

# CITY OF CRYSTAL LAKE, ILLINOIS

## **Comprehensive Annual Financial Report**

For the Year Ended April 30, 2011

Prepared By Finance Department:

Mark Nannini  
Director of Finance

**City of Crystal Lake, Illinois  
Comprehensive Annual Financial Report  
For the Year Ended April 30, 2011**

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## **INTRODUCTORY SECTION**



CITY OF  
*Crystal Lake*  
ILLINOIS

September 30, 2011

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, 2011.

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. Because the cost of internal controls should not outweigh their benefits, the City of Crystal Lake's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Crystal Lake is not required to undergo an annual single audit in conformity with the provisions of the single Audit Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Therefore, such information is not included within this report.

The City of Crystal Lake's financial presentation reflects GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for state and local governments*. The comprehensive annual report presents the MD&A, basic financial statements and required supplemental information. The MD&A provides an analytical overview of the City's financial activity. Included in the basic financial statements are the government-wide financial statements, fund financial statements and notes to the financial statements. The required supplementary information presents the budgetary comparison schedules and other schedules. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Crystal Lake's MD&A can be found immediately following the report of the independent auditors. The City of Crystal Lake has complied with GASB Statement 45 Reporting for Post-employment Benefits (OPEB) as well as GASB Statement 54 Fund Balance Reporting and Governmental Fund Type Definitions.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. 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 2000 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 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.

Despite substantial competition that has occurred from commercial growth in many of the areas surrounding Crystal Lake, the difficult retail environment for certain players in the very competitive Chicago arena, and State retail sales showing an increase from the prior year, the City's retail sector has proven to be stable over the past years. Although the current year reflects the impact of the economy, the City has continued to maintain strength as a retail base for serving the regular commercial needs for the immediate City population, and has continued as a regional point for commercial activities.

The City's economic development team has a multi-faceted approach which focuses on recruitment, retention and public relations components geared towards enhancing the business climate in Crystal Lake. Some of the key components include the marketing of three TIF Districts (as such term is hereinafter defined) to help facilitate redevelopment of certain key retail sectors of the City, including Route 14 (Virginia Street Corridor), the Three Oaks Recreation Area and Main Street. All of the City's available properties are actively marketed by the City, including in-house marketing brochures, trade show representation, e-mail blasts, and website site selection inventory. Working in cooperation with the McHenry County Economic Development Corporation, Crystal Lake works to attract and retain manufacturers that provide significant economic benefits to the City as well as employment opportunities. Along with the Illinois Department of Commerce and Economic Opportunity, the City works to locate and assist manufacturers with their expansions in or relocations to the Crystal Lake area.

In 2009 and extended into 2011, the "I Shop Crystal Lake" program was created to help promote awareness of the benefits of shopping in Crystal Lake. This program has showcased the City's retailers and service providers. Route 14 serves as the main retail corridor for the City of Crystal Lake, highlighted by Crystal Point Shopping Center (Best Buy, K-Mart, Ross Dress for Less, World Market, The Fresh Market, Bed, Bath and Beyond, The Sports Authority, Panera Bread, Five Guys Burgers (opening spring 2012), Boston Market and Arby's), The Commons Shopping Center (Jewel-Osco, Hobby Lobby, Toys R Us, Marshalls, Bath and Body Works), and the Bohl Farm Marketplace, (Kohl's department store, Target, and a Dominick's Fresh store, including other national tenants such as Barnes and Noble, Buybuy Baby, Dress Barn, Panda Express and Chili's restaurant). This successful "I Shop" program has been continued into 2011 with loyalty shopping cards, a program designed to reward local shoppers and to build awareness of the City's myriad of local shopping and dining choices.

The Archway East Center development includes a Portillo's restaurant, TGI Friday's restaurant, Corner Bakery, Sports Authority, Mario Triccoci Salon, Menards and three other small independent retailers. Chipotle, Jersey Mike's, Yumz Frozen Yogurt, Noodles & Company, Culver's, Fast Eddie's Car Wash, Chick-fil-A restaurant (opening spring 2012), the Village Squire Restaurant, and the Regal Cinemas are all located near this center.

The downtown sector of the City, which has continued to show substantial strength, exhibits a low vacancy rate and continues to be a vital commercial destination. A Starbucks and an independent ice cream shop are located in the Downtown area, as well as a number of unique dining establishments including Benedict's La Strada, Williams Street Public House, Georgio's Pizzeria, Café Olympic, Duke's Alehouse, Finn McCool's, Exclusively Napa, and DaBuffona Cucina Italiana. Downtown Crystal Lake attracts loyal customers that look for excellent service and unique items, frequenting such establishments as Kalck's Butcher Shop, Sweat Pea Cakes Studio, Crystal Lake Health Food Store and a number of full service barber shops and beauty

salons. The downtown district also is home to the Raue Center for the Arts, which is an 800-seat theatre that is one of the finest examples of restored art deco entertainment venue in the nation. The Raue Center provides a unique draw for the downtown area as the largest performing arts theater in McHenry County.

Anderson Motors, a major auto retailer of BMW, Volkswagen, and Mazda vehicles, located on North Route 31, has expanded their service facilities and indoor and outdoor display areas. In addition, Pauly Toyota relocated their auto dealership to the Lutter Center at the intersection of Route 31 and Rakow Road, near Super Wal-Mart. The success of the Super Wal-Mart at this location has created a second very important retail corridor, the Route 31 corridor, for the City to expand its retail and service options. M'Lady Nissan, located on Route 14, always one of the top performing Nissan dealers in Illinois, is upgrading their facility with a remodeled service center and enhanced showroom experience.

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

The City of Crystal Lake is fortunate to have two Metra train stations within our corporate limits, the Downtown Metra Station located on Woodstock Street and the Pingree Road Metra Station. The second station, the 2,000 square foot Pingree Road Metra Station, was completed in the winter of 2005 at a cost of \$2.1 million. Metra funded the construction of the Pingree Road Station as well as renovations to the Downtown Train Station, which were completed the summer of 2006. Metra expanded the parking at the Pingree Station in the fall of 2009 with an additional 347 spaces.

Once again, the City has continued to have a very low property tax rate for municipal services when compared to other municipalities in southeastern McHenry County. The continued development of the City's non-residential tax base and the relatively stable retail sector of the community have facilitated this position. The City's retail base helps defray the cost of most General Fund supported services, such as police protection, street maintenance, brush and leaf pickup, and other services.

## **LONG TERM FINANCIAL PLANNING**

A number of potential future projects may significantly impact the City's future financial planning. These projects include the extension of sewer and water to the City's far northwest border. This utility extension is funded through Special Service Area Number 45, as part of the Bryn Mawr residential development. These improvements are projected to stimulate additional development on the City's northern and northwest boundaries in the future.

A Waste Transfer Station operated by Waste Management opened in the spring of 2010. Host benefit fees associated with the Waste Transfer Station have provided additional revenue in the General Fund and will continue over the twenty-three year agreement with Waste Management.

The City currently has three active Tax Increment Financing Districts (TIF). The TIF District for Downtown Crystal Lake, which expired in December 2008, was very successful in spurring redevelopment of that area. Roadway improvements and streetscape elements were funded with TIF funds. The original 1985 equalized assessed valuation (EAV) for the Downtown TIF was \$3,284,169. The completion of the redevelopment has resulted in the EAV increasing by \$10.5 million for 2009.

Virginia Street TIF is in the process of installing streetscape elements, such as pavers, sidewalks, and decorative pedestrian lighting, as well as utility pole relocation and facade improvements. This project is scheduled to be completed by 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 on October 1, 2010. This recreation area has shown to be successful so far in the brief time it has operated. The Vulcan Materials Company began mining operations at the property known as Vulcan Lakes in the 1950's. Realizing the potential for a future recreation area, the City entered into an agreement with Vulcan Materials in the 1990's for the future ownership of the property. In 2007, the 462-acre property was officially deeded to the City.

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 upon completion of the recreation area and the redevelopment of the surrounding properties. 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.

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, 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 other TIF District, Crystal Lake Avenue and Main Street, 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 City's pro-active economic development program will continue to recruit additional new businesses. A 210,000 square foot Wal-Mart Supercenter opened in October 2007 and the former site anticipates the opening of a new JCPenney Department Store. There is also the potential for additional retail establishments as well as the relocation of two additional automobile dealerships to the Route 31 corridor. Pauly Toyota relocated to a new \$40 million facility in October 2007.

Areas identified by staff for long-term planning reflect working within the financial means the City has been afforded. It is the quest 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.

## **CASH MANAGEMENT POLICIES AND PRACTICES**

Cash temporarily idle during the year was invested in the Illinois State Treasurer's pool (Illinois Funds), Money Market Funds, U.S. Treasuries, U.S. Agencies and Certificates of Deposit. The funds invested in the Illinois Funds and Money Market Funds are immediately available. State law also allows the pension trust funds to invest up to 45% of the fund's assets in equities. Crystal Lake's Police and Fire Pension Funds invest in separate insurance accounts and mutual funds. The City's investment policy details the cash management objectives and guidelines for investing City cash. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. In addition, funds on deposit in excess of FDIC limits must be secured by collateral held in safekeeping by a third party.

## **RISK MANAGEMENT**

Since joining the Intergovernmental Risk Management Agency (IRMA) in July 2004, the City has been active in its risk management and loss control focus. As a member of IRMA, the City receives liability, property and workers' compensation insurance. Since IRMA maintains a deductible for each event, the City budgets for potential losses in the General Fund. The City's risk management program is driven by two goals outlined in the City's loss prevention policy and purpose statement: "The primary goal of the Program is to safeguard the physical well-being of the City's residents and employees. In addition, the Program seeks to prevent or reduce damage to City properties and mitigate the monetary losses due to accidents."

In 2007, the City participated in IRMA's Management Assessment Program (IMAP), which is a thorough audit of the City's personnel policies, safety procedures, and training activities related to loss control. The City received an IMAP accreditation score of 96%. In 2010, the City completed a self-evaluation that was reviewed by IRMA staff and received a compliance rating of 97%. These are among the highest IMAP scores of any IRMA member for these two evaluations. In addition, the City received IMAP accreditation, which is awarded for members with an overall percentage of compliance with risk management best practices of 85% or greater.

Because of the IMAP, the City established loss prevention goals and consequently improved many of its internal loss prevention functions, including safety committees, facility safety inspection, and the creation of personnel policies. Moreover, IRMA provided an assessment of the City's exposure to certain hazards, such as fire, electrical, and equipment. The City's risk management program also values employee training. During this past year, the City organized training related to the City's Emergency Action Plan, which provides guidelines in the event of a disaster or workplace trauma. Furthermore, the City's Police, Fire Rescue, and Public Works Departments require specific training to keep their employees abreast of the latest workplace safety procedures. Overall, the City hopes its risk management and loss control efforts lead to lower insurance pool contributions and greater employee productivity.

**PENSION AND OTHER POST-EMPLOYMENT BENEFITS**

The City of Crystal Lake sponsors a single-employer defined benefit pension plan for its public safety employees. As a matter of policy, the City of Crystal Lake fully funds each year's annual required contribution to the pension plan as determined by an independent actuary.

The City of Crystal Lake allows retirees and their dependents to continue to receive post-employment health and dental care benefits (18 months after retirement), with the cost borne by the retiree. As of the end of the current fiscal year, there were seven (7) retired employees receiving these benefits, which are billed to the retiree on a monthly basis.

Additional information on the City of Crystal Lake's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

**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, 2010. This results in twenty-one 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.

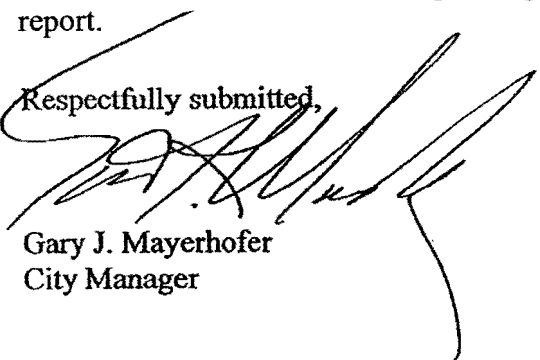
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Crystal Lake received the Distinguished Budget presentation award for the Fiscal Year 2010 Budget Document for the third 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, Illinois  
Principal Officials  
April 30, 2011**

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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

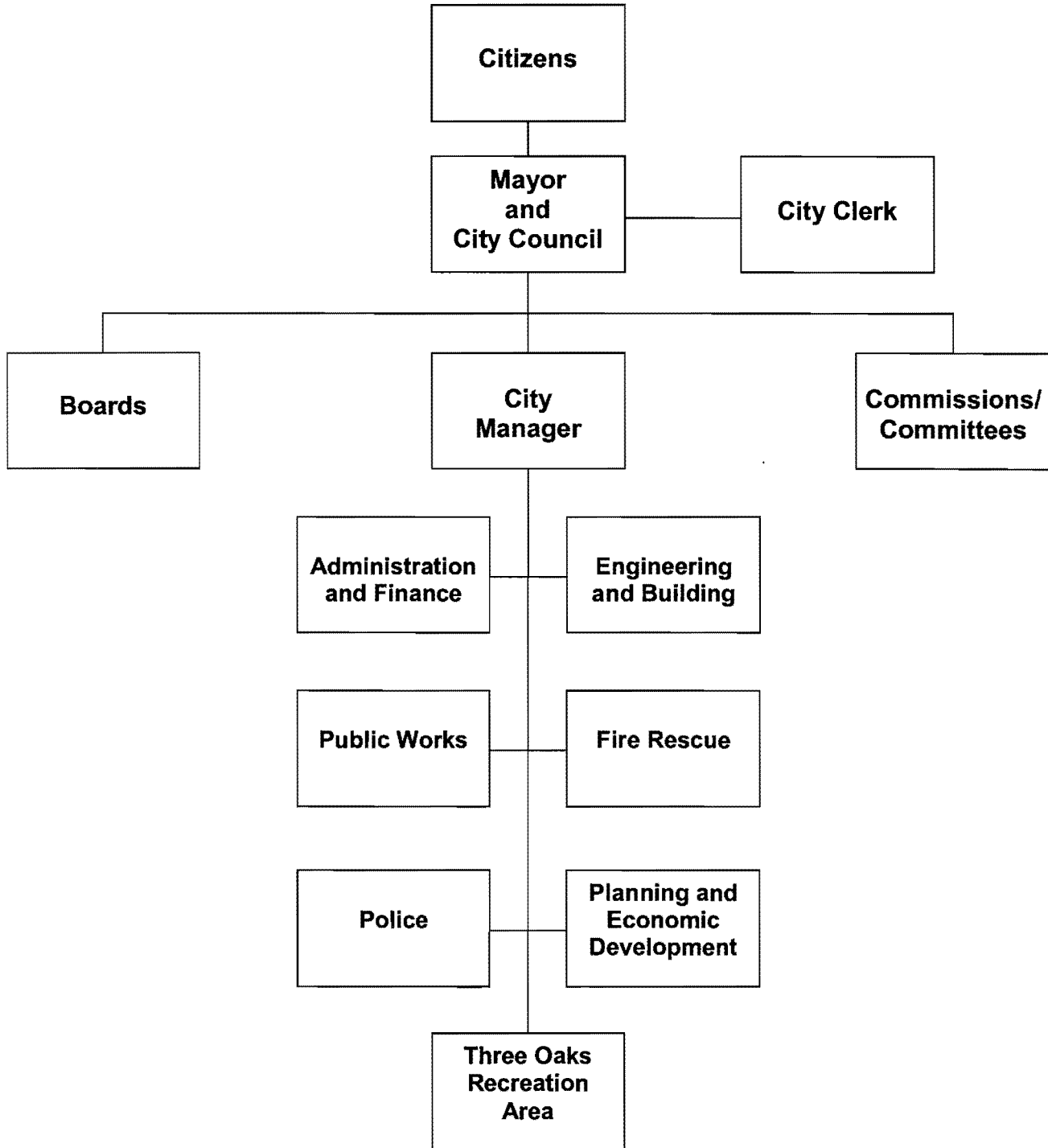
Director of Public Works – Victor Ramirez

Police Chief – David Linder

Fire/Rescue Chief – James P. Moore

Library Director – Kathryn Martens

# CITY OF CRYSTAL LAKE ORGANIZATIONAL STRUCTURE



# 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, 2010

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President

Executive Director

**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**



# Selden Fox, LTD.

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

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the **City of Crystal Lake, Illinois** as of and for the year ended April 30, 2011, 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, and the aggregate remaining fund information of the City of Crystal Lake, Illinois as of April 30, 2011, 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, the schedules of revenues, expenditures and changes in fund balance – budget and actual for the General and Major Special Revenue Funds, and the pension and other postemployment 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 made for the purpose of forming an opinion on the basic financial statements taken 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 of the City of Crystal Lake, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken 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 30, 2011

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

## **Management's Discussion and Analysis 2011**

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, 2011. 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 ix 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 \$237,416 (net assets), an increase of \$426 from the prior year. Of the total, \$39,548 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- During the fiscal year, the City invested \$13,480 in capital (buildings, equipment and infrastructure). Capital investments included Three Oaks Recreation Area development, intersection and roadway improvements including Virginia Street corridor, charcoal filtration system, chlorides reduction, main replacement, water tower maintenance, wireless alarm system and fire engine.
- Grants totaling \$2,567 were received by the City. Proceeds were used for the purposes of clearing snow that was left behind from the February 2011 blizzard, reducing diesel emissions, upgrading traffic signals, and improving roadways.
- The City paid \$2,539 towards principal on its outstanding bonds and notes 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 \$21,198 and \$15,338, respectively. The unassigned fund balance represented 70.01% 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.

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

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

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., uncollected taxes and earned but unused vacation leave).

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

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.

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

Most financial statement users are unlikely to have a significant interest in all of the thirty-one 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 26 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 - 22 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 23 - 26 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 27 - 28 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 29 - 68 of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits, as well as budgetary comparison schedules for major funds for which an appropriation was approved.

Required supplementary information can be found on pages 69 – 77 of this report.

**Other supplementary information.** Combining and individual fund statements and schedules can be found beginning on page 78 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 144.

**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 \$237,416.

**Consolidated Statement of Net Assets  
As of April 30, 2011  
(In thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Current & other assets	\$ 67,750	\$ 59,677	\$ 7,487	\$ 6,207	\$ 75,237	\$ 65,884
Capital assets	169,113	175,839	65,642	66,352	234,755	242,191
<b>Total assets</b>	<b>236,863</b>	<b>235,516</b>	73,129	<b>72,559</b>	309,992	<b>308,075</b>
Long-term liabilities	34,286	33,724	16,529	15,252	50,815	48,976
Other liabilities	19,708	18,311	2,478	3,372	22,186	21,683
<b>Total liabilities</b>	<b>53,994</b>	<b>52,035</b>	19,007	<b>18,624</b>	73,001	<b>70,659</b>
Net assets:						
Invested capital assets, net of related debt	138,600	146,631	48,444	50,388	187,044	197,019
Restricted	847	849	-	-	847	849
Unrestricted	43,422	36,001	5,678	3,547	49,100	39,548
<b>Total net assets</b>	<b>\$ 182,869</b>	<b>\$ 183,481</b>	\$ 54,122	<b>\$ 53,935</b>	\$ 236,991	<b>\$ 237,416</b>

By far, the largest portion of the City's net assets (83 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 (0.36 percent) represents resources that are subject to external restrictions relative to their use. The remaining *balance of unrestricted net assets* (\$39,548) may be used to meet the City's ongoing obligations to citizens and creditors.

## Financial Position Analysis (cont'd)

The government's net assets increased by \$426 during the current fiscal year as a result of increases in receivables, (commitments made by the state of Illinois to fund roadway improvements along Virginia Street and a change in accounting technique to capture interest earned but not recorded in a prior year), partially offset by increases in liabilities for insurance claims payable (the City changed insurance program administrators on May 1, 2011), and in pension obligation (actuarially determined by an independent actuary).

### Changes in Net Assets For the Fiscal Year Ended April 30, 2011 (In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Program revenues:						
Charges for services	\$ 4,125	\$ 4,431	\$ 7,206	\$ 7,900	\$ 11,331	\$ 12,331
Grants and contributions:						
Operating	1,308	1,558	-	-	1,308	1,558
Capital	2,282	993	184	16	2,466	1,009
General revenues:						
Property	11,364	11,881	-	-	11,364	11,881
Other taxes	20,288	20,550	-	-	19,786	20,550
Other	1,921	1,756	71	46	2,494	1,802
<b>Total revenues</b>	<b>41,288</b>	<b>41,169</b>	<b>7,461</b>	<b>7,962</b>	<b>48,749</b>	<b>49,131</b>
Expenses:						
Governmental activities:						
General government	8,652	7,646	-	-	8,652	7,646
Public safety	20,114	21,621	-	-	20,114	21,621
Highways and streets	6,934	7,892	-	-	6,934	7,892
Culture and recreation	665	1,483	-	-	665	1,483
Interest on long-term debt	751	663	-	-	751	663
Business-type activities - waterworks and sewerage	-	-	9,600	9,400	9,600	9,400
<b>Total expenses</b>	<b>37,116</b>	<b>39,305</b>	<b>9,600</b>	<b>9,400</b>	<b>46,716</b>	<b>48,705</b>
<b>Revenues over (under) expenses</b>	<b>4,172</b>	<b>1,864</b>	<b>(2,139)</b>	<b>(1,438)</b>	<b>2,033</b>	<b>426</b>
Transfers	-	(1,252)	-	1,252	-	-
<b>Changes in net assets</b>	<b>4,172</b>	<b>612</b>	<b>(2,139)</b>	<b>(186)</b>	<b>2,033</b>	<b>426</b>
Net assets - beginning of year	178,697	182,869	56,260	54,121	234,957	236,990
Net assets - ending of year	\$ 182,869	\$ 183,481	\$ 54,121	\$ 53,935	\$ 236,990	\$ 237,416



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

- Charges for services increased \$306 (7.42%) 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 at the new Three Oaks Recreation Area (opened October 1, 2010) and host benefit fees as Waste Management increased utilization of their waste transfer facility located within the city limits of the City of Crystal Lake.
- Grants totaling \$2,551 were received during the year. Proceeds were used for the purposes of clearing snow (February, 2011 blizzard), reducing diesel emissions, upgrading traffic signals, and improving roadways.
- Property tax revenue increased by \$517 (4.55%) during the year as a result of increased pension obligations and debt service payments associated with Special Service Area bonds.
- Other taxes increased slightly 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 \$108 to \$974 from the prior year.
- General and administrative expenditures declined \$1,006 or 11.63% from the prior year. In addition to not filling non-critical positions vacated through attrition, the City has revised its "I Shop Crystal Lake" awards program, saving valuable resources.
- 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.
- Increased highway and streets expenses reveal the City's expansion of roadway improvement projects.
- Culture and recreation expenses (up \$818 or 123%) are attributable to the City's new Three Oaks Recreation area. 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 \$694 (9.63%) from the prior year. Included this year is a blended rate increase of 6.42% in the charge for water and sewer services as well as an increase in rent receipts from adding new cell tower sites.
- Grants totaling \$16 were received during the year. Proceeds were used for the purposes of clearing snow (February 2011 blizzard).
- Waterworks and sewerage expenditures declined \$200 or 2.1% from the prior year. Non-critical positions vacated through attrition were not filled.

### **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 \$43,632, a decrease of \$6,691 in comparison with the prior year. Approximately 93.05% of this amount or \$40,598 constituted spendable fund balance, which would be available to spend at the government's discretion. The remainder of the combined ending fund balance is restricted to indicate that it is not available for spending because it has already been committed to pay debt service or is reserved for prepaids and inventories.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, the unassigned fund balance was \$15,338, while the total fund balance was \$21,198. 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 70.01% of General Fund operating expenditures.

The fund balance of the City's General Fund decreased by \$412 at the end of the fiscal year. Key factors attributing to the decrease included:

- Planned use of reserves to fund capital purchases; and
- Planned use of reserves loaned to the Waterworks and Sewerage Fund to acquire a charcoal filtration system.

The Motor Fuel Tax Fund had a total fund balance of \$9,761, all of which is set aside for street improvements. The net increase in fund balance during the year was \$163, due mainly to the receipt of an Illinois Jobs Now grant. Grant funds will be used to improve City roadways.

The Fire Rescue Fund had a total fund balance of \$3,407. The net decrease in fund balance during the year was \$1,417. This is due mainly to the planned use of reserves to purchase a Fire Engine, refurbish Fire Station #3 and install a wireless fire alarm board.

The Vulcan Lakes TIF Fund had a total fund balance (\$1,319). The net decrease in fund balance during the year was \$6,292 as 2009 bond proceeds continued to fund construction of the Three Oaks Recreation Area. 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 \$3,546. Net assets decreased by \$186 from the prior year, largely due to the planned use of retained earnings for infrastructure improvements.

## General Fund Budgetary Highlights

### General Fund Budgetary Highlights Fiscal Year 2011 (In thousands)

	Original Budget	Final Budget	Actual
Revenues and other financing sources:			
Property taxes	\$ 2,519	\$ 2,519	\$ 2,514
Other taxes	15,694	15,694	15,975
Other	2,485	2,485	2,918
<b>Total revenues</b>	20,698	20,698	21,407
Expenditures	(23,990)	(24,073)	(22,207)
Other financing uses /sources	2,840	1,449	388
<b>Net change in fund balance</b>	<b>\$ (452)</b>	<b>\$ (1,926)</b>	<b>\$ (412)</b>

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

- Transfer to Fire Rescue Fund to provide for Fire Station #3 improvements (\$57);
- Loan to Waterworks and Sewerage Fund to construct a charcoal filtration system (\$1,334); and
- Contribution to the Raue Center for improvements (\$83)

Revenues and expenditures that exceeded final budget expectations included:

- 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.
- Investment income – a change in accounting technique captured interest earned but not recorded in a prior year.
- Other income – host benefit fees specifically, have exceeded budget expectations. A host benefit fee is paid to the City for each ton of waste that is transported out of the transfer station facility (1,000 tons per day limit).

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 crises 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.

**General Fund Budgetary Highlights (cont'd)**

- Telecommunication tax – a decline in telecommunication tax receipts can be attributed to increased competition among telecommunications providers at lower costs to the consumer.
- Wages – positions vacated through attrition that are not critical to core service delivery have not been filled.
- 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.
- Street light electrical costs – the fiscal year budget anticipated a sharp rise in electrical costs.
- 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.

As a result of fiscal year operations, the amount of Home Rule Sales Tax needed to fund core services was much less than anticipated. Transfers from other City funds will be used to smooth future group health and liability insurance increases.

**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, 2011, amounted to \$242,191 (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 \$7,438 or 3.17%.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Land	\$ 102,928	\$ 102,929	\$ 628	\$ 628	\$ 103,556	\$ 103,557
Construction in progress	14,872	1,585	572	3,562	15,444	5,147
Buildings and improvements	18,690	24,602	11,186	10,870	29,876	35,472
Machinery, equipment and vehicles	3,579	4,039	1,923	1,775	5,502	5,814
Infrastructure	29,043	42,684	51,332	49,517	80,375	92,201
<b>Total</b>	<b>\$ 169,112</b>	<b>\$ 175,839</b>	<b>\$ 65,641</b>	<b>\$ 66,352</b>	<b>\$ 234,753</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 two squads, two pick-up trucks and one fire engine were purchased.
- Construction and equipment costs for the recently-opened Three Oaks Recreation Area.

Additional information on the City's capital assets can be found in Note I.E.3 and II.C of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$34,918. Of this amount, \$26,275 comprises debt backed by the full faith and credit of the government and \$8,643 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

**Long-Term Debt at Year End  
Fiscal Year 2011  
(In thousands)**

	Balance, May 1, 2010	Additions	Deletions	Balance, April 30, 2011
General obligation bonds	\$ 27,835	\$ -	\$ 1,560	\$ 26,275
Special service area bonds	8,863	-	220	8,643
Notes payable	11,013	-	759	10,254
	<u>\$ 47,711</u>	<u>\$ -</u>	<u>\$ 2,539</u>	<u>\$ 45,172</u>

The City's total debt decreased by \$2,539. 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. These ratings were secured prior to the close of the fiscal year.

Additional information on the City's long-term debt can be found in Note II.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 a decrease from a rate of 9.4 percent a year ago. This compares favorably to the State's average unemployment rate of 8.9 percent and the national average rate of 9.0 percent.
- The occupancy rate of the government's central business district has remained at 94.0 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 2012 fiscal year.

Both Water and Sewer rates increased for the 2012 budget year. The water and sewer rates were increased by an average of 6.65 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. Nannini, 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, 2011**

	Governmental Activities	Business-type Activities	Total	Component Unit Crystal Lake Public Library
<b>Assets</b>				
Cash and investments	\$ 38,050,461	\$ 5,394,772	\$ 43,445,233	\$ 4,221,530
Receivables, net:				
Property taxes	10,870,745	-	10,870,745	4,072,825
Accrued interest	1,412,610	4,242	1,416,852	-
Accounts	2,208,689	746,307	2,954,996	-
Internal balances	11,106	(11,106)	-	-
Due from fiduciary funds	221,823	-	221,823	-
Due from other governments	5,130,986	-	5,130,986	-
Inventory	111,452	-	111,452	-
Prepaid items and other assets	1,122,620	72,606	1,195,226	-
<b>Total current assets</b>	<b>59,140,492</b>	<b>6,206,821</b>	<b>65,347,313</b>	<b>8,294,355</b>
Noncurrent:				
Deferred bond issuance costs	536,928	-	536,928	-
Capital assets (net of accumulated depreciation):				
Land	102,928,633	628,095	103,556,728	661,569
Construction in progress	1,585,419	3,561,952	5,147,371	-
Buildings and improvements	24,601,520	10,870,191	35,471,711	5,449,897
Machinery, equipment and vehicles	4,038,683	1,774,671	5,813,354	48,793
Infrastructure	42,684,455	49,517,246	92,201,701	-
<b>Total noncurrent assets</b>	<b>176,375,638</b>	<b>66,352,155</b>	<b>242,727,793</b>	<b>6,160,259</b>
<b>Total assets</b>	<b>\$ 235,516,130</b>	<b>\$ 72,558,976</b>	<b>\$ 308,075,106</b>	<b>\$ 14,454,614</b>

(cont'd)

**City of Crystal Lake, Illinois**  
**Statement of Net Assets (cont'd)**  
**April 30, 2011**

	Governmental Activities	Business-type Activities	Total	Component Unit Crystal Lake Public Library
<b>Liabilities</b>				
Current:				
Accounts payable	\$ 2,423,862	\$ 1,640,355	\$ 4,064,217	\$ 196,902
Accrued liabilities	417,730	46,849	464,579	-
Recapture fees payable	1,738,580	-	1,738,580	-
Unearned property tax revenue	10,870,745	-	10,870,745	4,072,825
Deposits payable	57,601	125,719	183,320	-
Interest payable	370,107	142,642	512,749	-
General obligation bonds payable	1,226,345	508,655	1,735,000	-
Special service area bonds payable	234,000	-	234,000	-
Notes payable	-	778,472	778,472	-
Compensated absences payable	972,072	128,858	1,100,930	62,027
<b>Total current liabilities</b>	<b>18,311,042</b>	<b>3,371,550</b>	<b>21,682,592</b>	<b>4,331,754</b>
Noncurrent:				
Compensated absences payable	4,502,416	575,845	5,078,261	62,027
Claims and judgments	332,482	-	332,482	-
Deferred bond premium	55,723	-	55,723	-
Bonds payable:				
General obligation	19,338,581	5,201,419	24,540,000	-
Special service area	8,409,000	-	8,409,000	-
Notes payable	-	9,475,286	9,475,286	-
Net pension obligation	1,069,521	-	1,069,521	-
Net other post-employment benefit obligation	16,101	-	16,101	-
<b>Total noncurrent liabilities</b>	<b>33,723,824</b>	<b>15,252,550</b>	<b>48,976,374</b>	<b>62,027</b>
<b>Total liabilities</b>	<b>52,034,866</b>	<b>18,624,100</b>	<b>70,658,966</b>	<b>4,393,781</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	146,630,784	50,388,323	197,019,107	6,160,259
Restricted for:				
Working cash	-	-	-	50,090
Debt service	849,071	-	849,071	-
Unrestricted	36,001,409	3,546,553	39,547,962	3,850,484
<b>Total net assets</b>	<b>\$ 183,481,264</b>	<b>\$ 53,934,876</b>	<b>\$ 237,416,140</b>	<b>\$ 10,060,833</b>

See accompanying notes.



**City of Crystal Lake, Illinois  
Statement of Activities  
For the Year Ended April 30, 2011**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General and administrative	\$ 7,646,123	\$ 955,184	\$ 190,789
Public safety	21,620,519	3,149,558	62,226
Highways and streets	7,892,328	232,567	1,305,141
Culture and recreation	1,482,797	93,247	-
Interest on long-term debt	663,220	-	-
<b>Total governmental activities</b>	<b>39,304,987</b>	<b>4,430,556</b>	<b>1,558,156</b>
Business-type activities - Waterworks and Sewerage	9,399,817	7,900,283	-
<b>Total primary government</b>	<b>\$ 48,704,804</b>	<b>\$ 12,330,839</b>	<b>\$ 1,558,156</b>
Component unit - Crystal Lake Public Library	\$ 3,566,376	\$ 162,044	\$ 40,628

General revenues:

Taxes:

- Property
- Replacement
- State sales
- Home rule sales
- Auto rental
- Income
- Franchise fees - cable
- Telecommunications
- Hotel

Investment income

Miscellaneous

Transfers

**Total general revenues**

**Change in net assets**

Net assets, beginning of the year,  
as previously reported

Prior period restatement for  
improper accrual of sick pay

Net assets, beginning of the year,  
as restated

Net assets, end of the year

See accompanying notes.

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Governmental Activities	Business-type Activities	Total	Crystal Lake Public Library
\$ -	\$ (6,500,150)	\$ -	\$ (6,500,150)	\$ -
11,016	(18,397,719)	-	(18,397,719)	-
981,926	(5,372,694)	-	(5,372,694)	-
-	(1,389,550)	-	(1,389,550)	-
-	(663,220)	-	(663,220)	-
992,942	(32,323,333)	-	(32,323,333)	-
15,683	-	(1,483,851)	(1,483,851)	-
<b>\$ 1,008,625</b>	<b>(32,323,333)</b>	<b>(1,483,851)</b>	<b>(33,807,184)</b>	-
<b>\$ -</b>	-	-	-	<b>(3,363,704)</b>
	11,880,834	-	11,880,834	3,921,844
	154,893	-	154,893	-
	10,200,357	-	10,200,357	-
	4,574,657	-	4,574,657	-
	29,429	-	29,429	-
	3,079,075	-	3,079,075	-
	566,979	-	566,979	-
	1,693,257	-	1,693,257	-
	251,417	-	251,417	-
	974,115	48,105	1,022,220	16,668
	782,343	(2,751)	779,592	31,272
	(1,252,036)	1,252,036	-	-
	<b>32,935,320</b>	<b>1,297,390</b>	<b>34,232,710</b>	<b>3,969,784</b>
	<b>611,987</b>	<b>(186,461)</b>	<b>425,526</b>	<b>606,080</b>
	182,869,277	54,121,337	236,990,614	8,966,941
	-	-	-	487,812
	<b>182,869,277</b>	<b>54,121,337</b>	<b>236,990,614</b>	<b>9,454,753</b>
<b>\$ 183,481,264</b>	<b>\$ 53,934,876</b>	<b>\$ 237,416,140</b>	<b>\$ 10,060,833</b>	

**City of Crystal Lake, Illinois**  
**Balance Sheet - Governmental Funds**  
**April 30, 2011**

	Special Revenue Funds		
	General Fund	Motor Fuel Tax Fund	Fire Rescue Fund
<b>Assets</b>			
Cash and investments	\$ 13,228,589	\$ 9,463,979	\$ 3,767,141
Receivables:			
Property taxes, net	3,347,762	-	5,378,178
Interest	1,202,329	107,958	-
Other	664,505	163,628	400,533
Due from other funds	680,983	17,996	-
Due from other governments	4,035,978	82,119	-
Inventory	111,452	-	-
Prepaid items	947,991	-	173,450
Advances to other funds	1,800,000	-	-
	<b>Total assets</b>	<b>\$ 9,835,680</b>	<b>\$ 9,719,302</b>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 1,162,742	\$ 75,083	\$ 821,196
Accrued payroll	290,264	-	112,766
Recapture fees payable	61	-	-
Due to other funds	20,936	-	-
Deferred property tax revenue	3,347,762	-	5,378,178
Advances from other funds	-	-	-
	<b>Total liabilities</b>	<b>75,083</b>	<b>6,312,140</b>
Fund balance:			
Nonspendable	2,859,443	-	173,450
Assigned, reported in:			
General Fund	3,000,000	-	-
Special Revenue Funds	-	9,760,597	3,233,712
Debt Service Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned, reported in:			
General Fund	15,338,381	-	-
Debt Service Funds	-	-	-
Capital Projects Funds	-	-	-
	<b>Total fund balances (deficit)</b>	<b>9,760,597</b>	<b>3,407,162</b>
	<b>Total liabilities and fund balances</b>	<b>\$ 9,835,680</b>	<b>\$ 9,719,302</b>

See accompanying notes.

Capital Projects Fund Vulcan Lakes TIF District	Other Governmental Funds	Total Governmental Funds
\$ 905,331	\$ 10,685,421	<b>\$ 38,050,461</b>
-	2,144,805	<b>10,870,745</b>
446	101,877	<b>1,412,610</b>
-	980,023	<b>2,208,689</b>
493	225	<b>699,697</b>
-	1,012,889	<b>5,130,986</b>
-	-	<b>111,452</b>
-	1,179	<b>1,122,620</b>
-	-	<b>1,800,000</b>
<b>\$ 906,270</b>	<b>\$ 14,926,419</b>	<b>\$ 61,407,260</b>
\$ 185,477	\$ 236,965	<b>\$ 2,481,463</b>
-	14,700	<b>417,730</b>
-	1,738,519	<b>1,738,580</b>
239,725	206,107	<b>466,768</b>
-	2,144,805	<b>10,870,745</b>
1,800,000	-	<b>1,800,000</b>
<b>2,225,202</b>	<b>4,341,096</b>	<b>17,775,286</b>
-	1,179	<b>3,034,072</b>
-	-	<b>3,000,000</b>
-	7,702,187	<b>20,696,496</b>
-	850,866	<b>850,866</b>
-	2,032,886	<b>2,032,886</b>
-	-	<b>15,338,381</b>
-	(1,795)	<b>(1,795)</b>
(1,318,932)	-	<b>(1,318,932)</b>
<b>(1,318,932)</b>	<b>10,585,323</b>	<b>43,631,974</b>
<b>\$ 906,270</b>	<b>\$ 14,926,419</b>	<b>\$ 61,407,260</b>

**City of Crystal Lake, Illinois**  
**Reconciliation of Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**April 30, 2011**

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Total fund balance - governmental funds (page 18)	\$ 43,631,974
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	175,838,710
Bond issuance costs are amortized over the life of the issue for governmental activities, but expensed in the period paid in the governmental funds.	536,928
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.	(55,723)
<p>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:</p>	
General obligation bonds payable	(20,564,926)
Special service area bonds payable	(8,643,000)
Compensated absences payable	(5,474,488)
Claims and judgments	(332,482)
Net pension obligation	(1,069,521)
Net other post-employment benefit obligation	(16,101)
Interest payable	(370,107)
Net assets of governmental activities (page 14)	\$ 183,481,264

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, 2011**

	Special Revenue Funds		
	General Fund	Motor Fuel Tax Fund	Fire Rescue Fund
Revenues:			
Charges for services	\$ 361,282	\$ -	\$ 2,461,061
Licenses and permits	338,771	-	-
Intergovernmental	188,610	1,305,141	13,195
Fines and forfeitures	615,032	-	-
Property taxes	2,514,422	-	5,803,435
Other taxes	15,975,407	-	-
Investment income	774,619	106,322	8,149
Miscellaneous	639,169	11,712	8,400
<b>Total revenues</b>	<b>21,407,312</b>	<b>1,423,175</b>	<b>8,294,240</b>
Expenditures:			
Current:			
General government	6,310,990	-	-
Public safety	10,851,094	-	8,578,877
Highways and streets	4,355,030	1,121,478	-
Culture and recreation	-	-	-
Debt service:			
Principal retirement	282,995	-	-
Interest and fiscal charges	94,042	-	-
Capital outlay	313,465	138,575	910,557
<b>Total expenditures</b>	<b>22,207,616</b>	<b>1,260,053</b>	<b>9,489,434</b>
<b>Revenues over (under) expenditures before other financing sources (uses)</b>	<b>(800,304)</b>	<b>163,122</b>	<b>(1,195,194)</b>
Other financing sources (uses):			
Transfers in	1,779,222	-	56,960
Transfers out	(1,390,960)	-	(278,409)
<b>Total other financing sources (uses)</b>	<b>388,262</b>	<b>-</b>	<b>(221,449)</b>
<b>Net changes in fund balances</b>	<b>(412,042)</b>	<b>163,122</b>	<b>(1,416,643)</b>
Fund balances, beginning of the year	21,609,866	9,597,475	4,823,805
Fund balances (deficit), end of the year	<b>\$ 21,197,824</b>	<b>\$ 9,760,597</b>	<b>\$ 3,407,162</b>

See accompanying notes.

<u>Capital Projects Fund Vulcan Lakes TIF District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 538,476	\$ 3,360,819
-	232,567	571,338
-	1,044,152	2,551,098
-	-	615,032
-	3,562,977	11,880,834
-	4,574,657	20,550,064
28,896	56,128	974,114
-	27,504	686,785
<u>28,896</u>	<u>10,036,461</u>	<u>41,190,084</u>
-	885,059	7,196,049
-	391,718	19,821,689
-	472,551	5,949,059
550,297	574,348	1,124,645
-	1,022,079	1,305,074
-	1,122,536	1,216,578
<u>6,377,278</u>	<u>2,276,566</u>	<u>10,016,441</u>
<u>6,927,575</u>	<u>6,744,857</u>	<u>46,629,535</u>
<u>(6,898,679)</u>	<u>3,291,604</u>	<u>(5,439,451)</u>
606,477	1,823,146	4,265,805
-	(3,848,472)	(5,517,841)
<u>606,477</u>	<u>(2,025,326)</u>	<u>(1,252,036)</u>
(6,292,202)	1,266,278	(6,691,487)
<u>4,973,270</u>	<u>9,319,045</u>	<u>50,323,461</u>
<u>\$ (1,318,932)</u>	<u>\$ 10,585,323</u>	<u>\$ 43,631,974</u>

**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, 2011**

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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)	\$ (6,691,487)
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities.	9,878,036
Depreciation on capital assets is reported as an expense in the statement of activities.	(3,140,000)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(12,320)
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.	1,305,074
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.	(4,386)
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	(214,172)
Increase in claims and judgments	(218,370)
Increase in net pension obligation	(439,525)
Decrease in interest payable	149,137
Change in net assets of governmental activities (page 16)	\$ 611,987

See accompanying notes.



**City of Crystal Lake, Illinois**  
**Proprietary Fund - Waterworks and Sewerage Fund**  
**Statement of Net Assets**  
**April 30, 2011**

<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 5,394,772
Receivables - accounts	750,549
Due from other funds	2,222
Prepaid items	72,606
<b>Total current assets</b>	<b>6,220,149</b>
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Land	628,095
Construction in progress	3,561,952
Building improvements	10,870,191
Machinery, equipment, and vehicles	1,774,671
Infrastructure	49,517,246
<b>Total noncurrent assets</b>	<b>66,352,155</b>
<b>Total assets</b>	<b>72,572,304</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,640,355
Accrued payroll	46,849
Deposits payable	125,719
Interest payable	142,642
Due to other funds	13,328
General obligation bonds - current	508,655
Notes payable	778,472
Compensated absences payable	128,858
<b>Total current liabilities</b>	<b>3,384,878</b>
Noncurrent liabilities:	
Compensated absences payable	575,845
Notes payable	9,475,286
General obligation bonds - noncurrent	5,201,419
<b>Total noncurrent liabilities</b>	<b>15,252,550</b>
<b>Total liabilities</b>	<b>18,637,428</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	50,388,323
Unrestricted	3,546,553
<b>Total net assets</b>	<b>\$ 53,934,876</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, 2011**

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Operating revenues:	
Charges for services	\$ 7,236,429
Grant revenue	15,683
Miscellaneous	<u>(2,751)</u>
<b>Total operating revenues</b>	7,249,361
Operating expenses - excluding depreciation	<u>6,063,388</u>
<b>Operating income before depreciation</b>	1,185,973
Depreciation	<u>2,763,647</u>
<b>Operating loss</b>	<u>(1,577,674)</u>
Nonoperating revenue (expense):	
Connection fees	350,879
Interest income	48,105
Rental income	312,975
Interest expense	(445,885)
Loss on sale of capital assets	<u>(126,897)</u>
<b>Total nonoperating revenue (expense)</b>	<u>139,177</u>
<b>Loss before transfers</b>	(1,438,497)
Transfers in	1,334,000
Transfers out	<u>(81,964)</u>
<b>Change in net assets</b>	(186,461)
Total net assets, beginning of the year	<u>54,121,337</u>
Total net assets, end of the year	<u>\$ 53,934,876</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, 2011**

Cash flows from operating activities:	
Receipts from customers	\$ 7,559,419
Grant proceeds	15,683
Payments to suppliers	(2,261,828)
Payments to employees	<u>(2,818,955)</u>
<b>Net cash from operating activities</b>	<u>2,494,319</u>
Cash flows from capital and related financing activities:	
Capital assets purchased	(3,602,038)
Connection fees	350,879
Proceeds from sale of capital assets	870
Principal paid on general obligation bonds	(474,926)
Principal paid on notes payable	(759,108)
Interest paid on general obligation bonds and notes payable	<u>(482,114)</u>
<b>Net cash from capital and         related financing activities</b>	<u>(4,966,437)</u>
Cash flows from noncapital financing activities:	
Advances to other funds	(40,490)
Transfers in from other funds	1,334,000
Transfers out to other funds	<u>(81,964)</u>
<b>Net cash from noncapital         financing activities</b>	<u>1,211,546</u>
Cash flows from investing activities - interest and dividends	
	<u>48,105</u>
<b>Net decrease in cash and         cash equivalents</b>	(1,212,467)
Balance, beginning of the year	<u>6,607,239</u>
Balance, end of the year	<u>\$ 5,394,772</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, 2011**

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

Operating loss	\$ (1,577,674)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Rental income	312,975
Depreciation expense	2,763,647
Decrease in receivables	12,766
Decrease in prepaid items	95,631
Increase in accounts payable	842,276
Increase in deposits payable	26,569
Increase in accrued payroll	4,770
Decrease in claims and judgments payable	(17,133)
Decrease in compensated absences payable	30,492
	<hr/>
<b>Net cash from operating activities</b>	<b>\$ 2,494,319</b>

See accompanying notes.

**City of Crystal Lake, Illinois**  
**Fiduciary Funds - Trust and Agency Funds**  
**Statement of Fiduciary Net Assets**  
**April 30, 2011**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash	\$ 3,967	\$ 130,226
Investments:		
Illinois Funds Investment Pool	370,168	-
Money market accounts	1,774,213	-
U.S. government and agency securities	20,791,821	-
Insurance contracts	318,667	-
Municipal bonds	254,141	-
Mutual funds - bonds	1,218,471	-
Mutual funds - stocks	17,437,447	-
Interest receivable	180,533	-
Other receivable	-	621
	<u>                    </u>	<u>                    </u>
<b>Total assets</b>	<b>\$42,349,428</b>	<b>\$ 130,847</b>
<b>Liabilities</b>		
Accounts payable	\$ 4,524	\$ -
Recapture fees payable	-	(82,206)
Due to other funds	8,770	213,053
	<u>                    </u>	<u>                    </u>
<b>Total liabilities</b>	<b>13,294</b>	<b>130,847</b>
<b>Net Assets</b>		
Restricted for pension benefits	<u>42,336,134</u>	<u>-</u>
	<u>                    </u>	<u>                    </u>
<b>Total liabilities and net assets</b>	<b>\$42,349,428</b>	<b>\$ 130,847</b>

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, 2011**

<b>Additions</b>	
Contributions:	
Employer	\$ 2,514,394
Participant	<u>973,556</u>
<b>Total contributions</b>	<u>3,487,950</u>
Investment income:	
Net appreciation in fair value of investments	2,656,615
Interest income	1,091,765
Less investment expenses	<u>(160,870)</u>
<b>Total investment income</b>	<u>3,587,510</u>
<b>Total additions</b>	<u>7,075,460</u>
<b>Deductions</b>	
Pension benefits and refunds	2,244,074
Administrative expenses	<u>28,072</u>
<b>Total deductions</b>	<u>2,272,146</u>
<b>Changes in net assets</b>	4,803,314
Total net assets, beginning of the year	<u>37,532,820</u>
Total net assets, end of the year	<u>\$42,336,134</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, 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.

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.

**D. Budgets**

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

**E. 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.

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

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

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

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

**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 granted by the United States.
- 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.

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.

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

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

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

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

**Investments (cont'd)**

- 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.

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.

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

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

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

**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.

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.

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

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

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

**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.

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.

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

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

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

**6. Reserved Fund Balances and Restricted Net Assets**

Reserves and restrictions represent those portions of individual fund balances/net assets not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**Individual Fund Restrictions 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 \$111,452, \$947,991, and \$1,800,000, respectively. The City has also assigned a portion of the General Fund's fund balance for capital technology reserve, totaling \$3,000,000.

**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 \$173,450.

**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 \$1,179.

All other special revenue, debt service 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.



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

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

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

**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.

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

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

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

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

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

**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. 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)**

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

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

**Investments** – As of April 30, 2011, the City 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	\$ 3,686,927	\$ -	\$ 1,877,705	\$ 1,809,222	\$ -
Fixed Income Money Market funds	1,774,213	1,774,213	-	-	-
Mortgage-backed securities	205,630	-	-	73,065	132,565
Other agency securities	26,454,064	3,167,823	18,954,975	4,331,266	-
Certificates of deposit	15,562,986	11,473,515	4,089,471	-	-
Municipal bonds	254,141	-	30,655	-	223,486
Mutual funds*	18,655,918	18,655,918	-	-	-
Corporate notes	1,022,605	1,022,605	-	-	-
Insurance contracts	318,667	318,667	-	-	-
Illinois Funds Investment Pool*	15,231,652	15,231,652	-	-	-
<b>Total investments</b>	<b>\$ 83,166,803</b>	<b>\$ 51,644,393</b>	<b>\$ 24,952,806</b>	<b>\$ 6,213,553</b>	<b>\$ 356,051</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)**

**II. 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, 2011, the City’s investments were rated as follows:

Investment Type	Fair Value	Moody's
Fixed Income Money Market funds	\$ 1,744,213	NR
Other agency securities	26,454,064	AAA
Municipal bonds	254,141	A3/NR
Corporate notes	1,022,605	A1/Aaa
Illinois Funds Investment Pool	15,231,652	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 Home Loan Mortgage Corporation debt securities, which account for 9.56% of the City’s total investments respectively, and three specific certificates of deposit which account for 10.83%, 7.65% and 5.74% respectively, of the City’s total investments. 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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**II. 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 \$942,144. 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 fifteen certificates of deposit with an aggregate carrying value of \$2,999,436, of which eight certificates of deposit with a carrying value of \$1,543,979 will mature within one year, and seven certificates of deposit with a carrying value of \$1,455,457 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 2010 levy is intended to fund the operations of fiscal year 2012, the 2010 property tax levy is recorded as a receivable and the 2010 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 2010 become due and payable in two installments in June 2011 and September 2011. 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)**

**II. 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, 2011 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	14,871,919	974,886	14,261,386	1,585,419
	117,800,552	974,886	14,261,386	104,514,052
Capital assets being depreciated:				
Buildings and improvements	24,695,660	7,062,644	-	31,758,304
Machinery, equipment and vehicles	10,758,420	1,467,347	75,875	12,149,892
Infrastructure	42,592,145	14,634,545	-	57,226,690
	78,046,225	23,164,536	75,875	101,134,886
Less accumulated depreciation for:				
Buildings and improvements	6,005,088	1,151,696	-	7,156,784
Machinery, equipment and vehicles	7,179,909	994,855	63,555	8,111,209
Infrastructure	13,548,786	993,449	-	14,542,235
	26,733,783	3,140,000	63,555	29,810,228
<b>Total capital assets being depreciated, net</b>	<b>51,312,442</b>	<b>20,024,536</b>	<b>12,320</b>	<b>71,324,658</b>
Governmental activities capital assets, net	<b>\$ 169,112,994</b>	<b>\$ 20,999,422</b>	<b>\$ 14,273,706</b>	<b>\$ 175,838,710</b>

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

**II. 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, 2011 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	572,659	2,992,193	2,900	3,561,952
	1,200,754	2,992,193	2,900	4,190,047
Capital assets being depreciated:				
Buildings and improvements	15,920,016	334,700	-	16,254,716
Machinery, equipment and vehicles	3,663,477	-	40,000	3,623,477
Infrastructure	88,108,991	278,045	265,732	88,121,304
	107,692,484	612,745	305,732	107,999,497
Less accumulated depreciation for:				
Buildings and improvements	4,733,801	650,724	-	5,384,525
Machinery, equipment and vehicles	1,740,509	148,297	40,000	1,848,806
Infrastructure	36,777,397	1,964,626	137,965	38,604,058
	43,251,707	2,763,647	177,965	45,837,389
<b>Total capital assets being depreciated, net</b>	<b>64,440,777</b>	<b>(2,150,902)</b>	<b>127,767</b>	<b>62,162,108</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 65,641,531</b>	<b>\$ 841,291</b>	<b>\$ 130,667</b>	<b>\$ 66,352,155</b>

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

**II. 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, 2011 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	-	-	7,849,561
Machinery, equipment and vehicles	237,527	38,012	-	275,539
	8,087,088	38,012	-	8,125,100
Less accumulated depreciation for:				
Buildings and improvements	2,242,707	156,957	-	2,399,664
Machinery, equipment and vehicles	216,718	10,028	-	226,746
	2,459,425	166,985	-	2,626,410
<b>Total capital assets being depreciated, net</b>	5,627,663	(128,973)	-	5,498,690
Component unit activities capital assets, net	\$ 6,289,232	\$ (128,973)	\$ -	\$ 6,160,259

Depreciation was charged to functions/activities as follows:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Public Library
General and administrative	\$ 605,361	\$ -	\$ -
Public safety	1,033,219	-	-
Highways and streets	1,026,571	-	-
Culture and recreation	474,849	-	166,985
Waterworks and sewerage	-	2,763,647	-



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

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

**D. Interfund Receivables, Payables and Transfers**

The following interfund receivables and payables as of April 30, 2011 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	\$ 239,725
General	Waterworks and Sewerage	13,328
General	Nonmajor Governmental	206,107
General	Pension Trust	8,770
General	Agency	213,053
Motor Fuel Tax	General	17,996
Vulcan Lakes TIF District	General	493
Nonmajor Governmental	General	225
Waterworks and Sewerage	General	2,222
		<u>\$ 701,919</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.

The interfund balances 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.

Receiving Fund	Paying Fund	Amount
General	Nonmajor Governmental	\$ 1,418,849
General	Fire Rescue	278,409
General	Waterworks and Sewerage	81,964
Fire Rescue	General	56,960
Waterworks and Sewerage	General	1,334,000
Vulcan Lakes TIF District	Nonmajor Governmental	606,477
Nonmajor Governmental	Nonmajor Governmental	1,823,146
		<u>\$ 5,599,805</u>

The transfers from Nonmajor Governmental were all from the Home Rule Sales Tax Fund - to the General Fund for flooding mitigation, police officers for the Target Response Unit, economic development activities such as "I Shop Crystal Lake," and other core services; to the Vulcan Lakes TIF Debt Service Fund for debt service payments; and to the Virginia Street Corridor TIF Fund for construction costs.

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

**II. 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, 2011:

	Balance May 1	Additions	Deletions	Balance April 30
<b>City:</b>		-		
General obligation bonds	\$ 21,650,000	\$	\$ 1,085,074	\$ 20,564,926
Special service area bonds	8,863,000	-	220,000	8,643,000
Claims and judgments	114,112	2,933,130	2,714,760	332,482
Net pension obligation*	629,996	2,676,287	2,236,762	1,069,521
Net OPEB*	16,101	-	-	16,101
Compensated absences*	5,260,316	1,944,144	1,729,972	5,474,488
	<u>\$ 36,533,525</u>	<u>\$ 7,553,561</u>	<u>\$ 7,986,568</u>	<u>\$ 36,100,518</u>
<b>Crystal Lake Public Library:</b>				
Compensated absences	\$ 614,354	\$ 60,783	\$ 551,083	\$ 124,054

\* 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, 2011.

	Balance May 1	Additions	Deletions	Balance April 30
General obligation bonds	\$ 6,185,000	\$ -	\$ 474,926	\$ 5,710,074
Notes payable	11,012,866	-	759,108	10,253,758
Claims and judgments	17,133	374,310	391,443	-
Compensated absences	674,211	257,715	227,223	704,703
	<u>\$ 17,889,210</u>	<u>\$ 632,025</u>	<u>\$ 1,852,700</u>	<u>\$ 16,668,535</u>

The current portion of compensated absences for governmental, business-type, and library activities are \$972,072, \$128,858 and \$62,027, respectively.

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

**II. 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 \$500,000 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	\$ 3,475,000	\$ -	\$ 300,000	\$ 3,175,000	\$ 305,000
	Waterworks and Sewerage	2,250,000	-	200,000	2,050,000	195,000
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 1.40% to 5.30% payable semi-annually on June 15 and December 15.	General and Debt Service	18,175,000	-	785,074	17,389,926	921,345
	Waterworks and Sewerage	3,935,000	-	274,926	3,660,074	313,655
General Obligation Bonds		<u>\$ 27,835,000</u>	<u>\$ -</u>	<u>\$ 1,560,000</u>	<u>\$26,275,000</u>	<u>\$ 1,735,000</u>
Reported in:						
Governmental activities		\$ 21,650,000	\$ -	\$ 1,085,074	\$ 20,564,926	\$1,226,345
Business-type activities		6,185,000	-	474,926	5,710,074	508,655
		<u>\$27,835,000</u>	<u>\$ -</u>	<u>\$ 1,560,000</u>	<u>\$26,275,000</u>	<u>\$1,735,000</u>

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

**II. 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:

<u>Issue</u>	<u>Fund Debt Retired by</u>	<u>Balance May 1</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance April 30</u>	<u>Due Within One Year</u>
Special Service Area No. 45 Bonds, Series 2006 – original principal \$5,945,000, due in annual installments of \$170,000 to \$435,000, commencing February 2009 through February 2031; interest at 4.60% to 5.50% payable semiannually on August 1 and February 1.	Capital Projects	\$ 5,770,000	\$ -	\$ 160,000	\$ 5,610,000	\$ 170,000
Special Service Area No. 46 Bonds, Series 2007 – original principal \$2,500,000, due in annual installments of \$14,000 to \$240,000, commencing March 2010 through March 2036; interest at 5.75% payable semiannually on September 1 and March 1.	Capital Projects	2,493,000	-	10,000	2,483,000	14,000
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	600,000	-	50,000	550,000	50,000
		<u>\$ 8,863,000</u>	<u>\$ -</u>	<u>\$ 220,000</u>	<u>\$ 8,643,000</u>	<u>\$ 234,000</u>

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

**II. 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	\$ 11,012,866	\$ -	\$ 759,108	\$ 10,253,758	\$ 778,472

The annual requirements to retire all governmental activities' debt outstanding of the City as of April 30, 2011 are as follows:

Fiscal Year End	General Obligation Bonds		SSA Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 1,226,345	\$ 864,305	\$ 234,000	\$ 470,021
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
2017-2021	6,194,257	2,871,515	1,672,000	2,049,954
2022-2026	4,475,434	1,733,830	2,000,000	1,755,035
2027-2031	3,500,000	401,657	2,654,000	1,405,569
2032-2036	-	-	1,025,000	1,211,589
	<u>\$ 20,564,926</u>	<u>\$ 9,015,608</u>	<u>\$ 8,643,000</u>	<u>\$ 8,699,099</u>

The annual requirements to retire all business-type activities' debt outstanding of the City as of April 30, 2011 are as follows:

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

**II. 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
2012	\$ 508,655	\$ 199,771	\$ 778,472	\$ 255,030
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
2017-2021	2,375,743	405,668	4,645,902	521,612
2022-2023	639,566	78,675	1,511,769	38,484
	<u>\$ 5,710,074</u>	<u>\$ 1,347,510</u>	<u>\$ 10,253,758</u>	<u>\$ 1,631,522</u>

**III. 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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**III. 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 – 4/30/08	\$	100,759
Claims incurred – fiscal year 2009		3,282,952
Claims paid – fiscal year 2009		<u>(3,281,176)</u>
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	\$	<u>332,482</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)**

**III. 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 2010 used by the employer was 11.17% of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 12.38%. 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, 2011, the City's actual contributions for pension cost for the Regular plan was \$1,211,096 and its required contribution was \$1,314,127.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
4/30/11	\$ 1,314,127	92 %
4/30/10	1,195,520	97
4/30/09	1,056,168	100

The net pension liability of \$144,367 was comprised of the following:

Annual required contribution	\$ 1,314,127
Interest on the net pension asset	3,035
Adjustment to the ARC	(2,170)
Annual pension cost	1,314,992
2010 contribution	1,211,096
Increase in pension liability	103,896
Net pension liability at April 30, 2010	40,471
Net pension liability at April 30, 2011	\$ 144,367



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

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

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

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

The required contribution for 2010 was determined as part of the December 31, 2008 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, 2008 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, 2010, the most recent actuarial valuation date, the Regular plan was 68.73% funded. The actuarial accrued liability for benefits was \$29,546,622 and the actuarial value of assets was \$20,306,412, resulting in an underfunded actuarial accrued liability (UAAL) of \$10,628,964 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, 2010 (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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**III. 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	27
Current employees:	
Vested	42
Nonvested	<u>23</u>
<b>Total</b>	<u>92</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 \$1,392,466. The annual pension cost is based on an actuarial valuation performed as of April 30, 2010. The City's actual contribution was \$1,240,962. For a description of the significant actuarial assumptions see page 62.

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

III. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

**Police Pension (cont'd)**

The net pension liability of \$363,647 was comprised of the following:

Annual required contribution	\$ 1,388,111
Interest on the net pension asset	14,850
Adjustment to the ARC	<u>(10,495)</u>
Annual pension cost	1,392,466
2010 contribution	<u>1,240,962</u>
Increase in pension liability	151,504
Net pension liability at April 30, 2010	<u>212,143</u>
Net pension liability at April 30, 2011	<u>\$ 363,647</u>

The City has recorded the net pension obligation of \$363,647 in the government-wide statement of net assets.

**Funding Status and Funding Progress** – As of April 30, 2011, the most recent actuarial valuation date, the plan was 55.48% funded. The actuarial accrued liability for benefits was \$40,578,250 and the actuarial value of assets was \$22,511,639, resulting in an underfunded actuarial accrued liability (UAAL) of \$18,066,611 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	11.15%
FHLMC	13.73%
FHLB	10.65%
FNMA	13.36%

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

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**III. 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, 2010 (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	19
Nonvested	43
<b>Total</b>	<b>74</b>

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)**

**III. 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 \$1,139,454. The annual pension cost is based on the actuarial valuation performed as of April 30, 2010. The City's actual contribution was \$995,800. For a description of the significant actuarial assumptions, see page 62.

The net pension liability of \$561,507 was comprised of the following:

Annual required contributions (ARC)	\$ 1,130,876
Interest on the net pension asset	29,250
Adjustment to the ARC	<u>(20,672)</u>
Annual pension cost	1,139,454
2010 contribution	<u>995,800</u>
Increase in pension liability	143,654
Net pension liability at April 30, 2010	<u>417,853</u>
Net pension liability at April 30, 2011	<u>\$ 561,507</u>

The City has recorded the net pension obligation of \$561,507 in the government-wide statement of net assets.

**Funding Status and Funding Progress** – As of April 30, 2011, the most recent actuarial valuation date, the plan was 60.99% funded. The actuarial accrued liability for benefits was \$24,630,907 and the actuarial value of assets was \$15,021,180, resulting in an underfunded actuarial accrued liability (UAAL) of \$9,609,727 and the ratio of the UAAL to the covered payroll was 208%.

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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III. **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	7.76%
FHLMC	5.85%
FHLB	9.18%
FNMA	6.59%

**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, 2011.

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

**III. 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>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Assets:		
Cash	\$ -	\$ 3,967
Investments:		
Illinois funds	154,905	215,263
Money market accounts	577,752	1,196,461
U.S. government and agency securities	11,847,075	8,944,746
Insurance contracts	-	318,667
Municipal bonds	-	254,141
Mutual funds – bonds	1,218,471	-
Mutual funds – stocks	11,165,163	6,272,284
Interest receivable	97,914	82,619
<b>Total assets</b>	<b>25,061,280</b>	<b>17,288,148</b>
Liabilities:		
Accounts payable	-	4,524
Due to other funds	-	8,770
<b>Total liabilities</b>	<b>-</b>	<b>13,294</b>
Plan net assets held in trust for pension benefits	25,061,280	17,274,854
<b>Total liabilities and plan net assets</b>	<b>\$ 25,061,280</b>	<b>\$ 17,288,148</b>
<b>Statement of Changes in Plan Net Assets</b>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Additions:		
Contributions:		
Employer	\$ 1,385,548	\$ 1,128,846
Members	504,647	468,909
	1,890,195	1,597,755
Investment income:		
Net appreciation in fair value of investments	1,598,195	1,058,420
Interest income	687,648	404,117
Less investment expenses	(96,090)	(64,780)
	2,189,753	1,397,757
<b>Total additions</b>	<b>4,079,948</b>	<b>2,995,512</b>
Deductions:		
Pension benefits and refunds	1,527,619	716,455
Administrative expense	2,689	25,383
<b>Total deductions</b>	<b>1,530,308</b>	<b>741,838</b>
Change in net assets	2,549,640	2,253,674
Beginning net assets held in trust for pension benefits	22,511,640	15,021,180
Ending net assets held in trust for pension benefits	<b>\$ 25,061,280</b>	<b>\$ 17,274,854</b>

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

**III. 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, 2008	April 30, 2010	April 30, 2010
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, 23 years	Level percentage of projected payroll, closed basis, 23 years



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

**III. 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	2006	\$ 895,280	\$ 735,256	\$ 543,254
	2007	955,892	967,919	711,840
	2008	996,724	1,113,556	820,030
	2009	1,056,168	1,190,390	910,353
	2010	1,195,520	1,256,062	1,011,052
	2011	1,314,127	N/A	N/A
Actual contributions	2006	\$ 895,280	\$ 735,907	\$ 541,367
	2007	955,892	966,026	707,944
	2008	996,724	1,073,638	708,003
	2009	1,056,168	1,111,640	817,496
	2010	1,155,049	1,187,907	904,951
	2011	1,211,096	N/A	N/A
Percent contributed	2006	%	100	%
	2007		100	99.8
	2008		100	96.4
	2009		100	93.4
	2010		96.6	94.6
	2011		92.2	N/A
Net pension obligation	2006	\$ -	\$ (23,427)	\$ (102,972)
	2007	-	(25,320)	(106,868)
	2008	-	(65,238)	(218,895)
	2009	-	(143,988)	(311,752)
	2010	(40,471)	(212,143)	(417,853)
	2011	(144,367)	N/A	N/A

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

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**III. 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, 2009 (consistent with the latest actuarial valuation date), 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	7
Current employees:	
Vested	133
Nonvested	<u>136</u>
<b>Total</b>	<u>276</u>

**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)**

III. Other Information (cont'd)

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

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

Annual required contribution	\$ 29,773
Interest on net OPEB obligation	1,156
Adjustment to the ARC	<u>(771)</u>
Annual OPEB cost	30,158
2008 contribution	<u>37,178</u>
Decrease in net OPEB obligation	(7,020)
Net OPEB obligation at April 30, 2008	<u>23,121</u>
Net OPEB obligation at April 30, 2009 and 2010	<u>\$ 16,101</u>

The City has recorded the net pension obligation of \$16,101 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
4/30/09	\$ 30,158	123.3 %	\$ 16,101
4/30/07	30,025	0.0	30,025
4/30/06	N/A	N/A	

**Funding Status and Funding Progress** – The OPEB plan is being funded on a pay-as-you-go basis. At April 30, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,233,800. Annual covered payroll was zero.

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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III. **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, 2009 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, 2009 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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**III. 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 5-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 \$1,217,375 to SEECOM during fiscal year 2011.

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

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

**F. Construction Commitments**

The City had commitments under construction contracts of approximately \$3,700,000 outstanding at April 30, 2011.

**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 ended 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 ended 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 ended 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 ended April 30, 2013.

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.

The following statements became effective in the current year, but had no effect on the City's financial statements.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. Statement No. 53, *Accounting and Reporting for Derivative Instruments*, addresses the recognition, measurement and disclosure of information regarding derivative instruments entered into by state and local governments. Statement No. 58, *Accounting and Reporting for Chapter 9 Bankruptcies*, provides guidance for governments that have filed for bankruptcy protection

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Crystal Lake, Illinois  
 Illinois Municipal Retirement Fund  
 Required Supplementary Information -  
 Schedule of Funding Progress  
 April 30, 2011**

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
12/31/10	\$ 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
12/31/05	20,976,856	23,367,856	2,391,000	89.77	9,414,245	25.40

See independent auditor's report.



**City of Crystal Lake, Illinois  
Police Pension Fund  
Required Supplementary Information -  
Schedule of Funding Progress  
April 30, 2011**

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
04/30/11	\$ 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
04/30/06	15,830,954	28,204,041	12,373,087	56.13	3,662,402	337.84

See independent auditor's report.

**City of Crystal Lake, Illinois  
 Firefighters' Pension Fund  
 Required Supplementary Information -  
 Schedule of Funding Progress  
 April 30, 2011**

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
04/30/11	\$ 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
04/30/06	8,184,906	13,194,759	5,009,853	62.03	2,693,675	185.99

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, 2011**

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
04/30/09	\$ -	\$ 1,233,800	\$ 1,233,800	- %	\$ -	- %
04/30/07	-	224,593	224,593	-	-	-
04/30/06	-	-	-	-	-	-

See independent auditor's report.

**City of Crystal Lake, Illinois  
Police and Firefighters' Pension Plans  
Required Supplementary Information -  
Schedule of Employer Contributions  
April 30, 2011**

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Year Ended	Police Pension		Firefighters' Pension	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
4/30/11	\$ 1,392,466	89.12 %	\$ 1,139,454	87.39 %
4/30/10	1,256,062	94.57	1,011,052	89.51
4/30/09	1,190,390	93.39	910,353	89.80
4/30/08	1,113,556	96.42	820,030	86.34
4/30/07	967,919	99.80	711,840	99.45
4/30/06	735,256	100.09	543,254	99.65

**City of Crystal Lake, Illinois  
Illinois Municipal Retirement Fund  
Required Supplementary Information -  
Schedule of Employer Contributions  
April 30, 2011**

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Year Ended	Annual Required Contribution	Percentage Contributed
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
4/30/06	895,280	100.00

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Major Funds**  
**For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 488,200	\$ 488,200	\$ 361,282	\$ (126,918)
Licenses and permits	394,500	394,500	338,771	(55,729)
Intergovernmental	12,500	12,500	188,610	176,110
Fines and forfeitures	755,000	755,000	615,032	(139,968)
Property taxes	2,518,987	2,518,987	2,514,422	(4,565)
Other taxes	15,694,000	15,694,000	15,975,407	281,407
Investment income	313,637	313,637	774,619	460,982
Miscellaneous	520,700	520,700	639,169	118,469
<b>Total revenues</b>	<b>20,697,524</b>	<b>20,697,524</b>	<b>21,407,312</b>	<b>709,788</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	6,851,924	6,935,057	6,310,990	624,067
Public safety	11,194,100	11,194,100	10,851,094	343,006
Highways and streets	4,559,633	4,559,633	4,355,030	204,603
Capital outlay	1,007,551	1,007,551	313,465	694,086
<b>Debt service:</b>				
Principal	283,005	283,005	282,995	10
Interest and fees	93,876	93,876	94,042	(166)
<b>Total expenditures</b>	<b>23,990,089</b>	<b>24,073,222</b>	<b>22,207,616</b>	<b>1,865,606</b>
<b>Revenues under expenditures before other financing sources (uses)</b>	<b>(3,292,565)</b>	<b>(3,375,698)</b>	<b>(800,304)</b>	<b>2,575,394</b>
<b>Other financing sources (uses):</b>				
Transfer in	2,840,160	2,840,160	1,779,222	(1,060,938)
Transfers out	-	(1,390,960)	(1,390,960)	-
<b>Total other financing sources (uses)</b>	<b>2,840,160</b>	<b>1,449,200</b>	<b>388,262</b>	<b>(1,060,938)</b>
<b>Net changes in fund balance</b>	<b>\$ (452,405)</b>	<b>\$ (1,926,498)</b>	<b>(412,042)</b>	<b>\$ 1,514,456</b>
Fund balance, beginning of the year			<b>21,609,866</b>	
Fund balance, end of the year			<b>\$ 21,197,824</b>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Motor Fuel Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Major Funds**  
**For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,020,570	\$ 1,020,570	\$ 1,305,141	\$ 284,571
Investment income	50,000	50,000	106,322	56,322
Other	-	-	11,712	11,712
<b>Total revenues</b>	<u>1,070,570</u>	<u>1,070,570</u>	<u>1,423,175</u>	<u>352,605</u>
Expenditures - current:				
Highways and street:				
Contractual services	1,747,526	1,837,526	807,765	1,029,761
Supplies and materials	430,500	430,500	313,713	116,787
Capital outlay - streets	2,215,160	2,215,160	138,575	2,076,585
<b>Total expenditures</b>	<u>4,393,186</u>	<u>4,483,186</u>	<u>1,260,053</u>	<u>3,223,133</u>
<b>Net changes in fund balance</b>	<u>\$ (3,322,616)</u>	<u>\$ (3,412,616)</u>	<u>163,122</u>	<u>\$ 3,575,738</u>
Fund balance, beginning of the year			<u>9,597,475</u>	
Fund balance, end of the year			<u>\$ 9,760,597</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Fire Rescue Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Major Funds**  
**For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 2,311,954	\$ 2,311,954	\$ 2,461,061	\$ 149,107
Intergovernmental	105,000	105,000	13,195	(91,805)
Property taxes	5,813,874	5,813,874	5,803,435	(10,439)
Investment income	64,724	64,724	8,149	(56,575)
Other	17,000	17,000	8,400	(8,600)
<b>Total revenues</b>	<b>8,312,552</b>	<b>8,312,552</b>	<b>8,294,240</b>	<b>(18,312)</b>
<b>Expenditures:</b>				
<b>Public safety:</b>				
Personnel services	6,893,309	6,893,309	6,586,230	307,079
Contractual services	1,766,107	1,766,107	1,745,363	20,744
Materials and supplies	271,819	271,819	247,284	24,535
Capital outlay	565,000	1,239,880	910,557	329,323
<b>Total expenditures</b>	<b>9,496,235</b>	<b>10,171,115</b>	<b>9,489,434</b>	<b>681,681</b>
<b>Revenues under expenditures before other financing sources (uses)</b>	<b>(1,183,683)</b>	<b>(1,858,563)</b>	<b>(1,195,194)</b>	<b>663,369</b>
<b>Other financing sources (uses):</b>				
Transfer in	-	56,960	56,960	-
Transfer out	-	-	(278,409)	(278,409)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>56,960</b>	<b>(221,449)</b>	<b>(278,409)</b>
<b>Net changes in fund balances</b>	<b>\$ (1,183,683)</b>	<b>\$ (1,801,603)</b>	<b>(1,416,643)</b>	<b>\$ 384,960</b>
Fund balance, beginning of the year			<b>4,823,805</b>	
Fund balance, end of the year			<b>\$ 3,407,162</b>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Note to the Required Supplementary Information**

**Budgetary Information**

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 in Note I.D.), Capital Projects Funds (exceptions noted in Note I.D.), 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 \$848,013 during the year ended April 30, 2011. The Library also approved supplemental appropriations.

As of April 30, 2011, the following funds had an excess of actual expenditures over budget:

Fund Name	Excess
Vulcan Lakes TIF District Fund	\$ 6,509,245
Crystal Heights Debt Service Fund	92,102
SSA #44 Tracy Trail Project Debt Service Fund	44,049
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	1,031
Main Street TIF Construction Fund	4,481
Police Pension Fund	137,308
Firefighters' Pension Fund	203,838



**SUPPLEMENTARY INFORMATION**

**City of Crystal Lake, Illinois  
General Fund  
Schedule of Revenues - Budget and Actual  
For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Charges for services:				
Zoning and subdivision fees	\$ 8,000	\$ 8,000	\$ 16,059	\$ 8,059
Plan review fees	115,000	115,000	31,300	(83,700)
Parking	280,000	280,000	234,950	(45,050)
Police revenue	72,000	72,000	73,468	1,468
Annexation fees	1,200	1,200	-	(1,200)
Other fees	12,000	12,000	5,505	(6,495)
	<u>488,200</u>	<u>488,200</u>	<u>361,282</u>	<u>(126,918)</u>
Licenses and permits:				
Liquor licenses	94,000	94,000	107,924	13,924
Miscellaneous licenses and permits	5,250	5,250	22,822	17,572
Building permits	290,000	290,000	202,745	(87,255)
Occupancy permits	5,250	5,250	5,280	30
	<u>394,500</u>	<u>394,500</u>	<u>338,771</u>	<u>(55,729)</u>
Intergovernmental - grants	<u>12,500</u>	<u>12,500</u>	<u>188,610</u>	<u>176,110</u>
Fines and forfeitures:				
Police fines	705,000	705,000	569,488	(135,512)
Adjudication fines	50,000	50,000	45,544	(4,456)
	<u>755,000</u>	<u>755,000</u>	<u>615,032</u>	<u>(139,968)</u>
Property taxes	<u>2,518,987</u>	<u>2,518,987</u>	<u>2,514,422</u>	<u>(4,565)</u>

(cont'd)

**City of Crystal Lake, Illinois**  
**General Fund**  
**Schedule of Revenues - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other taxes:				
Replacement tax	\$ 118,000	\$ 118,000	\$ 154,893	\$ 36,893
State sales tax	9,425,000	9,425,000	9,627,149	202,149
Auto rental tax	25,000	25,000	29,429	4,429
Income tax	3,056,000	3,056,000	3,079,075	23,075
Franchise fees - cable	455,000	455,000	566,979	111,979
Telecommunications tax	1,850,000	1,850,000	1,693,257	(156,743)
Hotel tax	270,000	270,000	251,417	(18,583)
Local use tax	495,000	495,000	573,208	78,208
	<u>15,694,000</u>	<u>15,694,000</u>	<u>15,975,407</u>	<u>281,407</u>
Investment income	<u>313,637</u>	<u>313,637</u>	<u>774,619</u>	<u>460,982</u>
Miscellaneous:				
Rental income	59,500	59,500	79,772	20,272
Other	461,200	461,200	559,397	98,197
	<u>520,700</u>	<u>520,700</u>	<u>639,169</u>	<u>118,469</u>
<b>Total revenues</b>	<u>\$ 20,697,524</u>	<u>\$ 20,697,524</u>	<u>\$ 21,407,312</u>	<u>\$ 709,788</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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General government:				
Executive department:				
Personnel services	\$ 22,800	\$ 22,800	\$ 20,400	\$ 2,400
Contractual services	372,535	455,668	443,553	12,115
	<u>395,335</u>	<u>478,468</u>	<u>463,953</u>	<u>14,515</u>
Legal and judiciary department - contractual services	<u>311,350</u>	<u>311,350</u>	<u>296,334</u>	<u>15,016</u>
Administration department:				
Personnel services	1,651,810	1,651,810	1,592,025	59,785
Contractual services	180,034	180,034	168,268	11,766
Supplies and materials	68,300	68,300	52,027	16,273
	<u>1,900,144</u>	<u>1,900,144</u>	<u>1,812,320</u>	<u>87,824</u>
Administrative adjudication department:				
Personnel services	48,950	48,950	48,884	66
Contractual services	54,340	54,340	22,932	31,408
Supplies and materials	5,000	5,000	188	4,812
	<u>108,290</u>	<u>108,290</u>	<u>72,004</u>	<u>36,286</u>
Building department:				
Personnel services	940,545	940,545	857,003	83,542
Contractual services	62,728	62,728	56,663	6,065
Supplies and materials	22,450	22,450	22,102	348
	<u>1,025,723</u>	<u>1,025,723</u>	<u>935,768</u>	<u>89,955</u>
Engineering department:				
Personnel services	1,113,250	1,113,250	1,002,499	110,751
Contractual services	172,961	172,961	53,530	119,431
Supplies and materials	46,900	46,900	38,485	8,415
	<u>1,333,111</u>	<u>1,333,111</u>	<u>1,094,514</u>	<u>238,597</u>

(cont'd)

**City of Crystal Lake, Illinois**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General government (cont'd):				
Planning department:				
Personnel services	\$ 494,758	\$ 494,758	\$ 490,463	\$ 4,295
Contractual services	191,507	191,507	135,289	56,218
Supplies and materials	7,785	7,785	4,408	3,377
	<u>694,050</u>	<u>694,050</u>	<u>630,160</u>	<u>63,890</u>
Information technology:				
Personnel services	230,458	230,458	227,084	3,374
Contractual services	22,403	22,403	19,542	2,861
Supplies and materials	84,940	84,940	83,573	1,367
	<u>337,801</u>	<u>337,801</u>	<u>330,199</u>	<u>7,602</u>
Health services - contractual services	<u>147,452</u>	<u>147,452</u>	<u>137,605</u>	<u>9,847</u>
Shared services - contractual services	<u>362,290</u>	<u>362,290</u>	<u>384,185</u>	<u>(21,895)</u>
Special projects department:				
Contractual services	153,156	153,156	148,827	4,329
Supplies and materials	83,222	83,222	5,121	78,101
	<u>236,378</u>	<u>236,378</u>	<u>153,948</u>	<u>82,430</u>
<b>Total general government</b>	<u>6,851,924</u>	<u>6,935,057</u>	<u>6,310,990</u>	<u>624,067</u>
Public safety:				
Police department:				
Personnel services	7,440,716	7,440,716	7,260,874	179,842
Contractual services	815,628	815,628	709,757	105,871
Supplies and materials	381,240	381,240	349,231	32,009
	<u>8,637,584</u>	<u>8,637,584</u>	<u>8,319,862</u>	<u>317,722</u>
Pension contributions	<u>2,518,987</u>	<u>2,518,987</u>	<u>2,514,422</u>	<u>4,565</u>

(cont'd)

**City of Crystal Lake, Illinois**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public safety (cont'd):				
Fire and police commission:				
Contractual services	\$ 37,069	\$ 37,069	\$ 16,810	\$ 20,259
Supplies and materials	460	460	-	460
	<u>37,529</u>	<u>37,529</u>	<u>16,810</u>	<u>20,719</u>
<b>Total public safety</b>	<u>11,194,100</u>	<u>11,194,100</u>	<u>10,851,094</u>	<u>343,006</u>
Highways and streets:				
Street department:				
Personnel services	1,954,558	1,954,558	1,913,613	40,945
Contractual services	944,871	944,871	818,034	126,837
Supplies and materials	331,705	331,705	375,198	(43,493)
	<u>3,231,134</u>	<u>3,231,134</u>	<u>3,106,845</u>	<u>124,289</u>
Storm sewer maintenance department:				
Personnel services	530,094	530,094	514,782	15,312
Contractual services	65,956	65,956	39,959	25,997
Supplies and materials	50,610	50,610	45,685	4,925
	<u>646,660</u>	<u>646,660</u>	<u>600,426</u>	<u>46,234</u>
Fleet services:				
Personnel services	588,814	588,814	538,954	49,860
Contractual services	63,257	63,257	63,000	257
Supplies and materials	29,768	29,768	45,805	(16,037)
	<u>681,839</u>	<u>681,839</u>	<u>647,759</u>	<u>34,080</u>
<b>Total highways and streets</b>	<u>4,559,633</u>	<u>4,559,633</u>	<u>4,355,030</u>	<u>204,603</u>

(cont'd)

**City of Crystal Lake, Illinois  
General Fund  
Schedule of Expenditures - Budget and Actual (cont'd)  
For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Capital outlay:				
Engineering department	\$ 47,000	\$ 47,000	\$ 47,986	\$ (986)
Fleet services department	-	-	49,876	(49,876)
Information technology department	55,000	55,000	55,000	-
Police department	89,341	89,341	86,953	2,388
Storm sewer maintenance department	430,000	430,000	(202,519)	632,519
Street department	60,210	60,210	43,149	17,061
Special projects department	326,000	326,000	233,020	92,980
<b>Total capital outlay</b>	<u>1,007,551</u>	<u>1,007,551</u>	<u>313,465</u>	<u>694,086</u>
Debt service - special projects department:				
Principal	283,005	283,005	282,995	10
Interest	93,876	93,876	94,042	(166)
<b>Total debt service</b>	<u>376,881</u>	<u>376,881</u>	<u>377,037</u>	<u>(156)</u>
<b>Total expenditures</b>	<u>\$ 23,990,089</u>	<u>\$ 24,073,222</u>	<u>\$ 22,207,616</u>	<u>\$ 1,865,606</u>

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Vulcan Lakes TIF District Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance (Deficit) - Budget and Actual**  
**For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue - investment income	\$ -	\$ -	\$ 28,896	\$ 28,896
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>28,896</u>	<u>28,896</u>
Expenditures:				
Current - contractual services	-	-	550,297	(550,297)
Capital outlay:				
Operating equipment	418,330	418,330	375,859	42,471
Public works improvements	-	-	6,001,419	(6,001,419)
<b>Total expenditures</b>	<u>418,330</u>	<u>418,330</u>	<u>6,927,575</u>	<u>(6,509,245)</u>
<b>Revenues under expenditures before other financing sources</b>	(418,330)	(418,330)	(6,898,679)	(6,480,349)
Other financing sources - transfer in	-	-	606,477	606,477
<b>Changes in fund balance</b>	<u>\$ (418,330)</u>	<u>\$ (418,330)</u>	<u>(6,292,202)</u>	<u>\$ (5,873,872)</u>
Fund balance, beginning of the year			<u>4,973,270</u>	
Fund deficit, end of the year			<u>\$ (1,318,932)</u>	

See independent auditor's report.



## Nonmajor Governmental Funds

### Special Revenue Funds

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government and which cannot be diverted to other uses. The nonmajor special revenue funds maintained by the City are as follows:

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

**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.

**Vulcan Lakes TIF 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.

**City of Crystal Lake, Illinois  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
April 30, 2011**

<b>Assets</b>	<b>Total</b>	<b>Special Revenue</b>
Cash and investments	\$ 10,685,421	\$ 6,723,463
Receivables:		
Property taxes	2,144,805	1,072,191
Accrued interest	101,877	101,877
Other	980,023	4,349
Due from other funds	225	225
Due from other governments	1,012,889	1,012,889
Prepaid items	1,179	1,179
<b>Total assets</b>	<b>\$ 14,926,419</b>	<b>\$ 8,916,173</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 236,965	\$ 125,916
Accrued expenses	14,700	14,700
Recapture fees payable	1,738,519	-
Due to other funds	206,107	-
Deferred revenue - property taxes	2,144,805	1,072,191
<b>Total liabilities</b>	<b>4,341,096</b>	<b>1,212,807</b>
Fund balances (deficit):		
Restricted	1,179	1,179
Assigned, reported in:		
Special Revenue Funds	7,702,187	7,702,187
Debt Service Funds	850,866	-
Capital Projects Funds	2,032,886	-
Unassigned	(1,795)	-
<b>Total fund balances</b>	<b>10,585,323</b>	<b>7,703,366</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,926,419</b>	<b>\$ 8,916,173</b>

See independent auditor's report.

Debt Service	Capital Projects
\$ 2,375,654	\$ 1,586,304
848,855	223,759
-	-
240,674	735,000
-	-
-	-
-	-
<u>\$ 3,465,183</u>	<u>\$ 2,545,063</u>
\$ -	\$ 111,049
-	-
1,561,150	177,369
206,107	-
848,855	223,759
<u>2,616,112</u>	<u>512,177</u>
-	-
-	-
850,866	-
-	2,032,886
(1,795)	-
<u>849,071</u>	<u>2,032,886</u>
<u>\$ 3,465,183</u>	<u>\$ 2,545,063</u>

**City of Crystal Lake, Illinois**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**For the Year Ended April 30, 2011**

	<u>Total</u>	<u>Special Revenue</u>
Revenues:		
Charges for services	\$ 538,476	\$ 91,155
Licenses and permits	232,567	232,567
Intergovernmental	981,926	306,926
Property taxes	3,562,977	2,526,935
Other taxes	4,636,883	4,636,883
Interest	56,128	54,244
Miscellaneous	27,504	27,504
<b>Total revenues</b>	<b>10,036,461</b>	<b>7,876,214</b>
Expenditures:		
Current:		
General government	885,059	811,803
Public safety	391,718	391,718
Highways and streets	472,551	472,551
Culture and recreation	574,348	574,348
Capital outlay	2,276,566	1,249,446
Debt service:		
Principal	1,022,079	-
Interest and fees	1,122,536	-
<b>Total expenditures</b>	<b>6,744,857</b>	<b>3,499,866</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<b>3,291,604</b>	<b>4,376,348</b>
Other financing sources (uses):		
Transfers in	1,823,146	112,804
Transfers in	(3,848,472)	(3,848,472)
<b>Total other financing sources (uses)</b>	<b>(2,025,326)</b>	<b>(3,735,668)</b>
<b>Net changes in fund balances</b>	<b>1,266,278</b>	<b>640,680</b>
Fund balances, beginning of the year	9,319,045	7,062,686
Fund balances, end of the year	<b>\$ 10,585,323</b>	<b>\$ 7,703,366</b>

See independent auditor's report.

Debt Service	Capital Projects
\$ 447,321	\$ -
-	-
-	675,000
832,953	203,089
-	-
100	1,784
-	-
<u>1,280,374</u>	<u>879,873</u>
5,444	67,812
-	-
-	-
-	-
130,707	896,413
1,022,079	-
1,122,536	-
<u>2,280,766</u>	<u>964,225</u>
<u>(1,000,392)</u>	<u>(84,352)</u>
948,481	761,861
-	-
<u>948,481</u>	<u>761,861</u>
(51,911)	677,509
<u>900,982</u>	<u>1,355,377</u>
<u>\$ 849,071</u>	<u>\$ 2,032,886</u>

**City of Crystal Lake, Illinois  
Combining Balance Sheet -  
Nonmajor Special Revenue Funds  
April 30, 2011**

	<b>Total</b>	<b>Illinois Municipal Retirement</b>
<b>Assets</b>		
Cash and investments	\$ 6,723,463	\$ 1,462,389
Receivables:		
Property taxes	1,072,191	1,044,459
Accrued interest	101,877	-
Other	4,349	-
Due from other funds	225	-
Due from other governments	1,012,889	-
Prepaid items	1,179	-
	<b>\$ 8,916,173</b>	<b>\$ 2,506,848</b>
<b>Total assets</b>		
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 125,916	\$ -
Accrued expenses	14,700	-
Deferred revenue - property taxes	1,072,191	1,044,459
	<b>1,212,807</b>	<b>1,044,459</b>
<b>Total liabilities</b>		
Fund balances - unassigned	7,703,366	1,462,389
	<b>\$ 8,916,173</b>	<b>\$ 2,506,848</b>
<b>Total liabilities and fund balances</b>		

See independent auditor's report.

Home Rule Sales tax	Road/ Vehicle License	School Crossing Guard	Foreign Fire Insurance	Three Oaks Recreation Area
\$ 3,438,182	\$ 1,572,541	\$ 61,043	\$ 138,981	\$ 50,327
-	-	27,732	-	-
-	101,766	-	111	-
-	85	4,264	-	-
-	-	-	-	225
1,012,889	-	-	-	-
-	-	-	-	1,179
<b>\$ 4,451,071</b>	<b>\$ 1,674,392</b>	<b>\$ 93,039</b>	<b>\$ 139,092</b>	<b>\$ 51,731</b>
\$ -	\$ 85,805	\$ -	\$ -	\$ 40,111
-	-	3,080	-	11,620
-	-	27,732	-	-
-	85,805	30,812	-	51,731
4,451,071	1,588,587	62,227	139,092	-
<b>\$ 4,451,071</b>	<b>\$ 1,674,392</b>	<b>\$ 93,039</b>	<b>\$ 139,092</b>	<b>\$ 51,731</b>



**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, 2011**

	<u>Total</u>	<u>Illinois Municipal Retirement</u>
Revenues:		
Charges for services	\$ 91,155	\$ -
Licenses and permits	232,567	-
Intergovernmental	369,152	-
Property taxes	2,526,935	2,035,302
Other taxes	4,574,657	-
Investment income (loss)	54,244	2,921
Miscellaneous	27,504	-
<b>Total revenues</b>	<b>7,876,214</b>	<b>2,038,223</b>
Expenditures:		
Current:		
General government	811,803	811,803
Public safety	391,718	323,860
Highways and streets	472,551	298,676
Culture and recreation	574,348	366,473
Capital outlay	1,249,446	-
<b>Total expenditures</b>	<b>3,499,866</b>	<b>1,800,812</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<b>4,376,348</b>	<b>237,411</b>
Other financing sources (uses):		
Transfers in	112,804	-
Transfers out	(3,848,472)	-
<b>Total other financing sources (uses)</b>	<b>(3,735,668)</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>640,680</b>	<b>237,411</b>
Fund balances, beginning of the year	7,062,686	1,224,978
Fund balances, end of the year	<b>\$ 7,703,366</b>	<b>\$ 1,462,389</b>

See independent auditor's report.

Home Rule Sales tax	Road/ Vehicle License	School Crossing Guard	Foreign Fire Insurance	Three Oaks Recreation Area
\$ -	\$ -	\$ -	\$ -	\$ 91,155
-	232,567	-	-	-
-	306,926	-	62,226	-
-	444,035	47,598	-	-
4,574,657	-	-	-	-
5,664	45,125	106	456	(28)
-	-	23,560	-	3,944
<u>4,580,321</u>	<u>1,028,653</u>	<u>71,264</u>	<u>62,682</u>	<u>95,071</u>
-	-	-	-	-
-	-	57,081	10,777	-
-	173,875	-	-	-
-	-	-	-	207,875
-	1,249,446	-	-	-
<u>-</u>	<u>1,423,321</u>	<u>57,081</u>	<u>10,777</u>	<u>207,875</u>
<u>4,580,321</u>	<u>(394,668)</u>	<u>14,183</u>	<u>51,905</u>	<u>(112,804)</u>
-	-	-	-	112,804
<u>(3,848,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(3,848,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,804</u>
731,849	(394,668)	14,183	51,905	-
<u>3,719,222</u>	<u>1,983,255</u>	<u>48,044</u>	<u>87,187</u>	<u>-</u>
<u>\$ 4,451,071</u>	<u>\$ 1,588,587</u>	<u>\$ 62,227</u>	<u>\$ 139,092</u>	<u>\$ -</u>

**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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 2,039,071	\$ 2,039,071	\$ 2,035,302	\$ (3,769)
Investment income	2,500	2,500	2,921	421
<b>Total revenues</b>	<u>2,041,571</u>	<u>2,041,571</u>	<u>2,038,223</u>	<u>(3,348)</u>
Expenditures - current - personnel services:				
General government	920,338	920,338	811,803	108,535
Public safety	367,158	367,158	323,860	43,298
Highways and streets	338,607	338,607	298,676	39,931
Culture and recreation	415,468	415,468	366,473	48,995
<b>Total expenditures</b>	<u>2,041,571</u>	<u>2,041,571</u>	<u>1,800,812</u>	<u>240,759</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>237,411</u>	<u>\$ 237,411</u>
Fund balance, beginning of the year			<u>1,224,978</u>	
Fund balance, end of the year			<u>\$ 1,462,389</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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 4,058,400	\$ 4,058,400	\$ 4,574,657	\$ 516,257
Investment income	3,000	3,000	5,664	2,664
<b>Total revenues</b>	4,061,400	4,061,400	<b>4,580,321</b>	518,921
Other financing uses - transfers out	(4,823,261)	(4,823,261)	<b>(3,848,472)</b>	974,789
<b>Net changes in fund balance</b>	<b>\$ (761,861)</b>	<b>\$ (761,861)</b>	<b>731,849</b>	<b>\$ 1,493,710</b>
Fund balance, beginning of the year			<b>3,719,222</b>	
Fund balance, end of the year			<b>\$ 4,451,071</b>	

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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Licenses and permits	\$ 230,000	\$ 230,000	\$ 232,567	\$ 2,567
Intergovernmental	-	-	306,926	306,926
Property taxes	420,000	420,000	444,035	24,035
Investment income	28,820	28,820	45,125	16,305
Miscellaneous	12,500	12,500	-	(12,500)
<b>Total revenues</b>	<b>691,320</b>	<b>691,320</b>	<b>1,028,653</b>	<b>337,333</b>
<b>Expenditures:</b>				
Highways and streets	264,545	264,545	173,875	90,670
Capital outlay	1,254,419	1,254,419	1,249,446	4,973
<b>Total expenditures</b>	<b>1,518,964</b>	<b>1,518,964</b>	<b>1,423,321</b>	<b>95,643</b>
<b>Net changes in fund balance</b>	<b>\$ (827,644)</b>	<b>\$ (827,644)</b>	<b>(394,668)</b>	<b>\$ 432,976</b>
Fund balance, beginning of the year			<b>1,983,255</b>	
Fund balance, end of the year			<b>\$ 1,588,587</b>	

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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 47,675	\$ 47,675	\$ 47,598	\$ (77)
Investment income	100	100	106	6
Miscellaneous	16,500	16,500	23,560	7,060
<b>Total revenues</b>	<u>64,275</u>	<u>64,275</u>	<u>71,264</u>	<u>6,989</u>
Expenditures - public safety:				
Personnel services	56,769	56,769	57,021	(252)
Materials and supplies	1,674	1,674	60	1,614
<b>Total expenditures</b>	<u>58,443</u>	<u>58,443</u>	<u>57,081</u>	<u>1,362</u>
<b>Net changes in fund balance</b>	<u>\$ 5,832</u>	<u>\$ 5,832</u>	<u>14,183</u>	<u>\$ 8,351</u>
Fund balance, beginning of the year			<u>48,044</u>	
Fund balance, end of the year			<u>\$ 62,227</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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Foreign fire insurance	\$ 64,284	\$ 64,284	\$ 62,226	\$ (2,058)
Investment income	300	300	456	156
<b>Total revenues</b>	<u>64,584</u>	<u>64,584</u>	<u>62,682</u>	<u>(1,902)</u>
Expenditures - public safety:				
Personnel services	1,500	1,500	675	825
Contractual services	6,800	6,800	-	6,800
Materials and supplies	56,284	56,284	10,102	46,182
<b>Total expenditures</b>	<u>64,584</u>	<u>64,584</u>	<u>10,777</u>	<u>53,807</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>51,905</u>	<u>\$ 51,905</u>
Fund balance, beginning of the year			<u>87,187</u>	
Fund balance, end of the year			<u>\$ 139,092</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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 22,360	\$ 22,360	\$ 91,155	\$ 68,795
Investment income (loss)	250	250	(28)	(278)
Miscellaneous	100	100	3,944	3,844
<b>Total revenues</b>	<u>22,710</u>	<u>22,710</u>	<u>95,071</u>	<u>72,361</u>
Expenditures - culture and recreation:				
Personnel services	157,761	157,761	89,185	68,576
Contractual services	105,933	105,933	87,190	18,743
Materials and supplies	31,775	31,775	31,500	275
<b>Total expenditures</b>	<u>295,469</u>	<u>295,469</u>	<u>207,875</u>	<u>87,594</u>
<b>Revenues under expenditures before other financing sources</b>	(272,759)	(272,759)	(112,804)	159,955
Other financing sources - transfers in	<u>272,759</u>	<u>272,759</u>	<u>112,804</u>	<u>(159,955)</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of the year			<u>-</u>	
Fund balance, end of the year			<u>\$ -</u>	



**City of Crystal Lake, Illinois  
Combining Balance Sheet -  
Nonmajor Debt Service Funds  
April 30, 2011**

<b>Assets</b>	<b>Total</b>	Special Service Area Nos. 4-18
Cash and investments	\$ 2,375,654	\$ 506,316
Receivables:		
Property taxes	848,855	-
Other	240,674	-
<b>Total assets</b>	<b>\$ 3,465,183</b>	<b>\$ 506,316</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Recapture fees payable	\$ 1,561,150	\$ 508,011
Due to other funds	206,107	-
Deferred revenue - property taxes	848,855	-
<b>Total liabilities</b>	<b>2,616,112</b>	<b>508,011</b>
Fund balances (deficits):		
Assigned	850,866	-
Unassigned	(1,795)	(1,695)
<b>Total fund balances (deficits)</b>	<b>849,071</b>	<b>(1,695)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,465,183</b>	<b>\$ 506,316</b>

(cont'd)

Special Service Area No. 19	Special Service Area Nos. 21-31	Special Service Area Nos. 32-39	Special Service Area No. 42	Special Assess- ment No. 149
\$ 18,088	\$ 121,127	\$ 1,619,082	\$ -	\$ 28
-	-	-	-	-
-	-	(10,364)	-	251,038
<u>\$ 18,088</u>	<u>\$ 121,127</u>	<u>\$ 1,608,718</u>	<u>\$ -</u>	<u>\$ 251,066</u>
\$ 15,074	\$ 115,644	\$ 911,819	\$ 100	\$ -
-	-	-	-	206,107
-	-	-	-	-
<u>15,074</u>	<u>115,644</u>	<u>911,819</u>	<u>100</u>	<u>206,107</u>
3,014	5,483	696,899	-	44,959
-	-	-	(100)	-
<u>3,014</u>	<u>5,483</u>	<u>696,899</u>	<u>(100)</u>	<u>44,959</u>
<u>\$ 18,088</u>	<u>\$ 121,127</u>	<u>\$ 1,608,718</u>	<u>\$ -</u>	<u>\$ 251,066</u>

**City of Crystal Lake, Illinois**  
**Combining Balance Sheet -**  
**Nonmajor Debt Service Funds (cont'd)**  
**April 30, 2011**

	Crystal Heights Debt Service	2007 SSA #44 Tracy Trail Street Project	2006 SSA #45 Bryn Mawr Water and Sewer Project
<b>Assets</b>			
Cash and investments	\$ 40,533	\$ 34,638	\$ 7,562
Receivables:			
Property taxes	85,800	74,052	453,864
Other	-	-	-
<b>Total assets</b>	<b>\$ 126,333</b>	<b>\$ 108,690</b>	<b>\$ 461,426</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Recapture fees payable	\$ 10,502	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue - property taxes	85,800	74,052	453,864
<b>Total liabilities</b>	<b>96,302</b>	<b>74,052</b>	<b>453,864</b>
Fund balances (deficits) :			
Assigned	30,031	34,638	7,562
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<b>30,031</b>	<b>34,638</b>	<b>7,562</b>
<b>Total liabilities and fund balances</b>	<b>\$ 126,333</b>	<b>\$ 108,690</b>	<b>\$ 461,426</b>

See independent auditor's report.

2007 SSA #46	
Ryland Water and Sewer Project	Vulcan Lakes TIF Debt Service Fund
\$ 5,788	\$ 22,492
162,135	73,004
-	-
<u>\$ 167,923</u>	<u>\$ 95,496</u>

\$ -	\$ -
-	-
162,135	73,004
<u>162,135</u>	<u>73,004</u>
5,788	22,492
-	-
<u>5,788</u>	<u>22,492</u>
<u>\$ 167,923</u>	<u>\$ 95,496</u>

**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, 2011**

	<b>Total</b>	Special Service Area Nos. 4-18	Special Service Area No. 19
Revenues:			
Charges for services	\$ 447,321	\$ -	\$ -
Property taxes	832,953	-	-
Investment income (loss)	100	-	-
<b>Total revenues</b>	<b>1,280,374</b>	<b>-</b>	<b>-</b>
Expenditures:			
Current - general government	5,444	-	-
Debt service:			
Principal	1,022,079	-	-
Interest and fees	1,122,536	-	-
Miscellaneous	130,707	-	-
<b>Total expenditures</b>	<b>2,280,766</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures before other financing sources</b>	<b>(1,000,392)</b>	<b>-</b>	<b>-</b>
Other financing sources - transfer in	948,481	-	-
<b>Net change in fund balance</b>	<b>(51,911)</b>	<b>-</b>	<b>-</b>
Fund balances (deficits), beginning of the year	900,982	(1,695)	3,014
Fund balances (deficits), end of the year	<b>\$ 849,071</b>	<b>\$ (1,695)</b>	<b>\$ 3,014</b>

(cont'd)

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
\$ -	\$ -	\$ -	\$ (240)	\$ 127,657
-	-	-	-	86,451
-	-	-	(338)	59
-	-	-	(578)	214,167
-	-	-	-	5,444
-	-	-	-	95,000
-	-	-	-	37,824
-	-	-	-	86,658
-	-	-	-	224,926
-	-	-	(578)	(10,759)
-	-	-	-	-
-	-	-	(578)	(10,759)
5,483	696,899	(100)	45,537	40,790
\$ 5,483	\$ 696,899	\$ (100)	\$ 44,959	\$ 30,031

**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, 2011**

	SEECOM Debt Service	2007 SSA #44 Tracy Trail Street Project	2006 SSA #45 Bryn Mawr Water and Sewer Project
<b>Revenues:</b>			
Charges for services	\$ 287,758	\$ 32,146	\$ -
Property taxes	-	76,925	455,648
Investment income (loss)	-	45	504
<b>Total revenues</b>	<b>287,758</b>	<b>109,116</b>	<b>456,152</b>
<b>Expenditures:</b>			
Current - general government	-	-	-
Debt service:			
Principal	205,000	50,000	160,000
Interest and fees	82,758	26,925	298,648
Miscellaneous	-	44,049	-
<b>Total expenditures</b>	<b>287,758</b>	<b>120,974</b>	<b>458,648</b>
<b>Revenues over (under) expenditures before other financing sources</b>	<b>-</b>	<b>(11,858)</b>	<b>(2,496)</b>
Other financing sources - transfer in	-	-	-
<b>Net change in fund balance</b>	<b>-</b>	<b>(11,858)</b>	<b>(2,496)</b>
Fund balances (deficits), beginning of the year	-	46,496	10,058
Fund balances (deficits), end of the year	<b>\$ -</b>	<b>\$ 34,638</b>	<b>\$ 7,562</b>

See independent auditor's report.

2007 SSA #46	
Ryland Water and Sewer Project	Vulcan Lakes TIF Debt Service Fund
\$ -	\$ -
160,349	53,580
98	(268)
<u>160,447</u>	<u>53,312</u>
-	-
10,000	502,079
146,348	530,033
-	-
<u>156,348</u>	<u>1,032,112</u>
4,099	(978,800)
-	948,481
4,099	(30,319)
1,689	52,811
<u>\$ 5,788</u>	<u>\$ 22,492</u>



**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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 132,824	\$ 132,824	\$ 127,657	\$ (5,167)
Property taxes	-	-	86,451	86,451
Investment income	-	-	59	59
<b>Total revenues</b>	<u>132,824</u>	<u>132,824</u>	<u>214,167</u>	<u>81,343</u>
<b>Expenditures:</b>				
Current - general government - contractual services	-	-	5,444	(5,444)
Debt service:				
Principal	95,000	95,000	95,000	-
Interest	37,824	37,824	37,824	-
Miscellaneous	-	-	86,658	(86,658)
<b>Total expenditures</b>	<u>132,824</u>	<u>132,824</u>	<u>224,926</u>	<u>(92,102)</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(10,759)</u>	<u>\$ (10,759)</u>
Fund balance, beginning of the year			<u>40,790</u>	
Fund balance, end of the year			<u>\$ 30,031</u>	

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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues - charges for services	\$ 287,758	\$ 287,758	\$ 287,758	\$ -
Expenditures:				
Debt service:				
Principal	205,000	205,000	205,000	-
Interest	82,758	82,758	82,758	-
<b>Total expenditures</b>	<b>287,758</b>	<b>287,758</b>	<b>287,758</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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 32,146	\$ 32,146
Property taxes	76,925	76,925	76,925	-
Investment income	-	-	45	45
<b>Total revenues</b>	<u>76,925</u>	<u>76,925</u>	<u>109,116</u>	<u>32,191</u>
Expenditures:				
Debt service:				
Principal	50,000	50,000	50,000	-
Interest	26,925	26,925	26,925	-
Miscellaneous	-	-	44,049	(44,049)
<b>Total expenditures</b>	<u>76,925</u>	<u>76,925</u>	<u>120,974</u>	<u>(44,049)</u>
<b>Revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(11,858)</u>	<u>\$ (11,858)</u>
Fund balance, beginning of the year			<u>46,496</u>	
Fund balance, end of the year			<u>\$ 34,638</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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 455,648	\$ 455,648	\$ 455,648	\$ -
Investment income	-	-	504	504
<b>Total revenues</b>	<u>455,648</u>	<u>455,648</u>	<u>456,152</u>	<u>504</u>
Expenditures - debt service:				
Principal	160,000	160,000	160,000	-
Interest	295,648	295,648	298,648	(3,000)
<b>Total expenditures</b>	<u>455,648</u>	<u>455,648</u>	<u>458,648</u>	<u>(3,000)</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,496)</u>	<u>\$ (2,496)</u>
Fund balance, beginning of the year			<u>10,058</u>	
Fund balance, end of the year			<u>\$ 7,562</u>	

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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property tax	\$ 153,348	\$ 153,348	\$ 160,349	\$ 7,001
Investment income	-	-	98	98
<b>Total revenues</b>	<u>153,348</u>	<u>153,348</u>	<u>160,447</u>	<u>7,099</u>
Expenditures:				
Debt service:				
Principal retirement	10,000	10,000	10,000	-
Interest	143,348	143,348	146,348	(3,000)
<b>Total expenditures</b>	<u>153,348</u>	<u>153,348</u>	<u>156,348</u>	<u>(3,000)</u>
<b>Net changes in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,099</u>	<u>\$ 4,099</u>
Fund deficit, beginning of the year			<u>1,689</u>	
Fund balance, end of the year			<u>\$ 5,788</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Three Oaks Recreation Area Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property tax	\$ 41,300	\$ 41,300	\$ 53,580	\$ 12,280
Investment income (loss)	-	-	(268)	(268)
<b>Total revenues</b>	<u>41,300</u>	<u>41,300</u>	<u>53,312</u>	<u>12,012</u>
Expenditures - debt service:				
Principal	502,079	502,079	502,079	-
Interest	529,002	529,002	530,033	(1,031)
<b>Total expenditures</b>	<u>1,031,081</u>	<u>1,031,081</u>	<u>1,032,112</u>	<u>(1,031)</u>
<b>Revenues under expenditures before other financing sources</b>	(989,781)	(989,781)	(978,800)	10,981
Other financing sources - transfers in	948,481	948,481	948,481	-
<b>Net changes in fund balance</b>	<u>\$ (41,300)</u>	<u>\$ (41,300)</u>	<u>(30,319)</u>	<u>\$ 10,981</u>
Fund balance, beginning of the year			<u>52,811</u>	
Fund balance, end of the year			<u>\$ 22,492</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois  
Combining Balance Sheet -  
Nonmajor Capital Projects Funds  
April 30, 2011**

<b>Assets</b>	<b>Total</b>	<b>Special Service Area No. 42</b>	<b>Special Assessment No. 145</b>
Cash and investments	\$ 1,586,304	\$ 100,091	\$ 117,348
Receivables:			
Property taxes	223,759	-	-
Accounts	735,000	-	-
<b>Total assets</b>	<b>\$ 2,545,063</b>	<b>\$ 100,091</b>	<b>\$ 117,348</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 111,049	\$ -	\$ -
Recapture fees payable	177,369	69,612	107,757
Deferred revenue - property taxes	223,759	-	-
<b>Total liabilities</b>	<b>512,177</b>	<b>69,612</b>	<b>107,757</b>
Fund balances - assigned	2,032,886	30,479	9,591
<b>Total liabilities and fund balances</b>	<b>\$ 2,545,063</b>	<b>\$ 100,091</b>	<b>\$ 117,348</b>

See independent auditor's report.

Crystal Heights Utility Extension	Main Street TIF Construction	Virginia Street Corridor TIF	SSA 44 Tracy Trail Construction	SSA 45 Bryn Mawr Project	SSA 46 Ryland Main Construction
\$ 673,901	\$ 164,295	\$ 219,715	\$ 120,368	\$ 164,421	\$ 26,165
-	71,398	152,361	-	-	-
-	-	735,000	-	-	-
<u>\$ 673,901</u>	<u>\$ 235,693</u>	<u>\$ 1,107,076</u>	<u>\$ 120,368</u>	<u>\$ 164,421</u>	<u>\$ 26,165</u>
\$ -	\$ -	\$ 111,049	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	71,398	152,361	-	-	-
-	71,398	263,410	-	-	-
673,901	164,295	843,666	120,368	164,421	26,165
<u>\$ 673,901</u>	<u>\$ 235,693</u>	<u>\$ 1,107,076</u>	<u>\$ 120,368</u>	<u>\$ 164,421</u>	<u>\$ 26,165</u>



**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, 2011**

	<u>Total</u>	<u>Special Service Area No. 42</u>	<u>Special Assessment No. 145</u>
Revenues:			
Intergovernmental	\$ 675,000	\$ -	\$ -
Property taxes	203,089	-	-
Investment income	1,784	-	-
<b>Total revenues</b>	<b>879,873</b>	<b>-</b>	<b>-</b>
Expenditures:			
Current - contractual services	67,812	-	-
Capital outlay - public works improvements	896,413	-	-
<b>Total expenditures</b>	<b>964,225</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures before other financing sources</b>	<b>(84,352)</b>	<b>-</b>	<b>-</b>
Other financing sources - transfers in	761,861	-	-
<b>Net changes in fund balances</b>	<b>677,509</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of the year	1,355,377	30,479	9,591
Fund balances, end of the year	<b>\$ 2,032,886</b>	<b>\$ 30,479</b>	<b>\$ 9,591</b>

See independent auditor's report.

Crystal Heights Utility Extension	Main Street TIF Construction	Virginia Street Corridor TIF	SSA 44 Tracy Trail Construction	SSA 45 Bryn Mawr Project	SSA 46 Ryland Main Construction
\$ -	\$ -	\$ 675,000	\$ -	\$ -	\$ -
-	57,793	145,296	-	-	-
890	225	247	175	247	-
890	58,018	820,543	175	247	-
-	4,481	63,331	-	-	-
-	-	886,699	-	9,714	-
-	4,481	950,030	-	9,714	-
890	53,537	(129,487)	175	(9,467)	-
-	-	761,861	-	-	-
890	53,537	632,374	175	(9,467)	-
673,011	110,758	211,292	120,193	173,888	26,165
\$ 673,901	\$ 164,295	\$ 843,666	\$ 120,368	\$ 164,421	\$ 26,165

**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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 150,000	\$ 150,000	\$ 145,296	\$ (4,704)
Grants	1,375,000	1,375,000	675,000	(700,000)
Interest	-	-	247	247
<b>Total revenues</b>	<u>1,525,000</u>	<u>1,525,000</u>	<u>820,543</u>	<u>(704,457)</u>
Expenditures:				
Contractual services	-	-	63,331	(63,331)
Capital outlay - public works	5,995,281	5,995,281	886,699	5,108,582
<b>Total expenditures</b>	<u>5,995,281</u>	<u>5,995,281</u>	<u>950,030</u>	<u>5,045,251</u>
<b>Revenues under expenditures before other financing sources</b>	<u>(4,470,281)</u>	<u>(4,470,281)</u>	<u>(129,487)</u>	<u>4,340,794</u>
Other financing sources:				
Bonds issued	2,000,000	2,000,000	-	(2,000,000)
Transfers in	2,000,000	2,000,000	761,861	(1,238,139)
<b>Total other financing sources</b>	<u>4,000,000</u>	<u>4,000,000</u>	<u>761,861</u>	<u>(3,238,139)</u>
<b>Net changes in fund balance</b>	<u>\$ (470,281)</u>	<u>\$ (470,281)</u>	<u>632,374</u>	<u>\$ 1,102,655</u>
Fund balance, beginning of the year			<u>211,292</u>	
Fund balance, end of the year			<u>\$ 843,666</u>	

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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 15,000	\$ 15,000	\$ 57,793	\$ 42,793
Interest	-	-	225	225
<b>Total revenues</b>	15,000	15,000	<b>58,018</b>	43,018
Expenditures - current - contractual services	-	-	4,481	(4,481)
<b>Net changes in fund balance</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>53,537</b>	<b>\$ 38,537</b>
Fund balance, beginning of the year			<b>110,758</b>	
Fund balance, end of the year			<b>\$ 164,295</b>	

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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Charges for services:			
Water sales	\$ 3,561,846	\$ 3,387,884	\$ (173,962)
Sewer sales	3,601,705	3,504,825	(96,880)
Penalties	275,000	306,414	31,414
Water meter fees	10,000	20,711	10,711
Water tap fees	1,000	16,595	15,595
Grant revenue	-	15,683	15,683
Miscellaneous	25,350	(2,751)	(28,101)
<b>Total operating revenues</b>	<b>7,474,901</b>	<b>7,249,361</b>	<b>(225,540)</b>
Nonoperating revenue:			
Connection fees	406,000	350,879	(55,121)
Investment income	83,335	48,105	(35,230)
Rental income	181,272	312,975	131,703
<b>Total nonoperating revenues</b>	<b>670,607</b>	<b>711,959</b>	<b>41,352</b>
<b>Total revenues</b>	<b>\$ 8,145,508</b>	<b>\$ 7,961,320</b>	<b>\$ (184,188)</b>

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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
Operating expenses, excluding depreciation:			
Administration:			
Personal services	\$ 522,071	\$ 524,655	\$ (2,584)
Contractual services	116,134	140,776	(24,642)
Supplies and materials	39,195	32,482	6,713
<b>Total administration</b>	<b>677,400</b>	<b>697,913</b>	<b>(20,513)</b>
Operations:			
Water division:			
Personal services	1,438,582	1,356,291	82,291
Contractual services	822,788	789,373	33,415
Supplies and materials	592,970	577,982	14,988
Capital outlay	45,000	41,123	3,877
<b>Total water division</b>	<b>2,899,340</b>	<b>2,764,769</b>	<b>134,571</b>
Wastewater division:			
Personal services	902,068	759,121	142,947
Contractual services	1,072,667	660,489	412,178
Supplies and materials	486,313	460,154	26,159
Capital outlay	4,819,500	272,959	4,546,541
<b>Total wastewater division</b>	<b>7,280,548</b>	<b>2,152,723</b>	<b>5,127,825</b>
Sewer and lifts division:			
Personal services	235,761	214,150	21,611
Contractual services	145,970	167,196	(21,226)
Supplies and materials	72,895	66,637	6,258
<b>Total sewer and lifts division</b>	<b>454,626</b>	<b>447,983</b>	<b>6,643</b>
<b>Total operations</b>	<b>10,634,514</b>	<b>5,365,475</b>	<b>5,269,039</b>
<b>Total operating expenses, excluding depreciation</b>	<b>\$ 11,311,914</b>	<b>\$ 6,063,388</b>	<b>\$ 5,248,526</b>
Nonoperating expenses:			
Interest	\$ 504,066	\$ 445,885	\$ 58,181
Loss on sale of capital assets	-	126,897	(126,897)
<b>Total nonoperating expenses</b>	<b>\$ 504,066</b>	<b>\$ 572,782</b>	<b>\$ (68,716)</b>

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Pension Trust Funds**  
**Combining Statement of Plan Net Assets**  
**April 30, 2011**

<b>Assets</b>	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
Cash	\$ -	\$ 3,967	\$ 3,967
Investments:			
Illinois Funds Investment Pool	154,905	215,263	370,168
Money market accounts	577,752	1,196,461	1,774,213
U.S. government and agency securities	11,847,075	8,944,746	20,791,821
Insurance contracts	-	318,667	318,667
Municipal bonds	-	254,141	254,141
Mutual funds - bonds	1,218,471	-	1,218,471
Mutual funds - stocks	11,165,163	6,272,284	17,437,447
Interest receivable	97,914	82,619	180,533
<b>Total assets</b>	<b>\$ 25,061,280</b>	<b>\$ 17,288,148</b>	<b>\$ 42,349,428</b>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable	\$ -	\$ 4,524	\$ 4,524
Due to other funds	-	8,770	8,770
<b>Total liabilities</b>	<b>-</b>	<b>13,294</b>	<b>13,294</b>
Net assets - restricted for pension benefits	25,061,280	17,274,854	42,336,134
<b>Total liabilities and net assets</b>	<b>\$ 25,061,280</b>	<b>\$ 17,288,148</b>	<b>\$ 42,349,428</b>

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, 2011**

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 1,385,548	\$ 1,128,846	\$ 2,514,394
Members	504,647	468,909	973,556
	<u>1,890,195</u>	<u>1,597,755</u>	<u>3,487,950</u>
Investment income:			
Net appreciation in fair value of investments	1,598,195	1,058,420	2,656,615
Interest income	687,648	404,117	1,091,765
Less investment expenses	(96,090)	(64,780)	(160,870)
	<u>2,189,753</u>	<u>1,397,757</u>	<u>3,587,510</u>
<b>Total additions</b>	<u>4,079,948</u>	<u>2,995,512</u>	<u>7,075,460</u>
Deductions:			
Pension benefits and refunds	1,527,619	716,455	2,244,074
Administrative expenses	2,689	25,383	28,072
<b>Total deductions</b>	<u>1,530,308</u>	<u>741,838</u>	<u>2,272,146</u>
<b>Changes in net assets</b>	2,549,640	2,253,674	4,803,314
Total net assets, beginning of the year	<u>22,511,640</u>	<u>15,021,180</u>	<u>37,532,820</u>
Total net assets, end of the year	<u>\$ 25,061,280</u>	<u>\$ 17,274,854</u>	<u>\$ 42,336,134</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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 1,388,111	\$ 1,388,111	\$ 1,385,548	\$ (2,563)
Members	430,000	430,000	504,647	74,647
	<u>1,818,111</u>	<u>1,818,111</u>	<u>1,890,195</u>	<u>72,084</u>
<b>Investment income:</b>				
Net appreciation in fair value of investments	-	-	1,598,195	1,598,195
Interest income	600,000	600,000	687,648	87,648
Less investment expenses	(95,000)	(95,000)	(96,090)	(1,090)
	<u>505,000</u>	<u>505,000</u>	<u>2,189,753</u>	<u>1,684,753</u>
<b>Total additions</b>	<u>2,323,111</u>	<u>2,323,111</u>	<u>4,079,948</u>	<u>1,756,837</u>
<b>Deductions:</b>				
Pension benefits and refunds	1,380,000	1,380,000	1,527,619	(147,619)
Administrative expenses	13,000	13,000	2,689	10,311
<b>Total deductions</b>	<u>1,393,000</u>	<u>1,393,000</u>	<u>1,530,308</u>	<u>(137,308)</u>
<b>Changes in net assets</b>	<u>\$ 930,111</u>	<u>\$ 930,111</u>	<u>2,549,640</u>	<u>\$ 1,619,529</u>
Total net assets, beginning of the year			<u>22,511,640</u>	
Total net assets, end of the year			<u>\$ 25,061,280</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, 2011**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Additions:				
Contributions:				
Employer	\$ 1,130,876	\$ 1,130,876	\$ 1,128,846	\$ (2,030)
Members	375,000	375,000	468,909	93,909
	<u>1,505,876</u>	<u>1,505,876</u>	<u>1,597,755</u>	<u>91,879</u>
Investment income:				
Net appreciation in fair value of investments	-	-	1,058,420	1,058,420
Interest income	400,000	400,000	404,117	4,117
Less investment expenses	(48,194)	(48,194)	(64,780)	(16,586)
	<u>351,806</u>	<u>351,806</u>	<u>1,397,757</u>	<u>1,045,951</u>
<b>Total additions</b>	<u>1,857,682</u>	<u>1,857,682</u>	<u>2,995,512</u>	<u>1,137,830</u>
Deductions:				
Pension benefits and refunds	528,000	528,000	716,455	(188,455)
Administrative expenses	10,000	10,000	25,383	(15,383)
<b>Total deductions</b>	<u>538,000</u>	<u>538,000</u>	<u>741,838</u>	<u>(203,838)</u>
<b>Changes in net assets</b>	<u>\$ 1,319,682</u>	<u>\$ 1,319,682</u>	<u>2,253,674</u>	<u>\$ 933,992</u>
Total net assets, beginning of the year			<u>15,021,180</u>	
Total net assets, end of the year			<u>\$ 17,274,854</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, 2011**

	<u>Balance May 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance April 30, 2011</u>
<b>Assets</b>				
Cash	\$ 130,031	\$ 195	\$ -	\$ 130,226
Other receivables	621	-	-	621
	<u>\$ 130,652</u>	<u>\$ 195</u>	<u>\$ -</u>	<u>\$ 130,847</u>
<b>Liabilities</b>				
Recapture fees payable	\$ (82,401)	\$ 195	\$ -	\$ (82,206)
Due to other funds	213,053	-	-	213,053
	<u>\$ 130,652</u>	<u>\$ 195</u>	<u>\$ -</u>	<u>\$ 130,847</u>

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**City of Crystal Lake, Illinois**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of General Fixed Assets - By Source**  
**April 30, 2011**

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**Assets**

Governmental funds capital assets:	
Land	\$ 102,928,633
Construction in progress	1,585,419
Buildings and improvements	31,758,304
Machinery, equipment and vehicles	12,149,892
Infrastructure	<u>57,226,690</u>
<b>Total governmental funds capital assets</b>	<b><u>\$ 205,648,938</u></b>

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

General Fund	\$ 138,020,881
Special Revenue Funds	11,819,447
Capital Projects Funds	16,683,028
Developer contributions	<u>39,125,582</u>
<b>Total governmental funds capital assets</b>	<b><u>\$ 205,648,938</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, 2011**

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	Land	Construction in Progress	Buildings and Improvements
General government	\$ 102,731,806	\$ 461,720	\$ 17,830,785
Public safety	-	430,000	13,538,645
Highways and streets	196,827	693,699	388,874
	\$ 102,928,633	\$ 1,585,419	\$ 31,758,304

See independent auditor's report.

Machinery, Equipment and Vehicles	Infrastructure	Total
\$ 2,109,425	\$ 10,199,980	<b>\$ 133,333,716</b>
5,806,207	-	<b>19,774,852</b>
4,234,260	47,026,710	<b>52,540,370</b>
<b>\$ 12,149,892</b>	<b>\$ 57,226,690</b>	<b>\$ 205,648,938</b>

**City of Crystal Lake, Illinois**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**April 30, 2011**

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	Balance May 1, 2010	Additions
General government	\$ 125,842,958	\$ 7,541,993
Public safety	18,959,423	840,069
Highways and streets	51,044,396	1,495,974
	<u>\$ 195,846,777</u>	<u>\$ 9,878,036</u>

See independent auditor's report.

<u>Deletions and Transfers</u>	<u>Balance April 30, 2011</u>
\$ 51,235	\$ 133,333,716
24,640	19,774,852
-	52,540,370
<u>\$ 75,875</u>	<u>\$ 205,648,938</u>



**City of Crystal Lake, Illinois**  
**Discretely Presented Component Unit - Crystal Lake Public Library**  
**Statement of Net Assets and Governmental Funds Balance Sheet**  
**April 30, 2011**

Assets	Governmental		
	General Operating	Gift and Memorial	Ames
Current:			
Cash and investments	\$ 3,095,734	\$ 8,093	\$ 366,706
Property tax receivable	4,072,825	-	-
Capital assets, net of accumulated depreciation	-	-	-
<b>Total assets</b>	<b>\$ 7,168,559</b>	<b>\$ 8,093</b>	<b>\$ 366,706</b>
<b>Liabilities</b>			
Current:			
Accounts payable	\$ 196,902	\$ -	\$ -
Unearned property tax revenue	4,072,825	-	-
Compensated absences	-	-	-
<b>Total current liabilities</b>	<b>4,269,727</b>	<b>-</b>	<b>-</b>
Noncurrent:			
Compensated absences payable	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>4,269,727</b>	<b>-</b>	<b>-</b>
Fund balance/net assets:			
Reserved for - working cash	-	-	-
Unreserved	2,898,832	8,093	366,706
Invested in capital assets, net of related debt	-	-	-
Restricted for working cash	-	-	-
Unrestricted	-	-	-
<b>Total fund balance/net assets</b>	<b>2,898,832</b>	<b>8,093</b>	<b>366,706</b>
<b>Total liabilities and fund balance/net assets</b>	<b>\$ 7,168,559</b>	<b>\$ 8,093</b>	<b>\$ 366,706</b>

See independent auditor's report.

Funds		Total	Adjustments	Statement of Net Assets
Special Reserve	Nonmajor Funds			
\$ 573,979	\$ 177,018	\$ 4,221,530	\$ -	\$ 4,221,530
-	-	4,072,825	-	4,072,825
-	-	-	6,160,259	6,160,259
<b>\$ 573,979</b>	<b>\$ 177,018</b>	<b>\$ 8,294,355</b>	<b>\$ 6,160,259</b>	<b>\$ 14,454,614</b>
\$ -	\$ -	\$ 196,902	\$ -	196,902
-	-	4,072,825	-	4,072,825
-	-	-	62,027	62,027
-	-	4,269,727	62,027	4,331,754
-	-	-	62,027	62,027
-	-	-	62,027	62,027
-	-	4,269,727	124,054	4,393,781
-	50,090	50,090	(50,090)	-
573,979	126,928	3,974,538	(3,974,538)	-
-	-	-	6,160,259	6,160,259
-	-	-	50,090	50,090
-	-	-	3,850,484	3,850,484
573,979	177,018	4,024,628	6,036,205	10,060,833
<b>\$ 573,979</b>	<b>\$ 177,018</b>	<b>\$ 8,294,355</b>	<b>\$ 6,160,259</b>	<b>\$ 14,454,614</b>

**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, 2011**

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Total fund balance - governmental funds	\$ 4,024,628
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.	6,160,259
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>(124,054)</u>
Net assets of governmental activities	<u>\$ 10,060,833</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, 2011**

	Governmental		
	General Operating	Gift and Memorial	Ames
Expenditures/expenses - culture and recreation	\$ 3,399,265	\$ 24,652	\$ 4,000
Program revenues:			
Fines and fees	146,594	-	-
Rental income	-	-	-
Intergovernmental	40,628	-	-
<b>Total program revenues</b>	<b>187,222</b>	<b>-</b>	<b>-</b>
<b>Net program expenditures/expenses</b>	<b>(3,212,043)</b>	<b>(24,652)</b>	<b>(4,000)</b>
General revenues:			
Property taxes	3,921,844	-	-
Interest	12,384	32	1,315
Capital facilities	-	-	-
Miscellaneous	4,191	24,214	-
<b>Total general revenues</b>	<b>3,938,419</b>	<b>24,246</b>	<b>1,315</b>
Other financing sources (uses):			
Transfers in	101	-	-
Transfers out	(287,981)	-	-
<b>Total other financing sources (uses)</b>	<b>(287,880)</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>438,496</b>	<b>(406)</b>	<b>(2,685)</b>
Fund balances, beginning of the year, as previously reported	2,460,336	8,499	369,391
Restatement of beginning net assets for improper accrual of sick pay benefits	-	-	-
Fund balances, beginning of the year, as restated	2,460,336	8,499	369,391
Fund balances, end of the year	\$ 2,898,832	\$ 8,093	\$ 366,706

See independent auditor's report.

Funds		Total	Adjustments	Statement of Activities
Special Reserve	Nonmajor Funds			
\$ -	\$ 11,974	\$ 3,439,891	\$ 126,485	\$ 3,566,376
-	-	146,594	-	146,594
-	15,450	15,450	-	15,450
-	-	40,628	-	40,628
-	15,450	202,672	-	202,672
-	3,476	(3,237,219)	(126,485)	(3,363,704)
-	-	3,921,844	-	3,921,844
2,528	409	16,668	-	16,668
-	2,867	2,867	-	2,867
-	-	28,405	-	28,405
2,528	3,276	3,969,784	-	3,969,784
287,981	-	288,082	-	288,082
-	(101)	(288,082)	-	(288,082)
287,981	(101)	-	-	-
290,509	6,651	732,565	(126,485)	606,080
283,470	170,367	3,292,063	5,674,878	8,966,941
-	-	-	487,812	487,812
283,470	170,367	3,292,063	6,162,690	9,454,753
\$ 573,979	\$ 177,018	\$ 4,024,628	\$ 6,036,205	\$ 10,060,833

**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, 2011**

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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	\$ 732,565
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 (\$166,985) exceeds capital outlay (\$38,012) in the current period.	(128,973)
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>2,488</u>
Change in net assets of governmental activities	<u>\$ 606,080</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, 2011**

<b>Assets</b>	<b>Total</b>	Capital Project Fund <u>Public Library Repair and Construction</u>	Permanent Fund <u>Working Cash</u>
Cash and investments	<u>\$ 177,018</u>	<u>\$ 126,928</u>	<u>\$ 50,090</u>
<b>Liabilities and Fund Balances</b>			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Reserved for working cash	50,090	-	50,090
Unreserved	<u>126,928</u>	<u>126,928</u>	<u>-</u>
<b>Total fund balances</b>	<u>177,018</u>	<u>126,928</u>	<u>50,090</u>
<b>Total liabilities and fund balances</b>	<u>\$ 177,018</u>	<u>\$ 126,928</u>	<u>\$ 50,090</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, 2011**

	<u>Total</u>	<u>Capital Project Fund Public Library Repair and Construction</u>	<u>Permanent Fund Working Cash</u>
Revenues:			
Interest	\$ 409	\$ 319	\$ 90
Capital facilities	2,867	2,867	-
Rental income	15,450	15,450	-
<b>Total revenues</b>	<b>18,726</b>	18,636	90
Expenditures - current - culture and recreation	11,974	11,974	-
<b>Revenues over expenditures before other financing uses</b>	<b>6,752</b>	6,662	90
Other financing uses - transfer out	(101)	-	(101)
<b>Change in fund balances</b>	<b>6,651</b>	6,662	(11)
Fund balances, beginning of the year	170,367	120,266	50,101
Fund balances, end of the year	<b>\$ 177,018</b>	<b>\$ 126,928</b>	<b>\$ 50,090</b>

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, 2011**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 4,599,819	\$ 4,435,047	\$ 3,921,844	\$ (513,203)
Intergovernmental	41,000	41,000	40,628	(372)
Fines and forfeitures	155,000	155,000	146,594	(8,406)
Interest	5,000	5,000	12,384	7,384
Miscellaneous	29,500	29,500	4,191	(25,309)
<b>Total revenues</b>	<b>4,830,319</b>	<b>4,665,547</b>	<b>4,125,641</b>	<b>(539,906)</b>
<b>Expenditures:</b>				
Culture and recreation:				
Personal services	3,260,367	3,111,108	2,342,587	768,521
Contractual services	589,700	527,450	387,471	139,979
Supplies and materials	1,052,652	1,019,989	567,417	452,572
Capital outlay:				
Operating equipment	104,600	166,000	101,790	64,210
<b>Total expenditures</b>	<b>5,007,319</b>	<b>4,824,547</b>	<b>3,399,265</b>	<b>1,425,282</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<b>(177,000)</b>	<b>(159,000)</b>	<b>726,376</b>	<b>885,376</b>
<b>Other financing sources (uses):</b>				
Transfers in	200	200	101	(99)
Transfers out	-	(287,981)	(287,981)	-
<b>Total other financing sources (uses)</b>	<b>200</b>	<b>(287,781)</b>	<b>(287,880)</b>	<b>(99)</b>
<b>Net changes in fund balance</b>	<b>\$ (176,800)</b>	<b>\$ (446,781)</b>	<b>438,496</b>	<b>\$ 885,277</b>
Fund balance, beginning of the year			<b>2,460,336</b>	
Fund balance, end of the year			<b>\$ 2,898,832</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, 2011**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 32	\$ 32
Miscellaneous	32,000	32,000	24,214	(7,786)
<b>Total revenues</b>	<u>32,000</u>	<u>32,000</u>	<u>24,246</u>	<u>(7,754)</u>
Expenditures:				
Culture and recreation:				
Contractual services	28,400	23,400	12,947	10,453
Supplies and materials	13,600	14,600	9,449	5,151
Capital outlay	-	4,000	2,256	1,744
<b>Total expenditures</b>	<u>42,000</u>	<u>42,000</u>	<u>24,652</u>	<u>17,348</u>
<b>Net changes in fund balance</b>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>(406)</u>	<u>\$ 9,594</u>
Fund balance, beginning of the year			<u>8,499</u>	
Fund balance, end of the year			<u>\$ 8,093</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Discretely Presented Component Unit - Crystal Lake Public Library -**  
**Ames Fund - Schedule of Revenues, Expenditures and**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended April 30, 2011**

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	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest	\$ -	\$ -	\$ 1,315	\$ 1,315
Expenditures - culture and recreation - contractual services	8,000	8,000	4,000	4,000
<b>Changes in fund balance</b>	<b>\$ (8,000)</b>	<b>\$ (8,000)</b>	<b>(2,685)</b>	<b>\$ 5,315</b>
Fund balance, beginning of the year			<b>369,391</b>	
Fund balance, end of the year			<b>\$ 366,706</b>	

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, 2011**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 319	\$ 319
Capital facilities	6,600	6,600	2,867	(3,733)
Rental income	17,940	17,940	15,450	(2,490)
<b>Total revenues</b>	<u>24,540</u>	<u>24,540</u>	<u>18,636</u>	<u>(5,904)</u>
Expenditures - culture and recreation - contractual services	<u>39,540</u>	<u>39,540</u>	<u>11,974</u>	<u>27,566</u>
<b>Net changes in fund balance</b>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>6,662</u>	<u>\$ 21,662</u>
Fund balance, beginning of the year			<u>120,266</u>	
Fund balance, end of the year			<u>\$ 126,928</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois**  
**Discretely Presented Component Unit - Crystal Lake Public Library -**  
**Working Cash Fund (Permanent Funds) - Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended April 30, 2011**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest	\$ -	\$ -	\$ 90	\$ 90
Other financing uses - transfers out	-	(200)	(101)	99
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ (200)</b>	<b>(11)</b>	<b>\$ 189</b>
Fund balance, beginning of the year			<b>50,101</b>	
Fund balance, end of the year			<b>\$ 50,090</b>	

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.	144 – 155
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	156 – 162
<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.	163 – 166
<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.	167 – 168
<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.	169 - 174

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

	<u>2011</u>	<u>Fiscal Year 2010</u>
Governmental activities:		
Invested in capital assets, net of related debt	<b>\$ 146,630,784</b>	\$ 145,238,182
Restricted	<b>849,071</b>	887,309
Unrestricted	<b>36,001,409</b>	36,743,786
<b>Total governmental activities</b>	<b><u>\$ 183,481,264</u></b>	<b><u>\$ 182,869,277</u></b>
Business-type activities:		
Invested in capital assets, net of related debt	<b>\$ 50,388,323</b>	\$ 48,443,665
Unrestricted	<b>3,546,553</b>	5,677,672
<b>Total business-type activities</b>	<b><u>\$ 53,934,876</u></b>	<b><u>\$ 54,121,337</u></b>
Primary government:		
Invested in capital assets, net of related debt	<b>\$ 197,019,107</b>	\$ 193,681,847
Restricted	<b>849,071</b>	887,309
Unrestricted	<b>39,547,962</b>	42,421,458
<b>Total primary government</b>	<b><u>\$ 237,416,140</u></b>	<b><u>\$ 236,990,614</u></b>

Source: Audited financial statements.

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

See independent auditor's report.



Ended April 30,					
2009	2008	2007	2006	2005	2004
\$ 142,698,809	\$ 139,028,556	\$ 136,717,137	\$ 143,207,897	\$ 140,891,791	\$ 141,765,596
836,020	806,392	1,262,516	11,179,914	9,971,068	11,373,072
35,162,097	36,364,037	35,403,503	20,671,704	19,817,257	17,387,044
<u>\$ 178,696,926</u>	<u>\$ 176,198,985</u>	<u>\$ 173,383,156</u>	<u>\$ 175,059,515</u>	<u>\$ 170,680,116</u>	<u>\$ 170,525,712</u>
\$ 51,853,939	\$ 52,187,382	\$ 52,830,550	\$ 46,823,209	\$ 46,395,885	\$ 50,675,313
4,406,249	5,178,987	5,185,544	5,221,328	6,655,756	3,756,297
<u>\$ 56,260,188</u>	<u>\$ 57,366,369</u>	<u>\$ 58,016,094</u>	<u>\$ 52,044,537</u>	<u>\$ 53,051,641</u>	<u>\$ 54,431,610</u>
\$ 194,552,748	\$ 191,215,938	\$ 189,547,687	\$ 190,031,106	\$ 187,287,676	\$ 192,440,909
836,020	806,392	1,262,516	11,179,914	9,971,068	11,373,072
39,568,346	41,543,024	40,589,047	25,893,032	26,473,013	21,143,341
<u>\$ 234,957,114</u>	<u>\$ 233,565,354</u>	<u>\$ 231,399,250</u>	<u>\$ 227,104,052</u>	<u>\$ 223,731,757</u>	<u>\$ 224,957,322</u>

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

	<u>2011</u>	<u>Fiscal Year 2010</u>
<b>Expenses:</b>		
Governmental activities:		
General and administrative	\$ 7,646,123	\$ 8,652,289
Public safety	21,620,519	20,113,957
Highways and streets	7,892,328	6,934,366
Culture and recreation	1,482,797	664,816
Interest on long-term debt	663,220	751,000
	<u>39,304,987</u>	<u>37,116,428</u>
<b>Total governmental activities expenses</b>		
Business-type activities - waterworks and sewerage	<u>9,399,817</u>	<u>9,599,893</u>
	<u>9,399,817</u>	<u>9,599,893</u>
<b>Total business-type activities expenses</b>		
	<u>\$ 48,704,804</u>	<u>\$ 46,716,321</u>
<b>Total expenses</b>		
<b>Program revenues:</b>		
Governmental activities:		
Charges for services:		
General and administrative	\$ 955,184	\$ 798,578
Public safety	3,149,558	3,089,958
Highways and streets	232,567	236,273
Culture and recreation	93,247	-
Operating grants and contributions:		
Highways and streets	1,305,141	1,190,741
Other activities	253,015	116,891
Capital grants and contributions:		
Highways and streets	981,926	2,269,918
Other activities	11,016	12,478
	<u>6,981,654</u>	<u>7,714,837</u>
<b>Total governmental activities program revenues</b>		
Business-type activities:	<u>7,900,283</u>	<u>7,206,334</u>
Charges for services - waterworks and sewerage	15,683	183,500
Capital grants and contributions	<u>7,915,966</u>	<u>7,389,834</u>
<b>Total business-type activities program revenues</b>		
	<u>\$ 14,897,620</u>	<u>\$ 15,104,671</u>
<b>Total program revenues</b>		

(cont'd)

Ended April 30,					
2009	2008	2007	2006	2005	2004
\$ 8,609,775	\$ 8,124,338	\$ 7,410,758	\$ 6,840,977	\$ 7,949,231	\$ 5,362,775
19,574,409	17,132,484	17,180,813	14,010,932	13,592,326	11,644,238
7,820,886	7,250,516	6,100,201	6,641,246	6,833,764	5,777,522
323,582	299,181	251,717	258,943	232,296	193,990
766,112	741,136	646,250	560,334	540,505	523,231
<u>37,094,764</u>	<u>33,547,655</u>	<u>31,589,739</u>	<u>28,312,432</u>	<u>29,148,122</u>	<u>23,501,756</u>
9,110,643	8,905,333	8,605,569	7,812,546	7,774,757	6,827,295
<u>9,110,643</u>	<u>8,905,333</u>	<u>8,605,569</u>	<u>7,812,546</u>	<u>7,774,757</u>	<u>6,827,295</u>
<u>\$ 46,205,407</u>	<u>\$ 42,452,988</u>	<u>\$ 40,195,308</u>	<u>\$ 36,124,978</u>	<u>\$ 36,922,879</u>	<u>\$ 30,329,051</u>
\$ 869,769	\$ 1,344,296	\$ 1,418,677	\$ 1,767,822	\$ 1,129,894	\$ 809,658
3,122,362	2,565,009	2,966,666	2,606,313	2,614,586	2,337,109
248,958	220,544	220,926	851,872	465,495	515,358
-	-	-	-	-	-
1,077,248	1,150,479	1,213,479	1,170,289	1,183,739	1,331,828
76,141	169,777	211,743	41,468	148,564	162,363
-	-	-	-	-	-
<u>17,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,412,109</u>	<u>5,450,105</u>	<u>6,031,491</u>	<u>6,437,764</u>	<u>5,542,278</u>	<u>5,156,316</u>
7,528,983	7,388,909	7,718,993	6,611,350	5,720,245	5,560,988
-	-	-	-	467,038	-
<u>7,528,983</u>	<u>7,388,909</u>	<u>7,718,993</u>	<u>6,611,350</u>	<u>6,187,283</u>	<u>5,560,988</u>
<u>\$ 12,941,092</u>	<u>\$ 12,839,014</u>	<u>\$ 13,750,484</u>	<u>\$ 13,049,114</u>	<u>\$ 11,729,561</u>	<u>\$ 10,717,304</u>

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

	<u>2011</u>	<u>Fiscal Year 2010</u>
Net (expense) revenue:		
Governmental activities	\$ (32,323,333)	\$ (29,401,591)
Business-type activities	(1,483,851)	(2,210,059)
<b>Total net (expense) revenue</b>	<b>\$ (33,807,184)</b>	<b>\$ (31,611,650)</b>
General revenues and other changes in net assets:		
Governmental activities:		
Taxes:		
Property	\$ 11,880,834	\$ 11,364,280
Replacement	154,893	135,686
State sales/home rule	14,775,014	14,491,223
Auto rental	29,429	28,204
Income	3,079,075	3,068,722
Franchise fees - cable	566,979	501,544
Telecommunications	1,693,257	1,831,489
Hotel	251,417	230,880
Interest	974,115	1,081,644
Miscellaneous	782,343	840,270
Transfers	(1,252,036)	-
<b>Total governmental activities</b>	<b>32,935,320</b>	<b>33,573,942</b>
Business-type activities:		
Investment earnings	48,105	30,986
Miscellaneous	(2,751)	40,222
Transfers	1,252,036	-
<b>Total business-type activities</b>	<b>1,297,390</b>	<b>71,208</b>
<b>Total</b>	<b>\$ 34,232,710</b>	<b>\$ 33,645,150</b>
Change in net assets:		
Governmental activities	\$ 611,987	\$ 4,172,351
Business-type activities	(186,461)	(2,138,851)
<b>Total change in net assets</b>	<b>\$ 425,526</b>	<b>\$ 2,033,500</b>

Source: Audited financial statements.

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

See independent auditor's report.

Ended April 30,					
2009	2008	2007	2006	2005	2004
\$ (31,682,655)	\$ (28,097,550)	\$ (25,558,248)	\$ (21,874,668)	\$ (23,605,844)	\$ (18,345,440)
(1,581,660)	(1,516,424)	(886,576)	(1,201,196)	(1,587,474)	(1,266,307)
<u>\$ (33,264,315)</u>	<u>\$ (29,613,974)</u>	<u>\$ (26,444,824)</u>	<u>\$ (23,075,864)</u>	<u>\$ (25,193,318)</u>	<u>\$ (19,611,747)</u>
\$ 11,527,194	\$ 10,364,823	\$ 9,187,482	\$ 7,875,234	\$ 6,485,545	\$ 5,827,463
144,517	171,107	162,583	146,870	104,106	95,384
14,581,923	11,471,956	11,680,593	11,296,923	10,989,717	11,017,810
30,560	26,807	26,677	26,619	28,203	29,971
3,503,952	3,748,680	3,431,732	2,806,403	2,888,037	2,292,329
474,377	433,134	403,659	364,175	346,628	661,232
1,925,732	2,022,417	1,911,745	2,097,640	1,925,304	-
313,289	241,208	157,955	152,288	141,625	142,765
1,345,422	1,794,262	1,902,500	1,375,656	520,949	382,345
735,643	1,271,781	1,633,322	112,259	330,134	653,642
(402,017)	(632,796)	(6,616,359)	-	-	-
<u>34,180,592</u>	<u>30,913,379</u>	<u>23,881,889</u>	<u>26,254,067</u>	<u>23,760,248</u>	<u>21,102,941</u>
59,519	222,720	215,259	194,092	83,887	33,114
13,943	11,183	26,515	-	123,618	-
402,017	632,796	6,616,359	-	-	-
<u>475,479</u>	<u>866,699</u>	<u>6,858,133</u>	<u>194,092</u>	<u>207,505</u>	<u>33,114</u>
<u>\$ 34,656,071</u>	<u>\$ 31,780,078</u>	<u>\$ 30,740,022</u>	<u>\$ 26,448,159</u>	<u>\$ 23,967,753</u>	<u>\$ 21,136,055</u>
\$ 2,497,937	\$ 2,815,829	\$ (1,676,359)	\$ 4,379,399	\$ 154,404	\$ 2,757,501
(1,106,181)	(649,725)	5,971,557	(1,007,104)	(1,379,969)	(1,233,193)
<u>\$ 1,391,756</u>	<u>\$ 2,166,104</u>	<u>\$ 4,295,198</u>	<u>\$ 3,372,295</u>	<u>\$ (1,225,565)</u>	<u>\$ 1,524,308</u>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:				
Reserved	<b>\$ 2,859,443</b>	\$ 3,028,759	\$ 2,675,549	\$ 677,431
Unreserved	<b>18,338,381</b>	18,581,107	19,485,158	21,744,305
<b>Total General Fund</b>	<b><u>\$ 21,197,824</u></b>	<b><u>\$ 21,609,866</u></b>	<b><u>\$ 22,160,707</u></b>	<b><u>\$ 22,421,736</u></b>
All other governmental funds:				
Reserved:				
Other	<b>\$ 174,629</b>	\$ 486,606	\$ 448,696	\$ 434,922
Unreserved, reported in:				
Special Revenue Funds	<b>20,696,496</b>	21,011,033	18,621,408	16,396,284
Debt service	<b>849,071</b>	887,309	836,020	806,392
Capital Projects Funds	<b>713,954</b>	6,328,647	(503,734)	2,437,541
<b>Total all other governmental funds</b>	<b><u>\$ 22,434,150</u></b>	<b><u>\$ 28,713,595</u></b>	<b><u>\$ 19,402,390</u></b>	<b><u>\$ 20,075,139</u></b>

Note - The City adopted GASB Statement No. 54 in the prior year. Fund balances on this schedule for 2011 and 2010 are presented using the prior presentation format, to remain consistent with the other years presented.

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2007	2006	2005	2004	2003	2002
\$ 611,212	\$ 340,272	\$ 525,307	\$ 2,517,619	\$ 10,277,714	\$ 10,220,000
19,788,129	17,260,266	15,419,241	12,701,026	11,592,553	12,851,531
<u>\$ 20,399,341</u>	<u>\$ 17,600,538</u>	<u>\$ 15,944,548</u>	<u>\$ 15,218,645</u>	<u>\$ 21,870,267</u>	<u>\$ 23,071,531</u>
\$ 398,899	\$ 213,839	\$ -	\$ 1,977,500	\$ 700,000	\$ 1,040,000
15,231,274	12,924,791	12,082,978	11,778,954	9,897,314	8,719,679
1,262,516	2,695,631	2,226,871	2,092,935	4,131,105	3,856,774
4,037,027	951,259	2,224,513	22,852	(86,804)	3,206,714
<u>\$ 20,929,716</u>	<u>\$ 16,785,520</u>	<u>\$ 16,534,362</u>	<u>\$ 15,872,241</u>	<u>\$ 14,641,615</u>	<u>\$ 16,823,167</u>

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

	2011	2010	2009	2008
<b>Revenues:</b>				
Charges for services	\$ 3,360,819	\$ 3,231,973	\$ 3,377,812	\$ 3,160,600
Licenses and permits	571,338	623,399	687,478	860,051
Intergovernmental	2,551,098	1,255,501	1,122,265	1,263,765
Fines and forfeitures	615,032	637,172	626,212	501,930
Property taxes	11,880,834	11,364,280	11,527,194	10,364,823
Other taxes	20,550,064	20,352,032	21,023,106	18,171,800
Interest	974,114	1,081,644	1,345,426	1,794,262
Miscellaneous	686,785	497,962	321,738	971,674
<b>Total revenues</b>	<b>41,190,084</b>	<b>39,043,963</b>	<b>40,031,231</b>	<b>37,088,905</b>
<b>Expenditures:</b>				
Current:				
General government	7,196,049	7,554,253	7,632,258	7,356,181
Public safety	19,821,689	18,943,799	18,172,027	16,060,090
Highways and streets	5,949,059	5,578,194	6,384,188	5,390,757
Culture and recreation	1,124,645	1,805,834	1,471,775	299,181
Capital outlay	10,016,441	10,206,702	5,887,597	5,991,202
Debt service:				
Principal	1,305,074	3,677,000	680,000	830,000
Interest and fees	1,216,578	754,475	771,991	743,676
<b>Total expenditures</b>	<b>46,629,535</b>	<b>48,520,257</b>	<b>40,999,836</b>	<b>36,671,087</b>
<b>Revenues over (under) expenditures before other financing sources (uses)</b>	<b>(5,439,451)</b>	<b>(9,476,294)</b>	<b>(968,605)</b>	<b>417,818</b>
<b>Other financing sources (uses):</b>				
Transfers in	4,265,805	2,498,031	2,557,818	234,945
Transfers out	(5,517,841)	(2,498,031)	(2,522,991)	(234,945)
General obligation bonds	-	18,175,000	-	-
Bond premium	-	61,658	-	-
SSA bonds issued	-	-	-	750,000
<b>Total other financing sources (uses)</b>	<b>(1,252,036)</b>	<b>18,236,658</b>	<b>34,827</b>	<b>750,000</b>
<b>Net change in fund balances</b>	<b>\$ (6,691,487)</b>	<b>\$ 8,760,364</b>	<b>\$ (933,778)</b>	<b>\$ 1,167,818</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.86%</b>	<b>12.29%</b>	<b>4.07%</b>	<b>4.84%</b>

Source: Audited financial statements.

See independent auditor's report.



Fiscal Year Ended April 30,					
2007	2006	2005	2004	2003	2002
\$ 4,288,313	\$ 2,916,576	\$ 2,383,571	\$ 2,312,564	\$ -	\$ -
1,210,611	632,204	549,297	585,454	740,384	693,846
1,652,364	1,211,757	1,146,559	1,494,191	2,296,335	2,781,023
663,780	432,197	677,795	764,107	2,329,572	2,030,966
7,709,144	7,875,234	6,485,545	5,827,463	5,254,389	5,247,633
17,754,485	16,890,918	16,423,621	14,239,491	13,349,530	13,056,092
1,902,500	1,204,294	520,949	382,345	876,418	1,466,420
1,289,021	1,357,289	1,171,489	713,058	721,433	739,945
<u>36,470,218</u>	<u>32,520,469</u>	<u>29,358,826</u>	<u>26,318,673</u>	<u>25,568,061</u>	<u>26,015,925</u>
6,696,934	6,826,624	6,003,834	5,001,352	5,314,595	4,881,700
15,186,465	14,032,258	12,161,148	11,145,716	10,000,453	9,290,460
5,035,142	4,335,035	4,203,136	4,254,149	3,565,612	3,390,587
251,717	258,943	232,296	193,990	-	-
9,192,871	3,938,417	6,831,460	9,770,958	8,294,127	4,371,243
1,040,000	805,000	2,700,000	1,055,000	1,125,000	1,105,000
559,090	417,044	493,547	562,453	651,090	719,132
<u>37,962,219</u>	<u>30,613,321</u>	<u>32,625,421</u>	<u>31,983,618</u>	<u>28,950,877</u>	<u>23,758,122</u>
(1,492,001)	1,907,148	(3,266,595)	(5,664,945)	(3,382,816)	2,257,803
3,856,920	430,906	2,382,798	8,471,360	3,177,495	38,921
(3,856,920)	(430,906)	(2,382,798)	(8,471,360)	(3,177,495)	(38,921)
-	-	4,654,619	-	-	-
-	-	-	-	-	-
8,435,000	-	-	-	-	-
<u>8,435,000</u>	<u>-</u>	<u>4,654,619</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 6,942,999</u>	<u>\$ 1,907,148</u>	<u>\$ 1,388,024</u>	<u>\$ (5,664,945)</u>	<u>\$ (3,382,816)</u>	<u>\$ 2,257,803</u>
4.51%	4.49%	9.79%	5.06%	6.13%	7.68%

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Property tax	<b>\$ 11,880,834</b>	\$ 11,364,280	\$ 11,527,194	\$ 10,364,823
Replacement tax	<b>154,893</b>	135,686	144,517	171,107
State sales tax	<b>9,627,149</b>	9,467,834	10,189,283	10,915,086
Home rule sales tax	<b>4,574,657</b>	4,546,821	3,833,890	-
Auto rental tax	<b>29,429</b>	28,204	30,560	26,807
Income	<b>3,079,075</b>	3,068,722	3,503,952	3,748,680
Franchise fees - cable	<b>566,979</b>	501,544	474,377	433,134
Telecommunications	<b>1,693,257</b>	1,831,489	1,925,732	2,022,417
Hotel	<b>251,417</b>	230,880	313,289	241,208
Local use	<b>573,208</b>	476,568	558,750	556,870
	<b><u>\$ 32,430,898</u></b>	<u>\$ 31,652,028</u>	<u>\$ 32,501,544</u>	<u>\$ 28,480,132</u>

See independent auditor's report.

Fiscal Year Ended April 30,					
2007	2006	2005	2004	2003	2002
\$ 7,709,144	\$ 7,875,234	\$ 6,485,545	\$ 5,827,463	\$ 5,254,389	\$ 5,247,633
142,124	146,870	104,107	95,384	104,047	68,809
11,168,510	11,296,923	10,989,717	11,017,810	10,680,299	10,356,373
-	-	-	-	-	-
26,677	26,619	28,203	29,971	24,068	26,866
3,431,732	2,806,403	2,888,037	2,292,329	2,471,800	2,604,044
403,659	364,175	346,628	661,232	-	-
1,911,745	2,097,640	1,925,304	-	-	-
157,955	152,288	141,625	142,765	69,316	-
512,083	-	-	-	-	-
<u>\$ 25,463,629</u>	<u>\$ 24,766,152</u>	<u>\$ 22,909,166</u>	<u>\$ 20,066,954</u>	<u>\$ 18,603,919</u>	<u>\$ 18,303,725</u>

**City of Crystal Lake, Illinois**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Levy Years**

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Levy Year	Farm Property	Residential Property	Commercial Property	Industrial Property	Mineral Property
2001	\$ 954,894	\$ 592,824,200	\$ 206,610,201	\$ 52,456,150	\$ 138,095
2002	969,882	650,506,995	222,449,942	56,792,526	146,022
2003	1,271,412	718,258,807	235,377,010	62,570,088	156,244
2004	1,285,944	774,447,288	251,783,539	66,396,250	167,884
2005	1,262,723	860,469,362	266,195,135	71,554,658	684,018
2006	1,273,866	924,013,250	292,876,714	74,250,686	537,447
2007	1,301,267	998,313,489	303,911,661	78,105,425	553,367
2008	1,350,877	1,028,670,946	326,161,997	82,471,180	451,126
2009	1,433,073	1,014,220,209	323,715,883	81,742,371	451,126
<b>2010</b>	<b>1,437,002</b>	<b>917,883,229</b>	<b>312,815,076</b>	<b>81,683,777</b>	<b>451,126</b>

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.

Rail Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Percentage of Assessed Value
\$ 371,714	\$ 853,355,254	\$0.4396	\$ 2,560,065,762	33.33%
435,480	931,300,847	0.4609	2,793,902,541	33.33%
467,883	1,018,101,444	0.5180	3,054,304,332	33.33%
522,927	1,094,603,832	0.6049	3,283,811,496	33.33%
493,168	1,200,659,064	0.6499	3,601,977,192	33.33%
509,716	1,293,461,679	0.6962	3,880,385,037	33.33%
779,271	1,382,964,480	0.7056	4,148,893,440	33.33%
582,126	1,439,688,252	0.7021	4,319,064,756	33.33%
695,565	1,422,258,227	0.7370	4,266,774,681	33.33%
<b>862,324</b>	<b>1,315,132,534</b>	<b>0.7574</b>	<b>3,945,397,602</b>	<b>33.33%</b>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating:					
City of Crystal Lake	<b>\$ 0.7574</b>	\$ 0.7370	\$ 0.7021	\$ 0.7056	\$ 0.6962
Crystal Lake Public Library	<b>0.3145</b>	0.2773	0.2773	0.2773	0.2773
McHenry County	<b>0.7927</b>	0.7157	0.7014	0.6871	0.7060
District 47	<b>2.9484</b>	2.6374	0.2588	2.5283	2.8974
District 155	<b>1.9577</b>	1.7711	1.7395	1.6992	2.1707
Debt service:					
McHenry County	-	-	-	-	-
District 47	<b>0.1591</b>	0.0912	0.0863	0.1313	0.1330
District 155	<b>0.0770</b>	0.1344	0.1253	0.1221	0.1230
Other	-	-	-	-	1.2152
Total tax rate:					
City of Crystal Lake	<b>0.7574</b>	0.7370	0.7021	0.7056	0.6962
Crystal Lake Public Library	<b>0.3145</b>	0.2773	0.2773	0.2773	0.2773
McHenry County	<b>0.7927</b>	0.7157	0.7014	0.6871	0.7060
District 47	<b>3.1075</b>	2.7286	0.3451	2.6596	3.0304
District 155	<b>2.0347</b>	1.9055	1.8648	1.8213	2.2937
Other	-	-	-	-	0.9379
Other:					
College District	<b>0.3039</b>	0.2740	0.2686	0.2634	0.2741
McHenry County Conservation	<b>0.1956</b>	0.1775	0.1732	0.1738	0.1425
Crystal Lake Park District	<b>0.3758</b>	0.3519	0.3463	0.3431	0.3536
Township (Algonquin)	<b>0.0577</b>	0.0532	0.0522	0.0510	0.0523
Road and Bridge (Algonquin)	<b>0.1270</b>	0.1171	0.1151	0.1124	0.1154

Source: McHenry County Clerk.

See independent auditor's report.

2005	2004	2003	2002	2001
\$ 0.6499	\$ 0.6049	\$ 0.5180	\$ 0.4609	\$ 0.4396
0.2773	0.2773	0.2773	0.2773	0.2795
0.7278	0.7346	0.7040	0.6240	0.5601
2.6392	2.7506	2.8467	2.9721	3.0897
1.7781	1.8490	1.9115	1.9997	2.0798
-	-	0.0113	0.0485	0.0779
0.1355	0.1421	0.1466	0.1543	0.1596
0.1242	0.1290	0.1318	0.0898	0.0935
0.9678	1.0095	1.1712	1.1984	1.2424
0.6499	0.6049	0.5180	0.4609	0.4396
0.2773	0.2773	0.2773	0.2773	0.2795
0.7278	0.7346	0.7153	0.6725	0.6380
2.7747	2.8927	2.9933	3.1264	3.2493
1.9023	1.9780	2.0433	2.0895	2.1733
0.9678	1.0095	1.1712	1.1984	1.2424
0.2922	0.3033	N/A	N/A	N/A
0.1490	0.1580	N/A	N/A	N/A
0.3562	0.3714	N/A	N/A	N/A
0.0531	0.0551	N/A	N/A	N/A
0.1173	0.1217	N/A	N/A	N/A

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

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Taxpayer	Type of Business
Crystal Point LLC	Shopping
Skyridge Partners II LLC	Residential housing
Bradley Oper. Ltd. Partnership	Shopping
Cobalt Industrial	Industrial
Tyco Healthcare Group	Manufacturing
Walmart Real Estate Business	Shopping
Inland Ryan LLC	Shopping
Sunrise Residential Housing	Residential Housing
Inland Bohl Farm LLC	Shopping
Menards	Shopping
Crystal Lake Commons	Shopping
Crystal Lake Business Center	Business Park
The Villages	Residential housing
The Fountains	Residential housing
Darlington Court Apartments	Residential housing
Holiday Inn	Hotel

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.



2010			2001		
Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value
\$ 10,456,016	1	0.80%	\$ 8,999,073	1	1.05%
9,488,773	2	0.72%	4,096,135	9	0.48%
9,300,002	3	0.71%	-	-	-
7,008,028	4	0.53%	-	-	-
5,962,359	5	0.45%	5,023,634	5	0.59%
5,880,997	6	0.45%	-	-	-
4,992,113	7	0.38%	-	-	-
4,811,078	8	0.37%	-	-	-
4,507,503	9	0.34%	4,491,207	7	0.53%
4,396,032	10	0.33%	-	-	-
-		-	8,148,791	2	0.95%
-		-	5,560,435	3	0.65%
-		-	5,026,832	4	0.59%
-		-	4,999,488	6	0.59%
-		-	4,107,383	8	0.48%
-		-	3,874,250	10	0.45%
<b>\$ 66,802,901</b>		<b>5.08%</b>	<b>\$ 54,327,228</b>		<b>6.36%</b>

**City of Crystal Lake, Illinois  
Property Tax Extensions and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended April 30,	Taxes Extended for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Extension		Amount	Percentage of Extension
2002	\$ 3,430,267	\$ 3,426,325	99.89	-	\$ 3,426,325	99.89 %
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
<b>2011</b>	<b>10,419,656</b>	<b>10,400,728</b>	<b>99.82</b>	<b>-</b>	<b>10,400,728</b>	<b>99.82</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			
2002	\$ 8,390,000	\$ -	\$ 2,835,000	\$ 14,340,525	\$ 25,565,525	2.49	\$ 650.52
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
<b>2011</b>	<b>20,564,926</b>	<b>8,643,000</b>	<b>5,710,074</b>	<b>10,253,758</b>	<b>45,171,758</b>	<b>3.97</b>	<b>1,108.70</b>

Note: Population data can be found at page 167, 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	Net Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2002	\$ 11,225,000	\$ 2,835,000	\$ 8,390,000	0.98	213.49
2003	9,955,000	2,690,000	7,265,000	0.78	181.63
2004	7,960,000	2,535,000	5,425,000	0.53	132.32
2005	15,220,000	5,575,000	9,645,000	0.88	235.24
2006	14,385,000	5,285,000	9,100,000	0.76	228.71
2007	13,315,000	4,975,000	8,340,000	0.64	209.61
2008	12,220,000	4,660,000	7,560,000	0.55	190.01
2009	11,335,000	4,325,000	7,010,000	0.49	154.58
2010	27,835,000	6,185,000	21,650,000	1.52	477.41
<b>2011</b>	<b>26,275,000</b>	<b>5,710,074</b>	<b>20,564,926</b>	<b>1.56</b>	<b>504.75</b>

Note: Population data can be found at page 167, Demographic and Economic Statistics.  
Property value data can be found at pages 156 and 157, 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, 2011**

Governmental Unit	Outstanding Debt	Applicable to the City	
		Percent	Amount
City of Crystal Lake	\$ 20,564,926	100.00 %	\$ 20,564,926
Special Service Areas	8,643,000	100.00	8,643,000
	<u>29,207,926</u>		<u>29,207,926</u>
Overlapping:			
School District Number 47	40,825,000	63.11	25,764,658
School District Number 155	17,040,000	41.26	7,030,704
College District Number 528	-	16.66	-
McHenry County	-	16.08	-
McHenry County Conservation District	146,400,000	14.63	21,418,320
Crystal Lake Park District	4,448,020	75.85	3,373,823
	<u>\$ 208,713,020</u>		<u>57,587,505</u>
<b>Total others</b>			<b>\$ 86,795,431</b>
<b>Total overlapping debt</b>			<b>\$ 86,795,431</b>

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	Per Capita Personal Income (5)	School Enrollment (6)	Unemployment Rate
2002	39,300 (1)	\$ 26,146	12,853	5.1% (1)
2003	40,000 (1)	26,146	13,471	6.5% (2)
2004	41,000 (1)	26,146	13,053	4.6% (1)
2005	41,000 (1)	26,146	15,458	5.3% (1)
2006	39,788 (3)	26,146	16,175	4.6% (4)
2007	39,788 (3)	26,146	16,011	4.1% (4)
2008	39,788 (3)	26,146	16,215	4.9% (4)
2009	45,349 (3)	30,777 (3)	16,008	9.6% (4)
2010	45,349 (3)	27,940 (7)	15,471	10.3% (4)
<b>2011</b>	<b>40,743 (3)</b>	<b>27,940 (7)</b>	<b>15,829</b>	<b>8.3% (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: 2010 Illinois Manufacturers and 2010 Illinois Service Directories.

See independent auditor's report.



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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government	<b>45</b>	45	45	44	44
Public Safety:					
Police	<b>79</b>	78	79	71	71
Fire	<b>66</b>	70	64	55	51
Highways and Streets:					
Engineering	<b>11</b>	11	12	12	11
Maintenance	<b>20</b>	20	22	23	23
Sanitation	<b>7</b>	9	10	10	12
Waterworks and Sewerage	<b>21</b>	23	24	23	28
	<b><u>249</u></b>	<u>256</u>	<u>256</u>	<u>238</u>	<u>240</u>

Source: City records.

See independent auditor's report.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
44	44	44	44	44
73	73	75	75	74
47	47	39	39	39
11	11	12	12	11
23	23	27	27	26
12	12	13	13	12
<u>28</u>	<u>28</u>	<u>28</u>	<u>36</u>	<u>32</u>
<u>238</u>	<u>238</u>	<u>238</u>	<u>246</u>	<u>238</u>

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

	<b>2011</b>	2010	2009	Fiscal Year 2008
<b>Police:</b>				
Physical arrests	<b>956</b>	1,170	1,660	1,717
Parking violations	<b>7,019</b>	8,569	8,824	8,978
Traffic violations	<b>6,287</b>	7,614	7,093	6,631
<b>Fire:</b>				
Number of calls answered	<b>5,069</b>	4,940	5,116	5,207
Inspections	<b>879</b>	970	749	600
<b>Highways and Streets:</b>				
Street resurfacing (miles)	<b>3.8</b>	7.6	6.5	8.2
<b>Water:</b>				
New connections	<b>14</b>	15	50	118
Water main breaks	<b>28</b>	31	27	29
Average daily consumption (millions of gallons)	<b>4.300</b>	4.650	4.940	4.860
<b>Wastewater:</b>				
Average daily sewage treatment (in gallons)	<b>3,934</b>	5,000	5,870	6,092

Source: City records.

N/A - Information not readily available.

See independent auditor's report.

Ended April 30,					
2007	2006	2005	2004	2003	2002
1,123	1,782	1,804	2,231	2,231	2,605
12,412	13,803	13,762	12,796	12,796	10,312
7,933	8,255	8,369	7,620	7,620	5,027
4,991	5,258	5,567	5,264	5,264	4,836
600	N/A	N/A	N/A	N/A	N/A
7.9	N/A	N/A	N/A	N/A	N/A
195	N/A	N/A	N/A	N/A	N/A
18	N/A	N/A	N/A	N/A	N/A
4.807	N/A	N/A	N/A	N/A	N/A
4,500	N/A	N/A	N/A	N/A	N/A

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

	Fiscal Year				
	2011	2010	2009	2008	2007
Public safety:					
Police:					
Stations	1	1	1	1	1
Patrol units	23	23	22	31	31
Fire Stations	3	3	3	3	3
Highways and Streets:					
Streets (miles)	160	160	163	163	163
Streetlights	1,996	1,996	1,996	1,996	1,996
Traffic signals	31	31	29	29	29
Culture and Recreation:					
Parks acreage	1,423	1,393	1,393	1,393	1,393
Parks	46	45	44	44	44
Tennis courts	30	30	30	30	30
Community centers	8	8	8	8	8
Water:					
Water mains (miles)	229	175	175	175	210
Fire hydrants	3,110	3,045	3,017	2,859	2,795
Maximum daily capacity (millions of gallons)	8.26	8.37	9.20	9.20	8.45
Sewer:					
Sanitary sewers (miles)	160	120	120	127	126
Storm sewers (miles)	60	60	60	62	60
Maximum daily treatment (thousands of gallons)	9,109	12,600	12,854	12,825	19,500

Source: City records.

See independent auditor's report.

Ended April 30,				
2006	2005	2004	2003	2002
1	1	1	1	1
31	31	25	25	25
3	3	3	3	3
177	176.8	175.4	175.4	175.0
1,700	1,700	1,900	1,900	1,884
N/A	N/A	N/A	N/A	N/A
1,393	1,393	1,200	1,200	1,200
44	44	39	39	39
30	30	30	30	30
8	8	8	8	8
181	181	180	180	180
2,614	2,614	2,600	2,600	3,093
9.60	9.60	9.60	9.60	9.60
185	185	184	184	184
110	110	110	110	110
19,500	19,500	16,250	16,250	16,250