



CITY OF
Crystal Lake Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2013

CITY OF CRYSTAL LAKE, ILLINOIS

Comprehensive Annual Financial Report

For the Year Ended April 30, 2013

Prepared By Finance Department:

Mark Nannini
Director of Finance

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Comprehensive Annual Financial Report
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INTRODUCTORY SECTION



CITY OF
Crystal Lake
ILLINOIS

October 10, 2013

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

We submit to you the Comprehensive Annual Financial Report of the City of Crystal, Illinois, for the fiscal year ended April 30, 2013. State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Crystal Lake for the fiscal year ended April 30, 2013.

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 a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. The Finance Department takes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures. We believe the information, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position of the City and the results of its operations as measured by the financial activity of its various funds, and includes all the disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

The City of Crystal Lake's financial statements have been audited by Selden Fox, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Crystal Lake for the fiscal year ended April 30, 2013, 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 unmodified opinion that the City of Crystal Lake's financial statements for the fiscal year ended April 30, 2013, 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), GASB Statement 54 Fund Balance Reporting and Governmental Fund Type Definitions and GASB 65 Items Previously Reported as Assets and Liabilities.

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

PROFILE OF THE CITY OF CRYSTAL LAKE

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

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

This report encompasses all funds of the City of Crystal Lake. The City of Crystal Lake provides a full range of services, including police and fire protection; recreation; construction and maintenance of highways, streets, and infrastructure; maintenance of the public storm drainage system; water, sanitary sewer service and wastewater treatment; and growth management, planning and development control through the activities of the 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 with the attractions of new retail outlets and restaurants.

Development and property management represents a significant challenge and priority for the City. Utilization of impact fees and sophisticated policies requiring development to fund its own infrastructure cost 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 and the difficult retail environment for certain merchants, the City's retail sector has proven to be stable to our operating revenues. Although the current year reflects the impact of the economy, the City has continued to maintain strength 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 addition, continued efforts with the McHenry County Convention and Visitors Bureau (CVB) attracts more tourists to the area every year. McHenry County tourism generated \$212.89 million in 2012, an increase of 3.7 percent over 2011. Travel expenditures in the county have gone up each of the last four years. Travel expenditures include money spent by travelers on such things as public transportation, food service, auto transportation, lodging, retail, entertainment, and recreation. McHenry County ranked 14th out of 102 counties in tourism dollars in 2012, with the bulk of the attractions being located within Crystal Lake.

Started in 2009 and extended into 2013, the "I Shop Crystal Lake" program was created to help promote awareness of the benefits of shopping in Crystal Lake. This program showcases 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, Potbelly's, Starbucks, Boston Market and Arby's), and the Bohl Farm Marketplace (Kohl's department store, Target, and a Dominick's Fresh store, as well as other national tenants such as Barnes and Noble, buybuy BABY, Dress Barn, Panda Express, Five Below and Chili's Bar and Grill). This successful "I Shop" program has been continued into 2013 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, Texas Roadhouse Restaurant, Corner Bakery, Sports Authority, Mario Triccoci Salon, Menards and three other small independent retailers. Chipotle Mexican Grill, Jersey Mike's Subs, Yumz Frozen Yogurt, Noodles & Company, Culver's Frozen Custard, Fast Eddie's Car Wash, Chick-fil-A Restaurant, Village Squire Restaurant, and Regal Showplace 16 are all located near this center.

Twin Ponds Marketplace is home to The Home Depot, PetSmart, hhgregg, Pep Boys, Office Max, and Tuesday Morning with D'Andrea Banquet facility serving as an outlot in front. The Commons Shopping Center features Hobby Lobby, Jewel Osco, Marshalls, Toys R Us, Bath and Body Works, Advanced Auto Parts, Harbor Freight Tools, Petland, and Charter Fitness for products and services, and Wendy's, Subway, Domino's Pizza, Papa John's and Kentucky Fried Chicken for dining choices.

The Country Corners Shopping Center completed a façade renovation a few years ago and this center is busy with customers for popular stores and dining choices, such as TJ Maxx, Petco, Hancock Fabrics, Savers, Payless Shoe Source, the Pizza Slice, Pablo's Mexican Restaurant, and Krystal Thai Restaurant.

The owners of the Crystal Lake Plaza recently invested over \$5.0 million in a major renovation of one of the original shopping centers in Crystal Lake. Their major tenants include Joseph's Marketplace, New Balance shoe store, Radio Shack, Nelson's Jewelry, Jade M. Salon, Pinemoor Pizza, and Forester Restaurant, with more being leased every day.

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 two independent ice cream shops are located in the Downtown area, as well as a number of unique dining establishments, including Benedict's La Strata, Brink Street Bar/Grill, The Cottage, Labemi's Bar/Grill, Starbuck's, TRAX Depot Café, LaRosita Carnicerias, Le Petit Marche, Pop's Corn Crib, Taqueria La Fogata, Taqueria Las Cumbres, Williams Street Public House, Georgio's Chicago Pizzeria & Pub, Café Olympic, Duke's Alehouse & Kitchen, Finn McCool's and Da Baffone Cucina Italiana. Downtown Crystal Lake attracts loyal customers that look for excellent service and unique items, frequenting such establishments as Kalck's Butcher Shop, Sweet Pea Cakes Studio, KaleidoScoops, Riverside Chocolates, 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 a 750-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. They are further expanding by building a stand-alone Volkswagen dealership on Route 14, which will be open in late 2013. In addition, Pauly Toyota relocated their expanded auto dealership to the Lutter Center at the intersection of Route 31 and Rakow Road, near Super Wal-Mart. The success of the 210,000-square-foot Super Wal-Mart, 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, is the top performing Nissan dealer in Illinois and has upgraded their facility with a remodeled service center and enhanced showroom experience, which was completed in 2012. In addition, Courtesy Motors has transitioned with new ownership and a

significant upgrade and enhancement to their automobile showroom, façade, and service area. Brilliance Honda, the highest-sales car dealership in the City, has relocated within the Crystal Lake city limits to another newer and larger facility, investing over \$6 million dollars in acquisition and reconstruction costs.

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, Eisenmann, 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 is located on Woodstock Street. 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 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. As the economy continues to improve, these projections will eventually be a reality.

A Waste Transfer Station, operated by Waste Management, opened in the spring of 2010. Host benefit fees associated with the Waste Transfer Station have provided additional revenue in the General Fund and will continue over the twenty-three year agreement with Waste Management. In Fiscal Year 2013, a new venture is in the planning stage for the processing of general construction and demolition debris, to be located next to the current Waste Management site.

The City currently has three active Tax Increment Financing Districts (TIF) within our City limits. The Virginia Street TIF has completed the installation of streetscape elements, such as pavers, sidewalks, and decorative pedestrian lighting, as well as utility pole relocation and facade improvements. This project was completed in the fall of 2011.

The Vulcan Lakes TIF is complete with the opening of the Three Oaks Recreation Area in October, 2010. This recreation area has been a very successful endeavor for the City of Crystal Lake. Construction of the recreation area, known as the Three Oaks Recreation Area, began in May 2009 and was completed in the fall of 2010. The general public now enjoys numerous

recreational amenities. A beach, lake house, marina, spray park, paddle boarding, scuba diving and playground are the core amenities. The lake house has shower facilities, a concessions area, administrative offices and a maintenance garage. Attached to the lake house is an outside patio which overlooks the beach. The beach is over 200 lineal feet of sand 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 sailboats. Additional recreational amenities include shoreline fishing areas, walking trails, volleyball courts, a sledding hill and a picnic grove. The Three Oaks Recreation Area is a focal point for the City and is a destination for both residents and non-residents to enjoy these amenities.

The 2005 EAV for the Vulcan Lakes TIF was \$4,506,145. It is estimated that the EAV will eventually be in excess of \$96 million in 2005 dollars, when properties adjunct to the TIF are developed. Commercial activities along U.S. Route 14, including restaurants and entertainment venues are planned. The revitalization of the Vulcan Lakes project area envisions the creation of a vibrant activity center with recreational, residential and commercial activities complementing the lakes.

The Crystal Lake Avenue and Main Street TIFs are idle at this point in time. The 2004 EAV for the Crystal Lake Avenue and Main Street TIF was \$3,284,169. It is estimated that the EAV will be in excess of \$108 million in 2004 dollars upon completion of redevelopment. The Crystal Lake Avenue and Main Street TIF District is contiguous to the original Downtown TIF. The revitalization plan includes a continuation of streetscape elements found throughout the Downtown area, as well as relocation of the Main Street railroad spur, parking, environmental remediation and the potential redevelopment of under-utilized parcels at the Crystal Lake Avenue and Main Street intersection. Improvements to the north leg of the intersection of Main Street and Crystal Lake Avenue were completed in fall of 2008.

The Mayor and City Council held a formal Strategic Planning meeting in January 2012. One of the objectives that resulted from this session was the formalization of the five-year capital plan for the City. A new software package is now being utilized by all operating departments. The new software is utilized to assist in capital planning exercises and in addressing specific needs, while matching the proper resources for individual projects or purchases in future financial information presentations.

It is the focus of City staff to protect core services to the businesses and residents of the community while preserving the characteristics that have continued to draw people to live, work and enjoy the recreational activities of the City of Crystal Lake.

CASH MANAGEMENT POLICIES AND PRACTICES

The City of Crystal Lake operates under a formal investment policy presented and approved by the City Council every two years. The policy provides basic guidelines as to the diversification and maturities of securities that are authorized to be purchased. The policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Idle funds are invested in the Illinois State Treasurer's pool (Illinois Funds, as well as certificate of deposits, always making certain that the securities are in line with the policy and government backed.

Fire and Police Pension Funds have their own respective investment policies and boards. These funds have oversight by a five member board as per the State Statute for Article 3 and Article 4 pensions. Each fund has their own respective fund manager that assists with investments and returns.

RISK MANAGEMENT

The City provides a risk management program that continually analyzes losses and management of claims, and provides ongoing training and education to reduce future losses through a third party pool, the Intergovernmental Risk Management Agency, IRMA. The City has active safety committees in the major operating departments and provides City-wide training for employees through speakers and trainers based on an as-needed basis, as well as an Executive Safety Committee comprised of one representative from all City departments. The Executive Safety Committee reviews all claims and accidents to determine if further investigation, training or follow up is needed. The insurance market is very competitive and the pooling concept has been very beneficial to the City.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

The City provides pension benefits for its non-public safety employees through a state-wide plan managed by the Illinois Municipal Retirement Fund (IMRF). The City has no obligations in connection with employee benefits offered through this plan beyond its contractual payments to IMRF.

The City sponsors separate single-employer defined benefit pension plans for its police officers and firefighters, as required by State Statute, Article 3 and Article 4 pensions. Each year, an independent actuary engaged by the respective pension funds calculates the amount of the annual contribution that the City must make to the pension plans to ensure that the plan will be able to fully meet its obligations to retired public safety employees. The pension funds formally notify the City of the amount of the anticipated funding level. As a matter of practice, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. The amount required is funded through property tax levy each year.

AWARDS AND ACKNOWLEDGEMENTS

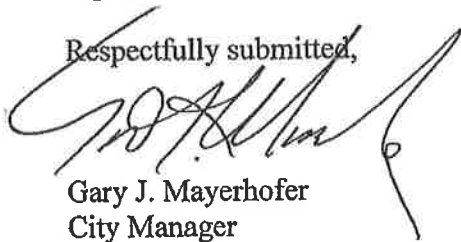
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Crystal Lake for its comprehensive annual financial report (CAFR) for the fiscal year ended April 30, 2012. This results in twenty-three consecutive years that 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 2012 Budget document for the fifth consecutive year. It is an honor for the City of Crystal Lake to receive these two awards from the National GFOA.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Without the support given by the Mayor and the City Council and their unfailing commitment to maintaining the highest standards of professionalism in the management of the City of Crystal Lake's finances, this report would not be possible. Recognition and acknowledgement of the essential nature of their support and commitment to effective and responsible local government financial operations, which has enabled a report that is believed to meet the requirements of the GFOA Certificate of Achievement Program again this year, is an appropriate conclusion to this year's report.

Respectfully submitted,

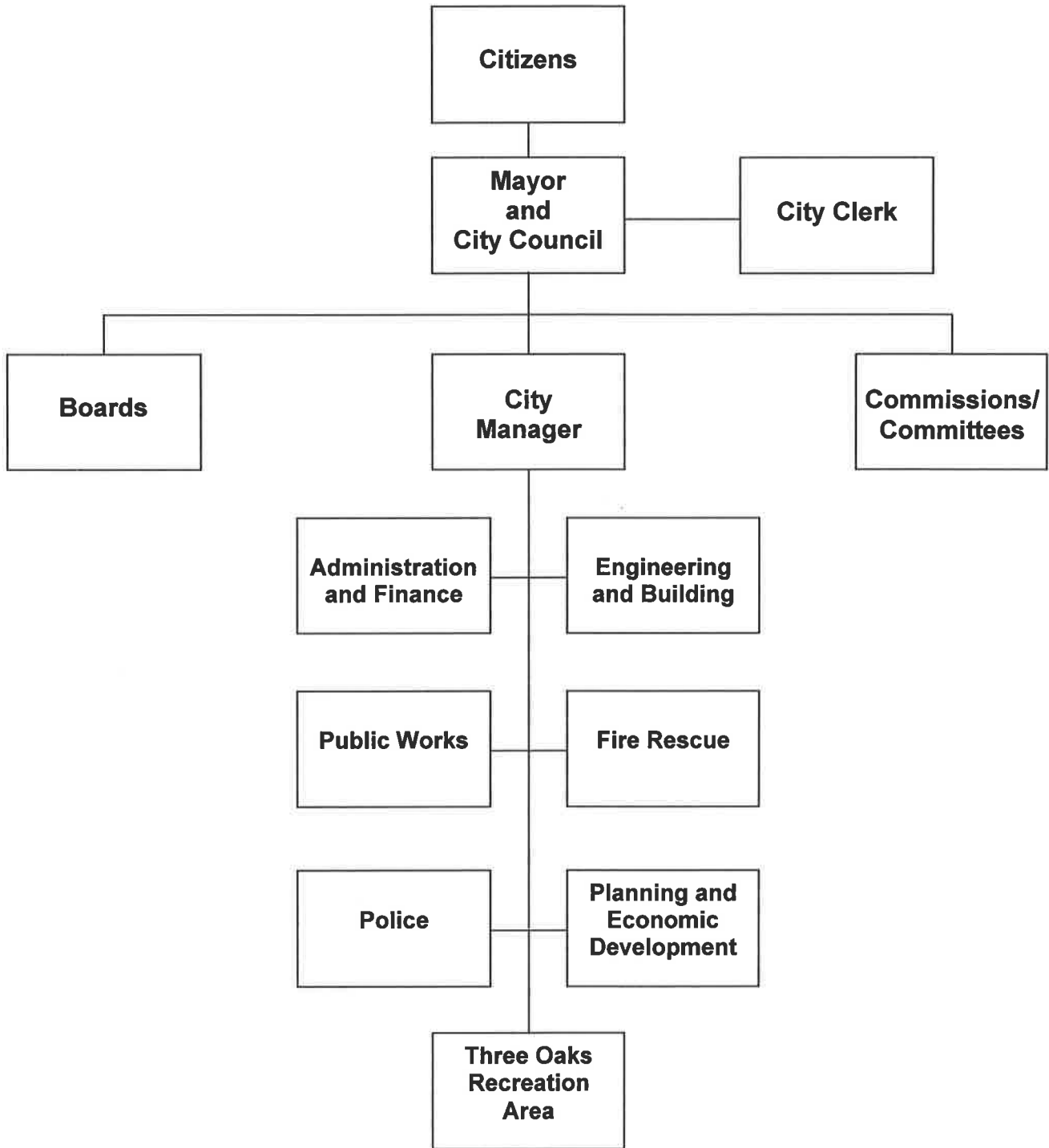


Gary J. Mayerhofer
City Manager



Mark F. Nannini
Director of Finance

CITY OF CRYSTAL LAKE ORGANIZATIONAL STRUCTURE



**City of Crystal Lake, Illinois
Principal Officials
April 30, 2013**

Legislative

Mayor: Aaron T. Shepley

City Clerk: Nick Kachiroubas

Ellen Brady Mueller, Council Member
Ralph M. Dawson, Council Member
Cameron Hubbard, Council Member

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

Administrative

City Manager - Gary J. Mayerhofer

Deputy City Manager - 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 LindJames Blacker

Fire/Rescue Chief – James P. Moore

Library Director – Kathryn Martens



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Crystal Lake
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2012

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Selden Fox, LTD.

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

630-954-1400
630-954-1327 FAX

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www.seldenfox.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information of the **City of Crystal Lake, Illinois** as of and for the year ended April 30, 2013, and the statements of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and the Motor Fuel Tax, Fire Rescue and Home Rule Sales Tax Funds (major Special Revenue Funds) and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information of the City of Crystal Lake, Illinois as of April 30, 2013, and the respective changes in financial position and where applicable cash flows thereof, and the respective budgetary comparison for the General Fund, the Motor Fuel Tax, Fire Rescue and Home Rule Sales Tax Funds (major Special Revenue Funds) for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note I.D. to the financial statements, the City adopted the provisions of GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4-13 and the *Schedules of Funding Progress* and the *Schedule of Employer Contributions* on pages 79-82 and 83, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying financial information listed as supplementary information and other financial schedules on pages 84-151 and the introductory and statistical section on pages i-xii and 152-183, respectively in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Supplementary Information (cont'd)

The supplementary information and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information listed as supplementary information and other financial schedules in the accompanying table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or any other form of assurance on them.

Selden Fox, Ltd.

October 10, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis 2013

The City of Crystal Lake Management's Discussion and Analysis (MD&A) is designed to 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), 4) identify any material deviations from the financial plan (the approved budget), and 5) identify individual fund issues and concerns.

As management of the City of Crystal Lake (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended April 30, 2013. 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 MD&A, 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 \$250,141 (net position), an increase of \$11,496 from the prior year. Of the total, \$29,081 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- During the fiscal year, the City invested \$9,927 in capital (buildings, equipment and infrastructure). Capital investments included intersection and roadway improvements at U.S. Route 14 and Pingree Road, U.S. Route 14 and Main Street, U.S. Route 14 and McHenry Avenue, Crystal Lake Avenue and Walkup, Crystal Lake Avenue and Main Street, Tracy Trail resurfacing, Eric street, Dearborn Court, landscape improvements, restoration of the Public Works garage floors, renovation of Fire Station #3 and #4. The purchase of new squads cars, Vac-con unit for streets, new articulating boom truck, new wood chipper truck, two new 10 wheel dump trucks for snow plowing and various other vehicles to upgrade the fleet.
- Operating grants totaling \$1,979 for governmental activities were received by the City. Proceeds were used for the purposes of reimbursement from storm cleanup (March 16, 2013), Flood mitigation, Police Activities, Emergency Operations Center, electrical lighting upgrades to the municipal facility, and roadway improvements.
- Principal on outstanding bonds and notes were reduced by \$6,020 during the year. Additional debt was issued in October, 2012 of \$9,235 for the Utility Funds.
- The General Fund is the chief operating fund of the City. At the end of the fiscal year, the total fund balance and unassigned fund balance (available for spending at the City's discretion) was \$17,630 and \$11,124, respectively. The unassigned fund balance represented 45.73% of General Fund operating expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise two components:

- 1) Government-wide financial statements
- 2) Fund financial statements

The notes to the financial statements are considered integral to the financial statements. In addition to the basic financial statements and notes, this report also contains required supplementary information, other supplementary information and statistical information.

The *government-wide financial statements* are intended to provide an aggregated overview of the City's net position and changes in net position. The government-wide financial statements report on the government as a whole using the same basis of accounting and measurement focus as private-sector business.

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

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

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

The Statement of Activities distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, 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 14 - 17 of this report.

Fund financial statements. The other category of basic financial statements, fund financial statements, assist in assessing whether the government has raised and spent financial resources in accordance with budget plans and in compliance with finance-related legal requirements. Certain funds, referred to as governmental funds, focus on the short-term flow of *current* financial resources, rather than on the flow of economic resources.

Other funds, referred to as proprietary and fiduciary funds, account for the business-type and certain fiduciary activities of the government. These funds follow accounting and reporting principles similar to those of business organizations.

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental funds. *Governmental funds* are a generic classification used to refer to all funds other than proprietary and fiduciary funds. The General Fund, special revenue funds, capital projects funds, and debt service funds are the types of funds referred to as *governmental funds*.

Governmental funds account for the inflows and outflows of *current* financial resources. As such, the balance sheet for governmental funds reports only *current* assets, *current* liabilities 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.

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, Home Rule Sales Tax Fund and Vulcan Lakes TIF District Fund). 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 18 - 27 of this report.

Because governmental fund financial statements use a different measurement focus and basis of accounting than that of the government-wide financial statements, financial information reported in the governmental funds balance sheet is reconciled to that reported in the Governmental Activities column of the government-wide statement of net position. Similarly, information reported in the governmental funds statement of revenues, expenditures and changes in fund balances are reconciled to that reported as governmental activities in the government-wide statement of activities.

The combination of government-wide and governmental fund financial statements allows the City to present fairly and with full disclosure, the funds and activities of the City and to demonstrate compliance with finance-related legal and contractual provisions.

Proprietary funds. Proprietary funds are sometimes referred to as *business-like* funds of a state or local government. Examples of proprietary funds are enterprise funds and internal service funds. The City maintains one proprietary fund. The Waterworks and Sewerage enterprise fund is used to account for the acquisition, operations and maintenance of water and sewer facilities and services and is predominately self-supporting through user charges. The Waterworks and Sewerage Fund is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 28 - 31 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 32 - 33 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 34 - 78 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 79 – 83 of this report.

Other supplementary information. Combining and individual fund statements and schedules can be found beginning on page 84 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 152.

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 \$250,141.

**Consolidated Statement of Net Assets
As of April 30, 2013
(In thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Current & other assets	\$ 53,643	\$ 49,868	\$ 4,942	\$ 10,402	\$ 58,585	\$ 60,270
Capital assets	179,273	183,661	65,826	65,425	245,099	249,086
Total assets	232,916	233,529	70,768	75,827	303,684	309,356
Long-term liabilities	29,667	21,204	13,460	16,083	43,127	37,287
Other liabilities	19,114	18,675	2,799	3,252	21,913	21,927
Total liabilities	48,781	39,879	16,259	19,335	65,040	59,214
Net assets:						
Invested capital assets, net of related debt	151,485	164,607	51,150	47,891	202,635	212,498
Restricted	10,058	8,563	-	-	10,058	8,563
Unrestricted	22,592	20,480	3,360	8,600	25,952	29,080
Total net assets	\$ 184,135	\$ 193,650	\$ 54,510	\$ 56,491	\$ 238,645	\$ 250,141

By far, the largest portion of the City's net assets (84.95 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 are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (0.02 percent) represents resources that are subject to external restrictions relative to their use. The remaining *balance of unrestricted net assets* (\$29,080) may be used to meet the City's ongoing obligations to citizens and creditors.

**Changes in Net Assets
For the Fiscal Year Ended April 30, 2013
(In thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Program revenues:						
Charges for services	\$ 5,387	\$ 5,440	\$ 8,231	\$ 11,127	\$ 13,618	\$ 16,567
Grants and contributions:						
Operating	1,311	1,979	-	-	1,311	1,979
Capital	3,724	2,287	101	66	3,825	2,353
General revenues:						
Property	11,062	11,328	-	-	11,062	11,328
Other taxes	7,456	7,458	-	-	7,456	7,458
Intergovernmental	14,328	14,659			14,328	14,659
Other	1,590	9,509	35	33	1,625	9,542
Total revenues	44,858	52,660	8,367	11,226	53,225	63,886
Expenses:						
Governmental activities:						
General government	10,447	8,983	-	-	10,447	8,983
Public safety	24,157	23,061	-	-	24,157	23,061
Highways and streets	7,849	7,756	-	-	7,849	7,756
Culture and recreation	1,043	1,020	-	-	1,043	1,020
Interest on long-term debt	984	774	-	-	984	774
Business-type activities - waterworks and sewerage	-	-	9,907	10,093	9,907	10,093
Total expenses	44,480	41,594	9,907	10,093	54,387	51,687
Revenues over (under) expenses	378	11,066	(1,540)	1,133	(1,162)	12,199
Transfers and adjustments	(1,698)	(1,033)	1,698	848	-	(185)
Changes in net position	(1,320)	10,033	158	1,981	(1,162)	12,014
Net position - beginning of year (restated)	185,455	183,617	54,352	54,510	239,807	238,127
Net position - ending of year	\$ 184,135	\$ 193,650	\$ 54,510	\$ 56,491	\$ 238,645	\$ 250,141

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

- Charges for services increased \$53 (0.98%) from the prior year. The increase is the issuance of debt for the utilities funds for capital improvements.
- Capital grants and contributions totaling \$2,287 were received during the year. Capital investments included intersection and roadway improvements at U.S. Route 14 and Pingree Road, U.S. Route 14 and Main Street, U.S. Route 14 and McHenry Avenue, Crystal Lake Avenue and Walkup, Crystal Lake Avenue and Main Street, Tracy Trail resurfacing, Eric street, Dearborn Court, landscape improvements, restoration of the Public Works garage floors, purchase of new squads cars, Vac-con unit for streets, new articulating boom truck, new wood chipper truck, two new 10-wheel dump trucks for snow plowing and various other vehicles to upgrade the fleet.
- Contributions totaling \$3,573 were received for purposes of funding city road projects.
- Intergovernmental taxes is now broken out, retail sales increased providing the City with additional sales taxes.
- Other taxes increased \$102 as increased cable services (franchise) fees.
- Interest income (reflected above as "Other") is dependent upon market conditions. Interest income declined \$13.0.
- General and administrative expenditures decreased \$1,464 or 14.0% from the prior year. The decrease is largely attributable to the elimination of the City's contribution to various construction projects.
- Public Safety expenditures decreased due to reduced spending on capital items in the current year.
- Culture and recreation expenses (down \$23) are attributable to the City's new Three Oaks Recreation area relying less on contributions to fund operations and establishing more stable revenue stream. The Three Oaks Recreation Area was completed in the fall of 2010. The general public can now 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 \$2,896 (35.1%) from the prior year. Included this year is a blended rate increase of 5.4% in the charge for water and sewer services as well as an increase in rent receipts from adding new cell tower sites.
- Waterworks and sewerage expenditures increased \$186 from the prior year. Increases are largely attributable to rising utility costs associated with pumping and treating water as well as the cost to maintain sanitary sewers (rehabilitation), well repairs and meter replacements.

Operating Results

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$34,498, a decrease of \$3,017 in comparison with the prior year. Approximately 32.2% of this amount or \$11,124 constituted spendable fund balance, which would be available to spend at the government's discretion. The remainder of the combined ending fund balance is restricted to indicate that it is not available for spending because it has already been restricted to pay debt service, retirement, street improvements or other specific costs, or is reserved for 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 \$11,124, while the total fund balance was \$17,630. 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 45.73% of General Fund operating expenditures.

The fund balance of the City's General Fund decreased by \$273 at the end of the fiscal year. Key factors attributing to the decrease included:

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

The Motor Fuel Tax Fund had a total fund balance of \$7,555, all of which is set aside for street improvements. The net decrease in fund balance during the year was \$468, due mainly to projects to improve City roadways.

The Fire Rescue Fund had a total fund balance of \$1,577. The net decrease in fund balance during the year was \$1,247. This is due mainly to the planned use of reserves to purchase a 100 foot ladder truck and replacement ambulance.

The Vulcan Lakes TIF Fund had a total fund balance of (\$1,842). 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 position of the Waterworks and Sewerage Fund at the end of the year amounted to \$8,601. Net position increased by \$1,981 from the prior year. The increase is the result of an increase in revenue due to a dry summer and movement in construction.

General Fund Budgetary Highlights

General Fund Budgetary Highlights Fiscal Year 2013 (In thousands)

	Original Budget	Final Budget	Actual
Revenues and other financing sources:			
Property taxes	\$ 3,381	\$ 3,381	\$ 3,372
Other taxes	2,635	2,635	2,702
Intergovernmental	13,891	13,891	15,236
Other	2,672	2,672	2,280
Total revenues	22,579	22,579	23,590
Expenditures	(27,337)	(27,359)	(25,815)
Other financing sources (uses)	-	-	1,952
Net change in fund balance	\$ (4,758)	\$ (4,780)	\$ (273)

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

- Demolition of property on land purchased to expand the downtown train station parking, (\$22).

Revenues and expenditures that exceeded final budget expectations included:

- Local income tax distributions were accelerated by the State of Illinois.
- Sales and use taxes – a rise in receipts is an early signal to the return of consumers to retail outlets following recessionary levels experienced in recent years.
- Cable franchise fees – an increase in receipts can be attributed to the “bundling” of phone, internet and television services.
- Tree removal costs exceeded budget due to removal of Ash trees for Emerald Ash Borer issues.

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 issues amid today’s economy.
- Police fines – actual receipts missing budget projections does not translate to a lack in enforcement, rather, change in leadership in the Police Department and reorganization, and the economic climate has caused more drivers to comply with road rules (fearing large fines).
- Parking fees – this fiscal year, maintenance and supplies costs for the City’s commuter lot meters have been charged against parking fees collected.
- Wages – positions vacated through attrition that are not critical to core service delivery have not been filled. The mild winter and lack of snow contributed to low personnel costs.
- 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 of a reduction in the number of calls for service.
- Flooding mitigation (engineering and construction) – a North Shore flooding mitigation project has been postponed until the project can receive input and design approval from area residents.

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities as of April 30, 2013, amounted to \$335,071 (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 \$89,972 or 36.71%.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Land	\$ 102,928	\$ 103,067	\$ 628	\$ 628	\$ 103,556	\$ 103,695
Construction in progress	1,512	4,901	679	1,058	2,191	5,959
Buildings and improvements	23,694	33,369	10,582	17,437	34,276	50,806
Machinery, equipment and vehicles	5,069	14,359	4,255	6,596	9,324	20,955
Infrastructure	46,069	62,638	49,683	91,018	95,752	153,656
Total	\$ 179,272	\$ 218,334	\$ 65,827	\$ 116,737	\$ 245,099	\$ 335,071

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 squads, wheel loader, forestry truck, chipper, and two dump trucks.
- Residual Construction and equipment costs for the Three Oaks Recreation Area.

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

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$36,096. Of this amount, \$27,755 comprises debt backed by the full faith and credit of the government.

**Long-Term Debt at Year End
Fiscal Year 2013
(In thousands)**

	Balance, May 1, 2012	Additions	Deletions	Balance, April 30, 2013
General obligation bonds	\$ 24,540	\$ 9,235	\$ 6,020	\$ 27,755
Special service area bonds	8,409	-	68	8,341
Notes payable	9,475	-	798	8,677
	<u>\$ 42,424</u>	<u>\$ 9,235</u>	<u>\$ 6,886</u>	<u>\$ 44,773</u>

The City's total debt decreased by \$2,349, new debt was issued, but action was taken to retire Special Service Area Bonds carried on the ledger.

The City maintains an "Aa1" rating from Moody's for general obligation debt and "AA+" rating from Standards and Poor.

Additional information on the City's long-term debt can be found in Note II.E of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 8.6 percent, up slightly from the rate of 8.2 percent a year ago. This compares to the State's average unemployment rate of 9.3 percent and the national average rate of 7.5 percent.
- The occupancy rate of the government's central business district has remained at 95.0 percent for the past three years.
- Inflationary trends in the region compare favorably to national indices.

All of the above factors were considered in preparing the City's budget for the 2014 fiscal year.

Both Water and Sewer rates increased for the 2014 budget year. The water and sewer rates were increased by an average of 5.53 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 Laura Herrig, Assistant Finance Director, 100 W. Woodstock Street, Crystal Lake, Illinois 60014.

BASIC FINANCIAL STATEMENTS

City of Crystal Lake, Illinois
Statement of Net Position
April 30, 2013

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Component</u> <u>Unit</u>
Assets	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Crystal Lake</u> <u>Public</u> <u>Library</u>
Cash and investments	\$ 29,631,480	\$ 9,383,432	\$ 39,014,912	\$ 5,286,800
Receivables, net:				
Property taxes	10,627,743	-	10,627,743	4,152,300
Accrued interest	587,726	5,214	592,940	-
Accounts	2,166,834	1,225,230	3,392,064	-
Internal balances	252,279	(252,279)	-	11,719
Due from fiduciary funds	213,053	-	213,053	-
Due from other governments	5,261,853	-	5,261,853	-
Inventory	164,766	-	164,766	-
Prepaid items and other assets	962,775	40,603	1,003,378	-
Total current assets	<u>49,868,509</u>	<u>10,402,200</u>	<u>60,270,709</u>	<u>9,450,819</u>
Noncurrent:				
Capital assets (net of accumulated depreciation):				
Land	103,066,974	628,095	103,695,069	661,569
Construction in progress	4,900,902	1,057,822	5,958,724	-
Buildings and improvements	24,421,665	10,672,776	35,094,441	5,154,206
Machinery, equipment and vehicles	5,349,701	4,312,768	9,662,469	126,060
Infrastructure	45,921,650	48,753,281	94,674,931	-
Total noncurrent assets	<u>183,660,892</u>	<u>65,424,742</u>	<u>249,085,634</u>	<u>5,941,835</u>
Total assets	<u>\$ 233,529,401</u>	<u>\$ 75,826,942</u>	<u>\$ 309,356,343</u>	<u>\$ 15,392,654</u>

(cont'd)

City of Crystal Lake, Illinois
Statement of Net Position (cont'd)
April 30, 2013

	Governmental Activities	Business-type Activities	Total	Component Unit Crystal Lake Public Library
Liabilities				
Current:				
Accounts payable	\$ 3,720,222	\$ 1,102,423	\$ 4,822,645	\$ 104,560
Accrued liabilities	589,519	67,118	656,637	108,034
Recapture fees payable	118,513	-	118,513	-
Due to component unit	11,719	-	11,719	-
Deposits payable	302,974	120,762	423,736	-
Interest payable	168,338	165,244	333,582	-
General obligation bonds payable	1,325,384	714,616	2,040,000	-
Notes payable	-	818,698	818,698	-
Compensated absences payable	1,810,806	263,446	2,074,252	75,628
Total current liabilities	8,047,475	3,252,307	11,299,782	288,222
Noncurrent:				
Compensated absences payable	1,193,257	82,441	1,275,698	49,835
Claims and judgments	218,496	-	218,496	-
General obligation bonds payable	17,728,589	8,142,209	25,870,798	-
Notes payable	-	7,858,257	7,858,257	-
Net pension obligation	2,019,138	-	2,019,138	-
Net other post-employment benefit obligation	44,937	-	44,937	-
Total noncurrent liabilities	21,204,417	16,082,907	37,287,324	49,835
Total liabilities	29,251,892	19,335,214	48,587,106	338,057
Deferred Inflows of Resources				
Property taxes	10,627,743	-	10,627,743	4,152,299
Net Position				
Invested in capital assets, net of related debt	164,606,919	47,890,962	212,497,881	5,941,835
Restricted for:				
Working cash	-	-	-	50,043
Highways and streets	7,555,105	-	7,555,105	-
Retirement	966,155	-	966,155	-
Debt service	41,803	-	41,803	-
Unrestricted	20,479,784	8,600,766	29,080,550	4,910,420
Total net position	\$ 193,649,766	\$ 56,491,728	\$ 250,141,494	\$ 10,902,298

See accompanying notes.

**City of Crystal Lake, Illinois
Statement of Activities
For the Year Ended April 30, 2013**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit Crystal Lake Public Library
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General and administrative	\$ 8,982,683	\$ 1,154,208	\$ 576,013	\$ -	\$ (7,252,462)	\$ -	\$ (7,252,462)	\$ -
Public safety	23,061,425	3,592,630	60,446	28,484	(19,379,865)	-	(19,379,865)	-
Highways and streets	7,755,990	247,139	1,342,940	2,023,692	(4,142,219)	-	(4,142,219)	-
Culture and recreation	1,020,428	445,580	-	234,379	(340,469)	-	(340,469)	-
Interest on long-term debt	773,768	-	-	-	(773,768)	-	(773,768)	-
Total governmental activities	41,594,294	5,439,557	1,979,399	2,286,555	(31,888,783)	-	(31,888,783)	-
Business-type activities - Waterworks and Sewerage	10,092,510	11,127,180	65,842	-	-	1,100,512	1,100,512	-
Total primary government	\$ 51,686,804	\$ 16,566,737	\$ 2,045,241	\$ 2,286,555	(31,888,783)	1,100,512	(30,788,271)	-
Component unit - Crystal Lake Public Library	\$ 4,005,472	\$ 148,284	\$ 41,782	\$ -	-	-	-	(3,815,406)
		General revenues:						
		Taxes:						
		Property			11,327,721	-	11,327,721	4,137,050
		Home rule sales			4,756,678	-	4,756,678	-
		Auto rental			36,185	-	36,185	-
		Franchise fees - cable			640,472	-	640,472	-
		Telecommunications			1,746,976	-	1,746,976	-
		Hotel			278,356	-	278,356	-
		Intergovernmental:						
		Replacement			142,418	-	142,418	-
		State sales and use			10,662,042	-	10,662,042	-
		Income			3,854,999	-	3,854,999	-
		Investment income			354,263	2,382	356,645	26,484
		Miscellaneous			814,168	30,710	844,878	81,221
		Release of commitment on SSA debt			8,341,000	-	8,341,000	-
		Transfers			(1,033,300)	848,275	(185,025)	-
		Total general revenues			41,921,978	881,367	42,803,345	4,244,755
		Change in net position			10,033,195	1,981,879	12,015,074	429,349
		Net position; beginning of the year, as previously reported			184,135,168	54,509,849	238,645,017	10,472,949
		Prior period restatement			(518,597)	-	(518,597)	-
		Net position, beginning of the year, as restated			183,616,571	54,509,849	238,126,420	10,472,949
		Net position, end of the year			\$ 193,649,766	\$ 56,491,728	\$ 250,141,494	\$ 10,902,298

See accompanying notes.

City of Crystal Lake, Illinois
Balance Sheet - Governmental Funds
April 30, 2013

	Special Revenue		
	General Fund	Motor Fuel Tax Fund	Fire Rescue Fund
Assets			
Cash and investments	\$ 11,500,277	\$ 7,165,478	\$ 2,044,082
Receivables:			
Property taxes, net	3,435,888	-	5,636,059
Interest	543,138	43,692	-
Other	443,173	431,009	321,920
Due from other funds	1,060,968	350,355	-
Due from other governments	4,135,093	70,067	-
Inventory	164,766	-	-
Prepaid items	880,315	-	79,404
Advances to other funds	1,800,000	-	-
Total assets	\$ 23,963,618	\$ 8,060,601	\$ 8,081,465
Liabilities			
Accounts payable	\$ 2,093,333	\$ 505,496	\$ 711,123
Accrued payroll	419,485	-	157,454
Recapture fees payable	61	-	-
Due to other funds	373,429	-	-
Due to component unit	11,719	-	-
Advances from other funds	-	-	-
Total liabilities	2,898,027	505,496	868,577
Deferred Inflows of Resources			
Property taxes	3,435,888	-	5,636,059
Fund Balances (Deficit)			
Nonspendable	2,845,081	-	79,404
Restricted, reported in:			
Restricted for highways and streets	-	7,555,105	-
Restricted for retirement	-	-	-
Restricted for debt service	-	-	-
Assigned for next fiscal year expenditures	3,660,817	-	468,138
Assigned, reported in:			
Special Revenue Funds	-	-	1,029,287
Capital Projects Funds	-	-	-
Unassigned, reported in:			
General Fund	11,123,805	-	-
Debt Service Funds	-	-	-
Capital Projects Funds	-	-	-
Total fund balances (deficit)	17,629,703	7,555,105	1,576,829
Total liabilities, deferred inflows of resources and fund balances	\$ 23,963,618	\$ 8,060,601	\$ 8,081,465

Funds			
Home Rule Sales Tax Fund	Capital Projects Fund Vulcan Lakes TIF District	Other Governmental Funds	Total Governmental Funds
\$ 2,362,799	\$ 199,220	\$ 6,359,624	\$ 29,631,480
-	-	1,555,796	10,627,743
-	-	896	587,726
-	21,079	949,653	2,166,834
-	-	1,475	1,412,798
1,056,693	-	-	5,261,853
-	-	-	164,766
-	-	3,056	962,775
-	-	-	1,800,000
\$ 3,419,492	\$ 220,299	\$ 8,870,500	\$ 52,615,975
-	-	-	-
-	22,500	690,744	4,023,196
-	-	12,580	589,519
-	-	118,452	118,513
-	239,724	334,313	947,466
-	-	-	11,719
-	1,800,000	-	1,800,000
-	2,062,224	1,156,089	7,490,413
-	-	1,555,796	10,627,743
-	-	3,056	2,927,541
-	-	-	7,555,105
-	-	966,155	966,155
-	-	44,827	44,827
1,922,120	-	97,075	6,148,150
1,497,372	-	1,055,529	3,582,188
-	-	3,994,997	3,994,997
-	-	-	11,123,805
-	-	(3,024)	(3,024)
-	(1,841,925)	-	(1,841,925)
3,419,492	(1,841,925)	6,158,615	34,497,819
\$ 3,419,492	\$ 220,299	\$ 8,870,500	\$ 52,615,975

See accompanying notes.

City of Crystal Lake, Illinois
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
April 30, 2013

Total fund balance - governmental funds (page 19)	\$ 34,497,819
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	183,660,892
Bond premiums are amortized over the life of the issue for governmental activities, but recognized as revenue in the period received in the governmental funds.	(39,324)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:	
General obligation bonds payable	(19,014,649)
Compensated absences payable	(3,004,063)
Claims and judgments	(218,496)
Net pension obligation	(2,019,138)
Net other post-employment benefit obligation	(44,937)
Interest payable	<u>(168,338)</u>
Net position of governmental activities (page 15)	<u>\$ 193,649,766</u>

See accompanying notes.

City of Crystal Lake, Illinois
Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit) - Governmental Funds
For the Year Ended April 30, 2013

	Special Revenue		
	General Fund	Motor Fuel Tax Fund	Fire Rescue Fund
Revenues:			
Charges for services	\$ 390,633	\$ -	\$ 2,905,912
Licenses and permits	434,328	-	-
Intergovernmental	15,235,472	2,873,038	28,484
Fines and forfeitures	581,230	-	-
Property taxes	3,372,269	-	5,417,573
Other taxes	2,701,989	-	-
Investment income	284,962	55,540	4,147
Grant proceeds	-	-	-
Miscellaneous	589,062	91,010	108,962
Total revenues	23,589,945	3,019,588	8,465,078
Expenditures:			
Current:			
General government	7,124,131	-	-
Public safety	12,991,001	-	8,243,919
Highways and streets	4,209,413	1,268,881	-
Culture and recreation	-	-	-
Debt service:			
Principal retirement	314,439	-	-
Interest and fiscal charges	66,490	-	-
Miscellaneous	-	-	-
Capital outlay	1,109,982	2,218,935	1,515,019
Total expenditures	25,815,456	3,487,816	9,758,938
Revenues over (under) expenditures before other financing sources (uses)	(2,225,511)	(468,228)	(1,293,860)
Other financing sources (uses):			
Bonds issued	850,000	-	-
Bond premium	9,988	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	2,637,118	-	46,368
Transfers out	(1,544,818)	-	-
Total other financing sources (uses)	1,952,288	-	46,368
Net changes in fund balances	(273,223)	(468,228)	(1,247,492)
Fund balances (deficit), beginning of the year	17,902,926	8,023,333	2,824,321
Fund balances (deficit), end of the year	\$ 17,629,703	\$ 7,555,105	\$ 1,576,829

Funds			
Home Rule Sales Tax Fund	Capital Projects Fund Vulcan Lakes TIF District	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 854,761	\$ 4,151,306
-	-	247,139	681,467
-	-	760,446	18,897,440
-	-	-	581,230
-	-	2,537,879	11,327,721
4,756,678	-	-	7,458,667
3,847	170	5,599	354,265
-	21,079	6,894	27,973
-	-	48,192	837,226
4,760,525	21,249	4,460,910	44,317,295
-	-	1,010,625	8,134,756
-	-	403,615	21,638,535
-	-	484,415	5,962,709
-	450	550,248	550,698
-	-	1,028,758	1,343,197
-	-	788,207	854,697
-	-	119,797	119,797
-	258,773	3,621,090	8,723,799
-	259,223	8,006,755	47,328,188
4,760,525	(237,974)	(3,545,845)	(3,010,893)
-	-	2,539,792	3,389,792
-	-	113,239	123,227
-	-	(2,600,517)	(2,600,517)
19,522	193,119	3,458,009	6,354,136
(4,594,917)	-	(1,133,658)	(7,273,393)
(4,575,395)	193,119	2,376,865	(6,755)
185,130	(44,855)	(1,168,980)	(3,017,648)
3,234,362	(1,797,070)	7,327,595	37,515,467
\$ 3,419,492	\$ (1,841,925)	\$ 6,158,615	\$ 34,497,819

See accompanying notes.

**City of Crystal Lake, Illinois
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances (Deficit)
 of Governmental Funds to the Statement of Activities
 For the Year Ended April 30, 2013**

Amounts reported for governmental activities in the statement of activities (pages 16 and 17) are different because:

Net changes in fund balances (deficit) - total governmental funds (page 22).	\$ (3,017,648)
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities.	7,212,330
Depreciation on capital assets is reported as an expense in the statement of activities.	(2,737,259)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position	(86,610)
The issuance of long term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Bonds issued	(3,389,792)
Principal repayments	1,343,197
Payments to refunded bond escrow agent	2,555,000
The statement of activities recognizes the City's release of its commitment on SSA bond issues in the current year.	8,341,000
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(116,474)
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	(177,333)
Decrease in claims and judgments	23,626
Increase in net pension obligation	(43,289)
Decrease in interest payable	126,447
Change in net position of governmental activities (page 17)	<u>\$ 10,033,195</u>

See accompanying notes.

City of Crystal Lake, Illinois
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 525,964	\$ 525,964	\$ 390,633	\$ (135,331)
Licenses and permits	449,502	449,502	434,328	(15,174)
Intergovernmental	13,891,300	13,891,300	15,235,472	1,344,172
Fines and forfeitures	771,630	771,630	581,230	(190,400)
Property taxes	3,381,577	3,381,577	3,372,269	(9,308)
Other taxes	2,635,172	2,635,172	2,701,989	66,817
Investment income	275,000	275,000	284,962	9,962
Miscellaneous	649,040	649,040	589,062	(59,978)
Total revenues	22,579,185	22,579,185	23,589,945	1,010,760
Expenditures:				
Current:				
General government	7,595,394	7,595,394	7,124,131	471,263
Public safety	13,304,570	13,304,570	12,991,001	313,569
Highways and streets	4,623,240	4,623,240	4,209,413	413,827
Capital outlay	1,339,000	1,360,868	1,109,982	250,886
Debt service:				
Principal	411,592	411,592	314,439	97,153
Interest and fees	62,943	62,943	66,490	(3,547)
Total expenditures	27,336,739	27,358,607	25,815,456	1,543,151
Revenues under expenditures before other financing sources (uses)	(4,757,554)	(4,779,422)	(2,225,511)	2,553,911
Other financing sources (uses):				
Bond proceeds	-	-	850,000	850,000
Bond premium	-	-	9,988	9,988
Transfers in	-	-	2,637,118	2,637,118
Transfers out	-	-	(1,544,818)	(1,544,818)
Total other financing sources (uses)	-	-	1,952,288	1,952,288
Net changes in fund balance	\$ (4,757,554)	\$ (4,779,422)	(273,223)	\$ 4,506,199
Fund balance, beginning of the year			17,902,926	
Fund balance, end of the year			\$ 17,629,703	

See accompanying notes.

City of Crystal Lake, Illinois
Motor Fuel Tax Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,335,500	\$ 2,335,500	\$ 2,873,038	\$ 537,538
Investment income	16,000	16,000	55,540	39,540
Miscellaneous	20,000	20,000	91,010	71,010
Total revenues	<u>2,371,500</u>	<u>2,371,500</u>	<u>3,019,588</u>	<u>648,088</u>
Expenditures - current:				
Highways and street:				
Contractual services	1,865,033	1,867,083	1,046,780	820,303
Supplies and materials	328,000	328,000	222,101	105,899
Capital outlay - streets	3,780,800	3,780,800	2,218,935	1,561,865
Total expenditures	<u>5,973,833</u>	<u>5,975,883</u>	<u>3,487,816</u>	<u>2,488,067</u>
Revenues under expenditures	<u>\$ (3,602,333)</u>	<u>\$ (3,604,383)</u>	<u>(468,228)</u>	<u>\$ 3,136,155</u>
Fund balance, beginning of the year			<u>8,023,333</u>	
Fund balance, end of the year			<u>\$ 7,555,105</u>	

See accompanying notes.

City of Crystal Lake, Illinois
Fire Rescue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 2,689,437	\$ 2,689,437	\$ 2,905,912	\$ 216,475
Intergovernmental	12,000	12,000	28,484	16,484
Property taxes	5,432,500	5,432,500	5,417,573	(14,927)
Investment income	5,500	5,500	4,147	(1,353)
Other	17,000	17,000	108,962	91,962
Total revenues	8,156,437	8,156,437	8,465,078	308,641
Expenditures:				
Public safety:				
Personnel services	7,248,281	7,248,281	6,927,612	320,669
Contractual services	967,384	967,384	1,059,953	(92,569)
Materials and supplies	256,915	256,915	256,354	561
Capital outlay	1,414,609	1,670,845	1,515,019	155,826
Total expenditures	9,887,189	10,143,425	9,758,938	384,487
Revenues under expenditures before other financing sources	(1,730,752)	(1,986,988)	(1,293,860)	693,128
Other financing sources - transfers in	46,368	46,368	46,368	-
Net changes in fund balance	\$ (1,684,384)	\$ (1,940,620)	(1,247,492)	\$ 693,128
Fund balance, beginning of the year			2,824,321	
Fund balance, end of the year			\$ 1,576,829	

See accompanying notes.

City of Crystal Lake, Illinois
Home Rule Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Major Funds
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Other taxes - home rule sales tax	\$ 4,541,000	\$ 4,541,000	\$ 4,756,678	\$ 215,678
Investment income	5,700	5,700	3,847	(1,853)
Total revenues	4,546,700	4,546,700	4,760,525	213,825
Other financing uses:				
Transfers in	28,296	28,296	19,522	(8,774)
Transfers out	(4,998,394)	(4,998,394)	(4,594,917)	403,477
Total other financing uses	(4,970,098)	(4,970,098)	(4,575,395)	394,703
Net changes in fund balance	\$ (423,398)	\$ (423,398)	185,130	\$ 608,528
Fund balance, beginning of the year			3,234,362	
Fund balance, end of the year			\$ 3,419,492	

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Net Position
April 30, 2013

Assets	
Current assets:	
Cash and cash equivalents	\$ 9,383,432
Receivables - accounts	1,230,444
Due from other funds	21,709
Prepaid items	40,603
Total current assets	10,676,188
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Land	628,095
Construction in progress	1,057,822
Building improvements	10,672,776
Machinery, equipment, and vehicles	4,312,768
Infrastructure	48,753,281
Total noncurrent assets	65,424,742
Total assets	76,100,930
Liabilities	
Current liabilities:	
Accounts payable	1,102,423
Accrued payroll	67,118
Deposits payable	120,762
Interest payable	165,244
Due to other funds	273,988
General obligation bonds - current	714,616
Notes payable	818,698
Compensated absences payable	263,446
Total current liabilities	3,526,295
Noncurrent liabilities:	
Compensated absences payable	82,441
Notes payable	7,858,257
General obligation bonds - noncurrent	8,142,209
Total noncurrent liabilities	16,082,907
Total liabilities	19,609,202
Net Position	
Invested in capital assets, net of related debt	47,890,962
Unrestricted	8,600,766
Total net position	\$ 56,491,728

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended April 30, 2013

Operating revenues:		
Charges for services		\$ 8,384,836
Participation fees		1,595,543
Miscellaneous		<u>30,710</u>
Total operating revenues		10,011,089
Operating expenses - excluding depreciation		<u>6,522,017</u>
Operating income before depreciation		3,489,072
Depreciation		<u>2,915,819</u>
Operating income		<u>573,253</u>
Nonoperating revenue (expense):		
Connection fees		869,785
Interest income		2,382
Grant revenue		65,842
Rental income		277,016
Interest expense		(454,299)
Loss on sale of capital assets		<u>(200,375)</u>
Total nonoperating revenue (expense)		<u>560,351</u>
Income before capital contributions and transfers		1,133,604
Capital contributions		114,043
Transfers in		735,992
Transfers out		<u>(1,760)</u>
Changes in net position		1,981,879
Total net position, beginning of the year		<u>54,509,849</u>
Total net position, end of the year		<u>\$ 56,491,728</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, 2013

<hr/>	
Cash flows from operating activities:	
Receipts from customers	\$ 9,748,427
Payments to suppliers and service providers	(3,297,701)
Payments to employees for salaries and benefits	<u>(3,004,947)</u>
Net cash from operating activities	<u>3,445,779</u>
Cash flows from capital and related financing activities:	
Proceeds from bonds issued	5,845,208
Capital assets purchased	(2,600,821)
Connection fees	869,785
Principal paid on general obligation bonds	(2,189,802)
Principal paid on notes payable	(798,331)
Interest paid on general obligation bonds and notes payable	<u>(431,795)</u>
Net cash from capital and related financing activities	<u>694,244</u>
Cash flows from noncapital financing activities:	
Grants received for operating purposes	65,842
Advances to other funds	351,457
Transfers in from other funds	735,992
Transfers out to other funds	<u>(1,760)</u>
Net cash from noncapital financing activities	<u>1,151,531</u>
Cash flows from investing activities - interest and dividends	<u>2,382</u>
Net increase in cash and cash equivalents	5,293,936
Balance, beginning of the year	<u>4,089,496</u>
Balance, end of the year	<u>\$ 9,383,432</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, 2013

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

Operating income	\$ 573,253
Adjustments to reconcile operating income to net cash provided by operating activities:	
Rental income	277,016
Depreciation expense	2,915,819
Increase in receivables	(539,678)
Decrease in prepaid items	22,127
Increase in accounts payable	142,067
Increase in deposits payable	2,187
Increase in accrued payroll	14,857
Increase in compensated absences payable	38,131
	<hr/>
Net cash from operating activities	\$ 3,445,779

See accompanying notes.

City of Crystal Lake, Illinois
Fiduciary Funds - Trust and Agency Funds
Statement of Fiduciary Net Position
April 30, 2013

Assets	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash	\$ 4,800	\$ 305,653
Investments:		
Illinois Funds Investment Pool	213,779	-
Money market accounts	519,495	-
U.S. government and agency securities	16,696,884	-
Corporate bonds	3,816,005	-
Insurance contracts	1,384,710	-
Municipal bonds	1,400,030	-
Mutual funds - bonds	2,564,202	-
Mutual funds - stocks	24,315,574	-
Interest receivable	161,730	-
Other receivables	-	10,435
Total assets	<u>\$ 51,077,209</u>	<u>\$ 316,088</u>
Liabilities		
Accounts payable	\$ 773	\$ -
Recapture fees payable	-	103,035
Due to other funds	-	213,053
Total liabilities	<u>773</u>	<u>316,088</u>
Net Position		
Restricted for pension benefits	<u>51,076,436</u>	<u>-</u>
Total liabilities and net position	<u>\$ 51,077,209</u>	<u>\$ 316,088</u>

See accompanying notes.

City of Crystal Lake, Illinois
Fiduciary Funds - Pension Trust Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended April 30, 2013

Additions	
Contributions:	
Employer	\$ 3,372,234
Participant	<u>1,034,138</u>
Total contributions	<u>4,406,372</u>
Investment income:	
Net depreciation in fair value of investments	3,002,986
Interest income	1,389,853
Less investment expenses	<u>(231,010)</u>
Total investment income	<u>4,161,829</u>
Miscellaneous	<u>60,000</u>
Total additions	<u>8,628,201</u>
Deductions	
Pension benefits and refunds	2,673,789
Administrative expenses	<u>37,555</u>
Total deductions	<u>2,711,344</u>
Changes in net position	5,916,857
Total net position, beginning of the year	<u>45,159,579</u>
Total net position, end of the year	<u>\$ 51,076,436</u>

See accompanying notes.

City of Crystal Lake, Illinois Notes to the Financial Statements

I. Summary of Significant Accounting Policies

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

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

A. The Reporting Entity

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

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

Discretely Presented Component Unit – The City's component unit is reported in a separate column to emphasize that it is legally separate from the City.

The Crystal Lake Public Library (Library) is governed by a nine-member Board of Trustees appointed by the Mayor of the City. The Library is financially accountable to the City, as the City's approval is needed for the Library to issue bonded debt. The Library's fiscal year end is the same as the City's. Separate financial statements for the Library are not available.

Other Governmental Entities – Several other governmental entities have operations within the City but are separate legal entities. These entities include School District Nos. 47 and 155, Crystal Lake Civic Center Authority, and the Crystal Lake Park District. The City is not financially accountable for these entities, and they are, therefore, not included in the City's reporting entity. In addition, the City does not believe that it is a component unit of any other entity.

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

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

B. Government-wide and Fund Financial Statements

The government-wide statement of net position and statement of activities report the overall financial activity of the City. Eliminations have been made to minimize the double counting of internal activities of the City. However, interfund services provided and used are not eliminated in the process of consolidation. The financial activities of the City consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net position presents the City's nonfiduciary assets and liabilities with the difference reported in three categories:

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 position results when constraints placed on net position use is either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the criteria of the two preceding categories.

The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e., general government, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The City has the following major governmental funds:

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

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

B. Government-wide and Fund Financial Statements (cont'd)

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the City and accounted for in the General Fund include general government, public safety and public works.

Home Rule Sales Tax Fund – This fund accounts for the collection of a municipal home rule sales tax and the transfers to other funds as approved by the City Council.

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.

Fiduciary funds are used to report assets held in a trustee capacity for others, and therefore cannot be used to support the City's own programs. The City reports the following fiduciary fund types:

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

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

B. Government-wide and Fund Financial Statements (cont'd)

Trust Funds – The City has two pension trust funds. These funds account for the activities of the Police Pension Plan and the Firefighters' Pension Plan, both of which accumulate resources for pension benefit payments to qualified public safety employees.

Agency Funds – The City reports one agency fund, the Special Assessment Fund, which accounts for the collection of special assessments from property owners and payment of the related special assessment liabilities.

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal year (60 days for property taxes and 180 days for income taxes).

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, state shared revenues, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

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

Investments – Investments are reported at fair value. Fair value is based on quoted market prices. Under Illinois law, the City (and Library) is restricted to investing funds in specific types of investment instruments. The following generally represents the types of instruments allowable by state law:

- Securities issued or guaranteed by the United States, its agencies and its instrumentalities.
- Interest bearing savings accounts, certificates of deposit, and time deposits for banks and savings and loans insured up to \$250,000 by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the highest classification by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- The Illinois Funds Investment Pool.
- Repurchase agreements that meet instrument transaction requirements of Illinois law.

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

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

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

1. Deposits and Investments (cont'd)

Investments (cont'd)

In addition, Pension Trust Funds are also permitted to invest in the following instruments:

- General accounts of Illinois-licensed life insurance companies.
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds, and real estate, limited to 10% of the fund's investments.
- Interest-bearing bonds of the state of Illinois, and bonds or tax anticipation warrants of any county, township, or municipal corporation of the state of Illinois.
- Mutual funds which meet the following requirements: (1) managed by an investment company as defined under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953, (2) mutual fund has been in operation for 5 years, (3) mutual fund has assets of \$250 million or more, (4) mutual fund is comprised of stocks, bonds, or money market instruments, and (5) limited to 35% of net present assets.
- Common and preferred stocks which meet the following requirements: (1) investments must be made through an investment advisor, (2) stocks of U.S. corporations that have been in existence for five years, (3) corporations not in arrears in payment of dividends in last five years, (4) market value of stock in any one corporation does not exceed 5% of cash and invested assets of pension fund, (5) stock in any one corporation does not exceed 5% of total outstanding stock in the corporation, (6) stock listed on national securities exchange or quoted in NASDAQNMS, and (7) limited to 35% of net present assets.

The City of Crystal Lake's investment policy (excluding the Pension Trust Funds) further restricts what it may invest in to the following types of investment instruments:

- U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value.
- Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investment constituting director obligations of any bank that is insured by the Federal Deposit Insurance Corporation.
- Local government investment pools, either state-administered or through joint powers statutes or other intergovernmental agreement legislation.

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

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

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

1. Deposits and Investments (cont'd)

Investments (cont'd)

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

2. Inventory and Prepaid Items

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

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

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.

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

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

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

3. Capital Assets (cont'd)

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

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

	<u>Years</u>
Buildings and improvements	25 - 50
Machinery, equipment and vehicles	3 - 15
Infrastructure – streets and bridges	50 - 80
Infrastructure – water and sewer system	60

Gains or losses from sales or retirements of capital assets are included in the operations on the statement of activities.

4. Vacation and Sick Leave

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated vacation, and vested sick leave balances for City employees.

Vacation and sick leave are recorded in governmental funds when due (upon employee retirement or termination). The General Fund is typically used to liquidate these liabilities. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expenditure/expense is reported and a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" at retirement.

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

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

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

5. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations, including compensated absences, net pension obligation and net other post-employment benefits obligation, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as expenses/expenditures at the time of issuance.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued 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 service expenditures.

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

6. Net Position/Fund Balance Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on its use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definitions of “restricted” or “invested in capital assets, net of related debt.”

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

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

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

6. Net Position/Fund Balance Classifications (cont'd)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Within the governmental funds, restricted resources are utilized first, followed, as available, by committed, assigned and unassigned.

In the governmental fund financial statements, governmental funds report fund balance as either nonspendable or spendable. Spendable fund balance is further classified as restricted, committed, assigned or unassigned, based on the relative strength of the constraints that control how specific amounts can be spent.

Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include ordinances approved by the Board. Amounts can be released from commitment in the same manner as they are committed. Assigned fund balance includes all remaining amounts that are reported in governmental funds other than the General Fund not already classified as nonspendable, restricted or committed, and any amount within the General Fund that are intended to be used for a specific purpose. The City Manager and Finance Director are given the authority in the City's fund balance policy to determine the portion of fund balance to be assigned in the annual budget process.

In accordance with the City's fund balance policy, the City will strive for minimum fund balances of 50% of annual operating expenditures in the General and Fire Rescue Funds, and 25% in the Water and Sewer Fund.

Individual Fund Restrictions, Commitments and Assignments:

General Fund – The City has a portion of the fund balance that is considered nonspendable fund balance. The nonspendable fund balance is intended as an offset to inventory, prepaid items, and a long-term loan receivable to another fund totaling \$164,766, \$880,315, and \$1,800,000, respectively. To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance.

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

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

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

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

6. Net Position/Fund Balance Classifications (cont'd)

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

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 \$79,404. To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance.

Nonmajor Governmental Funds – A portion of the fund balance (\$3,056) is considered nonspendable fund balance and is intended as an offset to prepaid items. The fund balance in the Illinois Municipal Retirement Fund is restricted to meeting retirement obligations to City employees. The portion of the fund balance from Debt Service Funds with a positive fund balance is considered restricted for the payment of long-term debt obligations.

To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance. All other special revenue and capital projects fund balances are considered assigned for the purposes of their respective funds, to the extent those funds have a positive fund balance. Negative fund balances reported in debt service and capital project funds are considered unassigned fund balances.

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

7. Capital Contributions

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

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.

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

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

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

9. Interfund Transactions

The City has the following types of transactions between funds:

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

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

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

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

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.

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

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

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

12. Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position – Restatement

For the year ended April 30, 2013, the City adopted the provisions of GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. Statement No. 63 amends the net asset reporting requirements in Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Statement No. 65 established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The implementation of these standards reduced previously reported governmental activities net position as of the beginning of the year by \$518,597 to eliminate unamortized bond issuance costs. This restatement has been presented in the statement of activities for the year ended April 30, 2013.

The implementation of these standards resulted in a reclassification of deferred property tax revenue, formerly presented as a current liability, as a deferred inflow of resources.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Special Revenue Funds, certain Debt Services Funds, certain Capital Projects Funds, the Enterprise Fund and the Pension Trust Funds. All annual appropriations lapse at fiscal year end.

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

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

A. Budgetary Information (cont'd)

During the current year, budgets were not adopted for the following funds:

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

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

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

2. A public hearing is conducted to obtain taxpayer comments.

Prior to May 1, the budget is legally enacted for the General Fund, Special Revenue Funds, Debt Services Funds (exceptions noted above), Capital Projects Funds (exceptions noted above), Enterprise Funds and Pension Trust Funds.

3. Expenditures may not legally exceed the total appropriated amounts for each fund. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, expenditures in excess of the total appropriated amount must be approved by the City Council. The City approved supplemental appropriations of \$457,354 during the year ended April 30, 2013. The Library also approved supplemental appropriations.

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

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

A. Budgetary Information (cont'd)

As of April 30, 2013, the following funds had an excess of actual expenditures over budget:

Fund Name	Excess
Crystal Heights Debt Service Fund	\$ 89,900
SEECOM Debt Service Fund	26,618
SSA #44 Tracy Trail Project Debt Service Fund	21,115
SSA #46 Ryland Water and Sewer Project Debt Service Fund	4,215
Three Oaks Recreation Area Debt Service Fund	1,063
Virginia Street Corridor TIF Construction Fund	268,948
Main Street TIF District Fund	703
Vulcan Lakes TIF District Fund	259,223
Police Pension Fund	182,855
Firefighters' Pension Fund	156,489

B. Deficit Fund Equity

At April 30, 2013, the Vulcan Lakes TIF District (Capital Projects) Fund has a deficit fund balance of \$1,841,925. It is expected that the future incremental tax revenues will eliminate this fund deficit. The Crystal Heights Debt Service Fund had a deficit fund balance of \$3,024 at April 30, 2013. Funding for this deficit is expected to come from future property tax revenues.

III. Detailed Notes For All Funds

A. Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds, which are held separately. In addition, investments are separately held by several of the City's funds. Income from pooled investments is allocated to the funds based on their proportional share of the investment balance.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy requires that funds on deposit in excess of FDIC limits be secured by some form of collateral. The City shall enter into a collateral agreement with the financial institution; and the agreement shall outline the types of assets that may be utilized as collateral, the amount of collateral required, and the methodology. The amount of collateral provided would not be less than 100% of the fair market value of the net amount of public funds secured. Pledged collateral will be held by the City of Crystal Lake or in safekeeping and evidenced by a written agreement. If collateral is held in safekeeping, it must be held at an independent third party institution. A collateral agreement will preclude the release of the pledged assets, without an authorized signature from the City of Crystal Lake, but the agreement will allow for an exchange of collateral of like value.

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

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

A. Deposits and Investments (cont'd)

Custodial Credit Risk – Deposits (cont'd)

The City will accept any of the following assets as collateral:

1. Negotiable obligations of the United States government.
2. Negotiable obligations of any agency or instrumentality of the United States government guaranteed by the full faith and credit of the United States government.

Investments – As of April 30, 2013, the City, including the Pension Funds, had the following investments:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	\$ 3,459,412	\$ 112,353	\$ 1,803,920	\$ 1,543,139	\$ -
Fixed Income Money Market funds	519,495	519,495	-	-	-
Mortgage-backed securities	7,599,820	665,283	4,890,191	1,967,237	77,109
Other agency securities	16,853,837	2,339,661	11,709,794	2,804,382	-
Certificates of deposit	18,322,234	8,454,021	9,617,723	250,490	-
Municipal bonds	1,400,030	-	486,977	792,655	120,398
Mutual funds*	26,879,776	26,879,776	-	-	-
Corporate bonds	3,816,005	795,138	1,860,058	1,160,809	-
Insurance contracts	1,384,710	1,384,710	-	-	-
Illinois Funds Investment Pool*	4,083,831	4,083,831	-	-	-
Total investments	\$ 84,319,150	\$ 45,234,268	\$ 30,368,663	\$ 8,518,712	\$ 197,507

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

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

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

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

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

A. Deposits and Investments (cont'd)

Credit Risk – State law limits investment in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The City's policy places no further limits beyond those required by state law.

As of April 30, 2013, the City's investments were rated as follows:

Investment Type	Fair Value	Moody's
Fixed Income Money Market funds	\$ 519,495	NR
Other agency securities	21,213,716	AA+
Municipal bonds	1,400,030	AA+ to BBB-
Corporate bonds	3,816,005	AA+ to BBB-
Illinois Funds Investment Pool	4,083,831	AAAm

NR = Not Rated

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

Concentration of Credit Risk – The City's investment policy places no limit on the amount the City may invest in any one issuer. More than 5 percent of the City's investments (excluding the Pension Trust Funds) are in Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Home Loan Bank debt securities, which account for 21.54%, 5.92% and 5.08% of the City's total investments respectively. Concentration risk disclosures for the Police and Firefighters' Pension Funds are in Note IV. 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)

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

A. Deposits and Investments (cont'd)

Component Unit – Crystal Lake Public Library – At year end, the Library had investments in the Illinois Funds Investment Pool with a fair value of \$936,374. The weighted average maturity of the Pool is less than one year. The Illinois Funds Investment Pool was rated AAAM by Standard & Poors rating service. The Library also invests in twenty seven certificates of deposit with an aggregate carrying value of \$4,183,367, of which seventeen certificates of deposit with a carrying value of \$2,847,976 will mature within one year, and ten certificates of deposit with a carrying value of \$1,335,391 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 2012 levy is intended to fund the operations of fiscal year 2014, the 2012 property tax levy is recorded as a receivable and the 2012 property tax revenue is reported as a deferred inflow of resources.

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

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective share of the collections. Taxes levied in 2012 become due and payable in two installments in June 2013 and September 2013. The City must file its tax levy by the last Tuesday of December each year. The owner of real property on January 1 in any year is liable for taxes of that year. The lien date for delinquent taxes is the second week in November each year.

Property taxes receivable is shown net of an allowance for doubtful accounts. The property tax receivable allowance is equal to 1.0% of the most recent property tax levy.

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

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

C. Capital Assets

Governmental Activities – A summary of changes in capital assets for governmental activities of the City for the year ended April 30, 2013 is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 102,928,633	\$ 138,341	\$ -	\$ 103,066,974
Construction in progress	1,512,719	3,539,401	151,218	4,900,902
	<u>104,441,352</u>	<u>3,677,742</u>	<u>151,218</u>	<u>107,967,876</u>
Capital assets being depreciated:				
Buildings and improvements	31,777,187	1,591,895	-	33,369,082
Machinery, equipment and vehicles	13,706,124	1,166,758	514,083	14,358,799
Infrastructure	61,718,802	919,591	-	62,638,393
	<u>107,202,113</u>	<u>3,678,244</u>	<u>514,083</u>	<u>110,366,274</u>
Less accumulated depreciation for:				
Buildings and improvements	8,083,173	864,244	-	8,947,417
Machinery, equipment and vehicles	8,637,742	806,391	435,035	9,009,098
Infrastructure	15,650,119	1,066,624	-	16,716,743
	<u>32,371,034</u>	<u>2,737,259</u>	<u>435,035</u>	<u>34,673,258</u>
Total capital assets being depreciated, net	<u>74,831,079</u>	<u>940,985</u>	<u>79,048</u>	<u>75,693,016</u>
Governmental activities capital assets, net	<u>\$ 179,272,431</u>	<u>\$ 4,618,727</u>	<u>\$ 230,266</u>	<u>\$ 183,660,892</u>

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

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

C. Capital Assets (cont'd)

Business-type Activities – A summary of changes in capital assets for business-type activities of the City for the year ended April 30, 2013 is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 628,095	\$ -	\$ -	\$ 628,095
Construction in progress	679,189	692,376	313,743	1,057,822
	<u>1,307,284</u>	<u>692,376</u>	<u>313,743</u>	<u>1,685,917</u>
Capital assets being depreciated:				
Buildings and improvements	16,636,129	800,801	-	17,436,930
Machinery, equipment and vehicles	6,290,679	305,527	-	6,596,206
Infrastructure	90,252,046	1,229,903	464,227	91,017,722
	<u>113,178,854</u>	<u>2,336,231</u>	<u>464,227</u>	<u>115,050,858</u>
Less accumulated depreciation for:				
Buildings and improvements	6,054,319	709,835	-	6,764,154
Machinery, equipment and vehicles	2,036,473	246,965	-	2,283,438
Infrastructure	40,569,274	1,959,019	263,852	42,264,441
	<u>48,660,066</u>	<u>2,915,819</u>	<u>263,852</u>	<u>51,312,033</u>
Total capital assets being depreciated, net	<u>64,518,788</u>	<u>(579,588)</u>	<u>200,375</u>	<u>63,738,825</u>
Business-type activities capital assets, net	<u>\$ 65,826,072</u>	<u>\$ 112,788</u>	<u>\$ 514,118</u>	<u>\$ 65,424,742</u>

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

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

C. Capital Assets (cont'd)

Component Unit – Crystal Lake Public Library – A summary of changes in capital assets for component unit activities of the City for the year ended April 30, 2013 is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
Component Unit Activities:				
Capital assets not being depreciated – land	\$ 661,569	\$ -	\$ -	\$ 661,569
Capital assets being depreciated:				
Buildings and improvements	7,890,172	-	-	7,890,172
Machinery, equipment and vehicles	343,559	58,946	-	402,505
	8,233,731	58,946	-	8,292,677
Less accumulated depreciation for:				
Buildings and improvements	2,584,136	151,829	-	2,735,965
Machinery, equipment and vehicles	241,495	34,951	-	276,446
	2,825,631	186,780	-	3,012,411
Total capital assets being depreciated, net	5,408,100	(127,834)	-	5,280,266
Component unit activities capital assets, net	\$ 6,069,669	\$ (127,834)	\$ -	\$ 5,941,835

Depreciation was charged to functions/activities as follows:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Public Library
General and administrative	\$ 342,636	\$ -	\$ -
Public safety	968,310	-	-
Highways and streets	939,131	-	-
Culture and recreation	487,182	-	186,780
Waterworks and sewerage	-	2,915,819	-

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

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

D. Interfund Receivables, Payables and Transfers

The following interfund receivables and payables as of April 30, 2013 represent amounts deposited into one fund but recorded as revenue in another fund, or expenditures paid on behalf of one fund by another fund, for which reimbursement has not yet taken place. They are expected to be liquidated in the next year during the normal course of operations.

Receivable Fund	Payable Fund	Amount
General	Vulcan Lakes TIF District	\$ 239,724
General	Waterworks and Sewerage	273,878
General	Nonmajor Governmental	334,313
General	Agency	213,053
Motor Fuel Tax	General	350,355
Waterworks and Sewerage	General	21,709
Nonmajor Governmental	General	1,365
Nonmajor Governmental	Waterworks and Sewerage	110
		<u>\$ 1,434,507</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 composition of interfund transfers for the year ended April 30, 2013 is as follows:

Receiving Fund	Paying Fund	Amount
General	Home Rule Sales Tax	\$ 2,637,118
Fire rescue	Home Rule Sales Tax	46,368
Home Rule Sales Tax	Nonmajor Governmental	19,522
Vulcan Lakes TIF District	Nonmajor Governmental	193,119
Nonmajor Governmental	General	1,544,818
Nonmajor Governmental	Home Rule Sales Tax	1,911,431
Nonmajor Governmental	Waterworks and Sewerage	1,760
Special Assessment	Nonmajor Governmental	185,025
Waterworks and Sewerage	Nonmajor Governmental	735,992
		<u>\$ 7,275,153</u>

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

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

D. Interfund Receivables, Payables and Transfers (cont'd)

The transfers included amounts from the Home Rule Sales Tax Fund to the General Fund for police officers for the Target Response Unit, economic development activities such as "I Shop Crystal Lake," and other core services; to the Fire Rescue Fund for core services; and to nonmajor Debt Service and Capital Projects Funds for debt payments and construction costs.

The transfer received by the Special Assessment (Agency) Fund represents the fund balances in the 2007 SSA #44 Tracy Trail Street Project Fund, the 2006 SSA#45 Bryn Mawr Water and Sewer Project Fund and the 2007 SSA #46 Ryland Water and Sewer Project Fund (nonmajor Debt Service Funds), transferred to the Special Assessment Fund at the time the City determined it would no longer back the SSA bonds. See further explanation on pages 59.

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, 2013:

	Balance May 1	Additions	Deletions	Balance April 30
City:				
General obligation bonds	\$ 19,338,581	\$ 3,389,792	\$ 3,830,198	\$ 18,898,175
Deferred bond premium	39,324	123,227	6,753	155,798
Special service area bonds	8,409,000	-	8,409,000	-
Claims and judgments	242,122	3,166,384	3,190,010	218,496
Net pension obligation*	1,975,849	43,289	-	2,019,138
Net OPEB*	44,937	-	-	44,937
Compensated absences*	2,826,730	1,901,910	1,724,577	3,004,063
	<u>\$ 32,876,543</u>	<u>\$ 8,624,602</u>	<u>\$ 17,160,538</u>	<u>\$ 24,340,607</u>
Crystal Lake Public Library:				
Compensated absences	\$ 135,970	\$ 209,410	\$ 219,917	\$ 125,463

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

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

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

E. Long-term Obligations (cont'd)

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, 2013.

	Balance May 1	Additions	Deletions	Balance April 30
General obligation bonds	\$ 5,201,419	\$ 5,845,208	\$ 2,189,802	\$ 8,856,825
Notes payable	9,475,286	-	798,331	8,676,955
Claims and judgments	-	399,066	399,066	-
Compensated absences	307,756	263,446	225,315	345,887
	<u>\$ 14,984,461</u>	<u>\$ 6,507,720</u>	<u>\$ 3,612,514</u>	<u>\$ 17,879,667</u>

The current portion of compensated absences for governmental, business-type, and library activities are \$1,810,806, \$263,446 and \$75,626, respectively. All claims and judgments accrued at April 30, 2013 are considered due within one year.

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

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

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

E. Long-term Obligations (cont'd)

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
2004 General Obligation Bonds, original principal \$7,825,000 (partial Waterworks and TIF alternate revenue source), due in annual installments of \$550,000 to \$650,000 through December 15, 2019; bonds were redeemed in the current year at call date.	General and Debt Service	\$ 2,870,000	\$ -	\$ 2,870,000	\$ -	\$ -
	Waterworks and Sewerage	1,855,000	-	1,855,000	-	-
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 January 1, 2029; interest at 1.40% to 5.75% payable semi-annually on January 1 and July 1.	General and Debt Service	16,468,581	-	935,864	15,532,717	947,239
	Waterworks and Sewerage	3,346,419	-	319,136	3,027,283	322,761
2012 General Obligation Bonds, original principal \$9,235,000; portion of proceeds for refunding of Series 2004 General Obligation Bonds and remainder for General and Waterworks capital outlay, due in annual installments of \$40,000 to \$850,000 through December 15, 2032; interest at 2.00% to 2.625% payable semi-annually on June 15 and December 15.	General and Debt Service	-	3,389,792	24,334	3,365,458	378,145
	Waterworks and Sewerage	-	5,845,208	15,666	5,829,542	391,855
General Obligation Bonds		\$ 24,540,000	\$ 9,235,000	\$ 6,020,000	\$27,755,000	\$ 2,040,000
Reported in:						
Governmental activities		\$ 19,338,581	\$ 3,389,792	\$ 3,830,198	\$18,898,175	\$1,325,384
Business-type activities		5,201,419	5,845,208	2,189,802	8,856,825	714,616
		\$ 24,540,000	\$ 9,235,000	\$ 6,020,000	\$27,755,000	\$2,040,000

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

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

E. Long-term Obligations (cont'd)

Special service area bonds outstanding and the current year activity are below. Assessments collected from property owners were insufficient to meet the interest installment due August 1, 2012 on the Special Service Area #45 Series 2006 bonds, and the City provided the additional funding needed. Assessments again were insufficient at February 1, 2013, at which time the City management determined they would no longer provide a secondary source of funding for all SSA bonds, as they were under no legal obligation to do so, and allowed the bonds to go into default. Effective February 1, 2013, the SSA bonds were removed as a liability in the gove00.

I activities, and the outstanding cash and fund balance were reclassified to the Special Assessments (Agency) Fund.

The City has the following SSA bond issues outstanding at April 30, 2013:

Special Service Area No. 45 Bonds, Series 2006 – original principal \$5,935,000, due in annual installments of \$175,000 to \$435,000, commencing February 2009 through February 2031; interest at 4.70% to 5.50% payable semiannually on August 1 and February 1. The outstanding principal balance at April 30, 2013 was \$5,440,000.

Special Service Area No. 46 Bonds, Series 2007 – original principal \$2,500,000, due in annual installments of \$22,000 to \$240,000, commencing March 2010 through March 2036; interest at 5.75% payable semiannually on September 1 and March 1. The outstanding principal balance at April 30, 2103 was \$2,451,000.

Special Service Area No. 44 Bonds, Series 2007 – original principal \$750,000, due in annual installments of \$50,000 through March 2022; interest at 4.40% to 4.85% payable annually on December 1. The outstanding principal balance at April 30, 2013 was \$450,000.

The City will continue to collect taxes assessed on the SSA bonds and forward to bondholders any payments received.

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

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

E. Long-term Obligations (cont'd)

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

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
Notes payable due in annual installments beginning February 1, 2003; interest at 2.535%.	Waterworks and Sewerage	\$ 9,475,286	\$ -	\$ 798,331	\$ 8,676,955	\$ 818,698

The annual requirements to retire all governmental activities' general obligation bonded debt outstanding of the City as of April 30, 2013 are as follows:

Fiscal Year End	General Obligation Bonds	
	Principal	Interest
2014	\$ 1,325,384	\$ 782,967
2015	1,338,672	749,999
2016	1,383,966	711,992
2017	1,426,983	669,255
2018	1,447,121	622,625
2019-2023	5,132,829	2,421,530
2024-2028	5,391,283	1,289,746
2029-2033	1,451,937	88,269
	<u>\$ 18,898,175</u>	<u>\$ 7,336,383</u>

The annual requirements to retire all business-type activities' debt outstanding of the City as of April 30, 2013 are as follows:

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

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

E. Long-term Obligations (cont'd)

Fiscal Year End	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2014	\$ 714,616	\$ 238,364	\$ 818,698	\$ 214,805
2015	721,328	222,385	839,583	193,919
2016	746,034	204,942	861,002	172,501
2017	768,017	185,829	882,966	150,536
2018	777,879	165,271	905,491	128,011
2019-2023	2,512,171	547,582	4,369,215	281,548
2024-2028	1,393,717	244,008	-	-
2029-2033	1,223,063	94,018	-	-
	<u>\$ 8,856,825</u>	<u>\$ 1,902,399</u>	<u>\$ 8,676,955</u>	<u>\$ 1,141,320</u>

IV. Other Information

A. Risk Management

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

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

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

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

IV. Other Information (cont'd)

A. Risk Management (cont'd)

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

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

Unpaid claims liability – 4/30/10	\$	131,245
Claims incurred – fiscal year 2011		3,307,440
Claims paid – fiscal year 2011		<u>(3,106,203)</u>
Unpaid claims liability – 4/30/11		332,482
Claims incurred – fiscal year 2012		3,486,673
Claims paid – fiscal year 2012		<u>(3,577,033)</u>
Unpaid claims liability – 4/30/12		242,122
Claims incurred – fiscal year 2013		3,166,384
Claims paid – fiscal year 2013		<u>(3,190,010)</u>
Unpaid claims liability – 4/30/13	\$	<u>218,496</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.

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Illinois Municipal Retirement (cont'd)

Funding Policy – As set by statute, Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statutes require the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 13.02%. 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, 2013, the City's actual contributions for pension cost for the Regular plan was \$1,358,789 and its required contribution was \$1,354,937.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
4/30/13	\$ 1,358,789	99.7 %
4/30/12	1,322,308	97.3
4/30/11	1,314,127	92.1

The net pension liability of \$183,927 was comprised of the following:

Annual required contribution	\$ 1,354,937
Interest on the net pension asset	13,506
Adjustment to the ARC	(9,654)
Annual pension cost	1,358,789
Fiscal 2013 contribution	1,354,937
Increase in pension liability	3,852
Net pension liability at April 30, 2012	180,075
Net pension liability at April 30, 2013	\$ 183,927

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Illinois Municipal Retirement (cont'd)

The required contribution for 2012 was determined as part of the December 31, 2010 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, 2010 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, 2012, the most recent actuarial valuation date, the regular plan was 72.01% funded. The actuarial accrued liability for benefits was \$32,141,802 and the actuarial value of assets was \$23,144,929, resulting in an underfunded actuarial accrued liability (UAAL) of \$8,996,873. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$10,327,850 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, 2012 (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)

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Police Pension (cont'd)

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	28
Current employees:	
Vested	44
Nonvested	22
Total	94

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.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6% per year. The employee's accrued benefit is based on their final 8-year average salary not to exceed \$106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, and are the lesser of 3% or 50% of CPI beginning the later of the anniversary date or age 60. Surviving spouses receive 66.67% of the employee's benefit at the time of death.

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Police Pension (cont'd)

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 \$1,860,207. The annual pension cost is based on an actuarial valuation performed as of April 30, 2013. The City's actual contribution was \$1,848,771. For a description of the significant actuarial assumptions see page 72.

The net pension liability of \$795,624 was comprised of the following:

Annual required contribution	\$ 1,848,771
Interest on the net pension asset	54,893
Adjustment to the ARC	<u>(43,457)</u>
Annual pension cost	1,860,207
Fiscal 2012 contribution	<u>1,848,771</u>
Increase in pension liability	11,436
Net pension liability at April 30, 2012	<u>784,188</u>
Net pension liability at April 30, 2013	<u>\$ 795,624</u>

The City has recorded the net pension obligation of \$795,624 in the government-wide statement of net position.

Funding Status and Funding Progress – As of April 30, 2013, the most recent actuarial valuation date, the plan was 58.5% funded. The actuarial accrued liability for benefits was \$46,366,536 and the actuarial value of assets was \$27,141,492, resulting in an underfunded actuarial accrued liability (UAAL) of \$19,225,044 and the ratio of the UAAL to the covered payroll was 355.3%.

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Police Pension (cont'd)

Funding Status and Funding Progress (cont'd)

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

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 position available for benefits:

<u>Investment Type</u>	<u>% of Net Position</u>
FHLMC	12.09%

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, 2012 (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	13
Current employees:	
Vested	23
Nonvested	<u>41</u>
Total	<u>77</u>

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension (cont'd)

Plan Description (cont'd)

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held in the fire service at the date of retirement. The pension is increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service up to 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greatest of 54% of final salary or the monthly retirement pension the deceased firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary.

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

For employees hired after January 1, 2011, the annual retirement benefit is 2.5% of final average salary for each year of service up to 30 years, to a maximum of 75% of such salary. The normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6% per year. The employee's accrued benefit is based on their final 8-year average salary not to exceed \$106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, and are the lesser of 3% or 50% of CPI beginning the later of the anniversary date or age 60. Surviving spouses receive 66.67% of the employee's benefit at the time of death.

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.

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension (cont'd)

Current Year Annual Pension Cost and Net Pension Asset – The City's annual pension cost was \$1,649,811. The annual pension cost is based on the actuarial valuation performed as of April 30, 2013. The City's actual contribution was \$1,621,810. For a description of the significant actuarial assumptions, see page 72.

The net pension liability of \$1,039,587 was comprised of the following:

Annual required contributions (ARC)	\$ 1,621,810
Interest on the net pension asset	70,811
Adjustment to the ARC	<u>(42,810)</u>
Annual pension cost	1,649,811
Fiscal 2013 contribution	<u>1,621,810</u>
Increase in pension liability	28,001
Net pension liability at April 30, 2012	<u>1,011,586</u>
Net pension liability at April 30, 2013	<u>\$ 1,039,587</u>

The City has recorded the net pension obligation of \$1,039,587 in the government-wide statement of net position.

Funding Status and Funding Progress – As of April 30, 2013, the most recent actuarial valuation date, the plan was 65.0% funded. The actuarial accrued liability for benefits was \$30,279,636 and the actuarial value of assets was \$19,671,060, resulting in an underfunded actuarial accrued liability (UAAL) of \$10,608,576 and the ratio of the UAAL to the covered payroll was 204.5%.

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

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Firefighters' Pension (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 position available for benefits:

<u>Investment Type</u>	<u>% of Net Position</u>
FHLB	12.06%
FFCB	9.69%
FHLMC	7.40%
FNMA	6.43%

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, 2013.

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Summary of Significant Accounting Policies and Plan Asset Matters (cont'd)

Statement of Plan Net Position	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Assets:		
Cash	\$ -	\$ 4,800
Investments:		
Illinois funds	113,677	100,102
Money market accounts	352,742	166,753
U.S. government and agency securities	6,365,821	10,331,063
Corporate bonds	3,816,005	-
Insurance contracts	-	1,384,710
Municipal bonds	-	1,400,030
Mutual funds – bonds	2,564,202	-
Mutual funds – stocks	15,408,368	8,907,206
Interest receivable	71,294	90,436
Total assets	<u>28,692,109</u>	<u>22,385,100</u>
Liabilities:		
Accounts payable	(1,102)	1,875
Total liabilities	<u>(1,102)</u>	<u>1,875</u>
Plan net position held in trust for pension benefits	<u>28,693,211</u>	<u>22,383,225</u>
Total liabilities and plan net position	<u>\$ 28,692,109</u>	<u>\$ 22,385,100</u>

Statement of Changes in Plan Net Position	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Additions:		
Contributions:		
Employer	\$ 1,832,203	\$ 1,540,031
Members	526,783	507,355
	<u>2,358,986</u>	<u>2,047,386</u>
Investment income:		
Net appreciation in fair value of investments	1,854,384	1,148,602
Interest income	753,309	636,544
Less investment expenses	(136,016)	(94,994)
	<u>2,471,677</u>	<u>1,690,152</u>
Miscellaneous	-	60,000
Total additions	<u>4,830,663</u>	<u>3,797,538</u>
Deductions:		
Pension benefits and refunds	1,744,167	929,622
Administrative expense	15,688	21,867
Total deductions	<u>1,759,855</u>	<u>951,489</u>
Change in net position	3,070,808	2,846,049
Beginning net position held in trust for pension benefits	<u>25,622,403</u>	<u>19,537,176</u>
Ending net position held in trust for pension benefits	<u>\$ 28,693,211</u>	<u>\$ 22,383,225</u>

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

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:

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial valuation date	December 31, 2010	April 30, 2013	April 30, 2013
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	Five-year average market value	Five-year average market value
Amortization method and remaining period	Level percentage of projected payroll, open basis, 30 years	Level percentage of projected payroll, closed basis, 29 years	Level percentage of projected payroll, closed basis, 29 years

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

IV. Other Information (cont'd)

B. Defined Benefit Pension Plan (cont'd)

Trend Information

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

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost	2008	\$ 996,724	\$ 1,190,390	\$ 910,353
	2009	1,056,168	1,256,062	1,011,052
	2010	1,195,520	1,392,466	1,139,454
	2011	1,314,992	1,844,103	1,554,771
	2012	1,322,308	1,796,004	1,565,764
	2013	1,358,789	1,860,207	1,649,811
	Actual contributions	2008	\$ 996,724	\$ 1,111,640
2009		1,056,168	1,187,907	904,951
2010		1,155,049	1,240,962	995,800
2011		1,211,096	1,385,548	1,128,846
2012		1,286,600	1,834,018	1,541,610
2013		1,354,937	1,848,711	1,621,810
Percent contributed		2008	% 100	% 93.4
	2009	100	94.6	89.5
	2010	96.6	89.1	87.4
	2011	92.1	75.1	72.6
	2012	97.3	102.1	98.5
	2013	99.7	99.4	98.3
	Net pension obligation	2008	\$ -	\$ (143,988)
2009		-	(212,143)	(417,853)
2010		(40,471)	(363,647)	(561,507)
2011		(144,367)	(822,202)	(987,432)
2012		(180,075)	(784,188)	(1,011,586)
2013		(183,927)	(795,624)	(1,039,587)

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

IV. Other Information (cont'd)

C. Other Post-employment Benefits (OPEB)

Plan Description – The City provides limited health care insurance coverage for its eligible retired employees. Full-time employees who retire and are eligible for a pension under either the IMRF Plan, Police Pension Plan, or Firefighters' Pension Plan, can elect to continue their medical insurance for life by paying the full price of the insurance under any three of the pension plans offered by the City. They also have the option to continue their dental coverage for 18 months from the date of retirement. The City accounts for the plan in the government-wide financial statements. The plan does not issue a stand-alone financial report.

At April 30, 2013, 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	14
Current employees:	
Vested	128
Nonvested	<u>136</u>
Total	<u>278</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)

IV. Other Information (cont'd)

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

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

Annual required contribution	\$	65,746
Interest on net OPEB obligation		805
Adjustment to the ARC		<u>(537)</u>
Annual OPEB cost		66,014
2011 contribution		<u>37,178</u>
Increase in net OPEB obligation		28,836
Net OPEB obligation at April 30, 2011		<u>16,101</u>
Net OPEB obligation at April 30, 2012 and 2013	\$	<u>44,937</u>

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

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for the 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
4/30/13	\$ 66,014	56.3 %	\$ 44,937
4/30/12	66,014	56.3	44,937
4/30/11	30,158	123.3	16,101

Funding Status and Funding Progress – The OPEB plan is being funded on a pay-as-you-go basis. At April 30, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$3,504,041. Annual covered payroll was \$17,083,575 and the ratio of the UAAL to the covered payroll was 20%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

IV. Other Information (cont'd)

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

Funding Status and Funding Progress (cont'd)

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

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

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

D. Contingent Liabilities

Litigation – The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

IV. Other Information (cont'd)

E. Joint Venture – SEECOM

The City is a founding member of SEECOM – Southeast Emergency Communication. SEECOM is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SEECOM is a cooperative joint venture organized for the purpose of providing the equipment, services and other items necessary and appropriate for the establishment, operation and maintenance of the joint public safety communications system for the mutual benefit of the members of SEECOM. The founding members of SEECOM consist of the City of Crystal Lake, Illinois, the Village of Algonquin, Illinois and the Village of Cary, Illinois.

SEECOM is governed by an Executive Board established with the three voting members consisting of the Village Manager/Village Administrator/City Manager, or their respective staff designees, from the three founding communities. Two nonvoting members also consist of one member from the Fire Services Advisory Board and one member from the Law Enforcement Advisory Board. These nonvoting Board members represent other user communities. Each member of the Executive Board is entitled to one vote.

Each of SEECOM's three members paid an initial entry fee as determined and agreed to by SEECOM's Board and the three members. Each member also pays a portion of the initial capital cost financed by the issuance of a bond. Each member's portion of the initial capital costs is based on the actual capital cost multiplied by the member's proportionate share of the number of calls for services from the preceding year. Each member pays a percentage of the operating costs of SEECOM, as determined by the total operational cost less contracted services by each member's proportional share of the calls for service handled by SEECOM. Calls for service are one year in arrears.

All property, real and personal, acquired by SEECOM is owned in common by the members under the intergovernmental agreement. Each of the three members under the intergovernmental agreement are liable for the debts and liabilities of SEECOM. The intergovernmental agreement establishing SEECOM is in effect for a period of 15 years from the effective date of December 2002. Thereafter, it is automatically renewed with no affirmative action by the three members for successive five-year periods commencing May 1 until notice of termination is given. Any terminating member shall remain liable for their share of the capital expenditures incurred prior to the effective date of their termination. Upon termination by any member, SEECOM shall reimburse the terminated member for its share of the undepreciated value of SEECOM's capital assets.

SEECOM is located at 100 Municipal Complex, Crystal Lake, Illinois 60014. A separate audit report for SEECOM is available through its office.

The City reports its activities in SEECOM as a governmental joint venture. In accordance with the joint venture agreement, the Village remitted \$1,240,022 to SEECOM during fiscal year 2013.

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

IV. Other Information (cont'd)

F. Construction Commitments

The City had commitments under construction contracts of approximately \$4,560,000 outstanding at April 30, 2013.

G. Subsequent Events

Subsequent to year end, the City issued \$9,465,000 in General Obligation Bonds Series 2013 for wastewater treatment plant improvements, and waterworks, sewerage and wastewater system improvements. The bonds will be repaid in annual installments ranging from \$185,000 to \$675,000 commencing December 15, 2014 through December 15, 2033, with semiannual interest payments at rates ranging from 3.25% to 4.00%.

H. New Governmental Accounting Standards

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

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

Management has not yet completed its assessment of these statements and a determination as to their impact on the overall financial statement presentation has not been made.

REQUIRED SUPPLEMENTARY INFORMATION

**City of Crystal Lake, Illinois
 Illinois Municipal Retirement Fund
 Required Supplementary Information -
 Schedule of Funding Progress
 April 30, 2013**

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
12/31/12	\$ 23,144,929	\$ 32,141,802	\$ 8,996,873	72.01 %	\$ 10,327,850	87.11 %
12/31/11	22,220,589	31,196,934	8,976,345	71.23	10,323,537	86.95
12/31/10	20,306,412	29,546,622	9,240,210	68.73	10,628,964	86.93
12/31/09	20,311,024	29,364,612	9,053,588	69.17	11,185,631	80.94
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

See independent auditor's report.

**City of Crystal Lake, Illinois
Police Pension Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2013**

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
04/30/13	\$ 27,141,492	\$ 46,366,536	\$ 19,225,044	58.54 %	\$ 5,410,672	355.32 %
04/30/12	25,061,280	43,863,747	18,802,467	57.13	5,213,441	360.65
04/30/11	22,511,639	40,578,250	18,066,611	55.48	5,005,867	360.91
04/30/10	18,468,343	39,294,808	20,826,465	47.00	4,873,269	427.36
04/30/09	21,079,158	36,079,367	15,000,209	58.42	4,115,343	364.49
04/30/08	20,366,745	33,981,410	13,614,665	59.93	3,950,211	344.66

See independent auditor's report.

**City of Crystal Lake, Illinois
Firefighters' Pension Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2013**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
04/30/13	\$ 19,671,060	\$ 30,279,636	\$ 10,608,576	64.96 %	\$ 5,187,455	204.50 %
04/30/12	17,274,852	27,122,698	9,847,846	63.69	5,001,529	196.90
04/30/11	15,021,180	24,630,907	9,609,727	60.99	4,617,841	208.10
04/30/10	12,125,259	22,561,770	10,436,511	53.74	4,491,808	232.35
04/30/09	12,718,081	19,271,158	6,553,077	66.00	3,648,703	179.60
04/30/08	11,186,566	16,690,125	5,503,559	67.03	3,344,163	164.57

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, 2013

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
04/30/13	\$ -	\$ 3,504,041	\$ 3,504,041	- %	\$ 17,083,575	20.51 %
04/30/12	-	3,504,041	3,504,041	-	17,083,575	20.51
04/30/11	-	1,233,800	1,233,800	-	16,270,071	13.19
04/30/10	-	1,233,800	1,233,800	-	15,495,306	12.56

Note - The City has elected to have an actuarial valuation prepared on a biannual basis for the other post-employment benefits retiree healthcare plan.

See independent auditor's report.

**City of Crystal Lake, Illinois
Police and Firefighters' Pension Plans
Required Supplementary Information -
Schedule of Employer Contributions
April 30, 2013**

Year Ended	Police Pension		Firefighters' Pension	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
4/30/13	\$ 1,848,711	99.38 %	\$ 1,621,810	98.30 %
4/30/12	1,834,018	102.12	1,541,610	98.46
4/30/11	1,385,548	75.13	1,128,846	72.61
4/30/10	1,240,962	89.12	995,800	87.39
4/30/09	1,187,907	94.57	904,951	89.51
4/30/08	1,111,640	93.39	817,496	89.80

**City of Crystal Lake, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Employer Contributions
April 30, 2013**

Year Ended	Annual Required Contribution	Percentage Contributed
4/30/13	\$ 1,354,937	99.72 %
4/30/12	1,286,600	97.30
4/30/11	1,211,096	92.10
4/30/10	1,155,049	96.61
4/30/09	1,056,168	100.00
4/30/08	996,724	100.00

See independent auditor's report.

SUPPLEMENTARY INFORMATION

City of Crystal Lake, Illinois
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Charges for services:				
Zoning and subdivision fees	\$ 15,000	\$ 15,000	\$ 23,277	\$ 8,277
Plan review fees	115,000	115,000	36,798	(78,202)
Parking	285,600	285,600	221,435	(64,165)
Police revenue	91,800	91,800	105,488	13,688
Annexation fees	1,224	1,224	-	(1,224)
Other fees	17,340	17,340	3,635	(13,705)
	<u>525,964</u>	<u>525,964</u>	<u>390,633</u>	<u>(135,331)</u>
Licenses and permits:				
Liquor licenses	110,000	110,000	96,098	(13,902)
Miscellaneous licenses and permits	38,347	38,347	41,175	2,828
Building permits	295,800	295,800	291,615	(4,185)
Occupancy permits	5,355	5,355	5,440	85
	<u>449,502</u>	<u>449,502</u>	<u>434,328</u>	<u>(15,174)</u>
Intergovernmental:				
Income tax	3,265,000	3,265,000	3,854,999	589,999
Local use tax	625,000	625,000	645,986	20,986
Replacement tax	130,000	130,000	142,418	12,418
State sales tax	9,851,300	9,851,300	10,016,056	164,756
Intergovernmental - grants	20,000	20,000	576,013	556,013
	<u>13,891,300</u>	<u>13,891,300</u>	<u>15,235,472</u>	<u>1,344,172</u>
Fines and forfeitures:				
Police fines	719,100	719,100	524,322	(194,778)
Adjudication fines	52,530	52,530	56,908	4,378
	<u>771,630</u>	<u>771,630</u>	<u>581,230</u>	<u>(190,400)</u>
Property taxes	<u>3,381,577</u>	<u>3,381,577</u>	<u>3,372,269</u>	<u>(9,308)</u>

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Revenues - Budget and Actual (cont'd)
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other taxes:				
Auto rental tax	\$ 30,172	\$ 30,172	\$ 36,185	\$ 6,013
Franchise fees - cable	570,000	570,000	640,472	70,472
Hotel tax	285,000	285,000	278,356	(6,644)
Telecommunications tax	1,750,000	1,750,000	1,746,976	(3,024)
	<u>2,635,172</u>	<u>2,635,172</u>	<u>2,701,989</u>	<u>66,817</u>
Investment income	<u>275,000</u>	<u>275,000</u>	<u>284,962</u>	<u>9,962</u>
Miscellaneous:				
Rental income	83,900	83,900	86,025	2,125
Other	565,140	565,140	503,037	(62,103)
	<u>649,040</u>	<u>649,040</u>	<u>589,062</u>	<u>(59,978)</u>
Total revenues	<u>\$ 22,579,185</u>	<u>\$ 22,579,185</u>	<u>\$ 23,589,945</u>	<u>\$ 1,010,760</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, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General government:				
Executive department:				
Personnel services	\$ 22,800	\$ 22,800	\$ 22,510	\$ 290
Contractual services	446,275	446,275	382,635	63,640
	<u>469,075</u>	<u>469,075</u>	<u>405,145</u>	<u>63,930</u>
Legal and judiciary department - contractual services	<u>311,350</u>	<u>311,350</u>	<u>309,250</u>	<u>2,100</u>
Administration department:				
Personnel services	1,618,376	1,618,376	1,576,461	41,915
Contractual services	184,765	184,765	173,663	11,102
Supplies and materials	63,550	63,550	48,468	15,082
	<u>1,866,691</u>	<u>1,866,691</u>	<u>1,798,592</u>	<u>68,099</u>
Administrative adjudication department:				
Personnel services	51,617	51,617	50,994	623
Contractual services	54,340	54,340	30,328	24,012
Supplies and materials	5,000	5,000	560	4,440
	<u>110,957</u>	<u>110,957</u>	<u>81,882</u>	<u>29,075</u>
Engineering and building department:				
Personnel services	1,843,827	1,843,827	1,755,019	88,808
Contractual services	499,589	499,589	262,147	237,442
Supplies and materials	61,150	61,150	52,944	8,206
	<u>2,404,566</u>	<u>2,404,566</u>	<u>2,070,110</u>	<u>334,456</u>
Information technology:				
Personnel services	243,014	243,014	235,773	7,241
Contractual services	22,403	22,403	14,572	7,831
Supplies and materials	94,810	94,810	92,468	2,342
	<u>360,227</u>	<u>360,227</u>	<u>342,813</u>	<u>17,414</u>

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General government (cont'd):				
Planning department:				
Personnel services	\$ 521,228	\$ 521,228	\$ 515,266	\$ 5,962
Contractual services	314,270	314,270	304,822	9,448
Supplies and materials	5,725	5,725	7,293	(1,568)
Sales tax incentives	-	-	173,948	(173,948)
	<u>841,223</u>	<u>841,223</u>	<u>1,001,329</u>	<u>(160,106)</u>
Health services - contractual services	<u>147,000</u>	<u>147,000</u>	<u>94,556</u>	<u>52,444</u>
Shared services - contractual services	<u>388,513</u>	<u>388,513</u>	<u>431,859</u>	<u>(43,346)</u>
Special projects department:				
Contractual services	152,056	152,056	128,104	23,952
Supplies and materials	8,000	8,000	5,039	2,961
	<u>160,056</u>	<u>160,056</u>	<u>133,143</u>	<u>26,913</u>
Group health insurance - personnel services	<u>535,736</u>	<u>535,736</u>	<u>455,452</u>	<u>80,284</u>
Total general government	<u>7,595,394</u>	<u>7,595,394</u>	<u>7,124,131</u>	<u>471,263</u>
Public safety:				
Police department:				
Personnel services	7,963,702	7,963,702	7,711,947	251,755
Contractual services	1,557,697	1,557,697	1,538,787	18,910
Supplies and materials	371,675	371,675	328,790	42,885
	<u>9,893,074</u>	<u>9,893,074</u>	<u>9,579,524</u>	<u>313,550</u>
Pension contributions	<u>3,381,577</u>	<u>3,381,577</u>	<u>3,372,269</u>	<u>9,308</u>

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public safety (cont'd):				
Fire and police commission:				
Contractual services	\$ 29,619	\$ 29,619	\$ 39,208	\$ (9,589)
Supplies and materials	300	300	-	300
	<u>29,919</u>	<u>29,919</u>	<u>39,208</u>	<u>(9,289)</u>
Total public safety	<u>13,304,570</u>	<u>13,304,570</u>	<u>12,991,001</u>	<u>313,569</u>
Highways and streets:				
Street department:				
Personnel services	1,861,035	1,861,035	1,761,238	99,797
Contractual services	927,472	927,472	714,039	213,433
Supplies and materials	327,415	327,415	332,432	(5,017)
	<u>3,115,922</u>	<u>3,115,922</u>	<u>2,807,709</u>	<u>308,213</u>
Storm sewer maintenance department:				
Personnel services	675,545	675,545	623,617	51,928
Contractual services	85,348	85,348	50,351	34,997
Supplies and materials	45,550	45,550	43,863	1,687
	<u>806,443</u>	<u>806,443</u>	<u>717,831</u>	<u>88,612</u>
Fleet services:				
Personnel services	621,620	621,620	576,657	44,963
Contractual services	48,530	48,530	47,536	994
Supplies and materials	30,725	30,725	59,680	(28,955)
	<u>700,875</u>	<u>700,875</u>	<u>683,873</u>	<u>17,002</u>
Total highways and streets	<u>4,623,240</u>	<u>4,623,240</u>	<u>4,209,413</u>	<u>413,827</u>

(cont'd)

**City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Capital outlay:				
Information technology department	\$ 220,000	\$ 220,000	\$ (875)	\$ 220,875
Police department	-	-	9,540	(9,540)
Storm sewer maintenance department	851,000	851,000	762,062	88,938
Special projects department	268,000	289,868	339,255	(49,387)
Total capital outlay	1,339,000	1,360,868	1,109,982	250,886
Debt service - special projects department:				
Principal	411,592	411,592	314,439	97,153
Interest and fees	62,943	62,943	66,490	(3,547)
Total debt service	474,535	474,535	380,929	93,606
Total expenditures	\$ 27,336,739	\$ 27,358,607	\$ 25,815,456	\$ 1,543,151

See independent auditor's report.

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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.

2007 Special Service Area No. 46 Ryland Water and Sewer Project – To account for the accumulation of resources for, and the payment of, principal and interest on the 2006 Special Service Area No. 46 bonds. Financing is being provided by a property tax levy on property owners in the Service Area No. 46.

Three Oaks Recreation Area Debt Service Fund – To account for the accumulation of resources for, and the payment of, principal and interest on the 2009 General Obligation bonds. Financing is being provided by a property tax levy.

Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

**City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Governmental Funds
April 30, 2013**

Assets	Total	Special Revenue	Debt Service	Capital Projects
Cash and investments	\$ 6,359,624	\$ 1,597,909	\$ 6,875	\$ 4,754,840
Receivables:				
Property taxes	1,555,796	1,411,029	90,439	54,328
Accrued interest	896	896	-	-
Other	949,653	719,302	230,351	-
Due from other funds	1,475	45	1,430	-
Prepaid items	3,056	3,056	-	-
Total assets	\$ 8,870,500	\$ 3,732,237	\$ 329,095	\$ 4,809,168
Liabilities				
Accounts payable	\$ 690,744	\$ 186,813	\$ 1,263	\$ 502,668
Accrued expenses	12,580	12,580	-	-
Recapture fees payable	118,452	-	10,502	107,950
Due to other funds	334,313	-	185,088	149,225
Total liabilities	1,156,089	199,393	196,853	759,843
Deferred Inflows of Resources				
Property taxes	1,555,796	1,411,029	90,439	54,328
Fund Balances				
Nonspendable	3,056	3,056	-	-
Restricted for retirement purposes	966,155	966,155	-	-
Restricted for debt service	44,827	-	44,827	-
Assigned for next fiscal years expenditures	97,075	97,075	-	-
Assigned, reported in:				
Special Revenue Funds	1,055,529	1,055,529	-	-
Capital Projects Funds	3,994,997	-	-	3,994,997
Unassigned	(3,024)	-	(3,024)	-
Total fund balances	6,158,615	2,121,815	41,803	3,994,997
Total liabilities, deferred inflows of resources and fund balances	\$ 8,870,500	\$ 3,732,237	\$ 329,095	\$ 4,809,168

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended April 30, 2013

	Total	Special Revenue	Debt Service	Capital Projects
Revenues:				
Charges for services	\$ 854,761	\$ 437,413	\$ 417,348	\$ -
Licenses and permits	247,139	247,139	-	-
Intergovernmental	760,446	760,446	-	-
Property taxes	2,537,879	1,910,622	494,333	132,924
Interest	5,599	4,209	411	979
Grant proceeds	6,894	6,894	-	-
Miscellaneous	48,192	48,192	-	-
Total revenues	4,460,910	3,414,915	912,092	133,903
Expenditures:				
Current:				
General government	1,010,625	888,030	78,888	43,707
Public safety	403,615	403,615	-	-
Highways and streets	484,415	484,415	-	-
Culture and recreation	550,248	550,248	-	-
Capital outlay	3,621,090	1,859,435	-	1,761,655
Debt service:				
Principal	1,028,758	-	1,028,758	-
Interest and fees	788,207	-	788,207	-
Miscellaneous	119,797	-	93,634	26,163
Total expenditures	8,006,755	4,185,743	1,989,487	1,831,525
Deficiency of revenues under expenditures before other financing sources (uses)	(3,545,845)	(770,828)	(1,077,395)	(1,697,622)
Other financing sources (uses):				
Bonds issued	2,539,792	-	2,539,792	-
Bond premium	113,239	-	113,239	-
Payment to refunded bond escrow agent	(2,600,517)	-	(2,600,517)	-
Transfers in	3,458,009	926,786	989,349	1,541,874
Transfers out	(1,133,658)	(193,119)	(890,538)	(50,001)
Total other financing sources (uses)	2,376,865	733,667	151,325	1,491,873
Net changes in fund balances	(1,168,980)	(37,161)	(926,070)	(205,749)
Fund balances, beginning of the year	7,327,595	2,158,976	967,873	4,200,746
Fund balances, end of the year	\$ 6,158,615	\$ 2,121,815	\$ 41,803	\$ 3,994,997

See independent auditor's report.

**City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Special Revenue Funds
April 30, 2013**

	<u>Total</u>	<u>Illinois Municipal Retirement</u>	<u>Road/ Vehicle License</u>	<u>School Crossing Guard</u>	<u>Foreign Fire Insurance</u>	<u>Three Oaks Recreation Area</u>
Assets						
Cash and investments	\$ 1,597,909	\$ 966,155	\$ 307,342	\$ 56,101	\$ 198,574	\$ 69,737
Receivables:						
Property taxes	1,411,029	1,386,272	-	24,757	-	-
Accrued interest	896	-	-	-	896	-
Other	719,302	-	700,109	12,299	-	6,894
Due from other funds	45	-	-	-	-	45
Prepaid items	3,056	-	2,500	-	16	540
Total assets	\$ 3,732,237	\$ 2,352,427	\$ 1,009,951	\$ 93,157	\$ 199,486	\$ 77,216
Liabilities						
Accounts payable	\$ 186,813	\$ -	\$ 106,694	\$ -	\$ 14,249	\$ 65,870
Accrued expenses	12,580	-	-	3,653	-	8,927
Total liabilities	199,393	-	106,694	3,653	14,249	74,797
Deferred Inflows of Resources						
Property taxes	1,411,029	1,386,272	-	24,757	-	-
Fund Balances						
Nonspendable	3,056	-	2,500	-	16	540
Restricted for retirement	966,155	966,155	-	-	-	-
Assigned for next fiscal year expenditures	97,075	-	78,230	18,845	-	-
Assigned - reported in Special Revenue Funds	1,055,529	-	822,527	45,902	185,221	1,879
Total fund balances	2,121,815	966,155	903,257	64,747	185,237	2,419
Total liabilities, deferred inflows of resources and fund balances	\$ 3,732,237	\$ 2,352,427	\$ 1,009,951	\$ 93,157	\$ 199,486	\$ 77,216

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended April 30, 2013

	Total	Illinois Municipal Retirement	Road/ Vehicle License	School Crossing Guard	Foreign Fire Insurance	Three Oaks Recreation Area
Revenues:						
Charges for services	\$ 437,413	\$ -	\$ -	\$ -	\$ -	\$ 437,413
Licenses and permits	247,139	-	247,139	-	-	-
Intergovernmental	760,446	-	700,000	-	60,446	-
Property taxes	1,910,622	1,406,560	469,152	34,910	-	-
Other taxes	-	-	-	-	-	-
Investment income	4,209	1,540	587	65	1,863	154
Grant proceeds	6,894	-	-	-	-	6,894
Miscellaneous	48,192	-	6,464	32,347	16	9,365
Total revenues	3,414,915	1,408,100	1,423,342	67,322	62,325	453,826
Expenditures:						
Current:						
General government	888,030	888,030	-	-	-	-
Public safety	403,615	319,104	-	56,061	28,450	-
Highways and streets	484,415	293,853	190,562	-	-	-
Culture and recreation	550,248	-	-	-	-	550,248
Capital outlay	1,859,435	-	1,859,435	-	-	-
Total expenditures	4,185,743	1,500,987	2,049,997	56,061	28,450	550,248
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(770,828)	(92,887)	(626,655)	11,261	33,875	(96,422)
Other financing sources (uses):						
Transfers in	926,786	-	785,904	-	-	140,882
Transfers out	(193,119)	-	-	-	-	(193,119)
Total other financing sources (uses)	733,667	-	785,904	-	-	(52,237)
Net changes in fund balances	(37,161)	(92,887)	159,249	11,261	33,875	(148,659)
Fund balances, beginning of the year	2,158,976	1,059,042	744,008	53,486	151,362	151,078
Fund balances, end of the year	\$ 2,121,815	\$ 966,155	\$ 903,257	\$ 64,747	\$ 185,237	\$ 2,419

See independent auditor's report.

**City of Crystal Lake, Illinois
 Illinois Municipal Retirement Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended April 30, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 1,410,475	\$ 1,410,475	\$ 1,406,560	\$ (3,915)
Investment income	2,500	2,500	1,540	(960)
Total revenues	1,412,975	1,412,975	1,408,100	(4,875)
Expenditures - current - personnel services:				
General government	1,060,117	1,060,117	888,030	172,087
Public safety	353,436	353,436	319,104	34,332
Highways and streets	325,468	325,468	293,853	31,615
Culture and recreation	-	-	-	-
Total expenditures	1,739,021	1,739,021	1,500,987	238,034
Net changes in fund balance	\$ (326,046)	\$ (326,046)	(92,887)	\$ 233,159
Fund balance, beginning of the year			1,059,042	
Fund balance, end of the year			\$ 966,155	

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, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Licenses and permits	\$ 232,000	\$ 232,000	\$ 247,139	\$ 15,139
Intergovernmental	-	-	700,000	700,000
Property taxes	450,000	450,000	469,152	19,152
Investment income	15,000	15,000	587	(14,413)
Miscellaneous	60,300	60,300	6,464	(53,836)
Total revenues	<u>757,300</u>	<u>757,300</u>	<u>1,423,342</u>	<u>666,042</u>
Expenditures:				
Highways and streets	223,020	223,020	190,562	32,458
Capital outlay	1,970,280	1,970,280	1,859,435	110,845
Total expenditures	<u>2,193,300</u>	<u>2,193,300</u>	<u>2,049,997</u>	<u>143,303</u>
Revenues under expenditures before other financing sources	(1,436,000)	(1,436,000)	(626,655)	809,345
Other financing sources - transfers in	785,904	785,904	785,904	-
Net changes in fund balance	<u>\$ (650,096)</u>	<u>\$ (650,096)</u>	<u>159,249</u>	<u>\$ 809,345</u>
Fund balance, beginning of the year			<u>744,008</u>	
Fund balance, end of the year			<u>\$ 903,257</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois
School Crossing Guard Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 35,000	\$ 35,000	\$ 34,910	\$ (90)
Investment income	498	498	65	(433)
Miscellaneous	18,360	18,360	32,347	13,987
Total revenues	53,858	53,858	67,322	13,464
Expenditures - public safety:				
Personnel services	62,605	62,605	56,061	6,544
Materials and supplies	100	100	-	100
Total expenditures	62,705	62,705	56,061	6,644
Net changes in fund balance	\$ (8,847)	\$ (8,847)	11,261	\$ 20,108
Fund balance, beginning of the year			53,486	
Fund balance, end of the year			\$ 64,747	

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, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Foreign fire insurance	\$ 60,938	\$ 60,938	\$ 60,446	\$ (492)
Investment income	300	300	1,863	1,563
Miscellaneous income	-	-	16	16
Total revenues	61,238	61,238	62,325	1,087
Expenditures - public safety:				
Personnel services	1,500	1,500	-	1,500
Contractual services	6,800	6,800	485	6,315
Materials and supplies	52,938	52,938	27,965	24,973
Total expenditures	61,238	61,238	28,450	32,788
Net changes in fund balance	\$ -	\$ -	33,875	\$ 33,875
Fund balance, beginning of the year			151,362	
Fund balance, end of the year			\$ 185,237	

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, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 460,000	\$ 460,000	\$ 437,413	\$ (22,587)
Investment income	-	-	154	154
Grant proceeds	-	-	6,894	6,894
Miscellaneous	2,500	2,500	9,365	6,865
Total revenues	462,500	462,500	453,826	(8,674)
Expenditures - culture and recreation:				
Personnel services	418,303	418,303	351,205	67,098
Contractual services	120,713	120,713	109,192	11,521
Materials and supplies	48,875	48,875	89,851	(40,976)
Total expenditures	587,891	587,891	550,248	37,643
Revenues under expenditures before other financing sources (uses)	(125,391)	(125,391)	(96,422)	28,969
Other financing sources (uses):				
Transfers in	125,391	125,391	140,882	15,491
Transfers out	-	-	(193,119)	(193,119)
Total other financing sources (uses)	125,391	125,391	(52,237)	(177,628)
Net changes in fund balance	\$ -	\$ -	(148,659)	\$ (148,659)
Fund balance, beginning of the year			151,078	
Fund balance, end of the year			\$ 2,419	

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Debt Service Funds
April 30, 2013

	Total	Special Service Area Nos. 4-18	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
Assets							
Cash and investments	\$ 6,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:							
Property taxes	90,439	-	-	-	-	-	-
Other	230,351	-	-	-	-	-	230,351
Due from other funds	1,430	-	-	-	-	-	-
Total assets	\$ 329,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,351
Liabilities							
Accounts payable	1,263	-	-	-	-	-	-
Recapture fees payable	10,502	-	-	-	-	-	-
Due to other funds	185,088	-	-	-	-	-	185,691
Total liabilities	196,853	-	-	-	-	-	185,691
Deferred Inflows of Resources							
Property taxes	90,439	-	-	-	-	-	-
Fund Balances							
Restricted for debt service	44,827	-	-	-	-	-	44,660
Unassigned	(3,024)	-	-	-	-	-	-
Total fund balances	41,803	-	-	-	-	-	44,660
Total liabilities, deferred inflows of resources and fund balances	\$ 329,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,351

(cont'd)

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Debt Service Funds (cont'd)
April 30, 2013

	Crystal Heights Debt Service	SEECOM Debt Service	Three Oaks Recreation Area Debt Service Fund
Assets			
Cash and investments	\$ 6,875	\$ -	\$ -
Receivables:			
Property taxes	85,800	-	4,639
Other	-	-	-
Due from other funds	-	1,430	-
Total assets	\$ 92,675	\$ 1,430	\$ 4,639
Liabilities			
Accounts payable	\$ -	\$ 1,263	\$ -
Recapture fees payable	10,502	-	-
Due to other funds	(603)	-	-
Total liabilities	9,899	1,263	-
Deferred Inflows of Resources			
Property taxes	85,800	-	4,639
Fund Balances (Deficit)			
Restricted for debt service	-	167	-
Unassigned	(3,024)	-	-
Total fund balances (deficit)	(3,024)	167	-
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 92,675	\$ 1,430	\$ 4,639

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficits) - Nonmajor Debt Service Funds
For the Year Ended April 30, 2013

	<u>Total</u>	<u>Special Service Area Nos. 4-18</u>	<u>Special Service Area No. 19</u>
Revenues:			
Charges for services	\$ 417,348	\$ -	\$ -
Property taxes	494,333	-	-
Investment income (loss)	411	-	-
Total revenues	912,092	-	-
Expenditures:			
Current - general government	78,888	-	-
Debt service:			
Principal	1,028,758	-	-
Interest and fees	788,207	-	-
Miscellaneous	93,634	-	-
Total expenditures	1,989,487	-	-
Revenues over (under) expenditures before other financing sources	(1,077,395)	-	-
Other financing sources (uses):			
Bonds issued	2,539,792	-	-
Bond premium	113,239	-	-
Payment to refunded bond escrow agent	(2,600,517)	-	-
Transfers in	989,349	1,661	-
Transfers out	(890,538)	-	(3,015)
Total other financing sources (uses)	151,325	1,661	(3,015)
Net changes in fund balances (deficits)	(926,070)	1,661	(3,015)
Fund balances (deficits), beginning of the year	967,873	(1,661)	3,015
Fund balances (deficits), end of the year	\$ 41,803	\$ -	\$ -

(cont'd)

<u>Special Service Area Nos. 21-31</u>	<u>Special Service Area Nos. 32-39</u>	<u>Special Service Area No. 42</u>	<u>Special Assess- ment No. 149</u>	<u>Crystal Heights Debt Service</u>
\$ -	\$ -	\$ -	\$ -	\$ 94,412
-	-	-	-	72,519
-	-	-	(184)	139
-	-	-	(184)	167,070
-	-	-	-	21,245
-	-	-	-	107,619
-	-	-	-	20,451
-	-	-	-	72,519
-	-	-	-	221,834
-	-	-	(184)	(54,764)
-	-	-	-	795,238
-	-	-	-	35,456
-	-	-	-	(814,398)
-	-	100	-	-
(5,491)	(697,007)	-	-	-
(5,491)	(697,007)	100	-	16,296
(5,491)	(697,007)	100	(184)	(38,468)
5,491	697,007	(100)	44,844	35,444
\$ -	\$ -	\$ -	\$ 44,660	\$ (3,024)

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, 2013

	SEECOM Debt Service	2007 SSA #44 Tracy Trail Street Project	2006 SSA #45 Bryn Mawr Water and Sewer Project	2007 SSA #46 Ryland Water and Sewer Project	Three Oaks Recreation Area Debt Service Fund
Revenues:					
Charges for services	\$ 275,294	\$ 47,642	\$ -	\$ -	\$ -
Property taxes	-	52,455	177,280	166,967	25,112
Investment income (loss)	166	176	8	89	17
Total revenues	<u>275,460</u>	<u>100,273</u>	<u>177,288</u>	<u>167,056</u>	<u>25,129</u>
Expenditures:					
Current - general government	35,064	-	22,579	-	-
Debt service:					
Principal	231,714	50,000	-	18,000	621,425
Interest and fees	44,733	22,675	143,314	146,183	410,851
Miscellaneous	-	21,115	-	-	-
Total expenditures	<u>311,511</u>	<u>93,790</u>	<u>165,893</u>	<u>164,183</u>	<u>1,032,276</u>
Revenues over (under) expenditures before other financing sources (uses)	<u>(36,051)</u>	<u>6,483</u>	<u>11,395</u>	<u>2,873</u>	<u>(1,007,147)</u>
Other financing sources (uses):					
Bonds issued	1,744,554	-	-	-	-
Bond premium	77,783	-	-	-	-
Payment to refunded bond escrow agent	(1,786,119)	-	-	-	-
Transfers in	-	-	2,942	-	984,646
Transfers out	-	(157,936)	(14,395)	(12,694)	-
Total other financing sources (uses)	<u>36,218</u>	<u>(157,936)</u>	<u>(11,453)</u>	<u>(12,694)</u>	<u>984,646</u>
Net changes in fund balances (deficits)	<u>167</u>	<u>(151,453)</u>	<u>(58)</u>	<u>(9,821)</u>	<u>(22,501)</u>
Fund balances (deficits), beginning of the year	-	151,453	58	9,821	22,501
Fund balances (deficits), end of the year	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

City of Crystal Lake, Illinois
Crystal Heights Debt Service Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance (Deficit) - Budget and Actual
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 131,934	\$ 131,934	\$ 94,412	\$ (37,522)
Property taxes	-	-	72,519	72,519
Investment income	-	-	139	139
Total revenues	131,934	131,934	167,070	35,136
Expenditures:				
Current - general government - contractual services	-	-	21,245	(21,245)
Debt service:				
Principal	100,000	100,000	107,619	(7,619)
Interest	31,934	31,934	20,451	11,483
Miscellaneous	-	-	72,519	(72,519)
Total expenditures	131,934	131,934	221,834	(89,900)
Revenues under expenditures before other financing sources	-	-	(54,764)	(54,764)
Other financing sources (uses):				
Refunding bonds issued	-	-	795,238	795,238
Bond premium	-	-	35,456	35,456
Payment to refunded bond escrow agent	-	-	(814,398)	(814,398)
Total other financing sources (uses)	-	-	16,296	16,296
Net changes in fund balance	\$ -	\$ -	(38,468)	\$ (38,468)
Fund balance, beginning of the year			35,444	
Fund deficit, end of the year			\$ (3,024)	

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ 284,893	\$ 284,893	\$ 275,294	\$ (9,599)
Investment income	-	-	166	166
Total revenues	284,893	284,893	275,460	(9,433)
Expenditures:				
Current - general government - contractual services	-	-	35,064	(35,064)
Debt service:				
Principal	215,000	215,000	231,714	(16,714)
Interest	69,893	69,893	44,733	25,160
Total expenditures	284,893	284,893	311,511	(26,618)
Revenues under expenditures before other financing sources	-	-	(36,051)	(36,051)
Other financing sources (uses):				
Refunding bonds issued	-	-	1,744,554	1,744,554
Bond premium	-	-	77,783	77,783
Payment to refunded bond escrow agent	-	-	(1,786,119)	(1,786,119)
Total other financing sources (uses)	-	-	36,218	36,218
Net changes in fund balance	\$ -	\$ -	167	\$ 167
Fund balance, beginning of the year			-	
Fund balance, end of the year			\$ 167	

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 47,642	\$ 47,642
Property taxes	72,675	72,675	52,455	(20,220)
Investment income	-	-	176	176
Total revenues	72,675	72,675	100,273	27,598
Expenditures:				
Debt service:				
Principal	50,000	50,000	50,000	-
Interest	22,675	22,675	22,675	-
Miscellaneous	-	-	21,115	(21,115)
Total expenditures	72,675	72,675	93,790	(21,115)
Revenues over expenditures before other financing uses	-	-	6,483	6,483
Other financing uses - transfer out	-	-	(157,936)	(157,936)
Net changes in fund balance	\$ -	\$ -	(151,453)	\$ (151,453)
Fund balance, beginning of the year			151,453	
Fund balance, end of the year			\$ -	

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 455,628	\$ 455,628	\$ 177,280	\$ (278,348)
Interest income	-	-	8	8
Total revenues	<u>455,628</u>	<u>455,628</u>	<u>177,288</u>	<u>(278,340)</u>
Expenditures:				
Current - general government - contractual services	-	-	22,579	(22,579)
Debt service:				
Principal	175,000	175,000	-	175,000
Interest	280,628	280,628	143,314	137,314
Total expenditures	<u>455,628</u>	<u>455,628</u>	<u>165,893</u>	<u>289,735</u>
Revenues over expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>11,395</u>	<u>11,395</u>
Other financing sources (uses):				
Transfers in	-	-	2,942	2,942
Transfers out	-	-	(14,395)	(14,395)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(11,453)</u>	<u>(11,453)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(58)</u>	<u>\$ (58)</u>
Fund balance, beginning of the year			<u>58</u>	
Fund balance, end of the year			<u>\$ -</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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property tax	\$ 159,968	\$ 159,968	\$ 166,967	\$ 6,999
Investment income	-	-	89	89
Total revenues	<u>159,968</u>	<u>159,968</u>	<u>167,056</u>	<u>7,088</u>
Expenditures:				
Debt service:				
Principal retirement	18,000	18,000	18,000	-
Interest	141,968	141,968	146,183	(4,215)
Total expenditures	<u>159,968</u>	<u>159,968</u>	<u>164,183</u>	<u>(4,215)</u>
Revenues over expenditures before other financing uses	-	-	2,873	2,873
Other financing uses - transfer out	-	-	(12,694)	(12,694)
New changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(9,821)</u>	<u>\$ (9,821)</u>
Fund balance, beginning of the year			<u>9,821</u>	
Fund balance, end of the year			<u>\$ -</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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property tax	\$ -	\$ -	\$ 25,112	\$ 25,112
Investment income	-	-	17	17
Total revenues	-	-	25,129	25,129
Expenditures - debt service:				
Principal	621,426	621,426	621,425	1
Interest	409,787	409,787	410,851	(1,064)
Total expenditures	1,031,213	1,031,213	1,032,276	(1,063)
Revenues under expenditures before other financing sources	(1,031,213)	(1,031,213)	(1,007,147)	24,066
Other financing sources - transfers in	1,031,213	1,031,213	984,646	(46,567)
Net changes in fund balance	\$ -	\$ -	(22,501)	\$ (22,501)
Fund balance, beginning of the year			22,501	
Fund balance, end of the year			\$ -	

See independent auditor's report.

**City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Capital Projects Funds
April 30, 2013**

	<u>Total</u>	<u>Special Service Area No. 42</u>	<u>Special Assessment No. 145</u>	<u>Crystal Heights Utility Extension</u>	<u>Main Street TIF Construction</u>	<u>Virginia Street Corridor TIF</u>	<u>SSA 46 Ryland Main Construction</u>	<u>Replacement Capital</u>
Assets								
Cash and investments	\$ 4,754,840	\$ -	\$ 117,549	\$ 674,906	\$ 282,769	\$ 15,093	\$ 27,723	\$ 3,636,800
Receivables - property taxes	54,328	-	-	-	8,996	45,332	-	-
Total assets	\$ 4,809,168	\$ -	\$ 117,549	\$ 674,906	\$ 291,765	\$ 60,425	\$ 27,723	\$ 3,636,800
Liabilities								
Liabilities:								
Accounts payable	\$ 502,668	\$ -	\$ -	\$ -	\$ -	\$ 15,093	\$ -	\$ 487,575
Recapture fees payable	107,950	-	107,950	-	-	-	-	-
Due to other funds	149,225	-	-	-	-	-	-	149,225
Total liabilities	759,843	-	107,950	-	-	15,093	-	636,800
Deferred Inflows of Resources								
Property taxes	54,328	-	-	-	8,996	45,332	-	-
Fund Balances								
Assigned for capital outlay	3,994,997	-	9,599	674,906	282,769	-	27,723	3,000,000
Total liabilities and fund balances	\$ 4,809,168	\$ -	\$ 117,549	\$ 674,906	\$ 291,765	\$ 60,425	\$ 27,723	\$ 3,636,800

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Capital Projects Funds
For the Year Ended April 30, 2013

	<u>Total</u>	<u>Special Service Area No. 42</u>	<u>Special Assessment No. 145</u>	<u>Crystal Heights Utility Extension</u>	<u>Main Street TIF Construction</u>	<u>Virginia Street Corridor TIF</u>	<u>SSA 46 Ryland Main Construction</u>	<u>Replacement Capital</u>
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	132,924	-	-	-	48,737	84,187	-	-
Investment income	979	-	-	582	288	107	2	-
Total revenues	133,903	-	-	582	49,025	84,294	2	-
Expenditures:								
Current - contractual services	43,707	-	-	-	703	43,004	-	-
Capital outlay - public works improvements	818,355	-	-	-	-	219,781	-	598,574
Capital outlay - administrative	581,759	-	-	-	-	-	-	581,759
Capital outlay - information technology	35,228	-	-	-	-	-	-	35,228
Capital outlay - police	318,383	-	-	-	-	-	-	318,383
Capital outlay - community development	7,930	-	-	-	-	-	-	7,930
Miscellaneous expense	26,163	-	-	-	-	26,163	-	-
Total expenditures	1,831,525	-	-	-	703	288,948	-	1,541,874
Revenues over (under) expenditures before other financing sources (uses)	(1,697,622)	-	-	582	48,322	(204,654)	2	(1,541,874)
Other financing sources (uses):								
Transfers in	1,541,874	-	-	-	-	-	-	1,541,874
Transfers out	(50,001)	(30,479)	-	-	-	(19,522)	-	-
Total other financing sources (uses)	1,491,873	(30,479)	-	-	-	(19,522)	-	1,541,874
Net changes in fund balances	(205,749)	(30,479)	-	582	48,322	(224,176)	2	-
Fund balances, beginning of the year	4,200,746	30,479	9,598	674,325	234,447	224,176	27,721	3,000,000
Fund balances, end of the year	\$ 3,994,997	\$ -	\$ 9,598	\$ 674,907	\$ 282,769	\$ -	\$ 27,723	\$ 3,000,000

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, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 72,000	\$ 72,000	\$ 48,737	\$ (23,263)
Interest	-	-	288	288
Total revenues	72,000	72,000	49,025	(22,975)
Expenditures - current - contractual services	-	-	703	(703)
Net changes in fund balance	\$ 72,000	\$ 72,000	48,322	\$ (23,678)
Fund balance, beginning of the year			234,447	
Fund balance, end of the year			\$ 282,769	

See independent auditor's report.

City of Crystal Lake, Illinois
Virginia Street Corridor TIF Construction Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Property taxes	150,000	150,000	84,187	(65,813)
Interest	-	-	107	107
Total revenues	150,000	150,000	84,294	(65,706)
Expenditures:				
Contractual services	-	-	43,004	(43,004)
Capital outlay - public works	20,000	20,000	219,781	(199,781)
Miscellaneous expense	-	-	26,163	(26,163)
Total expenditures	20,000	20,000	288,948	(268,948)
Revenues over (under) expenditures before other financing uses	130,000	130,000	(204,654)	(334,654)
Other financing uses - transfers out	(28,296)	(28,296)	(19,522)	8,774
Net changes in fund balance	\$ 101,704	\$ 101,704	(224,176)	\$ (325,880)
Fund balance, beginning of the year			224,176	
Fund balance, end of the year			\$ -	

See independent auditor's report.

**City of Crystal Lake, Illinois
Capital Replacement Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures:				
Administrative	\$ 791,800	\$ 791,800	\$ 581,759	\$ 210,041
Information technology	412,645	412,645	35,228	377,417
Police	733,721	733,721	318,383	415,338
Community development	-	-	7,930	(7,930)
Public works	34,000	34,000	598,574	(564,574)
Total expenditures	1,972,166	1,972,166	1,541,874	430,292
Revenues under expenditures before other financing sources	(1,972,166)	(1,972,166)	(1,541,874)	(430,292)
Other financing sources - transfers in	1,972,166	1,972,166	1,541,874	(430,292)
Net changes in fund balance	\$ -	\$ -	-	\$ (860,584)
Fund balance, beginning of the year			3,000,000	
Fund balance, end of the year			\$ 3,000,000	

See independent auditor's report.

**City of Crystal Lake, Illinois
Vulcan Lakes TIF District Fund
Schedule of Revenues, Expenditures and Changes in
Fund Deficit - Budget and Actual
For the Year Ended April 30, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 55,000	\$ 55,000	\$ -	\$ (55,000)
Grant proceeds	-	-	21,079	21,079
Investment income	-	-	170	170
Total revenues	55,000	55,000	21,249	(33,751)
Expenditures:				
Current - contractual services	-	-	450	(450)
Capital outlay:				
Operating equipment	-	-	222,103	(222,103)
Public works improvements	-	-	36,670	(36,670)
Total expenditures	-	-	259,223	(259,223)
Revenues over (under) expenditures before other financing sources (uses)	55,000	55,000	(237,974)	(292,974)
Other financing sources (uses):				
Transfers in	-	-	193,119	193,119
Transfers out	(55,000)	(55,000)	-	55,000
Total other financing sources (uses)	(55,000)	(55,000)	193,119	248,119
Net changes in fund deficit	\$ -	\$ -	(44,855)	\$ (44,855)
Fund deficit, beginning of the year			(1,797,070)	
Fund deficit, end of the year			\$ (1,841,925)	

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:				
Charges for services:				
Water sales	\$ 3,710,080	\$ 3,710,080	\$ 3,976,126	\$ 266,046
Sewer sales	3,782,806	3,782,806	3,989,408	206,602
Penalties	300,000	300,000	339,381	39,381
Water meter fees	10,000	10,000	20,480	10,480
Water tap fees	1,000	1,000	59,441	58,441
Participation fees	-	-	1,595,543	1,595,543
Miscellaneous	25,350	25,350	30,710	5,360
Total operating revenues	7,829,236	7,829,236	10,011,089	2,181,853
Nonoperating revenue:				
Connection fees	188,000	188,000	869,785	681,785
Investment income	5,408	5,408	2,382	(3,026)
Grant revenue	-	-	65,842	65,842
Rental income	277,000	277,000	277,016	16
Total nonoperating revenues	470,408	470,408	1,215,025	744,617
Total revenues	\$ 8,299,644	\$ 8,299,644	\$ 11,226,114	\$ 2,926,470

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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating expenses, excluding depreciation:				
Administration:				
Personal services	\$ 531,068	\$ 531,068	\$ 524,663	\$ 6,405
Contractual services	122,592	122,592	291,213	(168,621)
Supplies and materials	39,495	39,495	37,808	1,687
Total administration	693,155	693,155	853,684	(160,529)
Operations:				
Water division:				
Personal services	1,449,939	1,449,939	1,438,672	11,267
Contractual services	1,221,712	1,221,712	762,966	458,746
Supplies and materials	681,170	681,170	598,924	82,246
Capital outlay	-	-	44,789	(44,789)
Total water division	3,352,821	3,352,821	2,845,351	507,470
Wastewater division:				
Personal services	889,413	889,413	868,557	20,856
Contractual services	1,201,953	1,201,953	782,952	419,001
Supplies and materials	533,306	533,306	552,993	(19,687)
Capital outlay	3,906,000	4,083,200	40,206	4,042,994
Total wastewater division	6,530,672	6,707,872	2,244,708	4,463,164
Sewer and lifts division:				
Personal services	251,092	251,092	226,043	25,049
Contractual services	325,983	325,983	262,721	63,262
Supplies and materials	62,135	62,135	79,180	(17,045)
Capital outlay	-	-	10,330	(10,330)
Total sewer and lifts division	639,210	639,210	578,274	60,936
Total operations	10,522,703	10,699,903	5,668,333	5,031,570
Total operating expenses, excluding depreciation	\$ 11,215,858	\$ 11,393,058	\$ 6,522,017	\$ 4,871,041
Nonoperating income (expenses):				
Interest expense	\$ (393,212)	\$ (393,212)	\$ (454,299)	\$ (61,087)
Loss on sale of capital assets	-	-	(200,375)	(200,375)
Total nonoperating expenses	\$ (393,212)	\$ (393,212)	\$ (654,674)	\$ (261,462)

See independent auditor's report.

**City of Crystal Lake, Illinois
Pension Trust Funds
Combining Statement of Plan Net Position
April 30, 2013**

Assets	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Cash	\$ -	\$ 4,800	\$ 4,800
Investments:			
Illinois Funds Investment Pool	113,677	100,102	213,779
Money market accounts	352,742	166,753	519,495
U.S. government and agency securities	6,365,821	10,331,063	16,696,884
Corporate bonds	3,816,005	-	3,816,005
Insurance contracts	-	1,384,710	1,384,710
Municipal bonds	-	1,400,030	1,400,030
Mutual funds - bonds	2,564,202	-	2,564,202
Mutual funds - stocks	15,408,368	8,907,206	24,315,574
Interest receivable	71,294	90,436	161,730
Total assets	<u>\$ 28,692,109</u>	<u>\$ 22,385,100</u>	<u>\$ 51,077,209</u>
Liabilities and Net Position			
Liabilities:			
Accounts payable	\$ (1,102)	\$ 1,875	\$ 773
Total liabilities	(1,102)	1,875	773
Net position - restricted for pension benefits	28,693,211	22,383,225	51,076,436
Total liabilities and net position	<u>\$ 28,692,109</u>	<u>\$ 22,385,100</u>	<u>\$ 51,077,209</u>

See independent auditor's report.

**City of Crystal Lake, Illinois
Pension Trust Funds
Combining Statement of Changes in Plan Net Position
For the Year Ended April 30, 2013**

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 1,832,203	\$ 1,540,031	\$ 3,372,234
Members	526,783	507,355	1,034,138
	<u>2,358,986</u>	<u>2,047,386</u>	<u>4,406,372</u>
Investment income:			
Net appreciation in fair value of investments	1,854,384	1,148,602	3,002,986
Interest income	753,309	636,544	1,389,853
Less investment expenses	(136,016)	(94,994)	(231,010)
	<u>2,471,677</u>	<u>1,690,152</u>	<u>4,161,829</u>
Miscellaneous	-	60,000	60,000
Total additions	<u>4,830,663</u>	<u>3,797,538</u>	<u>8,628,201</u>
Deductions:			
Pension benefits and refunds	1,744,167	929,622	2,673,789
Administrative expenses	15,688	21,867	37,555
Total deductions	<u>1,759,855</u>	<u>951,489</u>	<u>2,711,344</u>
Changes in net position	3,070,808	2,846,049	5,916,857
Total net position, beginning of the year	<u>25,622,403</u>	<u>19,537,176</u>	<u>45,159,579</u>
Total net position, end of the year	<u>\$ 28,693,211</u>	<u>\$ 22,383,225</u>	<u>\$ 51,076,436</u>

See independent auditor's report.

**City of Crystal Lake, Illinois
Police Pension Fund
Schedule of Changes in Plan
Net Position - Budget and Actual
For the Year Ended April 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Additions:				
Contributions:				
Employer	\$ 1,837,308	\$ 1,837,308	\$ 1,832,203	\$ (5,105)
Members	525,200	525,200	526,783	1,583
	<u>2,362,508</u>	<u>2,362,508</u>	<u>2,358,986</u>	<u>(3,522)</u>
Investment income:				
Net appreciation in fair value of investments	-	-	1,854,384	1,854,384
Interest income	1,100,000	1,100,000	753,309	(346,691)
Less investment expenses	(95,000)	(95,000)	(136,016)	(41,016)
	<u>1,005,000</u>	<u>1,005,000</u>	<u>2,471,677</u>	<u>1,466,677</u>
Total additions	<u>3,367,508</u>	<u>3,367,508</u>	<u>4,830,663</u>	<u>1,463,155</u>
Deductions:				
Pension benefits and refunds	1,560,000	1,560,000	1,744,167	(184,167)
Administrative expenses	17,000	17,000	15,688	1,312
Total deductions	<u>1,577,000</u>	<u>1,577,000</u>	<u>1,759,855</u>	<u>(182,855)</u>
Changes in net position	<u>\$ 1,790,508</u>	<u>\$ 1,790,508</u>	<u>3,070,808</u>	<u>\$ 1,280,300</u>
Total net position, beginning of the year			<u>25,622,403</u>	
Total net position, end of the year			<u>\$ 28,693,211</u>	

See independent auditor's report.

**City of Crystal Lake, Illinois
Firefighters' Pension Fund
Schedule of Changes in Plan
Net Position - Budget and Actual
For the Year Ended April 30, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Additions:				
Contributions:				
Employer	\$ 1,837,308	\$ 1,837,308	\$ 1,540,031	\$ (297,277)
Members	485,000	485,000	507,355	22,355
	<u>2,322,308</u>	<u>2,322,308</u>	<u>2,047,386</u>	<u>(274,922)</u>
Investment income:				
Net appreciation in fair value of investments	-	-	1,148,602	1,148,602
Interest income	643,130	643,130	636,544	(6,586)
Less investment expenses	(48,000)	(48,000)	(94,994)	(46,994)
	<u>595,130</u>	<u>595,130</u>	<u>1,690,152</u>	<u>1,095,022</u>
Miscellaneous	-	-	60,000	60,000
Total additions	<u>2,917,438</u>	<u>2,917,438</u>	<u>3,797,538</u>	<u>880,100</u>
Deductions:				
Pension benefits and refunds	780,000	780,000	929,622	(149,622)
Administrative expenses	15,000	15,000	21,867	(6,867)
Total deductions	<u>795,000</u>	<u>795,000</u>	<u>951,489</u>	<u>(156,489)</u>
Changes in net position	<u>\$ 2,122,438</u>	<u>\$ 2,122,438</u>	<u>2,846,049</u>	<u>\$ 723,611</u>
Total net position, beginning of the year			<u>19,537,176</u>	
Total net position, end of the year			<u>\$ 22,383,225</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, 2013

	<u>Balance May 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance April 30, 2013</u>
Assets				
Cash	\$ 130,306	\$ 175,347	\$ -	\$ 305,653
Other receivables	621	9,814	-	10,435
	<u>\$ 130,927</u>	<u>\$ 185,161</u>	<u>\$ -</u>	<u>\$ 316,088</u>
Liabilities				
Recapture fees payable	\$ (82,126)	\$ 185,161	\$ -	\$ 103,035
Due to other funds	213,053	-	-	213,053
	<u>\$ 130,927</u>	<u>\$ 185,161</u>	<u>\$ -</u>	<u>\$ 316,088</u>

See independent auditor's report.

City of Crystal Lake, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule of General Fixed Assets - By Source
April 30, 2013

Assets

Governmental funds capital assets:

Land	\$ 103,066,974
Construction in progress	4,900,902
Buildings and improvements	33,369,082
Machinery, equipment and vehicles	14,358,799
Infrastructure	<u>62,638,393</u>

Total governmental funds capital assets \$ 218,334,150

Investment in Governmental Funds
Capital Assets By Source

General Fund	\$ 140,126,800
Special Revenue Funds	20,915,626
Capital Projects Funds	18,166,141
Developer contributions	<u>39,125,582</u>

Total governmental funds capital assets \$ 218,334,149

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, 2013

	Land	Construction in Progress	Buildings and Improvements
General government	\$ 102,870,147	\$ 1,277,227	\$ 10,867,609
Public safety	-	172,884	15,076,755
Highways and streets	196,827	3,450,791	388,874
Culture and recreation	-	-	7,035,844
	<u>\$ 103,066,974</u>	<u>\$ 4,900,902</u>	<u>\$ 33,369,082</u>

Machinery, Equipment and Vehicles	Infrastructure	Total
\$ 1,549,589	\$ 857,937	\$ 117,422,509
7,153,077	-	22,402,716
4,772,926	52,079,725	60,889,143
883,207	9,700,731	17,619,782
<u>\$ 14,358,799</u>	<u>\$ 62,638,393</u>	<u>\$ 218,334,150</u>

See independent auditor's report.

City of Crystal Lake, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
April 30, 2013

	Balance May 1, 2012	Additions	Deletions and Transfers	Balance April 30, 2013
General government	\$ 116,187,351	\$ 1,242,721	\$ 7,563	\$ 117,422,509
Public safety	20,704,469	1,941,692	243,445	22,402,716
Highways and streets	57,171,777	3,966,079	248,713	60,889,143
Culture and recreation	17,579,868	61,839	21,925	17,619,782
	<u>\$ 211,643,465</u>	<u>\$ 7,212,331</u>	<u>\$ 521,646</u>	<u>\$ 218,334,150</u>

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2013

	General Operating	IMRF/FICA	Governmental Special Reserve
Assets			
Current:			
Cash and investments	\$ 2,957,905	\$ 336,435	\$ 1,363,334
Property tax receivable	3,703,926	448,374	-
Due from other funds	-	-	-
Capital assets, net of accumulated depreciation	-	-	-
Total assets	\$ 6,661,831	\$ 784,809	\$ 1,363,334
Liabilities			
Current:			
Accounts payable	\$ 104,560	\$ -	\$ -
Accrued payroll	90,117	17,917	-
Compensated absences	-	-	-
Total current liabilities	194,677	17,917	-
Noncurrent:			
Compensated absences payable	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	194,677	17,917	-
Deferred Inflows of Resources			
Property taxes	3,703,925	448,374	-
Total liabilities and deferred inflows of resources	3,898,602	466,291	-
Fund balance/net position:			
Restricted for working cash	-	-	-
Restricted for retirement	-	318,518	-
Assigned	-	-	1,363,334
Unassigned	2,763,229	-	-
Invested in capital assets, net of related debt	-	-	-
Total fund balance/net position	2,763,229	318,518	1,363,334
Total liabilities, deferred inflows of resources and fund balance/net position	\$ 6,661,831	\$ 784,809	\$ 1,363,334

Funds Nonmajor Funds	Total	Adjustments	Statement of Net Position
\$ 629,126	\$ 5,286,800	\$ -	\$ 5,286,800
-	4,152,300	-	4,152,300
11,719	11,719	-	11,719
-	-	5,941,835	5,941,835
\$ 640,845	\$ 9,450,819	\$ 5,941,835	\$ 15,392,654
-	-	-	-
-	104,560	-	104,560
-	108,034	-	108,034
-	-	75,628	75,628
-	212,594	75,628	288,222
-	-	49,835	49,835
-	-	49,835	49,835
-	212,594	125,463	338,057
-	4,152,299	-	4,152,299
-	4,364,893	125,463	4,490,356
50,043	50,043	-	50,043
-	318,518	-	318,518
590,802	1,954,136	(1,954,136)	-
-	2,763,229	1,828,673	4,591,902
-	-	5,941,835	5,941,835
640,845	5,085,926	5,816,372	10,902,298
\$ 640,845	\$ 9,450,819	\$ 5,941,835	\$ 15,392,654

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Position
April 30, 2013

Total fund balance - governmental funds \$ 5,085,926

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

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. 5,941,835

Some liabilities reported in the statement of net position do not
require the use of current financial resources and, therefore, are
not reported as liabilities in governmental funds. These liabilities
consist of:

Compensated absences payable (125,463)

Net position of governmental activities \$ 10,902,298

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, 2013

	Governmental Funds			Nonmajor Funds	Total	Adjustments	Statement of Activities
	General Operating	IMRF/FICA	Special Reserve				
Expenditures/expenses:							
Culture and recreation	\$ 3,239,986	\$ 397,560	\$ 166,073	\$ 24,148	\$ 3,827,767	\$ 139,720	\$ 3,967,487
Capital outlay	38,653	-	21,725	-	60,378	(22,393)	37,985
Total expenses/expenditures	3,278,639	397,560	187,798	24,148	3,888,145	117,327	4,005,472
Program revenues:							
Fines and fees	130,344	-	-	-	130,344	-	130,344
Rental income	-	-	-	17,940	17,940	-	17,940
Intergovernmental	41,782	-	-	-	41,782	-	41,782
Total program revenues	172,126	-	-	17,940	190,066	-	190,066
Net program expenditures/expenses	(3,106,513)	(397,560)	(187,798)	(6,208)	(3,698,079)	(117,327)	(3,815,406)
General revenues:							
Property taxes	3,676,931	460,119	-	-	4,137,050	-	4,137,050
Interest	18,464	243	3,370	4,407	26,484	-	26,484
Capital facilities	-	-	-	15,751	15,751	-	15,751
Miscellaneous	2,764	-	-	62,706	65,470	-	65,470
Total general revenues	3,698,159	460,362	3,370	82,864	4,244,755	-	4,244,755
Other financing sources (uses):							
Transfers in	-	33	507,441	-	507,474	-	507,474
Transfers out	(507,474)	-	-	-	(507,474)	-	(507,474)
Total other financing sources (uses)	(507,474)	33	507,441	-	-	-	-
Net changes in fund balances	84,172	62,835	323,013	76,656	546,676	(117,327)	429,349
Fund balances, beginning of the year	2,679,057	255,683	1,040,321	564,189	4,539,250	5,933,699	10,472,949
Fund balances, end of the year	\$ 2,763,229	\$ 318,518	\$ 1,363,334	\$ 640,845	\$ 5,085,926	\$ 5,816,372	\$ 10,902,298

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2013

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

Net change in fund balances - total governmental funds	\$ 546,676
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 (\$186,780) exceeds capital outlay (\$58,946) in the current period.	(127,834)
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	10,507
Change in net position of governmental activities	\$ 429,349

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, 2013

	Total	Special Revenue		Capital Project Fund Public Library Repair and Construction	Permanent Fund Working Cash
		Gift and Memorial	Ames		
Assets					
Cash and investments	\$ 629,126	\$ 59,480	\$ 371,289	\$ 148,314	\$ 50,043
Due from other funds	11,719	-	-	11,719	-
Total assets	\$ 640,845	\$ 59,480	\$ 371,289	\$ 160,033	\$ 50,043
Liabilities and Fund Balances					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:					
Restricted	50,043	-	-	-	50,043
Assigned	590,802	59,480	371,289	160,033	-
Total fund balances	640,845	59,480	371,289	160,033	50,043
Total liabilities and fund balances	\$ 640,845	\$ 59,480	\$ 371,289	\$ 160,033	\$ 50,043

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, 2013

	Total	Special Revenue		Capital Project Fund Public Library Repair and Construction	Permanent Fund Working Cash
		Gift and Memorial	Ames		
Revenues:					
Interest	\$ 4,407	\$ -	\$ 3,563	\$ 835	\$ 9
Capital facilities	15,751	-	-	15,751	-
Rental income	17,940	-	-	17,940	-
Miscellaneous	62,706	62,706	-	-	-
Total revenues	100,804	62,706	3,563	34,526	9
Expenditures - current - culture and recreation	24,148	11,230	-	12,918	-
Changes in fund balances	76,656	51,476	3,563	21,608	9
Fund balances, beginning of the year	564,189	8,004	367,726	138,425	50,034
Fund balances, end of the year	\$ 640,845	\$ 59,480	\$ 371,289	\$ 160,033	\$ 50,043

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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 3,686,752	\$ 3,741,330	\$ 3,676,931	\$ (64,399)
Intergovernmental	115,000	115,000	41,782	(73,218)
Fines and forfeitures	135,000	133,000	130,344	(2,656)
Interest	3,000	3,000	18,464	15,464
Miscellaneous	6,000	4,000	2,764	(1,236)
Total revenues	3,945,752	3,996,330	3,870,285	(126,045)
Expenditures:				
Culture and recreation:				
Personal services	2,625,375	2,671,635	2,312,655	358,980
Contractual services	908,677	1,218,792	407,369	811,423
Supplies and materials	676,700	648,993	519,962	129,031
Capital outlay:				
Operating equipment	135,000	206,910	38,653	168,257
Total expenditures	4,345,752	4,746,330	3,278,639	1,467,691
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(400,000)	(750,000)	591,646	1,341,646
Other financing sources (uses):				
Transfers in	400,000	750,000	-	(750,000)
Transfers out	-	-	(507,474)	(507,474)
Total other financing sources (uses)	400,000	750,000	(507,474)	(1,257,474)
Net changes in fund balance	\$ -	\$ -	84,172	\$ 84,172
Fund balance, beginning of the year			2,679,057	
Fund balance, end of the year			\$ 2,763,229	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library -
IMRF/FICA Fund - Schedule of Revenues, Expenditures and
and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 507,478	\$ 452,900	\$ 460,119	\$ 7,219
Interest	-	-	243	243
Total revenues	507,478	452,900	460,362	7,462
Expenditures - culture and recreation - personnel services	461,344	452,900	397,560	55,340
Excess of revenues over expenditures before other financing sources	46,134	-	62,802	62,802
Other financing sources - transfers in	-	-	33	33
Net changes in fund balance	\$ 46,134	\$ -	62,835	\$ 62,835
Fund balance, beginning of the year			255,683	
Fund balance, end of the year			\$ 318,518	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library -
Special Reserve Fund (Special Revenue Fund) - Schedule of
of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest income	\$ -	\$ -	\$ 3,370	\$ 3,370
Expenditures:				
Culture and recreation:				
Contractual services	100,000	400,000	166,073	233,927
Supplies and materials	-	75,000	-	75,000
Capital outlay	-	25,000	21,725	3,275
Total expenditures	<u>100,000</u>	<u>500,000</u>	<u>187,798</u>	<u>312,202</u>
Revenues under expenditures before other financing sources	(100,000)	(500,000)	(184,428)	315,572
Other financing sources - transfers in	<u>100,000</u>	<u>500,000</u>	<u>507,441</u>	<u>7,441</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>323,013</u>	<u>\$ 323,013</u>
Fund balance, beginning of the year			<u>1,040,321</u>	
Fund balance, end of the year			<u>\$ 1,363,334</u>	

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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Miscellaneous	\$ 36,750	\$ 41,750	\$ 62,706	\$ 20,956
Total revenues	36,750	41,750	62,706	20,956
Expenditures:				
Culture and recreation:				
Contractual services	34,700	19,627	155	19,472
Supplies and materials	12,050	29,550	11,075	18,475
Capital outlay	-	6,000	-	6,000
Total expenditures	46,750	55,177	11,230	43,947
Changes in fund balance	\$ (10,000)	\$ (13,427)	51,476	\$ 64,903
Fund balance, beginning of the year			8,004	
Fund balance, end of the year			\$ 59,480	

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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 835	\$ 835
Capital facilities	6,500	3,500	15,751	12,251
Rental income	17,940	17,940	17,940	-
Total revenues	24,440	21,440	34,526	13,086
Expenditures - culture and recreation - contractual services	39,440	36,440	12,918	23,522
Net changes in fund balance	\$ (15,000)	\$ (15,000)	21,608	\$ 36,608
Fund balance, beginning of the year			138,425	
Fund balance, end of the year			\$ 160,033	

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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues - interest	\$ -	\$ -	\$ 9	\$ 9
Net changes in fund balance	\$ -	\$ -	9	\$ 9
Fund balance, beginning of the year			50,034	
Fund balance, end of the year			\$ 50,043	

See independent auditor's report.

STATISTICAL SECTION

This part of the City of Crystal Lake's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.	152 – 163
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	164 – 170
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	171 – 175
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place, and to help make comparisons over time and with other governments.	176 – 177
Operating Information These schedules contain information about the City's operations and resources, to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	178 – 183

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

	Fiscal Year				Ended April 30,					
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Invested in capital assets, net of related debt	\$ 164,606,919	\$ 151,485,526	\$ 146,630,784	\$ 145,238,182	\$ 142,698,809	\$ 139,028,556	\$ 136,717,137	\$ 143,207,897	\$ 140,891,791	\$ 141,765,596
Restricted	8,563,063	10,050,248	12,072,057	11,709,762	11,517,858	11,321,941	10,846,684	11,179,914	9,971,068	11,373,072
Unrestricted	20,479,784	22,599,394	26,752,202	25,921,333	24,480,259	25,848,488	25,819,335	20,671,704	19,817,257	17,387,044
Total governmental activities	\$ 193,649,766	\$ 184,135,168	\$ 185,455,043	\$ 182,869,277	\$ 178,696,926	\$ 176,198,985	\$ 173,383,156	\$ 175,059,515	\$ 170,680,116	\$ 170,525,712
Business-type activities:										
Invested in capital assets, net of related debt	\$ 47,890,962	\$ 51,149,367	\$ 50,388,323	\$ 48,443,665	\$ 51,853,939	\$ 52,187,382	\$ 52,830,550	\$ 46,823,209	\$ 46,395,885	\$ 50,675,313
Unrestricted	8,600,766	3,360,482	3,963,636	5,677,672	4,406,249	5,178,987	5,185,544	5,221,328	6,655,756	3,756,297
Total business-type activities	\$ 56,491,728	\$ 54,509,849	\$ 54,351,959	\$ 54,121,337	\$ 56,260,188	\$ 57,366,369	\$ 58,016,094	\$ 52,044,537	\$ 53,051,641	\$ 54,431,610
Primary government:										
Invested in capital assets, net of related debt	\$ 212,497,881	\$ 202,634,893	\$ 197,019,107	\$ 193,681,847	\$ 194,552,748	\$ 191,215,938	\$ 189,547,687	\$ 190,031,106	\$ 187,287,676	\$ 192,440,909
Restricted	8,563,063	10,050,248	12,072,057	11,709,762	11,517,858	11,321,941	10,846,684	11,179,914	9,971,068	11,373,072
Unrestricted	29,080,550	25,959,876	30,715,838	31,599,005	28,886,508	31,027,475	31,004,879	25,893,032	26,473,013	21,143,341
Total primary government	\$ 250,141,494	\$ 238,645,017	\$ 239,807,002	\$ 236,990,614	\$ 234,957,114	\$ 233,565,354	\$ 231,399,250	\$ 227,104,052	\$ 223,731,757	\$ 224,957,322

Source: Audited financial statements.

See independent auditor's report.

City of Crystal Lake, Illinois
Change in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				Ended April 30,					
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
Governmental activities:										
General and administrative	\$ 8,982,683	\$ 10,447,524	\$ 7,646,123	\$ 8,652,289	\$ 8,609,775	\$ 8,124,338	\$ 7,410,758	\$ 6,840,977	\$ 7,949,231	\$ 5,362,775
Public safety	23,061,425	24,157,329	21,620,519	20,113,957	19,574,409	17,132,484	17,180,813	14,010,932	13,592,326	11,644,238
Highways and streets	7,755,990	7,848,907	7,892,328	6,934,366	7,820,886	7,250,516	6,100,201	6,641,246	6,833,764	5,777,522
Culture and recreation	1,020,428	1,400,906	1,482,797	664,816	323,582	299,181	251,717	258,943	232,296	193,990
Interest on long-term debt	773,768	625,751	663,220	751,000	766,112	741,136	646,250	560,334	540,505	523,231
Total governmental activities expenses	41,594,294	44,480,417	39,304,987	37,116,428	37,094,764	33,547,655	31,589,739	28,312,432	29,148,122	23,501,756
Business-type activities - waterworks/sewerage										
	10,092,510	9,907,476	9,399,817	9,599,893	9,110,643	8,905,333	8,605,569	7,812,546	7,774,757	6,827,295
Total business-type activities expenses	10,092,510	9,907,476	9,399,817	9,599,893	9,110,643	8,905,333	8,605,569	7,812,546	7,774,757	6,827,295
Total expenses	\$ 51,686,804	\$ 54,387,893	\$ 48,704,804	\$ 46,716,321	\$ 46,205,407	\$ 42,452,988	\$ 40,195,308	\$ 36,124,978	\$ 36,922,879	\$ 30,329,051
Program revenues:										
Governmental activities:										
Charges for services:										
General and administrative	\$ 1,154,208	\$ 1,001,950	\$ 955,184	\$ 798,578	\$ 869,769	\$ 1,344,296	\$ 1,418,677	\$ 1,767,822	\$ 1,129,894	\$ 809,658
Public safety	3,592,630	3,656,295	3,149,558	3,089,958	3,122,362	2,565,009	2,966,666	2,606,313	2,614,586	2,337,109
Highways and streets	247,139	240,339	232,567	236,273	248,958	220,544	220,926	851,872	465,495	515,358
Culture and recreation	445,580	488,712	93,247	-	-	-	-	-	-	-
Operating grants and contributions:										
Highways and streets	1,342,940	1,178,089	1,305,141	1,190,741	1,077,248	1,150,479	1,213,479	1,170,289	1,183,739	1,331,828
Other activities	636,459	132,808	253,015	116,891	76,141	169,777	211,743	41,468	148,564	162,363
Capital grants and contributions:										
Highways and streets	2,023,692	3,723,623	981,926	2,269,918	-	-	-	-	-	-
Other activities	262,863	-	11,016	12,478	17,631	-	-	-	-	-
Total governmental activities program revenues	9,705,511	10,421,816	6,981,654	7,714,837	5,412,109	5,450,105	6,031,491	6,437,764	5,542,278	5,156,316
Business-type activities:										
Charges for services - waterworks/sewerage	11,127,180	8,230,935	7,900,283	7,206,334	7,528,983	7,388,909	7,718,993	6,611,350	5,720,245	5,560,988
Capital grants and contributions	65,842	101,311	15,683	183,500	-	-	-	-	467,038	-
Total business-type activities program revenues	11,193,022	8,332,246	7,915,966	7,389,834	7,528,983	7,388,909	7,718,993	6,611,350	6,187,283	5,560,988
Total program revenues	\$ 20,898,533	\$ 18,754,062	\$ 14,897,620	\$ 15,104,671	\$ 12,941,092	\$ 12,839,014	\$ 13,750,484	\$ 13,049,114	\$ 11,729,561	\$ 10,717,304

(cont'd)

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

	Fiscal Year				Ended April 30,					
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (expense) revenue:										
Governmental activities	\$(31,888,783)	\$(34,058,601)	\$(32,323,333)	\$(29,401,591)	\$(31,682,655)	\$(28,097,550)	\$(25,558,248)	\$(21,874,668)	\$(23,605,844)	\$(18,345,440)
Business-type activities	1,100,512	(1,575,230)	(1,483,851)	(2,210,059)	(1,581,660)	(1,516,424)	(886,576)	(1,201,196)	(1,587,474)	(1,266,307)
Total net (expense) revenue	\$(30,788,271)	\$(35,633,831)	\$(33,807,184)	\$(31,611,650)	\$(33,264,315)	\$(29,613,974)	\$(26,444,824)	\$(23,075,864)	\$(25,193,318)	\$(19,611,747)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property	\$ 11,327,721	\$ 11,061,961	\$ 11,880,834	\$ 11,364,280	\$ 11,527,194	\$ 10,364,823	\$ 9,187,482	\$ 7,875,234	\$ 6,485,545	\$ 5,827,463
Home rule	4,756,678	4,710,538	4,574,657	4,546,821	3,833,890	-	-	-	-	-
Auto rental	36,185	35,281	29,429	28,204	30,560	26,807	26,677	26,619	28,203	29,971
Franchise fees - cable	640,472	604,233	566,979	501,544	474,377	433,134	403,659	364,175	346,628	661,232
Telecommunications	1,746,976	1,824,479	1,693,257	1,831,489	1,925,732	2,022,417	1,911,745	2,097,640	1,925,304	-
Hotel	278,356	281,817	251,417	230,880	313,289	241,208	157,955	152,288	141,625	142,765
Intergovernmental:										
Replacement	142,418	139,013	154,893	135,686	144,517	171,107	162,583	146,870	104,106	95,384
State sales and use	10,662,042	10,736,957	10,200,357	9,944,402	10,748,033	11,471,956	11,680,593	11,296,923	10,989,717	11,017,810
Income	3,854,999	3,451,994	3,079,075	3,068,722	3,503,952	3,748,680	3,431,732	2,806,403	2,888,037	2,292,329
Interest	354,263	367,609	974,115	1,081,644	1,345,422	1,794,262	1,902,500	1,375,656	520,949	382,345
Miscellaneous	814,168	1,222,460	782,343	840,270	735,643	1,271,781	1,633,322	112,259	330,134	653,642
Release of commitment of SSA debt	8,155,975	-	-	-	-	-	-	-	-	-
Transfers	(848,275)	(1,697,616)	(1,252,036)	-	(402,017)	(632,796)	(6,616,359)	-	-	-
Total governmental activities	41,921,978	32,738,726	32,935,320	33,573,942	34,180,592	30,913,379	23,881,889	26,254,067	23,760,248	21,102,941
Business-type activities:										
Investment earnings	2,382	5,062	48,105	30,986	59,519	222,720	215,259	194,092	83,887	33,114
Miscellaneous	30,710	30,442	(2,751)	40,222	13,943	11,183	26,515	-	123,618	-
Transfers	848,275	1,697,616	1,252,036	-	402,017	632,796	6,616,359	-	-	-
Total business-type activities	881,367	1,733,120	1,297,390	71,208	475,479	866,699	6,858,133	194,092	207,505	33,114
Total	\$ 42,803,345	\$ 34,471,846	\$ 34,232,710	\$ 33,645,150	\$ 34,656,071	\$ 31,780,078	\$ 30,740,022	\$ 26,448,159	\$ 23,967,753	\$ 21,136,055
Change in net position:										
Governmental activities	\$ 10,033,195	\$ (1,319,875)	\$ 611,987	\$ 4,172,351	\$ 2,497,937	\$ 2,815,829	\$ (1,676,359)	\$ 4,379,399	\$ 154,404	\$ 2,757,501
Business-type activities	1,981,879	157,890	(186,461)	(2,138,851)	(1,106,181)	(649,725)	5,971,557	(1,007,104)	(1,379,969)	(1,233,193)
Total change in net position	\$ 12,015,074	\$ (1,161,985)	\$ 425,526	\$ 2,033,500	\$ 1,391,756	\$ 2,166,104	\$ 4,295,198	\$ 3,372,295	\$ (1,225,565)	\$ 1,524,308

Source: Audited financial statements.

See independent auditor's report.

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

	2013				Fiscal Year Ended April 30,					
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 2,675,549	\$ 677,431	\$ 611,212	\$ 340,272	\$ 525,307	\$ 2,517,619
Unreserved	-	-	-	-	19,485,158	21,744,305	19,788,129	17,260,266	15,419,241	12,701,026
Nonspendable	2,845,081	2,910,564	2,859,443	3,028,759	-	-	-	-	-	-
Assigned	3,660,817	2,452,902	3,000,000	5,050,000	-	-	-	-	-	-
Unassigned	11,123,805	12,539,460	15,338,381	13,531,107	-	-	-	-	-	-
Total General Fund	\$ 17,629,703	\$ 17,902,926	\$ 21,197,824	\$ 21,609,866	\$ 22,160,707	\$ 22,421,736	\$ 20,399,341	\$ 17,600,538	\$ 15,944,548	\$ 15,218,645
All other governmental funds:										
Reserved:										
Other	\$ -	\$ -	\$ -	\$ -	\$ 448,696	\$ 434,922	\$ 398,899	\$ 213,839	\$ -	\$ 1,977,500
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	18,621,408	16,396,284	15,231,274	12,924,791	12,082,978	11,778,954
Debt Service Funds	-	-	-	-	836,020	806,392	1,262,516	2,695,631	2,226,871	2,092,935
Capital Projects Funds	-	-	-	-	(503,734)	2,437,541	4,037,027	951,259	2,224,513	22,852
Nonspendable, reported in:										
Special Revenue Funds	82,460	150,365	174,629	472,933	-	-	-	-	-	-
Restricted, reported in:										
Special Revenue Funds	8,521,260	9,082,375	9,760,597	10,822,453	-	-	-	-	-	-
Debt Service Funds	44,827	969,634	850,866	906,392	-	-	-	-	-	-
Assigned, reported in:										
Special Revenue Funds	6,069,521	7,008,252	10,935,899	10,188,580	-	-	-	-	-	-
Capital Projects Funds	3,994,997	4,200,746	2,032,886	6,328,647	-	-	-	-	-	-
Unassigned, reported in:										
Debt Service Funds	(3,024)	(1,761)	(1,795)	(5,410)	-	-	-	-	-	-
Capital Projects Funds	(1,841,925)	(1,797,070)	(1,318,932)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 16,868,116	\$ 19,612,541	\$ 22,434,150	\$ 28,713,595	\$ 19,402,390	\$ 20,075,139	\$ 20,929,716	\$ 16,785,520	\$ 16,534,362	\$ 15,872,241

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

Source: Audited financial statements.

See independent auditor's report.

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

					Fiscal Year Ended April 30,					
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Charges for services	\$ 4,151,306	\$ 4,252,140	\$ 3,360,819	\$ 3,231,973	\$ 3,377,812	\$ 3,160,600	\$ 4,288,313	\$ 2,916,576	\$ 2,383,571	\$ 2,312,564
Licenses and permits	681,467	603,915	571,338	623,399	687,478	860,051	1,210,611	632,204	549,297	585,454
Intergovernmental	18,897,440	19,362,484	15,985,423	14,404,311	15,518,767	16,655,508	16,927,272	15,461,953	15,128,419	14,899,714
Fines and forfeitures	581,230	681,590	615,032	637,172	626,212	501,930	663,780	432,197	677,795	764,107
Property taxes	11,327,721	11,061,961	11,880,834	11,364,280	11,527,194	10,364,823	7,709,144	7,875,234	6,485,545	5,827,463
Other taxes	7,458,667	7,456,348	7,115,739	7,203,222	6,626,604	2,780,057	2,479,577	2,640,722	2,441,761	833,968
Interest	354,263	367,608	974,114	1,081,644	1,345,426	1,794,262	1,902,500	1,204,294	520,949	382,345
Miscellaneous	865,199	1,128,819	686,785	497,962	321,738	971,674	1,289,021	1,357,289	1,171,489	713,058
Total revenues	44,317,293	44,914,865	41,190,084	39,043,963	40,031,231	37,088,905	36,470,218	32,520,469	29,358,826	26,318,673
Expenditures:										
Current:										
General government	8,134,756	7,325,941	7,196,049	7,554,253	7,632,258	7,356,181	6,696,934	6,826,624	6,003,834	5,001,352
Public safety	21,638,535	21,396,677	19,821,689	18,943,799	18,172,027	16,060,090	15,186,465	14,032,258	12,161,148	11,145,716
Highways and streets	5,962,709	5,439,262	5,949,059	5,578,194	6,384,188	5,390,757	5,035,142	4,335,035	4,203,136	4,254,149
Culture and recreation	550,698	546,814	1,124,645	1,805,834	1,471,775	299,181	251,717	258,943	232,296	193,990
Capital outlay	8,723,799	12,104,347	10,016,441	10,206,702	5,887,597	5,991,202	9,192,871	3,938,417	6,831,460	9,770,958
Debt service:										
Principal	1,343,197	1,460,345	1,305,074	3,677,000	680,000	830,000	1,040,000	805,000	2,700,000	1,055,000
Interest and fees	974,494	1,060,370	1,216,578	754,475	771,991	743,676	559,090	417,044	493,547	562,453
Total expenditures	47,328,188	49,333,756	46,629,535	48,520,257	40,999,836	36,671,087	37,962,219	30,613,321	32,625,421	31,983,618
Revenues over (under) expenditures before other financing sources (uses)	(3,010,895)	(4,418,891)	(5,439,451)	(9,476,294)	(968,605)	417,818	(1,492,001)	1,907,148	(3,266,595)	(5,664,945)
Other financing sources (uses):										
Transfers in	6,354,136	15,343,341	4,265,805	2,498,031	2,557,818	234,945	3,856,920	430,906	2,382,798	8,471,360
Transfers out	(7,273,393)	(17,040,957)	(5,517,841)	(2,498,031)	(2,522,991)	(234,945)	(3,856,920)	(430,906)	(2,382,798)	(8,471,360)
General obligation bonds	3,389,792	-	-	18,175,000	-	-	-	-	4,654,619	-
Bond premium	123,227	-	-	61,658	-	-	-	-	-	-
Payment to refunded bond escrow	(2,600,517)	-	-	-	-	-	-	-	-	-
SSA bonds issued	-	-	-	-	-	750,000	8,435,000	-	-	-
Total other financing sources (uses)	(6,755)	(1,697,616)	(1,252,036)	18,236,658	34,827	750,000	8,435,000	-	4,654,619	-
Net changes in fund balances	\$ (3,017,650)	\$ (6,116,507)	\$ (6,691,487)	\$ 8,760,364	\$ (933,778)	\$ 1,167,818	\$ 6,942,999	\$ 1,907,148	\$ 1,388,024	\$ (5,664,945)
Debt service as a percentage of noncapital expenditures	5.78%	6.10%	6.86%	12.29%	4.07%	4.84%	4.51%	4.49%	9.79%	5.06%

Source: Audited financial statements.

See independent auditor's report.

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

	2013	2012	2011	2010
Property tax	\$ 11,327,721	\$ 11,061,961	\$ 11,880,834	\$ 11,364,280
Replacement tax	142,418	139,013	154,893	135,686
State sales tax	10,016,056	10,137,309	9,627,149	9,467,834
Home rule sales tax	4,756,678	4,710,538	4,574,657	4,546,821
Auto rental tax	36,185	35,281	29,429	28,204
Income	3,854,999	3,451,994	3,079,075	3,068,722
Franchise fees - cable	640,472	604,233	566,979	501,544
Telecommunications	1,746,976	1,824,479	1,693,257	1,831,489
Hotel	278,356	281,817	251,417	230,880
Local use	645,986	599,648	573,208	476,568
	\$ 33,445,847	\$ 32,846,273	\$ 32,430,898	\$ 31,652,028

	Fiscal Year Ended April 30,					
	2009	2008	2007	2006	2005	2004
	\$ 11,527,194	\$ 10,364,823	\$ 7,709,144	\$ 7,875,234	\$ 6,485,545	\$ 5,827,463
	144,517	171,107	142,124	146,870	104,107	95,384
	10,189,283	10,915,086	11,168,510	11,296,923	10,989,717	11,017,810
	3,833,890	-	-	-	-	-
	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
	558,750	556,870	512,083	-	-	-
	\$ 32,501,544	\$ 28,480,132	\$ 25,463,629	\$ 24,766,152	\$ 22,909,166	\$ 20,066,954

See independent auditor's report.

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

Levy Year	Farm Property	Residential Property	Commercial Property	Industrial Property	Mineral Property	Rail Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Percentage of Assessed Value
2003	\$ 1,271,412	\$ 718,258,807	\$ 235,377,010	\$ 62,570,088	\$ 156,244	\$ 467,883	\$ 1,018,101,444	\$ 0.5180	\$ 3,054,304,332	33.33%
2004	1,285,944	774,447,288	251,783,539	66,396,250	167,884	522,927	1,094,603,832	0.6049	3,283,811,496	33.33%
2005	1,262,723	860,469,362	266,195,135	71,554,658	684,018	493,168	1,200,659,064	0.6499	3,601,977,192	33.33%
2006	1,273,866	924,013,250	292,876,714	74,250,686	537,447	509,716	1,293,461,679	0.6962	3,880,385,037	33.33%
2007	1,301,267	998,313,489	303,911,661	78,105,425	553,367	779,271	1,382,964,480	0.7056	4,148,893,440	33.33%
2008	1,350,877	1,028,670,946	326,161,997	82,471,180	451,126	582,126	1,439,688,252	0.7021	4,319,064,756	33.33%
2009	1,433,073	1,014,220,209	323,715,883	81,742,371	451,126	695,565	1,422,258,227	0.7370	4,266,774,681	33.33%
2010	1,437,002	917,883,229	312,815,076	81,683,777	451,126	862,324	1,315,132,534	0.7574	3,945,397,602	33.33%
2011	1,457,426	851,992,597	272,387,226	70,992,705	779,823	914,093	1,198,523,870	0.8590	3,595,571,610	33.33%
2012	2,406,232	770,473,587	246,203,281	64,005,237	784,880	1,030,667	1,084,903,884	0.9797	3,254,711,652	33.33%

Source: McHenry County Clerk.

Note: Property in the City is assessed using a multiplier of 33.3%, therefore the estimated actual taxable values are equal to assessed values times 3. Tax rates are per \$100 of assessed value.

See independent auditor's report.

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating:										
City of Crystal Lake	\$ 0.9797	\$ 0.8590	\$ 0.7574	\$ 0.7370	\$ 0.7021	\$ 0.7056	\$ 0.6962	\$ 0.6499	\$ 0.6049	\$ 0.5180
Crystal Lake Public Library	0.3878	0.3471	0.3145	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773
McHenry County	0.9958	0.8879	0.7927	0.7157	0.7014	0.6871	0.7060	0.7278	0.7346	0.7040
District 47	0.2129	3.2520	2.9484	2.6374	0.2588	2.5283	2.8974	2.6392	2.7506	2.8467
District 155	2.5090	2.1864	1.9577	1.7711	1.7395	1.6992	2.1707	1.7781	1.8490	1.9115
Debt service:										
McHenry County	-	-	-	-	-	-	-	-	-	0.0113
District 47	3.7347	0.1815	0.1591	0.0912	0.0863	0.1313	0.1330	0.1355	0.1421	0.1466
District 155	0.1360	0.1115	0.0770	0.1344	0.1253	0.1221	0.1230	0.1242	0.1290	0.1318
Other	-	-	-	-	-	-	1.2152	0.9678	1.0095	1.1712
Total tax rate:										
City of Crystal Lake	0.9797	0.8590	0.7574	0.7370	0.7021	0.7056	0.6962	0.6499	0.6049	0.5180
Crystal Lake Public Library	0.3878	0.3471	0.3145	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773	0.2773
McHenry County	0.9958	0.8879	0.7927	0.7157	0.7014	0.6871	0.7060	0.7278	0.7346	0.7153
District 47	3.9476	3.4335	3.1075	2.7286	0.3451	2.6596	3.0304	2.7747	2.8927	2.9933
District 155	2.6450	2.2979	2.0347	1.9055	1.8648	1.8213	2.2937	1.9023	1.9780	2.0433
Other	-	-	-	-	-	-	0.9379	0.9678	1.0095	1.1712
Other:										
College District	0.3921	0.3395	0.3039	0.2740	0.2686	0.2634	0.2741	0.2922	0.3033	N/A
McHenry County Conservation	0.2481	0.2191	0.1956	0.1775	0.1732	0.1738	0.1425	0.1490	0.1580	N/A
Crystal Lake Park District	0.4605	0.4135	0.3758	0.3519	0.3463	0.3431	0.3536	0.3562	0.3714	N/A
Township (Algonquin)	0.0742	0.0659	0.0577	0.0532	0.0522	0.0510	0.0523	0.0531	0.0551	N/A
Road and Bridge (Algonquin)	0.1627	0.1450	0.1270	0.1171	0.1151	0.1124	0.1154	0.1173	0.1217	N/A

Source: McHenry County Clerk.

See independent auditor's report.

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

Taxpayer	Type of Business
Crystal Point LLC	Shopping
Skyridge Partners II LLC	Residential housing
Bradley Oper. Ltd. Partnership	Shopping
Cobalt Industrial	Industrial
Walmart Real Estate Business	Shopping
Tyco Healthcare Group	Manufacturing
Sunrise Residential Housing	Residential housing
Northern Illinois Medical Center	Medical
Inland Bohl Farm LLC	Shopping
Home State Bank	Business
Crystal Lake Commons	Shopping
Crystal Lake Business Center	Business Park
The Villages	Residential housing
The Fountains	Residential housing
Skyridge Apartments II	Residential housing
Darlington Court Apartments	Residential housing

2012			2003		
Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value
\$ 8,379,893	1	0.77%	\$ 7,643,843	2	0.75%
8,074,240	2	0.74%	4,491,510	8	0.44%
7,913,608	3	0.73%	-	-	-
5,290,303	4	0.49%	-	-	-
4,794,455	5	0.44%	-	-	-
4,566,172	6	0.42%	5,508,534	5	0.54%
4,089,833	7	0.38%	-	-	-
3,478,793	8	0.32%	-	-	-
3,430,265	9	0.32%	5,076,743	7	0.50%
3,165,043	10	0.29%	-	-	-
-		-	8,622,125	1	0.85%
-		-	6,809,739	3	0.67%
-		-	5,512,040	4	0.54%
-		-	5,425,629	6	0.53%
-		-	4,455,630	9	0.44%
-		-	4,403,845	10	0.43%
\$ 53,182,605		4.90%	\$ 57,949,638		5.69%

Source: McHenry County Treasurer.

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

See independent auditor's report.

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

Fiscal Year Ended April 30,	Taxes Extended for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Extension	Amount	Percentage of Extension
2004	\$ 4,274,118	\$ 4,269,999	99.90 %	\$ 4,269,999	99.90 %
2005	5,253,795	5,253,393	99.99	5,253,393	99.99
2006	6,596,164	6,580,448	99.76	6,580,448	99.76
2007	7,774,180	7,749,837	99.69	7,749,837	99.69
2008	8,891,222	8,882,151	99.90	8,882,151	99.90
2009	9,629,102	9,619,778	99.90	9,619,778	99.90
2010	10,047,908	9,960,624	99.13	9,960,624	99.13
2011	10,419,656	10,400,728	99.82	10,400,728	99.82
2012	9,897,101	9,879,869	99.83	9,879,869	99.83
2013	10,259,592	10,231,277	99.72	10,231,277	99.72

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			
2004	\$ 5,425,000	\$ 785,000	\$ 2,535,000	\$ 15,246,931	\$ 23,991,931	2.24 %	\$ 585.17
2005	9,645,000	540,000	5,575,000	14,583,022	30,343,022	2.83	740.07
2006	9,100,000	280,000	5,285,000	13,902,122	28,567,122	2.75	717.98
2007	8,340,000	8,435,000	4,975,000	13,865,098	35,615,098	3.42	895.12
2008	7,560,000	9,135,000	4,660,000	12,474,889	33,829,889	3.25	850.25
2009	7,010,000	9,005,000	4,325,000	11,753,090	32,093,090	2.30	707.69
2010	21,650,000	8,863,000	6,185,000	11,012,866	47,710,866	3.77	1,052.08
2011	20,564,926	8,643,000	5,710,074	10,253,758	45,171,758	3.97	1,108.70
2012	19,338,581	8,409,000	5,201,419	9,475,286	42,424,286	3.73	1,041.27
2013	18,898,175	-	8,856,825	8,676,955	36,431,955	3.20	894.19

Note: Population and personal income data can be found at page 175, Demographic and Economic Statistics.

Note 2: Effective in the fiscal year ended April 30, 2013, the City will no longer be a secondary source for repayment for the SSA bonds. These bonds have been removed from the above schedule beginning with the fiscal year ended April 30, 2013.

See independent auditor's report.

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

Fiscal Year Ended April 30,	General Obligation Debt	Less Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2004	\$ 7,960,000	\$ 2,092,935	\$ 5,867,065	57.63%	\$ 143.10
2005	15,220,000	2,226,871	12,993,129	118.70%	316.91
2006	14,385,000	2,695,631	11,689,369	97.36%	293.79
2007	13,315,000	1,262,516	12,052,484	93.18%	302.92
2008	12,220,000	806,392	11,413,608	82.53%	286.86
2009	11,335,000	836,020	10,498,980	72.93%	231.52
2010	27,835,000	906,392	26,928,608	189.34%	593.81
2011	26,275,000	850,866	25,424,134	193.32%	624.01
2012	24,540,000	967,874	23,572,126	196.68%	578.56
2013	27,755,000	41,803	27,713,197	255.44%	680.20

Note: Population data can be found at page 175, Demographic and Economic Statistics. Property value data can be found at pages 163 and 164, 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, 2013

Governmental Unit	Outstanding Debt	Applicable to the City	
		Percent	Amount
City of Crystal Lake	\$ 18,898,175	100.00 %	\$ 18,898,175
Special Service Areas	8,341,000	100.00	8,341,000
Total direct debt	27,239,175		27,239,175
Overlapping:			
School District Number 47	41,556,000	63.11	26,225,992
School District Number 155	3,483,474	41.26	1,437,281
College District Number 528	4,980,000	16.66	829,668
McHenry County	-	16.08	-
McHenry County Conservation District	132,965,000	14.63	19,452,780
Crystal Lake Park District	2,465,515	75.85	1,870,093
Total overlapping debt	\$ 185,449,989		49,815,814
Total direct and overlapping debt			\$ 77,054,989

Source: McHenry County Clerk, local government entity or comprehensive annual report.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the boundaries of the government and dividing it by the government's total taxable assessed value.

See independent auditor's report.

**City of Crystal Lake, Illinois
Legal Debt Margin Information
Last Ten Fiscal Years**

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

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

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

See independent auditor's report.

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

Fiscal Year Ended April 30,	Estimated Population	Personal Income	Per Capita Personal Income (4)	School Enrollment (5)	Unemployment Rate
2004	41,000 (1)	\$ 1,071,986,000	\$ 26,146	13,053	4.6% (1)
2005	41,000 (1)	1,071,986,000	26,146	15,458	5.3% (1)
2006	39,788 (1)	1,040,297,048	26,146	16,175	4.6% (3)
2007	39,788 (2)	1,040,297,048	26,146	16,011	4.1% (3)
2008	39,788 (2)	1,040,297,048	26,146	16,215	4.9% (3)
2009	45,349 (2)	1,395,706,173	30,777 (2)	16,008	9.6% (3)
2010	45,349 (2)	1,267,051,060	27,940 (6)	15,471	10.3% (3)
2011	40,743 (2)	1,138,359,420	27,940 (6)	15,829	8.3% (3)
2012	40,743 (2)	1,138,359,420	27,940 (6)	15,312	8.2% (3)
2013	40,743 (2)	1,138,359,420	27,940 (6)	14,937	8.6% (3)

Sources:

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

See independent auditor's report.

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

Employer	Employees	Rank	% of Total City Population
CL Elementary School District 47	1100	1	2.70%
McHenry County College	856	2	2.10%
Consolidated High School District 155	798	3	1.96%
Crystal Lake Park District	480	4	1.18%
Knaack Manufacturing	381	5	0.94%
Wal-mart	350	6	0.86%
Covidien	342	7	0.84%
City of Crystal Lake	285	8	0.70%
Jewel Food Stores	220	9	0.54%
Northwest Herald	217	10	0.53%
	<u>5,029</u>		<u>12.35%</u>

Information is not readily available for previous years.

Source: Crystal Lake Website, Demographic Data & Statistics, Labor Statistics

See independent auditor's report.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government	43	43	45	45	45	44	44	44	44	44
Public Safety:										
Police	73	78	79	78	79	71	71	73	73	75
Fire	63	67	66	70	64	55	51	47	47	39
Highways and Streets:										
Engineering	10	10	11	11	12	12	11	11	11	12
Maintenance	18	19	20	20	22	23	23	23	23	27
Sanitation	8	8	7	9	10	10	12	12	12	13
Waterworks and Sewerage	<u>22</u>	<u>23</u>	<u>21</u>	<u>23</u>	<u>24</u>	<u>23</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>
	<u>237</u>	<u>248</u>	<u>249</u>	<u>256</u>	<u>256</u>	<u>238</u>	<u>240</u>	<u>238</u>	<u>238</u>	<u>238</u>

Note - Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Source: City records.

See independent auditor's report.

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

	Fiscal Year				Ended April 30,					
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police:										
Physical arrests	979	1,089	956	1,170	1,660	1,717	1,123	1,782	1,804	2,231
Parking violations	5,018	7,173	7,019	8,569	8,824	8,978	12,412	13,803	13,762	12,796
Traffic violations	5,067	6,185	6,287	7,614	7,093	6,631	7,933	8,255	8,369	7,620
Fire:										
Number of calls answered	5,475	5,357	5,069	4,940	5,116	5,207	4,991	5,258	5,567	5,264
Inspections	1,077	976	879	970	749	600	600	N/A	N/A	N/A
Highways and Streets:										
Street resurfacing (miles)	8.8	6.2	3.8	7.6	6.5	8.2	7.9	N/A	N/A	N/A
Water:										
New connections	7	15	14	15	50	118	195	N/A	N/A	N/A
Water main breaks	23	34	28	31	27	29	18	N/A	N/A	N/A
Average daily consumption (millions of gallons)	4.140	4.060	4.300	4.650	4.940	4.860	4.807	N/A	N/A	N/A
Wastewater:										
Average daily sewage treatment (in gallons)	4,167	4,793	3,934	5,000	5,870	6,092	4,500	N/A	N/A	N/A

Source: City records.

N/A - Information not readily available.

See independent auditor's report.

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

	Fiscal Year					Ended April 30,				
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	23	23	23	23	22	31	31	31	31	25
Fire stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets:										
Streets (miles)	160	160	160	160	163	163	163	177	176.8	175.4
Streetlights	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,700	1,700	1,900
Traffic signals	31	31	31	31	29	29	29	N/A	N/A	N/A
Culture and Recreation:										
Parks acreage	1,423	1,423	1,423	1,393	1,393	1,393	1,393	1,393	1,393	1,200
Parks	46	46	46	45	44	44	44	44	44	39
Tennis courts	30	30	30	30	30	30	30	30	30	30
Community centers	8	8	8	8	8	8	8	8	8	8
Water:										
Water mains (miles)	175	175	229	175	175	175	210	181	181	180
Fire hydrants	2,859	2,859	3,110	3,045	3,017	2,859	2,795	2,614	2,614	2,600
Maximum daily capacity (millions of gallons)	10.00	10.00	8.26	8.37	9.20	9.20	8.45	9.60	9.60	9.60
Sewer:										
Sanitary sewers (miles)	120	120	160	120	120	127	126	185	185	184
Storm sewers (miles)	60	60	60	60	60	62	60	110	110	110
Maximum daily treatment (thousands of gallons)	15,209	16,500	9,109	12,600	12,854	12,825	19,500	19,500	19,500	16,250

Source: City records.

See independent auditor's report.