451</u>	<u>2,624,451</u>	<u>2,624,451</u>	<u>-</u>
<b>Net changes in fund balance</b>	<u>\$ (298,471)</u>	<u>\$ (298,471)</u>	<u>(619,490)</u>	<u>\$ (321,019)</u>
Fund balance, beginning of the year			<u>843,666</u>	
Fund balance, end of the year			<u>\$ 224,176</u>	

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:				
Charges for services:				
Water sales	\$ 3,837,533	\$ 3,837,533	\$ 3,551,784	\$ (285,749)
Sewer sales	3,805,201	3,805,201	3,618,651	(186,550)
Penalties	275,000	275,000	320,890	45,890
Water meter fees	10,000	10,000	18,875	8,875
Water tap fees	1,000	1,000	13,256	12,256
Miscellaneous	25,350	25,350	26,653	1,303
<b>Total operating revenues</b>	<u>7,954,084</u>	<u>7,954,084</u>	<u>7,550,109</u>	<u>(403,975)</u>
Nonoperating revenue:				
Connection fees	418,180	418,180	443,654	25,474
Investment income	31,000	31,000	5,062	(25,938)
Rental income	181,272	181,272	263,825	82,553
<b>Total nonoperating revenues</b>	<u>630,452</u>	<u>630,452</u>	<u>712,541</u>	<u>82,089</u>
<b>Total revenues</b>	<u>\$ 8,584,536</u>	<u>\$ 8,584,536</u>	<u>\$ 8,262,650</u>	<u>\$ (321,886)</u>

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, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating expenses, excluding depreciation:				
Administration:				
Personal services	\$ 516,436	\$ 516,436	\$ 481,151	\$ 35,285
Contractual services	121,493	121,493	139,854	(18,361)
Supplies and materials	37,195	37,195	30,767	6,428
<b>Total administration</b>	<b>675,124</b>	<b>675,124</b>	<b>651,772</b>	<b>23,352</b>
Operations:				
Water division:				
Personal services	1,395,476	1,395,476	1,380,720	14,756
Contractual services	924,788	924,788	837,663	87,125
Supplies and materials	587,570	587,570	568,136	19,434
Capital outlay	2,342,400	2,348,900	193,080	2,155,820
<b>Total water division</b>	<b>5,250,234</b>	<b>5,256,734</b>	<b>2,979,599</b>	<b>2,277,135</b>
Wastewater division:				
Personal services	877,823	877,823	835,471	42,352
Contractual services	921,167	921,167	721,703	199,464
Supplies and materials	538,013	538,013	561,148	(23,135)
Capital outlay	2,595,000	2,595,000	332,899	2,262,101
<b>Total wastewater division</b>	<b>4,932,003</b>	<b>4,932,003</b>	<b>2,451,221</b>	<b>2,480,782</b>
Sewer and lifts division:				
Personal services	246,442	246,442	222,516	23,926
Contractual services	133,411	133,411	128,055	5,356
Supplies and materials	62,495	62,495	59,886	2,609
Capital outlay	144,000	144,000	141,535	2,465
<b>Total sewer and lifts division</b>	<b>586,348</b>	<b>586,348</b>	<b>551,992</b>	<b>34,356</b>
<b>Total operations</b>	<b>10,768,585</b>	<b>10,775,085</b>	<b>5,982,812</b>	<b>4,792,273</b>
<b>Total operating expenses, excluding depreciation</b>	<b>\$ 11,443,709</b>	<b>\$ 11,450,209</b>	<b>\$ 6,634,584</b>	<b>\$ 4,815,625</b>
Nonoperating income (expenses):				
Interest expense	\$ (424,250)	\$ (424,250)	\$ (426,389)	\$ (2,139)
Gain on sale of capital assets	-	-	3,789	3,789
<b>Total nonoperating expenses</b>	<b>\$ (424,250)</b>	<b>\$ (424,250)</b>	<b>\$ (422,600)</b>	<b>\$ 1,650</b>

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Pension Trust Funds**  
**Combining Statement of Plan Net Assets**  
**April 30, 2012**

<b>Assets</b>	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Cash	\$ -	\$ 4,444	\$ 4,444
Investments:			
Illinois Funds Investment Pool	134,839	32,451	167,290
Money market accounts	533,849	375,205	909,054
U.S. government and agency securities	12,072,833	10,051,245	22,124,078
Insurance contracts	-	1,248,749	1,248,749
Municipal bonds	-	551,551	551,551
Mutual funds - bonds	1,368,763	-	1,368,763
Mutual funds - stocks	11,467,028	7,187,125	18,654,153
Interest receivable	46,981	89,211	136,192
Due from other funds	100	-	100
<b>Total assets</b>	<u>\$ 25,624,393</u>	<u>\$ 19,539,981</u>	<u>\$ 45,164,374</u>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable	\$ 1,990	\$ 2,705	\$ 4,695
Due to other funds	-	100	100
<b>Total liabilities</b>	1,990	2,805	4,795
Net assets - restricted for pension benefits	<u>25,622,403</u>	<u>19,537,176</u>	<u>45,159,579</u>
<b>Total liabilities and net assets</b>	<u>\$ 25,624,393</u>	<u>\$ 19,539,981</u>	<u>\$ 45,164,374</u>

See independent auditor's report.

**City of Crystal Lake, Illinois  
Pension Trust Funds  
Combining Statement of Changes in Plan Net Assets  
For the Year Ended April 30, 2012**

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 1,834,018	\$ 1,541,610	\$ 3,375,628
Members	528,711	490,262	1,018,973
	<u>2,362,729</u>	<u>2,031,872</u>	<u>4,394,601</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	(712,167)	596,637	(115,530)
Interest income	591,460	486,497	1,077,957
Less investment expenses	(102,153)	(57,945)	(160,098)
	<u>(222,860)</u>	<u>1,025,189</u>	<u>802,329</u>
<b>Total additions</b>	<u>2,139,869</u>	<u>3,057,061</u>	<u>5,196,930</u>
Deductions:			
Pension benefits and refunds	1,566,766	780,377	2,347,143
Administrative expenses	11,980	14,362	26,342
<b>Total deductions</b>	<u>1,578,746</u>	<u>794,739</u>	<u>2,373,485</u>
<b>Changes in net assets</b>	561,123	2,262,322	2,823,445
Total net assets, beginning of the year	<u>25,061,280</u>	<u>17,274,854</u>	<u>42,336,134</u>
Total net assets, end of the year	<u>\$ 25,622,403</u>	<u>\$ 19,537,176</u>	<u>\$ 45,159,579</u>

See independent auditor's report.

**City of Crystal Lake, Illinois  
Police Pension Fund  
Schedule of Changes in Plan  
Net Assets - Budget and Actual  
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 1,837,296	\$ 1,837,296	\$ 1,834,018	\$ (3,278)
Members	520,000	520,000	528,711	8,711
	<u>2,357,296</u>	<u>2,357,296</u>	<u>2,362,729</u>	<u>5,433</u>
<b>Investment income:</b>				
Net appreciation in fair value of investments	-	-	(712,167)	(712,167)
Interest income	1,302,628	1,302,628	591,460	(711,168)
Less investment expenses	(95,000)	(95,000)	(102,153)	(7,153)
	<u>1,207,628</u>	<u>1,207,628</u>	<u>(222,860)</u>	<u>(1,430,488)</u>
<b>Total additions</b>	<u>3,564,924</u>	<u>3,564,924</u>	<u>2,139,869</u>	<u>(1,425,055)</u>
<b>Deductions:</b>				
Pension benefits and refunds	1,524,000	1,524,000	1,566,766	(42,766)
Administrative expenses	17,000	17,000	11,980	5,020
<b>Total deductions</b>	<u>1,541,000</u>	<u>1,541,000</u>	<u>1,578,746</u>	<u>(37,746)</u>
<b>Changes in net assets</b>	<u>\$ 2,023,924</u>	<u>\$ 2,023,924</u>	<u>561,123</u>	<u>\$ (1,462,801)</u>
Total net assets, beginning of the year			<u>25,061,280</u>	
Total net assets, end of the year			<u>\$ 25,622,403</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois  
Firefighters' Pension Fund  
Schedule of Changes in Plan  
Net Assets - Budget and Actual  
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 1,544,260	\$ 1,544,260	\$ 1,541,610	\$ (2,650)
Members	520,000	520,000	490,262	(29,738)
	<u>2,064,260</u>	<u>2,064,260</u>	<u>2,031,872</u>	<u>(32,388)</u>
<b>Investment income:</b>				
Net appreciation in fair value of investments	-	-	596,637	596,637
Interest income	817,043	817,043	486,497	(330,546)
Less investment expenses	(48,000)	(48,000)	(57,945)	(9,945)
	<u>769,043</u>	<u>769,043</u>	<u>1,025,189</u>	<u>256,146</u>
<b>Total additions</b>	<u>2,833,303</u>	<u>2,833,303</u>	<u>3,057,061</u>	<u>223,758</u>
<b>Deductions:</b>				
Pension benefits and refunds	660,000	660,000	780,377	(120,377)
Administrative expenses	15,000	15,000	14,362	638
<b>Total deductions</b>	<u>675,000</u>	<u>675,000</u>	<u>794,739</u>	<u>(119,739)</u>
<b>Changes in net assets</b>	<u>\$ 2,158,303</u>	<u>\$ 2,158,303</u>	<u>2,262,322</u>	<u>\$ 104,019</u>
Total net assets, beginning of the year			<u>17,274,854</u>	
Total net assets, end of the year			<u>\$ 19,537,176</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, 2012**

	<u>Balance May 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance April 30, 2012</u>
<b>Assets</b>				
Cash	\$ 130,226	\$ 80	\$ -	\$ 130,306
Other receivables	621	-	-	621
	<u>\$ 130,847</u>	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 130,927</u>
<b>Liabilities</b>				
Recapture fees payable	\$ (82,206)	\$ 80	\$ -	\$ (82,126)
Due to other funds	213,053	-	-	213,053
	<u>\$ 130,847</u>	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 130,927</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, 2012**

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**Assets**

Governmental funds capital assets:	
Land	\$ 102,928,633
Construction in progress	1,512,719
Buildings and improvements	31,777,187
Machinery, equipment and vehicles	13,706,124
Infrastructure	<u>61,718,802</u>
<b>Total governmental funds capital assets</b>	<b><u>\$ 211,643,465</u></b>

**Investment in Governmental Funds**  
**Capital Assets By Source**

General Fund	\$ 138,298,538
Special Revenue Funds	16,386,542
Capital Projects Funds	17,832,803
Developer contributions	<u>39,125,582</u>
<b>Total governmental funds capital assets</b>	<b><u>\$ 211,643,465</u></b>

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, 2012**

	Land	Construction in Progress	Buildings and Improvements
General government	\$ 102,731,806	\$ 410,906	\$ 10,813,824
Public safety	-	44,695	13,538,645
Highways and streets	196,827	1,057,118	388,874
Culture and recreation	-	-	7,035,844
	<u>\$ 102,928,633</u>	<u>\$ 1,512,719</u>	<u>\$ 31,777,187</u>

	Machinery, Equipment and Vehicles	Infrastructure	Total
	\$ 1,372,879	\$ 857,937	<b>\$ 116,187,352</b>
	7,121,128	-	<b>20,704,468</b>
	4,332,154	51,196,804	<b>57,171,777</b>
	879,963	9,664,061	<b>17,579,868</b>
	<u>\$ 13,706,124</u>	<u>\$ 61,718,802</u>	<u><b>\$ 211,643,465</b></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, 2012**

	Balance May 1, 2011	Additions	Deletions and Transfers	Balance April 30, 2012
General government	\$ 116,107,579	\$ 206,568	\$ 126,796	\$ 116,187,351
Public safety	19,774,853	1,427,119	497,503	20,704,469
Highways and streets	52,540,370	5,991,121	1,359,714	57,171,777
Culture and recreation	17,226,136	362,638	8,906	17,579,868
	<u>\$ 205,648,938</u>	<u>\$ 7,987,446</u>	<u>\$ 1,992,919</u>	<u>\$ 211,643,465</u>

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Discretely Presented Component Unit - Crystal Lake Public Library**  
**Statement of Net Assets and Governmental Funds Balance Sheet**  
**April 30, 2012**

	Governmental			Funds		Adjustments	Statement of Net Assets
	General Operating	IMRF/FICA	Special Reserve	Nonmajor Funds	Total		
<b>Assets</b>							
Current:							
Cash and investments	\$ 2,802,119	\$ 255,683	\$ 1,040,321	\$ 564,189	\$ 4,662,312	\$ -	\$ 4,662,312
Property tax receivable	3,649,887	456,733	-	-	4,106,620	-	4,106,620
Capital assets, net of accumulated depreciation	-	-	-	-	-	6,069,669	6,069,669
<b>Total assets</b>	<b>\$ 6,452,006</b>	<b>\$ 712,416</b>	<b>\$ 1,040,321</b>	<b>\$ 564,189</b>	<b>\$ 8,768,932</b>	<b>\$ 6,069,669</b>	<b>\$ 14,838,601</b>
<b>Liabilities</b>							
Current:							
Accounts payable	\$ 123,062	\$ -	\$ -	\$ -	\$ 123,062	\$ -	\$ 123,062
Unearned property tax revenue	3,649,887	456,733	-	-	4,106,620	-	4,106,620
Compensated absences	-	-	-	-	-	82,942	82,942
<b>Total current liabilities</b>	<b>3,772,949</b>	<b>456,733</b>	<b>-</b>	<b>-</b>	<b>4,229,682</b>	<b>82,942</b>	<b>4,312,624</b>
Noncurrent:							
Compensated absences payable	-	-	-	-	-	53,028	53,028
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,028</b>	<b>53,028</b>
<b>Total liabilities</b>	<b>3,772,949</b>	<b>456,733</b>	<b>-</b>	<b>-</b>	<b>4,229,682</b>	<b>135,970</b>	<b>4,365,652</b>
Fund balance/net assets:							
Restricted for working cash	-	-	-	50,034	50,034	-	50,034
Assigned	-	255,683	1,040,321	514,155	1,810,159	(1,810,159)	-
Unassigned	2,679,057	-	-	-	2,679,057	(2,679,057)	-
Invested in capital assets, net of related debt	-	-	-	-	-	6,069,669	6,069,669
Unrestricted	-	-	-	-	-	4,353,246	4,353,246
<b>Total fund balance/net assets</b>	<b>2,679,057</b>	<b>255,683</b>	<b>1,040,321</b>	<b>564,189</b>	<b>4,539,250</b>	<b>5,933,699</b>	<b>10,472,949</b>
<b>Total liabilities and fund balance/net assets</b>	<b>\$ 6,452,006</b>	<b>\$ 712,416</b>	<b>\$ 1,040,321</b>	<b>\$ 564,189</b>	<b>\$ 8,768,932</b>	<b>\$ 6,069,669</b>	<b>\$ 14,838,601</b>

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 Assets**  
**April 30, 2012**

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Total fund balance - governmental funds	\$ 4,539,250
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,069,669
Some liabilities reported in the statement of net assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:	
Compensated absences payable	<u>(135,970)</u>
Net assets of governmental activities	<u>\$ 10,472,949</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, 2012**

	Governmental Funds			Nonmajor Funds	Total	Adjustments	Statement of Activities
	General Operating	IMRF/FICA	Special Reserve				
Expenditures/expenses:							
Culture and recreation	\$ 3,347,555	\$ 384,613	\$ 36,216	\$ 63,309	\$ 3,831,693	\$ 102,507	\$ 3,934,200
Capital outlay	37,885	-	-	100	37,985	-	37,985
<b>Total expenses/expenditures</b>	<b>3,385,440</b>	<b>384,613</b>	<b>36,216</b>	<b>63,409</b>	<b>3,869,678</b>	<b>102,507</b>	<b>3,972,185</b>
Program revenues:							
Fines and fees	131,526	-	-	-	131,526	-	131,526
Rental income	-	-	-	17,940	17,940	-	17,940
Intergovernmental	40,716	-	-	-	40,716	-	40,716
<b>Total program revenues</b>	<b>172,242</b>	<b>-</b>	<b>-</b>	<b>17,940</b>	<b>190,182</b>	<b>-</b>	<b>190,182</b>
<b>Net program expenditures/expenses</b>	<b>(3,213,198)</b>	<b>(384,613)</b>	<b>(36,216)</b>	<b>(45,469)</b>	<b>(3,679,496)</b>	<b>(102,507)</b>	<b>(3,782,003)</b>
General revenues:							
Property taxes	3,680,466	426,486	-	-	4,106,952	-	4,106,952
Interest	3,617	207	1,426	2,019	7,269	-	7,269
Capital facilities	-	-	-	3,487	3,487	-	3,487
Miscellaneous	23,986	-	-	52,425	76,411	-	76,411
<b>Total general revenues</b>	<b>3,708,069</b>	<b>426,693</b>	<b>1,426</b>	<b>57,931</b>	<b>4,194,119</b>	<b>-</b>	<b>4,194,119</b>
Other financing sources (uses):							
Transfers in	89	213,603	501,132	-	714,824	-	714,824
Transfers out	(714,735)	-	-	(89)	(714,824)	-	(714,824)
<b>Total other financing sources (uses)</b>	<b>(714,646)</b>	<b>213,603</b>	<b>501,132</b>	<b>(89)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>(219,775)</b>	<b>255,683</b>	<b>466,342</b>	<b>12,373</b>	<b>514,623</b>	<b>(102,507)</b>	<b>412,116</b>
Fund balances, beginning of the year	2,898,832	-	573,979	551,816	4,024,627	6,036,205	10,060,833
Fund balances, end of the year	<b>\$ 2,679,057</b>	<b>\$ 255,683</b>	<b>\$ 1,040,321</b>	<b>\$ 564,189</b>	<b>\$ 4,539,250</b>	<b>\$ 5,933,698</b>	<b>\$ 10,472,949</b>

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, 2012**

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

Net change in fund balances - total governmental funds	\$ 514,623
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$199,221) exceeds capital outlay (\$108,631) in the current period.	(90,590)
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	<u>(11,917)</u>
Change in net assets of governmental activities	<u>\$ 412,116</u>

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, 2012**

	<u>Total</u>	<u>Special Revenue</u>		<u>Capital Project Fund</u>	<u>Permanent Fund</u>
		<u>Gift and Memorial</u>	<u>Ames</u>		
<b>Assets</b>					
Cash and investments	<u>\$ 564,189</u>	<u>\$ 8,004</u>	<u>\$ 367,726</u>	<u>\$ 138,425</u>	<u>\$ 50,034</u>
<b>Liabilities and Fund Balances</b>					
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Restricted	<u>50,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,034</u>
Assigned	<u>514,155</u>	<u>8,004</u>	<u>367,726</u>	<u>138,425</u>	<u>-</u>
<b>Total fund balances</b>	<u><b>564,189</b></u>	<u><b>8,004</b></u>	<u><b>367,726</b></u>	<u><b>138,425</b></u>	<u><b>50,034</b></u>
<b>Total liabilities and fund balances</b>	<u><b>\$ 564,189</b></u>	<u><b>\$ 8,004</b></u>	<u><b>\$ 367,726</b></u>	<u><b>\$ 138,425</b></u>	<u><b>\$ 50,034</b></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 - Nonmajor Governmental Funds**  
**For the Year Ended April 30, 2012**

	Total	Special Revenue		Capital Project Fund	Permanent Fund
		Gift and Memorial	Ames	Public Library Repair and Construction	Working Cash
<b>Revenues:</b>					
Interest	\$ 2,019	\$ -	\$ 1,020	\$ 965	\$ 34
Capital facilities	3,487	-	-	3,487	-
Rental income	17,940	-	-	17,940	-
Miscellaneous	52,425	52,425	-		
<b>Total revenues</b>	<b>75,871</b>	<b>52,425</b>	<b>1,020</b>	<b>22,392</b>	<b>34</b>
<b>Expenditures:</b>					
Current - culture and recreation	63,309	52,414	-	10,895	-
Capital outlay	100	100	-	-	-
<b>Total expenditures</b>	<b>63,409</b>	<b>52,514</b>	<b>-</b>	<b>10,895</b>	<b>-</b>
<b>Revenues over expenditures before other financing uses</b>	<b>12,462</b>	<b>(89)</b>	<b>1,020</b>	<b>11,497</b>	<b>34</b>
Other financing uses - transfers out	(89)	-	-	-	(89)
<b>Changes in fund balances</b>	<b>12,373</b>	<b>(89)</b>	<b>1,020</b>	<b>11,497</b>	<b>(55)</b>
Fund balances, beginning of the year	551,816	8,093	366,706	126,928	50,089
Fund balances, end of the year	\$ 564,189	\$ 8,004	\$ 367,726	\$ 138,425	\$ 50,034

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, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 3,686,750	\$ 3,686,750	\$ 3,680,466	\$ (6,284)
Intergovernmental	40,627	40,627	40,716	89
Fines and forfeitures	140,000	112,500	131,526	19,026
Interest	3,000	3,000	3,617	617
Miscellaneous	3,500	5,000	23,986	18,986
<b>Total revenues</b>	<b>3,873,877</b>	<b>3,847,877</b>	<b>3,880,311</b>	<b>32,434</b>
<b>Expenditures:</b>				
Culture and recreation:				
Personal services	2,577,673	2,491,287	2,323,171	168,116
Contractual services	831,866	729,078	441,326	287,752
Supplies and materials	682,799	643,198	583,058	60,140
Capital outlay:				
Operating equipment	24,165	49,330	37,885	11,445
<b>Total expenditures</b>	<b>4,116,503</b>	<b>3,912,893</b>	<b>3,385,440</b>	<b>527,453</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<b>(242,626)</b>	<b>(65,016)</b>	<b>494,871</b>	<b>559,887</b>
<b>Other financing sources (uses):</b>				
Transfers in	120	89	89	-
Transfers out	-	(714,735)	(714,735)	-
<b>Total other financing sources (uses)</b>	<b>120</b>	<b>(714,646)</b>	<b>(714,646)</b>	<b>-</b>
<b>Net changes in fund balance</b>	<b>\$ (242,506)</b>	<b>\$ (779,662)</b>	<b>(219,775)</b>	<b>\$ 559,887</b>
Fund balance, beginning of the year			<b>2,898,832</b>	
Fund balance, end of the year			<b>\$ 2,679,057</b>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Discretely Presented Component Unit - Crystal Lake Public Library -**  
**IMRF/FICA Fund - Schedule of Revenues, Expenditures and**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 427,214	\$ 427,214	\$ 426,486	\$ (728)
Interest	-	-	207	207
<b>Total revenues</b>	427,214	427,214	426,693	(521)
Expenditures - culture and recreation - personnel services	427,206	427,206	384,613	42,593
<b>Excess of revenues over expenditures before other financing sources</b>	8	8	42,080	42,072
Other financing sources - transfers in	-	213,603	213,603	-
<b>Net changes in fund balance</b>	<b>\$ 8</b>	<b>\$ 213,611</b>	<b>255,683</b>	<b>\$ 42,072</b>
Fund balance, beginning of the year			-	
Fund balance, end of the year			<b>\$ 255,683</b>	

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, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Miscellaneous	\$ 55,750	\$ 52,850	\$ 52,425	\$ (425)
<b>Total revenues</b>	<u>55,750</u>	<u>52,850</u>	<u>52,425</u>	<u>(425)</u>
Expenditures:				
Culture and recreation:				
Contractual services	46,750	47,944	39,203	8,741
Supplies and materials	9,000	12,531	13,211	(680)
Capital outlay	-	-	100	(100)
<b>Total expenditures</b>	<u>55,750</u>	<u>60,475</u>	<u>52,514</u>	<u>7,961</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ (7,625)</u>	<u>(89)</u>	<u>\$ 7,536</u>
Fund balance, beginning of the year			<u>8,093</u>	
Fund balance, end of the year			<u>\$ 8,004</u>	

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, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 965	\$ 965
Capital facilities	3,500	3,500	3,487	(13)
Rental income	17,940	17,940	17,940	-
<b>Total revenues</b>	<b>21,440</b>	<b>21,440</b>	<b>22,392</b>	<b>952</b>
Expenditures - culture and recreation - contractual services	21,440	21,440	10,895	10,545
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>11,497</b>	<b>\$ 11,497</b>
Fund balance, beginning of the year			<b>126,928</b>	
Fund balance, end of the year			<b>\$ 138,425</b>	

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, 2012**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest	\$ 120	\$ 120	\$ 34	\$ (86)
Other financing uses - transfers out	(120)	(120)	(89)	31
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(55)</b>	<b>\$ (55)</b>
Fund balance, beginning of the year			<u>50,089</u>	
Fund balance, end of the year			<u>\$ 50,034</u>	

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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.	146 – 157
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	158 – 164
<b>Debt Capacity</b> 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.	165 – 169
<b>Demographic and Economic Information</b> 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.	170 – 171
<b>Operating Information</b> 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.	172 – 177

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

	Fiscal Year			Ended April 30,					
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities:</b>									
Invested in capital assets, net of related debt	\$ 151,485,526	\$ 146,630,784	\$ 145,238,182	\$ 142,698,809	\$ 139,028,556	\$ 136,717,137	\$ 143,207,897	\$ 140,891,791	\$ 141,765,596
Restricted	10,050,248	12,072,057	11,709,762	11,517,858	11,321,941	10,846,684	11,179,914	9,971,068	11,373,072
Unrestricted	22,599,394	26,752,202	25,921,333	24,480,259	25,848,488	25,819,335	20,671,704	19,817,257	17,387,044
<b>Total governmental activities</b>	<b>\$ 184,135,168</b>	<b>\$ 185,455,043</b>	<b>\$ 182,869,277</b>	<b>\$ 178,696,926</b>	<b>\$ 176,198,985</b>	<b>\$ 173,383,156</b>	<b>\$ 175,059,515</b>	<b>\$ 170,680,116</b>	<b>\$ 170,525,712</b>
<b>Business-type activities:</b>									
Invested in capital assets, net of related debt	\$ 51,149,367	\$ 50,388,323	\$ 48,443,665	\$ 51,853,939	\$ 52,187,382	\$ 52,830,550	\$ 46,823,209	\$ 46,395,885	\$ 50,675,313
Unrestricted	3,360,482	3,963,636	5,677,672	4,406,249	5,178,987	5,185,544	5,221,328	6,655,756	3,756,297
<b>Total business-type activities</b>	<b>\$ 54,509,849</b>	<b>\$ 54,351,959</b>	<b>\$ 54,121,337</b>	<b>\$ 56,260,188</b>	<b>\$ 57,366,369</b>	<b>\$ 58,016,094</b>	<b>\$ 52,044,537</b>	<b>\$ 53,051,641</b>	<b>\$ 54,431,610</b>
<b>Primary government:</b>									
Invested in capital assets, net of related debt	\$ 202,634,893	\$ 197,019,107	\$ 193,681,847	\$ 194,552,748	\$ 191,215,938	\$ 189,547,687	\$ 190,031,106	\$ 187,287,676	\$ 192,440,909
Restricted	10,050,248	12,072,057	11,709,762	11,517,858	11,321,941	10,846,684	11,179,914	9,971,068	11,373,072
Unrestricted	25,959,876	30,715,838	31,599,005	28,886,508	31,027,475	31,004,879	25,893,032	26,473,013	21,143,341
<b>Total primary government</b>	<b>\$ 238,645,017</b>	<b>\$ 239,807,002</b>	<b>\$ 236,990,614</b>	<b>\$ 234,957,114</b>	<b>\$ 233,565,354</b>	<b>\$ 231,399,250</b>	<b>\$ 227,104,052</b>	<b>\$ 223,731,757</b>	<b>\$ 224,957,322</b>

Source: Audited financial statements.

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

See independent auditor's report.

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

	Fiscal Year			Ended April 30,					
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>									
Governmental activities:									
General and administrative	\$ 10,447,524	\$ 7,646,123	\$ 8,652,289	\$ 8,609,775	\$ 8,124,338	\$ 7,410,758	\$ 6,840,977	\$ 7,949,231	\$ 5,362,775
Public safety	24,157,329	21,620,519	20,113,957	19,574,409	17,132,484	17,180,813	14,010,932	13,592,326	11,644,238
Highways and streets	7,848,907	7,892,328	6,934,366	7,820,886	7,250,516	6,100,201	6,641,246	6,833,764	5,777,522
Culture and recreation	1,400,906	1,482,797	664,816	323,582	299,181	251,717	258,943	232,296	193,990
Interest on long-term debt	625,751	663,220	751,000	766,112	741,136	646,250	560,334	540,505	523,231
<b>Total governmental activities expenses</b>	<b>44,480,417</b>	<b>39,304,987</b>	<b>37,116,428</b>	<b>37,094,764</b>	<b>33,547,655</b>	<b>31,589,739</b>	<b>28,312,432</b>	<b>29,148,122</b>	<b>23,501,756</b>
Business-type activities - waterworks and sewerage									
	9,907,476	9,399,817	9,599,893	9,110,643	8,905,333	8,605,569	7,812,546	7,774,757	6,827,295
<b>Total business-type activities expenses</b>	<b>9,907,476</b>	<b>9,399,817</b>	<b>9,599,893</b>	<b>9,110,643</b>	<b>8,905,333</b>	<b>8,605,569</b>	<b>7,812,546</b>	<b>7,774,757</b>	<b>6,827,295</b>
<b>Total expenses</b>	<b>\$ 54,387,893</b>	<b>\$ 48,704,804</b>	<b>\$ 46,716,321</b>	<b>\$ 46,205,407</b>	<b>\$ 42,452,988</b>	<b>\$ 40,195,308</b>	<b>\$ 36,124,978</b>	<b>\$ 36,922,879</b>	<b>\$ 30,329,051</b>
<b>Program revenues:</b>									
Governmental activities:									
Charges for services:									
General and administrative	\$ 1,001,950	\$ 955,184	\$ 798,578	\$ 869,769	\$ 1,344,296	\$ 1,418,677	\$ 1,767,822	\$ 1,129,894	\$ 809,658
Public safety	3,656,295	3,149,558	3,089,958	3,122,362	2,565,009	2,966,666	2,606,313	2,614,586	2,337,109
Highways and streets	240,339	232,567	236,273	248,958	220,544	220,926	851,872	465,495	515,358
Culture and recreation	488,712	93,247	-	-	-	-	-	-	-
Operating grants and contributions:									
Highways and streets	1,178,089	1,305,141	1,190,741	1,077,248	1,150,479	1,213,479	1,170,289	1,183,739	1,331,828
Other activities	132,808	253,015	116,891	76,141	169,777	211,743	41,468	148,564	162,363
Capital grants and contributions:									
Highways and streets	3,723,623	981,926	2,269,918	-	-	-	-	-	-
Other activities	-	11,016	12,478	17,631	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>10,421,816</b>	<b>6,981,654</b>	<b>7,714,837</b>	<b>5,412,109</b>	<b>5,450,105</b>	<b>6,031,491</b>	<b>6,437,764</b>	<b>5,542,278</b>	<b>5,156,316</b>
Business-type activities:									
Charges for services - waterworks and sewerage	8,230,935	7,900,283	7,206,334	7,528,983	7,388,909	7,718,993	6,611,350	5,720,245	5,560,988
Capital grants and contributions	101,311	15,683	183,500	-	-	-	-	467,038	-
<b>Total business-type activities program revenues</b>	<b>8,332,246</b>	<b>7,915,966</b>	<b>7,389,834</b>	<b>7,528,983</b>	<b>7,388,909</b>	<b>7,718,993</b>	<b>6,611,350</b>	<b>6,187,283</b>	<b>5,560,988</b>
<b>Total program revenues</b>	<b>\$ 18,754,062</b>	<b>\$ 14,897,620</b>	<b>\$ 15,104,671</b>	<b>\$ 12,941,092</b>	<b>\$ 12,839,014</b>	<b>\$ 13,750,484</b>	<b>\$ 13,049,114</b>	<b>\$ 11,729,561</b>	<b>\$ 10,717,304</b>

(cont'd)

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

	Fiscal Year			Ended April 30,					
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (expense) revenue:									
Governmental activities	\$ (34,058,601)	\$ (32,323,333)	\$ (29,401,591)	\$ (31,682,655)	\$ (28,097,550)	\$ (25,558,248)	\$ (21,874,668)	\$ (23,605,844)	\$ (18,345,440)
Business-type activities	(1,575,230)	(1,483,851)	(2,210,059)	(1,581,660)	(1,516,424)	(886,576)	(1,201,196)	(1,587,474)	(1,266,307)
<b>Total net (expense) revenue</b>	<b>\$ (35,633,831)</b>	<b>\$ (33,807,184)</b>	<b>\$ (31,611,650)</b>	<b>\$ (33,264,315)</b>	<b>\$ (29,613,974)</b>	<b>\$ (26,444,824)</b>	<b>\$ (23,075,864)</b>	<b>\$ (25,193,318)</b>	<b>\$ (19,611,747)</b>
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Property	\$ 11,061,961	\$ 11,880,834	\$ 11,364,280	\$ 11,527,194	\$ 10,364,823	\$ 9,187,482	\$ 7,875,234	\$ 6,485,545	\$ 5,827,463
Replacement	139,013	154,893	135,686	144,517	171,107	162,583	146,870	104,106	95,384
State sales/home rule	15,447,495	14,775,014	14,491,223	14,581,923	11,471,956	11,680,593	11,296,923	10,989,717	11,017,810
Auto rental	35,281	29,429	28,204	30,560	26,807	26,677	26,619	28,203	29,971
Income	3,451,994	3,079,075	3,068,722	3,503,952	3,748,680	3,431,732	2,806,403	2,888,037	2,292,329
Franchise fees - cable	604,233	566,979	501,544	474,377	433,134	403,659	364,175	346,628	661,232
Telecommunications	1,824,479	1,693,257	1,831,489	1,925,732	2,022,417	1,911,745	2,097,640	1,925,304	-
Hotel	281,817	251,417	230,880	313,289	241,208	157,955	152,288	141,625	142,765
Interest	367,609	974,115	1,081,644	1,345,422	1,794,262	1,902,500	1,375,656	520,949	382,345
Miscellaneous	1,222,460	782,343	840,270	735,643	1,271,781	1,633,322	112,259	330,134	653,642
Transfers	(1,697,616)	(1,252,036)	-	(402,017)	(632,796)	(6,616,359)	-	-	-
<b>Total governmental activities</b>	<b>32,738,726</b>	<b>32,935,320</b>	<b>33,573,942</b>	<b>34,180,592</b>	<b>30,913,379</b>	<b>23,881,889</b>	<b>26,254,067</b>	<b>23,760,248</b>	<b>21,102,941</b>
Business-type activities:									
Investment earnings	5,062	48,105	30,986	59,519	222,720	215,259	194,092	83,887	33,114
Miscellaneous	30,442	(2,751)	40,222	13,943	11,183	26,515	-	123,618	-
Transfers	1,697,616	1,252,036	-	402,017	632,796	6,616,359	-	-	-
<b>Total business-type activities</b>	<b>1,733,120</b>	<b>1,297,390</b>	<b>71,208</b>	<b>475,479</b>	<b>866,699</b>	<b>6,858,133</b>	<b>194,092</b>	<b>207,505</b>	<b>33,114</b>
<b>Total</b>	<b>\$ 34,471,846</b>	<b>\$ 34,232,710</b>	<b>\$ 33,645,150</b>	<b>\$ 34,656,071</b>	<b>\$ 31,780,078</b>	<b>\$ 30,740,022</b>	<b>\$ 26,448,159</b>	<b>\$ 23,967,753</b>	<b>\$ 21,136,055</b>
Change in net assets:									
Governmental activities	\$ (1,319,875)	\$ 611,987	\$ 4,172,351	\$ 2,497,937	\$ 2,815,829	\$ (1,676,359)	\$ 4,379,399	\$ 154,404	\$ 2,757,501
Business-type activities	157,890	(186,461)	(2,138,851)	(1,106,181)	(649,725)	5,971,557	(1,007,104)	(1,379,969)	(1,233,193)
<b>Total change in net assets</b>	<b>\$ (1,161,985)</b>	<b>\$ 425,526</b>	<b>\$ 2,033,500</b>	<b>\$ 1,391,756</b>	<b>\$ 2,166,104</b>	<b>\$ 4,295,198</b>	<b>\$ 3,372,295</b>	<b>\$ (1,225,565)</b>	<b>\$ 1,524,308</b>

Source: Audited financial statements.

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

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,					
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ 2,675,549	\$ 677,431	\$ 611,212	\$ 340,272	\$ 525,307	\$ 2,517,619	\$ 10,277,714
Unreserved	-	-	-	19,485,158	21,744,305	19,788,129	17,260,266	15,419,241	12,701,026	11,592,553
Nonspendable	2,910,564	2,859,443	3,028,759	-	-	-	-	-	-	-
Assigned	2,452,902	3,000,000	5,050,000	-	-	-	-	-	-	-
Unassigned	12,539,460	15,338,381	13,531,107	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 17,902,926</b>	<b>\$ 21,197,824</b>	<b>\$ 21,609,866</b>	<b>\$ 22,160,707</b>	<b>\$ 22,421,736</b>	<b>\$ 20,399,341</b>	<b>\$ 17,600,538</b>	<b>\$ 15,944,548</b>	<b>\$ 15,218,645</b>	<b>\$ 21,870,267</b>
<b>All other governmental funds:</b>										
Reserved:										
Other	\$ -	\$ -	\$ -	\$ 448,696	\$ 434,922	\$ 398,899	\$ 213,839	\$ -	\$ 1,977,500	\$ 700,000
Unreserved, reported in:										
Special Revenue Funds	-	-	-	18,621,408	16,396,284	15,231,274	12,924,791	12,082,978	11,778,954	9,897,314
Debt Service Funds	-	-	-	836,020	806,392	1,262,516	2,695,631	2,226,871	2,092,935	4,131,105
Capital Projects Funds	-	-	-	(503,734)	2,437,541	4,037,027	951,259	2,224,513	22,852	(86,804)
Nonspendable, reported in:										
Special Revenue Funds	150,365	174,629	472,933	-	-	-	-	-	-	-
Restricted, reported in:										
Special Revenue Funds	9,082,375	9,760,597	10,822,453	-	-	-	-	-	-	-
Debt Service Funds	969,634	850,866	906,392	-	-	-	-	-	-	-
Assigned, reported in:										
Special Revenue Funds	7,008,252	10,935,899	10,188,580	-	-	-	-	-	-	-
Capital Projects Funds	4,200,746	2,032,886	6,328,647	-	-	-	-	-	-	-
Unassigned, reported in:										
Debt Service Funds	(1,761)	(1,795)	(5,410)	-	-	-	-	-	-	-
Capital Projects Funds	(1,797,070)	(1,318,932)	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 19,612,541</b>	<b>\$ 22,434,150</b>	<b>\$ 28,713,595</b>	<b>\$ 19,402,390</b>	<b>\$ 20,075,139</b>	<b>\$ 20,929,716</b>	<b>\$ 16,785,520</b>	<b>\$ 16,534,362</b>	<b>\$ 15,872,241</b>	<b>\$ 14,641,615</b>

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

Source: Audited financial statements.

See independent auditor's report.

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

					Fiscal Year Ended April 30,					
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues:</b>										
Charges for services	\$ 4,252,140	\$ 3,360,819	\$ 3,231,973	\$ 3,377,812	\$ 3,160,600	\$ 4,288,313	\$ 2,916,576	\$ 2,383,571	\$ 2,312,564	\$ -
Licenses and permits	603,915	571,338	623,399	687,478	860,051	1,210,611	632,204	549,297	585,454	740,384
Intergovernmental	5,034,520	2,551,098	1,255,501	1,122,265	1,263,765	1,652,364	1,211,757	1,146,559	1,494,191	2,296,335
Fines and forfeitures	681,590	615,032	637,172	626,212	501,930	663,780	432,197	677,795	764,107	2,329,572
Property taxes	11,061,961	11,880,834	11,364,280	11,527,194	10,364,823	7,709,144	7,875,234	6,485,545	5,827,463	5,254,389
Other taxes	21,784,312	20,550,064	20,352,032	21,023,106	18,171,800	17,754,485	16,890,918	16,423,621	14,239,491	13,349,530
Interest	367,608	974,114	1,081,644	1,345,426	1,794,262	1,902,500	1,204,294	520,949	382,345	876,418
Miscellaneous	1,128,819	686,785	497,962	321,738	971,674	1,289,021	1,357,289	1,171,489	713,058	721,433
<b>Total revenues</b>	<b>44,914,865</b>	<b>41,190,084</b>	<b>39,043,963</b>	<b>40,031,231</b>	<b>37,088,905</b>	<b>36,470,218</b>	<b>32,520,469</b>	<b>29,358,826</b>	<b>26,318,673</b>	<b>25,568,061</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	7,325,941	7,196,049	7,554,253	7,632,258	7,356,181	6,696,934	6,826,624	6,003,834	5,001,352	5,314,595
Public safety	21,396,677	19,821,689	18,943,799	18,172,027	16,060,090	15,186,465	14,032,258	12,161,148	11,145,716	10,000,453
Highways and streets	5,439,262	5,949,059	5,578,194	6,384,188	5,390,757	5,035,142	4,335,035	4,203,136	4,254,149	3,565,612
Culture and recreation	546,814	1,124,645	1,805,834	1,471,775	299,181	251,717	258,943	232,296	193,990	-
Capital outlay	12,104,347	10,016,441	10,206,702	5,887,597	5,991,202	9,192,871	3,938,417	6,831,460	9,770,958	8,294,127
<b>Debt service:</b>										
Principal	1,460,345	1,305,074	3,677,000	680,000	830,000	1,040,000	805,000	2,700,000	1,055,000	1,125,000
Interest and fees	1,060,370	1,216,578	754,475	771,991	743,676	559,090	417,044	493,547	562,453	651,090
<b>Total expenditures</b>	<b>49,333,756</b>	<b>46,629,535</b>	<b>48,520,257</b>	<b>40,999,836</b>	<b>36,671,087</b>	<b>37,962,219</b>	<b>30,613,321</b>	<b>32,625,421</b>	<b>31,983,618</b>	<b>28,950,877</b>
<b>Revenues over (under) expenditures before other financing sources (uses)</b>	<b>(4,418,891)</b>	<b>(5,439,451)</b>	<b>(9,476,294)</b>	<b>(968,605)</b>	<b>417,818</b>	<b>(1,492,001)</b>	<b>1,907,148</b>	<b>(3,266,595)</b>	<b>(5,664,945)</b>	<b>(3,382,816)</b>
<b>Other financing sources (uses):</b>										
Transfers in	15,343,341	4,265,805	2,498,031	2,557,818	234,945	3,856,920	430,906	2,382,798	8,471,360	3,177,495
Transfers out	(17,040,957)	(5,517,841)	(2,498,031)	(2,522,991)	(234,945)	(3,856,920)	(430,906)	(2,382,798)	(8,471,360)	(3,177,495)
General obligation bonds	-	-	18,175,000	-	-	-	-	4,654,619	-	-
Bond premium	-	-	61,658	-	-	-	-	-	-	-
SSA bonds issued	-	-	-	-	750,000	8,435,000	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,697,616)</b>	<b>(1,252,036)</b>	<b>18,236,658</b>	<b>34,827</b>	<b>750,000</b>	<b>8,435,000</b>	<b>-</b>	<b>4,654,619</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>\$ (6,116,507)</b>	<b>\$ (6,691,487)</b>	<b>\$ 8,760,364</b>	<b>\$ (933,778)</b>	<b>\$ 1,167,818</b>	<b>\$ 6,942,999</b>	<b>\$ 1,907,148</b>	<b>\$ 1,388,024</b>	<b>\$ (5,664,945)</b>	<b>\$ (3,382,816)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.10%</b>	<b>6.86%</b>	<b>12.29%</b>	<b>4.07%</b>	<b>4.84%</b>	<b>4.51%</b>	<b>4.49%</b>	<b>9.79%</b>	<b>5.06%</b>	<b>6.13%</b>

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)**

	2012	2011	2010	2009
Property tax	\$ 11,061,961	\$ 11,880,834	\$ 11,364,280	\$ 11,527,194
Replacement tax	139,013	154,893	135,686	144,517
State sales tax	10,137,309	9,627,149	9,467,834	10,189,283
Home rule sales tax	4,710,538	4,574,657	4,546,821	3,833,890
Auto rental tax	35,281	29,429	28,204	30,560
Income	3,451,994	3,079,075	3,068,722	3,503,952
Franchise fees - cable	604,233	566,979	501,544	474,377
Telecommunications	1,824,479	1,693,257	1,831,489	1,925,732
Hotel	281,817	251,417	230,880	313,289
Local use	599,648	573,208	476,568	558,750
	<b>\$ 32,846,273</b>	<b>\$ 32,430,898</b>	<b>\$ 31,652,028</b>	<b>\$ 32,501,544</b>

Fiscal Year Ended April 30,					
2008	2007	2006	2005	2004	2003
\$ 10,364,823	\$ 7,709,144	\$ 7,875,234	\$ 6,485,545	\$ 5,827,463	\$ 5,254,389
171,107	142,124	146,870	104,107	95,384	104,047
10,915,086	11,168,510	11,296,923	10,989,717	11,017,810	10,680,299
-	-	-	-	-	-
26,807	26,677	26,619	28,203	29,971	24,068
3,748,680	3,431,732	2,806,403	2,888,037	2,292,329	2,471,800
433,134	403,659	364,175	346,628	661,232	-
2,022,417	1,911,745	2,097,640	1,925,304	-	-
241,208	157,955	152,288	141,625	142,765	69,316
556,870	512,083	-	-	-	-
<b>\$ 28,480,132</b>	<b>\$ 25,463,629</b>	<b>\$ 24,766,152</b>	<b>\$ 22,909,166</b>	<b>\$ 20,066,954</b>	<b>\$ 18,603,919</b>

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
2002	\$ 969,882	\$ 650,506,995	\$ 222,449,942	\$ 56,792,526	\$ 146,022	\$ 435,480	\$ 931,300,847	\$0.4609	\$ 2,793,902,541	33.33%
2003	1,271,412	718,258,807	235,377,010	62,570,088	156,244	467,883	1,018,101,444	0.5180	3,054,304,332	33.33%
2004	1,285,944	774,447,288	251,783,539	66,396,250	167,884	522,927	1,094,603,832	0.6049	3,283,811,496	33.33%
2005	1,262,723	860,469,362	266,195,135	71,554,658	684,018	493,168	1,200,659,064	0.6499	3,601,977,192	33.33%
2006	1,273,866	924,013,250	292,876,714	74,250,686	537,447	509,716	1,293,461,679	0.6962	3,880,385,037	33.33%
2007	1,301,267	998,313,489	303,911,661	78,105,425	553,367	779,271	1,382,964,480	0.7056	4,148,893,440	33.33%
2008	1,350,877	1,028,670,946	326,161,997	82,471,180	451,126	582,126	1,439,688,252	0.7021	4,319,064,756	33.33%
2009	1,433,073	1,014,220,209	323,715,883	81,742,371	451,126	695,565	1,422,258,227	0.7370	4,266,774,681	33.33%
2010	1,437,002	917,883,229	312,815,076	81,683,777	451,126	862,324	1,315,132,534	0.7574	3,945,397,602	33.33%
2011	1,457,426	851,992,597	272,387,226	70,992,705	779,823	914,093	1,198,523,870	0.8590	3,595,571,610	33.33%

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**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Operating:</b>										
City of Crystal Lake	\$ 0.8590	\$ 0.7574	\$ 0.7370	\$ 0.7021	\$ 0.7056	\$ 0.6962	\$ 0.6499	\$ 0.6049	\$ 0.5180	\$ 0.4609
Crystal Lake Public Library	0.3471	0.3145	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773
McHenry County	0.8879	0.7927	0.7157	0.7014	0.6871	0.7060	0.7278	0.7346	0.7040	0.6240
District 47	3.2520	2.9484	2.6374	0.2588	2.5283	2.8974	2.6392	2.7506	2.8467	2.9721
District 155	2.1864	1.9577	1.7711	1.7395	1.6992	2.1707	1.7781	1.8490	1.9115	1.9997
<b>Debt service:</b>										
McHenry County	-	-	-	-	-	-	-	-	0.0113	0.0485
District 47	0.1815	0.1591	0.0912	0.0863	0.1313	0.1330	0.1355	0.1421	0.1466	0.1543
District 155	0.1115	0.0770	0.1344	0.1253	0.1221	0.1230	0.1242	0.1290	0.1318	0.0898
<b>Other</b>	-	-	-	-	-	1.2152	0.9678	1.0095	1.1712	1.1984
<b>Total tax rate:</b>										
City of Crystal Lake	0.8590	0.7574	0.7370	0.7021	0.7056	0.6962	0.6499	0.6049	0.5180	0.4609
Crystal Lake Public Library	0.3471	0.3145	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773
McHenry County	0.8879	0.7927	0.7157	0.7014	0.6871	0.7060	0.7278	0.7346	0.7153	0.6725
District 47	3.4335	3.1075	2.7286	0.3451	2.6596	3.0304	2.7747	2.8927	2.9933	3.1264
District 155	2.2979	2.0347	1.9055	1.8648	1.8213	2.2937	1.9023	1.9780	2.0433	2.0895
Other	-	-	-	-	-	0.9379	0.9678	1.0095	1.1712	1.1984
<b>Other:</b>										
College District	0.3395	0.3039	0.2740	0.2686	0.2634	0.2741	0.2922	0.3033	N/A	N/A
McHenry County Conservation	0.2191	0.1956	0.1775	0.1732	0.1738	0.1425	0.1490	0.1580	N/A	N/A
Crystal Lake Park District	0.4135	0.3758	0.3519	0.3463	0.3431	0.3536	0.3562	0.3714	N/A	N/A
Township (Algonquin)	0.0659	0.0577	0.0532	0.0522	0.0510	0.0523	0.0531	0.0551	N/A	N/A
Road and Bridge (Algonquin)	0.1450	0.1270	0.1171	0.1151	0.1124	0.1154	0.1173	0.1217	N/A	N/A

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
Walmart Real Estate Business	Shopping
Tyco Healthcare Group	Manufacturing
Sunrise Residential Housing	Residential housing
Inland Bohl Farm LLC	Shopping
Northern Illinois Medical Center	Medical
Inland Showplace LLC	Shopping
Crystal Lake Commons	Shopping
Crystal Lake Business Center	Business Park
The Fountains	Residential housing
The Villages	Residential housing
Darlington Court Apartments	Residential housing
Skyridge Apartments II	Residential housing

2011			2002		
Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value
\$ 9,298,462	1	0.78%	\$ 7,228,905	2	0.78%
8,878,646	2	0.74%	4,247,692	9	0.46%
8,702,012	3	0.73%	-	-	-
6,557,411	4	0.55%	-	-	-
5,272,108	5	0.44%	-	-	-
5,021,082	6	0.42%	5,209,509	6	0.56%
4,348,111	7	0.36%	-	-	-
4,155,348	8	0.35%	4,801,157	7	0.52%
3,825,371	9	0.32%	-	-	-
3,449,172	10	0.29%	-	-	-
-		-	8,450,296	1	0.91%
-		-	6,616,995	3	0.71%
-		-	5,220,465	4	0.56%
-		-	5,212,825	5	0.56%
-		-	4,259,357	8	0.46%
-		-	4,125,606	10	0.44%
<b>\$ 59,507,723</b>		<b>4.98%</b>	<b>\$ 55,372,807</b>		<b>5.96%</b>

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		Total Collections to Date	
		Amount	Percentage of Extension	Amount	Percentage of Extension
2003	\$ 3,732,587	\$ 3,696,263	99.03	\$ 3,696,263	99.03 %
2004	4,274,118	4,269,999	99.90	4,269,999	99.90
2005	5,253,795	5,253,393	99.99	5,253,393	99.99
2006	6,596,164	6,580,448	99.76	6,580,448	99.76
2007	7,774,180	7,749,837	99.69	7,749,837	99.69
2008	8,891,222	8,882,151	99.90	8,882,151	99.90
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
<b>2012</b>	<b>9,897,101</b>	<b>9,879,869</b>	<b>99.83</b>	<b>9,879,869</b>	<b>99.83</b>

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			
2003	\$ 7,265,000	\$ -	\$ 2,690,000	\$ 15,820,000	\$ 25,775,000	2.46	\$ 644.38
2004	5,425,000	785,000	2,535,000	15,246,931	23,991,931	2.24	585.17
2005	9,645,000	540,000	5,575,000	14,583,022	30,343,022	2.83	740.07
2006	9,100,000	280,000	5,285,000	13,902,122	28,567,122	2.75	717.98
2007	8,340,000	8,435,000	4,975,000	13,865,098	35,615,098	3.42	895.12
2008	7,560,000	9,135,000	4,660,000	12,474,889	33,829,889	3.25	850.25
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
<b>2012</b>	<b>19,338,581</b>	<b>8,409,000</b>	<b>5,201,419</b>	<b>9,475,286</b>	<b>42,424,286</b>	<b>3.73</b>	<b>1,041.27</b>

Note: Population and personal income data can be found at page 170, Demographic and Economic Statistics.

N/A - Information not available.

See independent auditor's report.

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

Fiscal Year Ended April 30,	General Obligation Debt	Debt Payable From Enterprise Revenues	Total	Less Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	\$ 9,955,000	\$ 2,690,000	\$ 7,265,000	\$ 4,131,105	\$ 3,133,895	0.34	78.35
2004	7,960,000	2,535,000	5,425,000	2,092,935	3,332,065	0.33	81.27
2005	15,220,000	5,575,000	9,645,000	2,226,871	7,418,129	0.68	180.93
2006	14,385,000	5,285,000	9,100,000	2,695,631	6,404,369	0.53	160.96
2007	13,315,000	4,975,000	8,340,000	1,262,516	7,077,484	0.55	177.88
2008	12,220,000	4,660,000	7,560,000	806,392	6,753,608	0.49	169.74
2009	11,335,000	4,325,000	7,010,000	836,020	6,173,980	0.43	136.14
2010	27,835,000	6,185,000	21,650,000	906,392	20,743,608	1.46	457.42
2011	26,275,000	5,710,074	20,564,926	850,866	19,714,060	1.50	483.86
2012	<b>24,540,000</b>	<b>5,201,419</b>	<b>19,338,581</b>	<b>969,634</b>	<b>18,368,947</b>	<b>1.53</b>	<b>450.85</b>

Note: Population data can be found at page 170, Demographic and Economic Statistics. Property value data can be found at pages 158 and 159, 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, 2012**

Governmental Unit	Outstanding Debt	Applicable to the City	
		Percent	Amount
City of Crystal Lake	\$ 19,338,581	100.00 %	\$ 19,338,581
Special Service Areas	<u>8,409,000</u>	100.00	<u>8,409,000</u>
<b>Total direct debt</b>	<u>27,747,581</u>		<u>27,747,581</u>
Overlapping:			
School District Number 47	37,670,000	63.11	23,773,537
School District Number 155	17,039,997	41.26	7,030,703
College District Number 528	4,975,000	16.66	828,835
McHenry County	-	16.08	-
McHenry County Conservation District	137,880,000	14.63	20,171,844
Crystal Lake Park District	<u>4,159,362</u>	75.85	<u>3,154,876</u>
<b>Total overlapping debt</b>	<u>\$ 201,724,359</u>		<u>54,959,795</u>
<b>Total direct and overlapping debt</b>			<u><b>\$ 82,707,376</b></u>

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**

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

Article VII, Section 6(k) of the Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home-rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts."

See independent auditor's report.

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

Fiscal Year Ended April 30,	Estimated Population	Personal Income	Per Capita Personal Income (5)	School Enrollment (6)	Unemployment Rate
2003	40,000 (1)	\$ 1,045,840,000	\$ 26,146	13,471	6.5% (2)
2004	41,000 (1)	1,071,986,000	26,146	13,053	4.6% (1)
2005	41,000 (1)	1,071,986,000	26,146	15,458	5.3% (1)
2006	39,788 (3)	1,040,297,048	26,146	16,175	4.6% (4)
2007	39,788 (3)	1,040,297,048	26,146	16,011	4.1% (4)
2008	39,788 (3)	1,040,297,048	26,146	16,215	4.9% (4)
2009	45,349 (3)	1,395,706,173	30,777 (3)	16,008	9.6% (4)
2010	45,349 (3)	1,267,051,060	27,940 (7)	15,471	10.3% (4)
2011	40,743 (3)	1,138,359,420	27,940 (7)	15,829	8.3% (4)
<b>2012</b>	<b>40,743 (3)</b>	<b>1,138,359,420</b>	<b>27,940 (7)</b>	<b>15,312</b>	<b>8.2% (4)</b>

Sources:

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

See independent auditor's report.



**City of Crystal Lake, Illinois  
Principal Employers  
Current Year**

Employer	Employees	Rank	% of Total City Population
Curran Group Inc.	1500	1	3.68%
CL Elementary School District 47	788	2	1.93%
Crystal Lake Park District	492	3	1.21%
Consolidated High School District 155	409	4	1.00%
Covidien	402	5	0.99%
Jewel Food Stores	330	6	0.81%
McHenry County College	329	7	0.81%
Northwest Herald	300	8	0.74%
Knaack Manufacturing	285	9	0.70%
City of Crystal Lake	285	9	0.70%
	<u>5,120</u>		<u>12.57%</u>

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government	43	45	45	45	44	44	44	44	44	44
Public Safety:										
Police	78	79	78	79	71	71	73	73	75	75
Fire	67	66	70	64	55	51	47	47	39	39
Highways and Streets:										
Engineering	10	11	11	12	12	11	11	11	12	12
Maintenance	19	20	20	22	23	23	23	23	27	27
Sanitation	8	7	9	10	10	12	12	12	13	13
Waterworks and Sewerage	23	21	23	24	23	28	28	28	28	36
	<u>248</u>	<u>249</u>	<u>256</u>	<u>256</u>	<u>238</u>	<u>240</u>	<u>238</u>	<u>238</u>	<u>238</u>	<u>246</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,					
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Police:</b>										
Physical arrests	1,089	956	1,170	1,660	1,717	1,123	1,782	1,804	2,231	2,231
Parking violations	7,173	7,019	8,569	8,824	8,978	12,412	13,803	13,762	12,796	12,796
Traffic violations	6,185	6,287	7,614	7,093	6,631	7,933	8,255	8,369	7,620	7,620
<b>Fire:</b>										
Number of calls answered	5,357	5,069	4,940	5,116	5,207	4,991	5,258	5,567	5,264	5,264
Inspections	976	879	970	749	600	600	N/A	N/A	N/A	N/A
<b>Highways and Streets:</b>										
Street resurfacing (miles)	6.2	3.8	7.6	6.5	8.2	7.9	N/A	N/A	N/A	N/A
<b>Water:</b>										
New connections	15	14	15	50	118	195	N/A	N/A	N/A	N/A
Water main breaks	34	28	31	27	29	18	N/A	N/A	N/A	N/A
Average daily consumption (millions of gallons)	4.060	4.300	4.650	4.940	4.860	4.807	N/A	N/A	N/A	N/A
<b>Wastewater:</b>										
Average daily sewage treatment (in gallons)	4,793	3,934	5,000	5,870	6,092	4,500	N/A	N/A	N/A	N/A

Source: City records.

N/A - Information not readily available.

See independent auditor's report.

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

	Fiscal Year					Ended April 30,				
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Public safety:</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	23	23	23	22	31	31	31	31	25	25
Fire Stations	3	3	3	3	3	3	3	3	3	3
<b>Highways and Streets:</b>										
Streets (miles)	160	160	160	163	163	163	177	176.8	175.4	175.4
Streetlights	1,996	1,996	1,996	1,996	1,996	1,996	1,700	1,700	1,900	1,900
Traffic signals	31	31	31	29	29	29	N/A	N/A	N/A	N/A
<b>Culture and Recreation:</b>										
Parks acreage	1,423	1,423	1,393	1,393	1,393	1,393	1,393	1,393	1,200	1,200
Parks	46	46	45	44	44	44	44	44	39	39
Tennis courts	30	30	30	30	30	30	30	30	30	30
Community centers	8	8	8	8	8	8	8	8	8	8
<b>Water:</b>										
Water mains (miles)	175	229	175	175	175	210	181	181	180	180
Fire hydrants	2,859	3,110	3,045	3,017	2,859	2,795	2,614	2,614	2,600	2,600
Maximum daily capacity (millions of gallons)	10.00	8.26	8.37	9.20	9.20	8.45	9.60	9.60	9.60	9.60
<b>Sewer:</b>										
Sanitary sewers (miles)	120	160	120	120	127	126	185	185	184	184
Storm sewers (miles)	60	60	60	60	62	60	110	110	110	110
Maximum daily treatment (thousands of gallons)	16,500	9,109	12,600	12,854	12,825	19,500	19,500	19,500	16,250	16,250

Source: City records.

See independent auditor's report.