CITY OF CRYSTAL LAKE
AGENDA
CITY COUNCIL
REGULAR MEETING

City of Crystal Lake
100 West Woodstock Street, Crystal Lake, IL
City Council Chambers
October 15, 2019
7:30 p.m.

1. **Call to Order**

2. **Roll Call**

3. **Pledge of Allegiance**

4. **Approval of Minutes – October 1, 2019 Regular City Council Meeting**

5. **Accounts Payable**

6. **Public Presentation**
   The public is invited to make an issue oriented comment on any matter of public concern not otherwise on the agenda. The public comment may be no longer than 5 minutes in duration. Interrogation of the City staff, Mayor or City Council will not be allowed at this time, nor will any comment from the Council. Personal invectives against City staff or elected officials are not permitted.

7. **Mayor's Report**

8. **City Council Reports**

9. **Consent Agenda**

10. **Retailer Job Creation and Investment Grant Funds Request (up to $10,000 in matching grant funds) – El Molino Pizzeria and Bakery, 1024 McHenry Avenue, Unit D & E**

11. **Capital Improvement Project and Complete Streets Proposed Policy – Discussion Only**

12. **McHenry County Task Force Agreement**

13. **Bid Award – Alternate Retail Electrical Supplier**

14. **Bid Award - Wastewater Division Facilities Roof Rehabilitation**

15. **Bid Award – Chlorine Gas Purchase and Delivery**

16. **Proposal Award – Electrical Services Contract**

17. **Illinois Joint Purchasing Requisition for Road Salt**

18. **Ground Emergency Medical Transportation (GEMT) Intergovernmental Agreement**

19. **Annual Audit for the Fiscal Year 2018-2019**

20. Council Inquiries and Requests

21. Adjourn to Executive Session for the purpose of discussing matters of pending and probable litigation, the sale, purchase or lease of real property, collective bargaining and personnel

22. Reconvene to Regular Session

23. Adjourn

If special assistance is needed in order to participate in a City of Crystal Lake public meeting, please contact Melanie Nebel, Executive Assistant, at 815-459-2020, at least 24 hours prior to the meeting, if possible, to make arrangements.

Agenda Item No: 10

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: Retailer Job Creation and Investment Grant Funds request for El Molino Pizzeria and Bakery, 1024 McHenry Avenue, Unit D & E, requesting up to $10,000 in matching grant funds.

Recommendations: City Council's discretion:

1. Motion to award up to $10,000 in Retailer Job Creation and Investment Grant Funds to El Molino Pizzeria and Bakery, located at 1024 McHenry Avenue, Unit D & E, and to adopt a resolution authorizing the City Manager to execute the Grant Agreement with El Molino Pizzeria and Bakery, or
2. Motion to deny the grant application request.

Staff Contact: Michelle Rentzsch, Director of Community Development
Heather Maieritsch, Economic Development Manager

Background:

The Retailer and Manufacturer Job Creation and Investment Program was introduced in 2011 as a tool to help attract new or expanding businesses to Crystal Lake. This program provides matching grant funding to new and existing retailers and manufacturers who occupy vacant space, hire new full-time or part-time employees, and/or install eligible furniture, fixtures, and equipment (FFE).

KEY FACTOR

- El Molino Pizzeria and Bakery currently has a business at 1024 McHenry Avenue, Unit D and has been very successful the past few years at this location. They are looking to expand their offerings and add additional seating. El Molino Pizzeria and Bakery at 1024 McHenry Avenue, would double the size of their existing facility to a total of 2,400 square feet.

El Molino Pizzeria and Bakery is eligible for a $10,000 grant award under the matching grant program guidelines.

Upon approval of the grant by the City Council, the City and applicant will enter into an agreement that includes all the stipulations for the grant award. The agreement specifies what documentation must be submitted before the payment is disbursed. Additionally, it has provisions to recoup the

grant in case the business closes before the required four-year period. The agreement and application are attached.

In order to objectively analyze the applications for funding, eligibility criteria have been established in the Ordinance approving this program. The list below outlines the evaluation of the applicant's request in relation to our eligibility criteria:

1. The program is open to any new sales-tax generating business that will occupy vacant retail space or a building or that will construct a new building for its business.
   ☒ *Meets* ☐ *Does not meet*

2. Applicant must meet a minimum annual taxable sales threshold of at least $150,000.
   ☒ *Meets* ☐ *Does not meet*

3. Applicant's business must provide a stocked retail showroom for retail products.
   ☒ *Meets* ☐ *Does not meet*

4. Applicant must provide written proof of façade, fixture, furniture, and equipment (FFE) costs.
   ☒ *Meets* ☐ *Does not meet*

5. Applicant must file an application for grant funding prior to commencing improvements.
   ☒ *Meets* ☐ *Does not meet*

6. Grant recipient may re-apply after five years from the date of recipient's previous award.
   ☒ *Meets* ☐ *Does not meet*

7. Eligible FFE includes, but is not limited to, shelving, racks, tables, chairs, furniture, point-of-sale systems, fixed computer equipment used in business operation, televisions located in dining rooms or showrooms, office furniture and appliances.
   ☒ *Meets* ☐ *Does not meet*

The applicant's request has been evaluated based on the above eligibility criteria and their planned purchase of FFE. The current application would meet seven of the seven eligibility criteria.

FUNDING STATUS OF 2019-2020 PROGRAM
For the 2019-2020 Fiscal Year, there is $80,000 budgeted for the Retailer and Manufacturer Job Creation and Investment Program. This is the first application received this fiscal year for the program, so there are sufficient funds for the grant.

Applicant Name/ Business Name	**Address**	**Total Requested**	**Date Approved**	**Amount Approved**
El Molino Pizzeria and Bakery	1024 McHenry Ave	$10,000	Pending	Pending
Totals		***$10,000***		***Pending***

Votes Required to Pass:

A simple majority vote.

El Molino Pizzeria and Bakery

1024 McHenry Ave, Unit D & E





DRAFT

Res. 19R-___

The City of Crystal Lake Illinois

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is hereby authorized and directed to execute an agreement with El Molino Pizzeria and Bakery, for a Retail Façade and Commercial Tenant Improvement Matching Grant in an amount not to exceed $10,000.

DATED at Crystal Lake, Illinois, this 15th day of October, 2019.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
MAYOR

SEAL

ATTEST:

_____
CITY CLERK

PASSED:

APPROVED:

Agenda Item No: 11

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: Capital Improvement Project and Complete Streets Proposed Policy

Staff Recommendation: Council Discussion Only

Staff Contact: Abigail Wilgreen, City Engineer

Purpose

The purpose of this presentation is to outline possible future projects which could be submitted for grant funding.

Background

Potential Grants

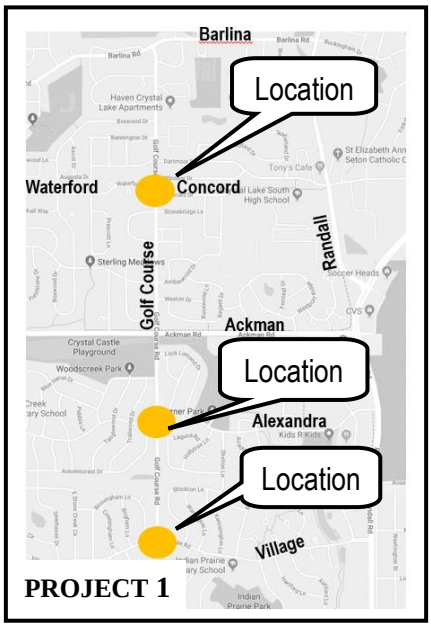
Staff continually reviews grant funding opportunities. The following are grants that may be available for future projects:

Type	*Funding Share*		*Next Call for Projects*	*Notes*
	Grant	*Local*		
Surface Transportation Program (STP)	Federal 80% Max $1.5 mil.	20%	January 2020	Phase 1 Engineering initiated; Complete Streets Policy needed.
Congestion, Mitigation and Air Quality (CMAQ)	Federal 80% No max	20%	February 2020	Phase 1 Engineering must be complete prior to application submittal.
Transportation Alternatives Program (TAP)	Federal 80% No max	20%	February 2020	Phase 1 Engineering must be complete prior to application submittal.
Illinois Transportation Enhancement Program (ITEP)	Federal 80% Varies	20%	Fall 2020	Call for projects early fall 2020
Grade Crossing Protection Fund (GCPF)	90% No Max	10%	Ongoing	For projects which need railroad enhancements

Potential Improvements
Staff is seeking City Council input with each project from a conceptual level.

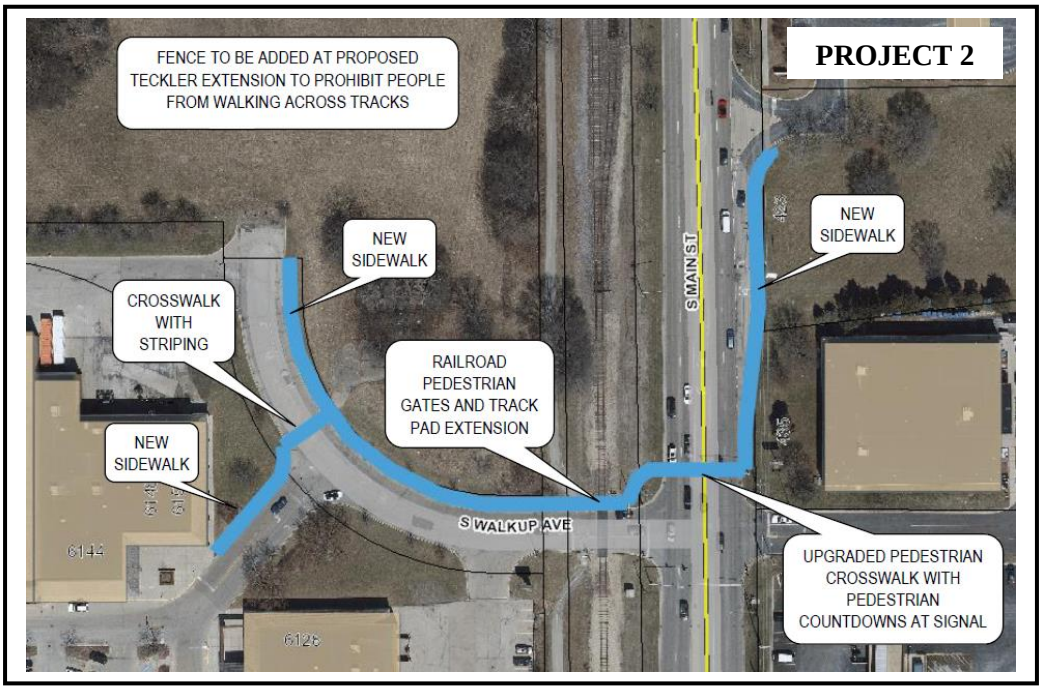
The following is a list of potential improvements, in order of need as prioritized by staff:

1. **Golf Course Road Mini-Roundabouts** (at Waterford/Concord; Alexandra Blvd; Village Rd)
   - *Concern:* Angles crashes, speeding, access
   - *Proposed Solution:* Install mini-roundabouts at three intersections
   - *Benefits*: Reduce crashes, improve area traffic flow, reduce speeding
   - *Conceptual City Cost with Grant Award:* $150,000 - $200,000
   - *Potential Grant Funding:* CMAQ
   - *Next Steps:* Staff complete Phase 1 Engineering which includes holding a public meeting. Submit grant request in February of 2020.



PROJECT 1

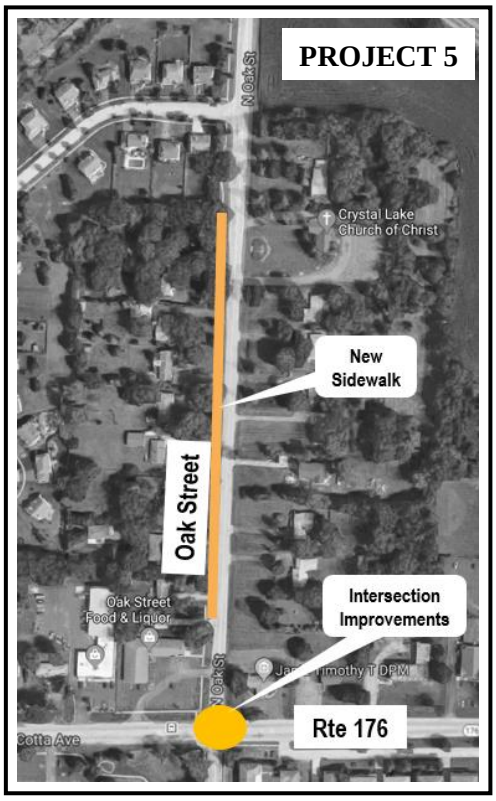
2. **Main Street at Shopping Center Back Entrance**
   - *Concern:* Lack of a safe pedestrian crossing along Main Street near Congress Parkway & commercial area
   - *Proposed Solution:* Sidewalk installation with traffic signal upgrade to accommodate pedestrians crossing Main Street; install pedestrian gates at railroad
   - *Benefits*: Improved pedestrian safety, provide connectivity for pedestrians
   - *Conceptual City Cost with Grant Award:* $100,000 - $150,000
   - *Potential Grant Funding:* TAP, GCPF
   - *Next Steps:* Work with the Union Pacific Railroad and Illinois Commerce Commission to determine the exact scope of work for the railroad crossing; complete Phase 1 Engineering



3. **Three Oaks Road/Lutter Drive/Sands Road Intersection Improvement**
   - *Concern:* Traffic flow/access at the intersection, rear-end crashes on Lutter Drive
   - *Proposed Solution:* Installation of new traffic signal or full roundabout; potential to add pedestrian accommodations along Three Oaks Road
   - *Benefits:* Improve area traffic flow; improve safety
   - *Conceptual City Cost with Grant Award:* $400,000 - $500,000 (not assuming any financial assistance from other local agencies)
   - *Potential Grant Funding:* STP, CMAQ, TAP
   - *Partnerships:* Village of Cary, Algonquin Township, Developers
   - *Next Steps:* Initiate discussions with the Village of Cary and Algonquin Township; complete feasibility review; submit for 2020 STP call for projects

4. **Berkshire Drive Traffic Calming Enhancements**
   - *Concern:* Constant resident concerns regarding traffic flow; inefficient signage
   - *Proposed Solution:* Traffic calming measures such as bump-outs or speed tables
   - *Benefits:* Improve traffic flow through corridor; enhance pedestrian accommodations
   - *Conceptual City Cost with Grant Award:* $20,000 - $30,000
   - *Potential Grant Funding:* ITEP
   - *Next Steps:* Utilize traffic consultant to review options; staff complete Phase 1 Engineering; submit for 2020 call for projects

5. **Oak Street, Route 176 North to City Limits**
   - *Concern:* Lack of sidewalk, lack of left turn lanes on Oak Street, very old traffic signal equipment
   - *Proposed Solution:* Installation of upgraded traffic signal at Route 176 and Oak Street, add pedestrian improvements along Oak Street, possible addition of left turn lanes on Oak Street (pending IDOT approval)
   - *Benefits:* Increase capacity, upgraded traffic signal equipment, filling of gap in the pedestrian network
   - *Conceptual City Cost with Grant Award:* $200,000 - $250,000
   - *Potential Grant Funding:* CMAQ, TAP (IDOT will contribute 50% of traffic signal upgrades)
   - *Next Steps:* Reach out to Nunda Township and review/discuss with IDOT potential of adding left turn lanes on Oak Street. Complete Phase 1 Engineering



6. **Crystal Lake Avenue/Walkup Avenue/Grant Street**
   - *Concern:* Traffic flow, vehicle backups during peak hours
   - *Proposed Solution:* Construction of a full roundabout
   - *Benefits:* Improve traffic flow
   - *Conceptual City Cost with Grant Award:* $350,000 - $450,000
   - *Potential Grant Funding:* STP, CMAQ
   - *Next Steps:* Submit application for STP funds in January 2020; fund Phase 1 Engineering in future budget should grant be awarded

7. **Main Street at Three Oaks Recreation Area Entrance**
   - *Concern:* Pedestrian access
   - *Proposed Solution:* Installation of traffic signal
   - *Benefits:* Enhance pedestrian crossing
   - *Conceptual City Cost with Grant Award:* $50,000 - $100,000
   - *Potential Grant Funding:* TAP
   - *Next Steps:* Staff complete Phase 1 Engineering

The following provides a brief overview of all the projects:

Priority	**Project**	**Conceptual City Cost with Grant Award**
1	Golf Course Road Mini-Roundabouts	$150,000 - $200,000
2	Main Street at Shopping Center Back Entrance Pedestrian Improvements	$100,000 - $150,000
3	Three Oaks Road/Lutter Drive/Sands Road Intersection Improvement	$400,000 - $500,000
4	Berkshire Drive Traffic Calming Enhancements	$20,000 - $30,000
5	Oak Street, Route 176 North to City Limits	$200,000 - $250,000
6	Crystal Lake Avenue/Walkup Avenue/Grant Street	$350,000 - $450,000
7	Main Street at Three Oaks Recreation Area Entrance	$50,000 - $100,000

Funding

As the various projects move through the process, more detailed estimates of cost will be established. Once more refined estimates of cost are created, staff will review where funds are available for the City's matching portion.

Complete Streets Policy

The Chicago Metropolitan Agency for Planning (CMAP), which administers various federal funds in the region, recently mandated that each sub-regional planning council adopt incentives for incorporating planning measures from the *On To 2050* regional plan into STP funding requests. The McHenry County Council of Mayors looked at the plan and choose to award points

to STP funding applications to communities that had green infrastructure policies and complete street policies.
The attached Complete Streets policy ensures that when the City designs a roadway improvement, pedestrian and bicycle accommodations would be reviewed and included if feasible. This practice is already being followed on an informal basis; however, this policy will formalize the process. In addition, by adopting this policy, the City will receive additional points when applying for STP funding.

Next Steps
Upon direction, staff could move forward with any of these projects. Staff will continue to keep the Council updated of each project's progress.

The Complete Streets Policy will be recommended for adoption at the November 5, 2019 City Council meeting.

Votes Required to Pass:
Discussion Only

Agenda Item No: 12

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: McHenry County Gang Task Force Agreement

Staff Recommendation: Motion to approve a Resolution authorizing the City Manager to execute an Intergovernmental Agreement with the McHenry County Gang Task Force.

Staff Contact: James R. Black, Chief of Police

Background:

Since July 24, 1997, the Crystal Lake Police Department, by written agreement, has participated with several other McHenry County law enforcement agencies in a county-wide Gang Task Force. The purpose of this Task Force is to provide officers specially trained in gang identification and suppression at area events, including the Crystal Lake Lakeside Festival, and to provide the specially trained officers for gang-related law enforcement operations within the unincorporated and incorporated McHenry County area.

The current agreement is set to expire at the end of 2019. The proposed successor agreement underwent very little revision, primarily adding three (3) participating law enforcement agencies and the adjustment of the effective dates of the agreement.

The agreement has been reviewed by legal counsel.

Votes Required to Pass: A simple majority of the City Council is required for approval.

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE, of McHenry County, Illinois, that the City Manager is hereby authorized to execute an intergovernmental agreement allowing the City of Crystal Lake Police Department to participate in the McHenry County Gang Task Force.

DATED this 15th Day of October, 2019

CITY OF CRYSTAL LAKE, an
Illinois Municipal Corporation,

By:_____
Aaron T. Shepley, Mayor

SEAL

ATTEST

_____
Nick Kachiroubas, City Clerk

PASSED: October 15, 2019
APPROVED: October 15, 2019

Agenda Item No: 13

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: Alternate Retail Electrical Supplier

Staff Recommendation: Based on results of the bid pricing for non-franchise municipal facility accounts presented on October 15, 2019:

A. If bid results are favorable, then the City will accept the bid pricing:

1. Motion to award the proposal for consultant services for non-franchise municipal facility accounts to Northern Illinois Municipal Electrical Collaborative and adopt a Resolution authorizing the City Manager to execute an agreement with Northern Illinois Municipal Electrical Collaborative in the submitted proposal amount of $0.0013 of the cost per kilowatt hour; and,
2. Adopt a Resolution authorizing the City Manager to execute a contract for the purchase of electricity for non-franchise municipal facility accounts to the lowest responsive and responsible bidder.

B. If bid results are unfavorable, then the City will reject all bids:

1. Motion to adopt a Resolution to reject all bids.

Staff Contact: Eric T. Helm, Deputy City Manager

Background:

In 2007, the State of Illinois implemented a plan to deregulate Commonwealth Edison. Under deregulation, ComEd no longer generates electricity for its customers but continues to deliver power through its distribution system. As a result of the deregulation, electricity is purchased based on market price and is no longer dominated by one electrical supplier.

In order to take advantage of deregulation, it is recommended that the City receive bids from several electrical suppliers for its non-franchise City owned facilities, including wastewater and water

treatment plants, and the Three Oaks Recreation Area. This City has successfully performed this in the past. This program is specifically for City-owned facilities that do not receive electricity through the City's franchise agreement with ComEd, as opposed to the electrical aggregation program for residential customers. As the Council may recall, in January 2017, the City Council authorized the City Manager to utilize the Northern Illinois Municipal Electric Collaborative (NIMEC), an electrical supply broker, to receive proposals for electrical supply for these non-franchise municipal facilities. Bidding the electrical power through a broker such as NIMEC is more advantageous since the City can receive fixed pricing, instead of receiving power through ComEd, which only offers fluctuating daily supply rates. The only source of fixed electrical rates in Illinois are from third party, non-ComEd suppliers. The fixed nature of the bid pricing is advantageous for budgeting purposes. As a result of the 2017 proposal process, the City executed a three year agreement with Dynegy Energy Service that will expire in May 2020. Since electrical supply is a commodity, pricing could be higher or lower in spring 2020, but based on a current market analysis NIMEC feels that now is an optimal time to receive pricing.

The City was recently informed by NIMEC that the market for electrical supply is experiencing a period of low pricing. The current "dip" in historical electrical pricing is depicted below. Due to the current market environment, NIMEC recommends that the City consider accepting proposals for electrical supply pricing now. If the pricing is acceptable, the City would lock-in the low pricing, which would take effect in June 2020. If the City does not find the pricing acceptable, it will receive pricing again from NIMEC in spring 2020.



*Source: midamericanenergyservices.com (from NIMEC)

Northern Illinois Municipal Electric Collaborative (NIMEC)

City staff recommends that the City continue its relationship with the Northern Illinois Municipal Electric Collaborative (NIMEC) to act as a consultant/broker to conduct the bidding process and recommend to the City the most advantageous pricing for City facilities.

In order to bid electrical supply it is important to contract with a consultant/broker. The broker will be responsible for drafting the bid specifications, monitoring the electrical supply market, making a recommendation and monitoring the contract. Brokers do receive compensation based on the kWh used by the City.

The selection of NIMEC dates back to a competitive proposal process performed by the McHenry County Council of Governments in 2012. As part of this process, the City selected the Northern Illinois Municipal Electric Collaborative (NIMEC) for its consultant services. As the Council may recall, NIMEC was selected in March 2012 to perform the initial electrical aggregation bid for City residents and small businesses. City staff has been very satisfied with the services provided by NIMEC and would recommend using them again without seeking updated proposals. City staff also recommends NIMEC since it has agreed to hold its pricing of $0.0013/kWh, which has not increased since NIMEC's initial proposal. The proposed contract with NIMEC is also attached.

NIMEC Bidding Process

In the afternoon of October 15, 2019, NIMEC will conduct bidding for electrical supply for the City's non-franchise government owned facilities. Following receipt of the bids, NIMEC will recommend whether the City should accept these prices or reject the bids. Four large electrical suppliers, Constellation, Dynegy, MC squared an MP2 Energy have expressed an interest in the bid. The pricing provided by the bidders is a fixed rate pricing for either one year, two years, or three years. Based on the bid pricing, NIMEC will recommend whether the City should accept these prices or continue with ComEd pricing.

The lowest responsive and responsible bidder has agreed to maintain its bid pricing, for the City Council's consideration at the October 15, 2019 meeting. At this meeting, City Staff and NIMEC will provide the pricing information, along with a recommendation to the City Council for consideration. The City Council can evaluate whether the results are favorable or unfavorable, as compared with the option of rejecting the bids and rebidding the electrical supply in spring 2020. City Staff and NIMEC will also analyze the submitted bids to determine the optimal length of the electrical supply contract for the City. The City will sign either a one, two, or three year contract for fixed electrical supply pricing based on NIMEC's recommendation.

The sample supplier agreements have been attached to this supplement. The City Attorney will review the final supplier agreement, with pricing, prior to the City Manager executing the agreement and accepting bid pricing. The future agreement will be very similar to the one attached to this agenda supplement, which was previously reviewed and approved by the City Attorney.

Recommendation

It is staff's recommendation to approve an agreement with the Northern Illinois Municipal Electric Collaborative (NIMEC) and evaluate the proposal pricing for electrical supply at the October 15, 2019 City Council meeting.

Votes Required to Pass:
Simple Majority.

DRAFT

RESOLUTION

A RESOLUTION AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH NORTHERN ILLINOIS MUNICIPAL ELECTRIC COLLABORATIVE

WHEREAS, the process of municipal electric aggregation requires technical expertise possessed by certain professional consulting practices and the City of Crystal Lake, through a formal review process, has determined that Northern Illinois Municipal Electric Collaborative is best qualified to provide the desired services.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Crystal Lake that the Northern Illinois Municipal Electric Collaborative (NIMEC) is hereby appointed as the City's broker for purposes of obtaining a supply of electricity for non-franchise municipal facilities electrical supply and City Staff is hereby directed to take all actions necessary to establish said broker relationship.

BE IT FURTHER RESOLVED that the City Manager be and he is hereby authorized and directed to execute a contract for consultant services for non-franchise municipal facility electrical supply purchasing to the lowest responsible, responsive proposer, Northern Illinois Municipal Electrical Collaborative in the submitted proposal amount of $0.0013/kWh.

DATED this 15th day of October, 2019

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
MAYOR

SEAL

ATTEST

_____
CITY CLERK

PASSED: October 15, 2019
APPROVED: October 15, 2019

DRAFT

RESOLUTION

A RESOLUTION AUTHORIZING PARTICIPATION IN THE NORTHERN ILLINOIS MUNICIPAL ELECTRIC COLLABORATIVE (NIMEC) AND AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH THE LOWEST RESPONSIVE AND RESPONSIBLE ELECTRICITY PROVIDER

WHEREAS, the Mayor and City Council find as follows:

A. On January 2, 2007 the State of Illinois implemented a plan to deregulate Commonwealth Edison;

B. Under the aforementioned deregulation plan, Commonwealth Edison no longer generates electricity for its customers, but will continue to provide electric power through its distribution system;

C. As a result of this deregulation, electricity will be purchased based on market price and Exelon, the parent company of Commonwealth Edison, is no longer the sole supplier of electricity in Northern Illinois, resulting in new electricity suppliers being able to compete against Exelon, and competitive market forces dictating the price of electricity;

D. Municipalities across the State are entering the market to purchase electric power in order to mitigate some of the economic impact of rising rates, which, on a practical basis, can only be done using a third party who will serve as a broker for the municipalities and has the knowledge and experience to seek bids from the various electricity providers;

E. The City of Crystal Lake has selected the Northern Illinois Municipal Electric Collaborative (NIMEC) to serve as the City's broker relative to the acquisition of electrical energy due to NIMEC's municipal experience and the fact that NIMEC is a municipal Collaborative which will be pooling the energy needs of members of the Collaborative in order to secure more competitive pricing based on higher volumes than can be provided individually to a single municipality;

F. The amount of compensation that NIMEC receives, if the City chooses the NIMEC electricity supplier, is being built into the prices bid by the electricity supplier and equaling $0.0013 of the cost per kilowatt hour (as would be the case with any broker), so there will be no direct payments made to NIMEC by the City;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Crystal Lake that the Northern Illinois Municipal Electric Collaborative (NIMEC) is hereby appointed as the City's broker for purposes of obtaining a supply of electricity for the City's non-franchise municipal facility accounts, and City Staff is hereby directed to take all actions necessary to establish said broker relationship.

NOW, THEREFORE, BE IT FUTHER RESOLVED by the Mayor and City Council of the City of Crystal Lake that the City Manager be is hereby authorized to execute a three year contract with the lowest responsible and responsive bidder _____ in the amount of _____ cents per kWh, for ___ months.

DATED this 15th day of October, 2019

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
MAYOR

SEAL

ATTEST

_____
CITY CLERK

PASSED:
APPROVED:

Agenda Item No: 14

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: Wastewater Division Facilities Roof Rehabilitation Bid

Staff Recommendation: Motion to award the contract for Wastewater Division Roof Rehabilitation to the lowest responsive and responsible bidder, DCG Roofing Solutions Inc., and to adopt a Resolution authorizing the City Manager to execute a contract with DCG Roofing Solutions Inc. in the submitted bid amounts with a 10% contingency for unforeseen expenses.

Staff Contact: Michael Magnuson, Director of Public Works

Project Need and Description:
The Public Works Department is developing a multi-year plan to fund the replacement of various roofs in the Wastewater Division that have reached the end of their life. Working with a professional roofing assessment consultant, IRCA, who is not a roofing contractor, the highest priority roofs were identified. Four roofs, which were installed in 1991 (28 years old) were deemed to be at the end of their useful life. These roofs require annual leak repairs.

The City solicited bids for various vendors for the highest priority roofs. Vendors were made aware that the City was going to select a subset of the total based on budgetary constraints.

On September 18, 2019, the City held a pre-bid meeting and seven vendors attended. On October 2, 2019, the City of Crystal Lake publicly opened and read aloud the bids received for the Wastewater Division Facilities Roof Rehabilitation project. The following is a breakdown of the bids received:

	✓ DCG Roofing Solutions, Inc. Melrose Park, IL	Metalmaster Roofmaster McHenry, IL	R.B. Crowther Morris, IL	L. Marshall Inc. Glenview, IL	G.E. Riddiford Co. Arlington Heights, IL
WWTP #2					
Lab Building*	$46,800.00	$45,887.00	$58,900.00	$67,000.00	$75,150.00
Blower Building*	$76,500.00	$79,937.00	$95,200.00	$98,000.00	$132,300.00
WWTP #3					
Control Building	$105,300.00	$109,327.00	$109,400.00	$125,000.00	$168,400.00
PEPs Building*	$19,350.00	$21,694.00	$24,850.00	$23,000.00	$44,300.00
TOTAL	**$247,950.00**	**$256,845.00**	**$288,350.00**	**$313,000.00**	**$420,150.00**

✓*Indicates lowest responsive and responsible bidder*

*Recommended roof replacement based on available budgetary funds

Recommendation

The Public Works Department and IRCA (recommendation letter attached) reviewed bids received for completeness and accuracy in accordance with the invitation to bid document. Due to budget fund restrictions, the Department will complete three roof repairs, the Lab Building, Blower Building and the PEPs Building. Funds for the Control Building roof rehabilitation will be requested during the FY2020/2021 budget process. The Public Works Department recommends that the contract for roof repairs be awarded to the lowest responsive and responsible bidder, DCG Roofing Solutions Inc,, in the amount of $142,650 plus a ten percent (10%) contingency for unforeseen expenses. Sufficient funds are available for this project in the FY2019/2020 budget.

Votes Required to Pass:

Simple majority

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is hereby authorized and directed to award the contract for Wastewater Division Roof Rehabilitation to the lowest responsive and responsible bidder, DCG Roofing Solutions Inc., in the submitted bid amounts with a 10% contingency for unforeseen expenses.

DATED this 15th day of October 2019

CITY OF CRYSTAL LAKE, an
Illinois Municipal Corporation,

By:_____
MAYOR

SEAL

ATTEST

_____
CITY CLERK

PASSED: October 15, 2019
APPROVED: October 15, 2019

Agenda Item No: 15

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: Chlorine Gas Purchase and Delivery Bid Award

Staff Recommendation: Motion to award the bid to the lowest responsive and responsible bidder for the purchase and delivery of Chlorine Gas to Viking Chemical and adopt a Resolution authorizing the City Manager to execute a one-year contract with the option for an additional one-year extension to Viking Chemical in the submitted bid amount.

Staff Contact: Michael Magnuson, Director of Public Works

Background:
On October 7, 2019, the City of Crystal Lake publicly opened and read aloud the bids received for purchasing chlorine gas. Chlorine Gas is used at the City's five water treatment plants for disinfection to comply with drinking water standards.

The following is a breakdown of the bids received:

Bidder	Cost per pound
✓ Viking Chemical Rockford, IL	$0.3100
Alexander Chemical Peru, IL	$0.3167
Hawkins Roseville, MN	$0.4150

√ Indicates recommended lowest responsible, responsive bidder.

Discussion:
Viking Chemical submitted the lowest bid price for Chlorine Gas. The delivery of this product will begin in 2020.

Recommendation:

The Public Works Department has reviewed all bids received for completeness and accuracy in accordance with the invitation to bid document. The City has worked with Viking Chemical previously. It is staff's recommendation to award a one-year contract with an additional one-year extension to Viking Chemical for Chlorine Gas in the submitted bid amount.

Votes Required to Pass:

Simple Majority

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is authorized to execute a one-year contract to Viking Chemical for Chlorine Gas with the option of an additional one-year extension in the submitted bid amount.

DATED this 15th day of October 2019.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
MAYOR

SEAL

ATTEST

_____
CITY CLERK

PASSED: October 15, 2019
APPROVED: October 15, 2019

Agenda Item No: 16

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: Electrical Services Contract

Staff Recommendation: Motion to award a contract for various Electrical Services to the most responsible and responsive proposer, Ron Jones Electric, Inc. and adopt a Resolution authorizing the City Manager to execute a one-year agreement, with options for two additional one-year agreements with Ron Jones Electric, Inc. in the proposed amounts.

Staff Contact: Michael Magnuson, Director of Public Works

Project Need and Description:

The City contracts for various electrical services at our various Public Works facilities, including Water and Wastewater facilities. Our Water and Wastewater facilities have unique controls and electrical systems (high voltage, high current) requiring special equipment/tools. Having one vendor familiar with these unique components at our facilities will provide more effective service. Contracting with one vendor also provides for operational efficiencies for in-house staff and reduced outside costs through economies of scale.

In 2017, the City requested proposals for electrical services and received two offers. The current contract for electrical services, which was with Ron Jones Electric, Inc., has expired. Therefore, the City requested new proposals publically and sent notices to seven potential vendors. On September 26, 2019, the City of Crystal Lake publicly opened proposals. Submitted results included the following:

	Year 1		Year 2		Year 3	
Service Rate	**√Ron Jones Electric**	**Associated Electric**	**√Ron Jones Electric**	**Associated Electric**	**√Ron Jones Electric**	**Associated Electric**
Hourly Rate	$109.17	$125.00	$113.71	$125.00	$116.81	$125.00
Overtime Rate	$155.24	$187.50	$159.78	$187.50	$163.53	$187.50
Premium Rate	$199.32	$250.00	$203.86	$250.00	$207.86	$250.00
Weekend Rate	$155.24 Sat. $199.32 Sun.	$218.75	$159.78 Sat. $203.86 Sun.	$218.75	$163.53 Sat. $207.86 Sun.	$218.75
Holiday Rate	$199.32	$250.00	$203.86	$250.00	$207.86	$250.00
Materials Markup	10%	27%	10%	27%	10%	27%

√ - Indicates recommended lowest responsive and responsible bidder

Selection Process
The Public Works Department followed the City's Purchasing Policy to secure a qualified vendor to provide these services. The City received proposals from two firms in response to the request.

Public Works Department staff reviewed the proposals. The qualification criteria that were considered during the review were:

1. Proposal completeness
2. Firm's reputation and integrity
3. General experience and history of performance on similar projects
4. Current or past projects related to the scope of services
5. Understanding of the project
6. Adherence to the Project Scoping Summary
7. Experience of personnel
8. Cost

Discussion:
The Public Works Department identified Ron Jones Electric, Inc. as being the most responsive and responsible proposer. Ron Jones Electric, Inc. was the previous vendor for this contract and they performed satisfactorily.

Recommendation:
Based upon a qualifications review to the RFP requirements and associated costs, staff recommends selecting Ron Jones Electric, Inc. for electrical services.

Funds have been budgeted for this contract.

Votes Required to Pass:
Simple majority.

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is authorized to execute a contract with Ron Jones Electric, Inc. for electrical services for one-year, with options for two additional one-year extensions in the proposed amounts.

DATED this 15th day of October, 2019.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
MAYOR

SEAL

ATTEST

_____
CITY CLERK

PASSED: October 15, 2019
APPROVED: October 15, 2019

Agenda Item No: 17

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: Illinois Joint Purchasing Requisition for Road Salt

Staff Recommendation: Motion to adopt a Resolution authorizing the City Manager to execute an agreement with Compass Minerals and participate in the Illinois Joint Purchasing Requisition for the 2019/2020 winter season in the proposed amount.

Staff Contact: Michael Magnuson, Director of Public Works

Background:
The Public Works Department annually purchases road salt for snow removal and ice control operations. The City collaborates with the State of Illinois' Central Management Services (CMS) joint bid for bulk road salt. CMS annually requests bids for a number of local agencies to increase purchasing power. The State of Illinois CMS has awarded this year's bid to Compass Minerals America, Inc. in a per-ton cost of $80.75 for the City of Crystal Lake.

Discussion:
Last year's harsh winter (high demand for road salt in the Midwest) in combination with a salt shortage has resulted in an increase in salt prices for this winter. This year's budget contains adequate funding to accommodate the higher cost. The City's most recent road salt purchase (last winter) was at a price of $64.61 per ton.

Recommendation:
It is the recommendation of the Public Works Department to participate in the Illinois Joint Purchasing Requisition for road salt and execute an agreement with Compass Minerals in the amount of $80.75 per ton. Compass Minerals has been the State's supplier for the last several years.

Votes Required to Pass:
Simple Majority

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is authorized to participate in the Illinois Joint Purchasing Requisition for road salt and execute an agreement with Compass Minerals for road salt in the proposed amount.

DATED this 15th day of October, 2019.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
MAYOR

SEAL

ATTEST

_____
CITY CLERK

PASSED: October 15, 2019
APPROVED: October 15, 2019

Agenda Item No: 18

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: Ground Emergency Medical Transportation (GEMT) Intergovernmental Agreement

Staff Recommendation: Motion to adopt a Resolution authorizing the City Manager to execute an intergovernmental agreement between the Department of Healthcare and Family Services and the City of Crystal Lake regarding the EMS supplemental payment program.

Staff Contact: Paul DeRaedt, Fire Rescue Chief
Eric Helm, Deputy City Manager
Laura Herrig, Assistant Finance Director

Background:
Per City Code Chapter 33-16 C. (4), the City has established rates for emergency ambulance transportation services. This allows the City to recover fees for patients transported by the Crystal Lake Fire Rescue Department. In order to collect these fees, the City has contacted with a third party billing company, Andres Medical Billing, to process and collect the payment. In order to collect the fees, Andres identifies whether the billing should be directed to either the patient's private insurance company, Medicaid, Medicare, or the patients themselves. Once collected, these funds are then provided to the City, minus the 5% administrative cost.

Regarding billing for patients on Medicaid, the City receives only a portion of its billed fees since Medicaid only provides payment for what it believes is normal and customary. The Medicaid rate is less than the City established rates. Due to this discrepancy, the City does not collect full payment for its patient transportation costs for patients on Medicaid. In early October, the City was notified of a joint Federal and State program created by the Illinois Department of Healthcare and Family Services (HFS) that would provide supplemental payment to municipal entities to "bridge" this gap. The supplemental Medicaid payment program is called the Ground Emergency Medical Transportation (GEMT) program. This program is voluntary and there is no requirement to participate; however, the City expects to benefit financially from participation.

Intergovernmental Agreement:

The intergovernmental agreement with the HFS obligates the City to provide an amount equal to 50% of the Federal supplement payment to HFS. The agreement outlines the mechanics of the reimbursement process that involves the Federal Government, the State of Illinois Department of Healthcare and Family Services (HFS, Department) and the Provider (municipal corporation providing ambulance services). The agreement can be terminated upon 30 days prior written notice.

Once the City executes an agreement and provides EMS transportation cost information to the HFS, it will be enrolled in the program. The City's ambulance billing processor, Andres, will collect the extra supplemental Federal funds on behalf of the City and it will be the City's responsibility to send 50% of these funds to HFS.

The below example shows the mechanics of the program. The City is still assembling the City's actual EMS transportation costs, so the below example represent hypothetical figures:

Example for Illustrative Purposes Only	
Provider Ambulance Cost Per Trip	$2,000
Average Standard Medicaid Payment	$500
Supplemental Payment (represent gap between provider cost and Medicaid fee schedule)	$1,500
Supplemental Payment distributed to State of Illinois HFS	$750
Supplemental Payment retained by the provider (City of Crystal Lake) – Net Gain	***$750***

It is expected that the Federal government will formally approve this program by the end of 2019; however, in order to ensure eligibility, the City must enter into an intergovernmental agreement with HFS and provide a cost report that depicts the actual costs for the Crystal Lake Fire Rescue Departments patient transportation by November 1, 2019.

Providers that submit information and enter into the agreement by November 1st will begin receiving supplemental payments effective January 2020. Providers that do not submit the information by November 1st will not be able to participate until 2021.

Recommendation:

The agreement has been reviewed and approved by the City Legal Counsel. It is staff's recommendation to approve a motion to adopt a Resolution authorizing the City Manager to execute to execute an intergovernmental agreement between the Department of Healthcare and Family Services and the City of Crystal Lake regarding the EMS supplemental payment program.

Votes Required to Pass:

Simple majority vote.

DRAFT

Res. _____

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is authorized to execute on behalf of the City of Crystal Lake the attached Intergovernmental Agreement between the IL Department of Health and Family Services for the Ground Emergency Transportation (GEMT) program.

DATED this 15th day of October, 2019.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
MAYOR

SEAL

ATTEST

_____
CITY CLERK

PASSED: October 15, 2019
APPROVED: October 15, 2019

Agenda Item No: 19

City Council
Agenda Supplement

Meeting Date: October 15, 2019

Item: Annual Audit for the Fiscal Year 2018-2019

Staff Recommendation: Motion to adopt a Resolution accepting the Comprehensive Annual Financial Report of the City of Crystal Lake for the Fiscal Year ending April 30, 2019.

Staff Contact: Eric Helm, Interim Director of Finance
Laura Herrig, Assistant Finance Director
Stephanie Wrolson, Accountant

Background:

The City of Crystal Lake Fiscal Year 2018-2019 Comprehensive Annual Financial Report (CAFR) has been completed. This report is management's annual financial report to the taxpayers, governing council, oversight bodies, investors and creditors of the City. This report provides a historical picture of the City's financial status as of April 30, 2019 and activities for the year (May 1, 2018 to April 30, 2019). **Selden Fox, Ltd. has expressed that the City's financial statements present fairly, in all material respects, the financial position of the City for the fiscal year ended April 30, 2019 (a "clean" opinion, the highest obtainable).** The report is available on-line at the City's website, under the "About Us" tab, under "Website Transparency" and is attached to this agenda supplement.

State law (65 ILCS 5/8-8) 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.

The Illinois Municipal Code (Public Act 98-0738) also requires that the auditor perform the following within sixty days after the issuance of audited financial statements:

- Provide a copy of the management letter and audited financial statements to the Municipality's Corporate Authorities. If the county or municipality maintains a website, these reports shall be posted to the website.
- Present the information from the audit to the Municipality's Corporate Authorities either in person or by a live phone or web connection during a public meeting.

The CAFR, as presented to the City Council, complies with all State of Illinois reporting and submittal requirements.

Comprehensive Annual Financial Report, Communication with Those Charged with Governance, and Management Letter

Comprehensive Annual Financial Report (CAFR)

The CAFR is a thorough, detailed presentation of the City's financial position and activities for the year. **The 2018-2019 CAFR was audited by Selden Fox, Ltd. The City received a "clean" opinion (see page 1), the highest obtainable.** As indicated in the CAFR, the auditors note:

> 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, 2019, 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, and Fire Rescue Funds (major Special Revenue Funds) for the year ended, in conformity with accounting principles generally accepted in the United States of America.

The CAFR is a valuable tool that enables City officials and investors to make financial decisions from sound and timely information. The report provides an independently audited accounting of the financial condition of the City. The CAFR contains a set of financial statements comprising the financial report of the City that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). GASB provides standards for the content of a CAFR in its annually updated publication Codification of Governmental Accounting and Financial Reporting Standards. The CAFR is composed of three sections: Introductory, Financial and Statistical. It combines the financial information of fund accounting and Enterprise Authorities accounting.

Communication with those Charged with Governance and Management Letter

Currently, Auditing Standards require two separate communications following the audit of the financial statements. The Auditor's **Communication with Those Charged with Governance** requires the communication of: the auditor's responsibilities under generally accepted auditing standards, an overview of the planned scope and timing of the audit, and significant findings from the audit. As indicated in the attached Communication, the auditors:

- Found the disclosures in the financial statements are neutral, consistent, and clear.
- Encountered no significant difficulties in dealing with management in performing and completing the audit.
- Encountered no disagreements with management.

Also included in this Communication are adjusting entries. These are entries made by City staff to account for post-year-end transactions (for example, to record wages earned on or before April 30 but not paid until the first pay date in May or for insurance proceeds due to the City as a result of a loss earlier in the year). Adjusting entries also include reclassifying a portion of contributions made to IMRF from a General function or activity to the Public Safety and Highways and Streets functions for GASB 34 reporting purposes. Finally, adjusting entries were made in order to account for the City's net pension liability, as required by GASB Statement 68. All three types of entries occur regularly during the normal course of an audit.

The second communication following the audit of the financial statements which requires the communication of deficiencies in internal control that meet the definition of a material weakness or a significant deficiency (**Management Letter**). **The attached Management Letter does not include any information of any deficiencies.** The attached Management Letter highlights upcoming GASB pronouncements.

Certificate of Achievement for Excellence in Financial Reporting Program (GFOA CAFR Program)

The Government Finance Officers Association (GFOA) is a professional association of approximately 17,500 state, provincial, and local government finance officers in the United States and Canada. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

Reports submitted to the CAFR program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), is comprised of individuals with expertise in public-sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals.

For the twenty-ninth consecutive year, the City's financial report has been prepared to comply with the high standards of the GFOA Certificate of Conformance for Excellence in Financial Reporting Award Program criteria.

Recommendation:

It is staff's recommendation to adopt a Resolution accepting the Comprehensive Annual Financial Report of the City of Crystal Lake for the Fiscal Year ending April 30, 2019. Members of the audit firm and Finance Department staff will be present at the meeting to address any questions.

Votes Required to Pass:

Simple majority

Res. 19R-

DRAFT

RESOLUTION TO ACCEPT THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF CRYSTAL LAKE FOR THE FISCAL YEAR ENDING APRIL 30, 2019

WHEREAS, the City of Crystal Lake has prepared financial statements provided for in a Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended April 30, 2019; and

WHEREAS, Selden Fox, Ltd, an independent audit firm, ("Auditor") has audited the financial statements contained in the CAFR of the City of Crystal Lake in accordance with Generally Accepted Accounting Standards and Government Auditing Standards; and

WHEREAS, it is the Auditor's responsibility to express an opinion on these financial statements based upon their audit; and

WHEREAS, in the opinion of the Auditor, the financial statements as audited present fairly, in all material respects, the financial position of the City of Crystal Lake as of April 30, 2019, and the results of its operations for the year then ended in conformity with Generally Accepted Accounting Principles; and

WHEREAS, the Auditor has presented the information from the audit to the City Council in person during the October 15, 2019 City Council meeting.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Crystal Lake, McHenry County, Illinois, as follows:

Section 1. The City Council be and hereby accepts the audited Comprehensive Annual Financial Report, the Communication with those Charged with Governance, and Management Letter for the City of Crystal Lake for the fiscal year ending April 30, 2019.

Section 2. City Staff is directed to post all required documents per Public Act 098-0738 on the City of Crystal Lake website.

DATED this 15th day of October, 2019.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
MAYOR

SEAL
ATTEST

_____
CITY CLERK

PASSED: October 15, 2019
APPROVED: October 15, 2019



City of Crystal Lake Illinois

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2019

CITY OF CRYSTAL LAKE, ILLINOIS

Comprehensive Annual Financial Report

For the Year Ended April 30, 2019

Prepared By Finance Department:

George Koczwara
Director of Finance

City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2019

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Comprehensive Annual Financial Report
For the Year Ended April 30, 2019

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City of Crystal Lake, Illinois
Comprehensive Annual Financial Report
For the Year Ended April 30, 2019

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INTRODUCTORY SECTION

CITY OF
Crystal Lake
ILLINOIS

October 8, 2019

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, 2019. 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, 2019.

This report consists of management's representations concerning the finances of the City of Crystal Lake. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis to make these representations, management of the City of Crystal Lake has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Crystal Lake's financial statements in conformity with GAAP. The Finance Department takes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures. We believe the information, as presented, is accurate in all material respects, 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, 2019, 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 ("clean") opinion that the City of Crystal Lake's financial statements for the fiscal year ended April 30, 2019, 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'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 the 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 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as well as GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement 27*, GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68,* and GASB Statement 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans – an amendment to GASB Statement 45*.

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 Community

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 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 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 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 illustrate 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.

Assessed property values in Crystal Lake increased 5.38% in fiscal year 2019 (2017 tax levy) to $1,089,973,541, which follows a 5.61% increase in fiscal year 2018 (2016 tax levy) and a 2.23% increase in fiscal year 2017 (2015 tax levy). New construction in the residential and commercial sectors helped contribute to an increase in property values. Of particular note, Lennar, the nation's largest homebuilder, received approval for a 500-unit residential development, Woodlore, on the northeast section of Crystal Lake. Woodlore is under construction, the models have been completed and it is anticipated that the pent up demand for residential new construction will result in brisk sales for this project. As a home rule unit of government, the City's tax levy is not subject to the Property Tax Extension Limitation Law (PTELL).

Despite substantial competition that has occurred from commercial growth in many of the areas surrounding Crystal Lake and the difficult retail environment for certain players in the very competitive Chicago arena, the retail sector has remained stable over the past year. The City has continued to maintain strength as a retail base for serving regular commercial needs for the immediate City population, and has continued as a regional point for commercial activities.

In 2012, over 338,000 square feet of vacant space was leased by new businesses throughout the City. In 2013, nearly 455,000 square feet of business occupancies occurred which included nearly 234,000 square feet by new businesses. Over 194,000 square feet was occupied by existing Crystal Lake businesses that expanded or relocated within the City of Crystal Lake borders. In 2014, 680,151 square feet of commercial space was occupied by new and existing businesses. Of those occupancies, 577,225 square feet was occupied by new businesses. The years 2013 and 2014 could be categorized as "the years of the small business" as 78 new small businesses opened in Crystal Lake in 2013, and 98 in 2014. In 2015, 583,742 square feet was occupied by new and existing businesses. In 2016, Crystal Lake achieved the status of zero vacancies for the first time ever in the downtown, as well as filled 738,250 square feet of commercial space consisting of filling 677,566 square feet with new business occupancies. In 2017, 791,274 square feet of commercial space was occupied by new and existing businesses.

Route 14 serves as a retail corridor for the City of Crystal Lake, highlighted by Crystal Point Shopping Center, County Corners Shopping Center, Crystal Lake Plaza and The Commons Shopping Center. The Bohl Farm Marketplace, consisting of nearly 400,000 sq. ft. of retail space, anchors Kohl's department store, a Target store, Dress Barn, Buy Buy Baby, Fresh Thyme and the newest additions of Planet Fitness and Party City. This center also includes other national tenants in outlots such as Five Below and a Chili's restaurant. On the other end of the Route 14 retail corridor, the redevelopment of the former Sears site to build a new Mariano's store, was completed in the Spring of 2018. The Mariano's grand opening was the single largest grand opening, as reported by the Kroger representatives.

The Archway East Center development includes a Portillo's restaurant, Texas Roadhouse restaurant, Chick Fil-A, Mario Triccoci, Menards and three additional small independent retailers. Chipotle Mexican Grill, Jersey Mike's, Culver's, Jameson's Charhouse, Fast Eddie's Car Wash, the Village Squire Restaurant, and the Regal Theaters are all located near this center.

The downtown sector of the City, which has continued to show substantial strength, exhibits a very low vacancy rate of less than 5% and continues to be a vibrant commercial destination. A Starbuck's and two independent ice cream shops are located in the Downtown area, as well as a number of unique fine dining establishments including Benedict's La Strata, Georgio's Pizzeria, Duke's Alehouse, Tacqueria Las Cumbres, Finn McCool's, Da Baffone Cucina Italiana, Goal Line Sports Bar & Grill and Retro Bistro. Downtown Crystal Lake also offers Crystal Lake's first microbrewery, Crystal Lake Beer Company, which opened in the summer of 2014. The downtown district is home to the Raue Center for the Arts, which is an 800-seat theatre that is one of the finest examples of restored art and decor 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 facilities with the construction of a new dealership in the Route 14 corridor, and maintaining the remaining two flags at the Route 31 facility. In addition,

Pauly Toyota relocated their auto dealership to the Lutter Center at the intersection of Route 31 and Rakow Road, near a Super Wal-Mart. Brilliance Honda completed a major expansion and relocated also within Crystal Lake. Brilliance Honda consolidated their car inventory locations and rebuilt an automobile dealership located at the northeast corner of Routes 176 and 14. Martin Chevrolet completed a substantial renovation of their automobile dealership along Route 14 that features a restored showroom, service area and customer lounge with amenities.

Crystal Lake continues to be an attractive place to live and conduct business. In 2011 through Summer of 2018, highlights of the new businesses that have either occupied space or leased space and are under construction, or relocated to larger buildings include: Five Below, Ross Dress for Less, The Fresh Market, Jersey Mikes, Courtesy Motors, Five Guys Burgers, O'Reilly Auto Parts, Harbor Freight Tools, Alternative Garden Supply, Savers, Weight Watchers, Meineke Car Care Center, Randall Road Animal Hospital, Exemplar Financial, Olive Tap, KK Buffet, Gumpas Psychiatry, Advance Auto Parts, Kyoto Restaurant, Electron Marketing, Scali & Assoc. Accounting, The Movement, Suran Built Inc., Action Kung Fu, Supreme Shine Detailing, Comnet Group Staffing, Samsone & Associates, Subway at Healthbridge, Mobil Oil at Routes 31 and 176, The Fit Stop, Sandra's Hair Salon, Vanity Cosmetics, Route 14 Dentistry, Crystal Lake Bank & Trust, Chene Chiropractic, Sunshine Travel, Freshly Baked Communication, Mattress Clinic, Straight Shooters Gallery, Panaderia El Molino Azul, N' Focus Photography, Elite Kids, S&M Thurow Salon, Salon 134, Providence Packaging, AL-RO Injection Molding, Phoenix Electronics, RW Technologies, Aptar Group, Phoenix Custom Woodworks, Five Star Pallet, Crystal Lake Rib House, Texas Roadhouse, Crystal Lake Beer Company, Marvin's Toy Store, Melissa's Chocolate Factory, Kitchen Outfitters, Reprographics, National Gift Card, Mathnasium, Pepper Annex, Bio-energy Technology, Inc., Terra Cotta Industries, Four Season Banquet Hall, Advanced Direction, Catapult Collectibles, EL Parts LLC, Susan Huberty Photography, Modern Age Comics, Chronos International, Fabric Fiber and Finds, Crystal Spa, Anges Oh, Crystal Lake Self Storage, Barnwood Studios, Grandma's Basement, Crawford Supply Group, Paws on Pingree, Homes Heart Designs Inc., Has Tae Kwon Do, A Taste of Benedicts, Catch the Wave Swim Club, Crystal Lake Optical, David Jackson & Company, Cascade Energy, Gold Standard Restoration Inc, Head Start, DeMarco Industrial Vacuum Corp, GNT Limousine, Parabolic Sports Performance, Goal Line Sports Bar & Grill, Which Wich, Center for Emotional Wellness of the Northwest Suburbs, Home Dialysis Services, Bioenergy Technology, Progressive Radiology, Illinois Nice & Clean Group LLC, JDO Inc, Animal Medical Center of Crystal Lake, Ramco Group LLC, Halftime Pizza, Nancy's Pizza, Encore Music Academy, PRA Behavioral LLC, Express Employment Professionals, Evoke Products, Metrom Rail LLC, Burlington Coat Factory, Fresh Thyme Farmers Market, and LT Nail, Bucky's Convenience Store, Casey's General Store, Tommy's (2nd location), That's Amore (2nd location), Welders Supply Company, CVS Pharmacy, Subway, White Oak Interiors, Hertz, The Quarry Cable Park, On The Brink Salon, Autotrol Corporation, Matt's Express Wash, Carlos Mexican Grill, Breaking Bread, Monsters Ink Tattoo, Basic Logistics Inc., Hammortree Financial Services, Brow Boutique, Pink Pearls & Girly Girls, BBC Innovation Corporation, Precision Waterjet Inc., Metro-Grafics, Living Stones, Ultimate Software, Konica Minolta Healthcare, Windy City Cryo, S&T Nails, Covey Law Firm, Bucky's Express Convenience Store, Mum Floral Design, All American Reclaim, Container International, Astro Spa, Shabby to Chic, Knife Experience, Willow Creek Community Church, Little Minds Learning Center, McHenry Upholstery, Mugs Pizza & Rib, Vantage Electrical Group, Atlas Language Services, Alexian Brothers Behavioral Health Hospital, Nail Envy Salon, Cottage on the Beach, Mariano's, Big Brothers Big Sisters of McHenry County, and Ulta Beauty.

The City of Crystal Lake is fortunate to have two Metra train stations within our corporate limits. The second station, a 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.

Once again, the City has continued to have a very low property tax rate for municipal services compared to other municipalities in southeastern McHenry County.

The continued development of the City's non-residential tax base and the stable retail sector of the community have facilitated this position. The City's retail base helps defray the cost of most General Fund supported services, such as police protection, street maintenance, brush and leaf pickup, and other services.

The City has continued to maintain strength as a retail base for serving regular commercial needs for the immediate City population, and has continued as a regional point for commercial activities.

LONG-TERM FINANCIAL PLANNING

The City of Crystal Lake is well-positioned for growth, both geographically and economically. Located 50 miles northwest of Chicago, Crystal Lake benefits from a continually-growing population and workforce. The City's population has experienced a 66% increase in population since 1990, making Crystal Lake the largest community in McHenry County. On many statistical measures, the City fares well compared to the rest of the country. The City's average household income is approximately 46% above the national average and approximately 36% above the State average. The City also has a very low unemployment rate and a high percentage of its residents with a college degree.

Crystal Lake, like all municipalities, must continually evolve to meet the changing needs of its citizens. Because the City is a service provider, its main expenditures are personnel related. City staff continuously examine municipal services for efficiency, effectiveness, usefulness and sustainability, and develops options and strategies that enable the City to match resources (financial, physical and human) to the desired level of service.

Each year, as part of the annual budget process, City staff develop both an operating budget as well as a capital improvement plan. The capital improvement plan is a long-range planning document designed to review the City's anticipated capital needs. Ultimately, the goal is to ensure that the City's infrastructure (including its street system, water conveyance system, fleet, etc.) can meet both the service demands of the public and operational needs of the organization.

The City is committed to maintaining a low property tax rate. On December 18, 2018, the Crystal Lake City Council adopted a property tax levy ordinance that maintained a zero General Fund levy, which has been in place since 1997. The way the City was able to mitigate tax levy increases were through spending controls and by utilizing available fund balance for capital equipment and replacement.

The City sponsors a single-employer defined benefit pension plan for its sworn police officers and a single-employer defined benefit pension plan for its sworn firefighters. Each year, an independent actuary engaged by the City and each pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, the City fully funds each year's annual required contribution to each pension plan as determined by the actuary. At April 30, 2018, the date of the most recent actuarial valuation, the Police Pension plan's fiduciary net position as a percentage of the total pension liability was 56.74%. At April 30, 2018, the date of the most recent actuarial valuation, the Fire Pension plan's fiduciary net position as a percentage of the total pension liability was 70.13%. Unfunded amounts are being systematically funded as part of the annual required contribution until 2041 when each fund's assets shall be equal to its pension obligations.

The City also provides pension benefits for its non-safety employees. These benefits are provided through a state-wide plan that is managed by the Illinois Municipal Retirement Fund (IMRF). Additional information on the City's pension arrangements can be found in Note IV of the financial statements. At December 31, 2018, the date of the most recent actuarial valuation, the IMRF plan's fiduciary net position as a percentage of the total pension liability was 81.91%

At the end of the current fiscal year, the City had $41,165,749 of debt instruments outstanding. Continuing its practice, the City abated $3,836,905 of the 2018 Tax Levy for debt service. Under current state statute, the City has no legal debt limit on general obligation debt.

On June 7, 2016, Moody's Investor Services (MIS) issued a press release downgrading the City's bond rating to Aa2 from the previous Aa1. Three primary factors lead to this downgrade: City's drawdown of fund reserves for planned capital items, declines in the Equalized Assessed Valuation (EAV) of all property in the City over the past five years, and the City's pension liabilities.

In 2009, which is the last time the City utilized MIS as part of a bond issuance, Moody's upgraded the City's bond rating from an Aa3 to an Aa2, which was subsequently recalibrated to an Aa1 in a global scale change. In 2009, Standard and Poor's rated the City for the first time with and AA+ rating. The AA+ rating was affirmed by Standard and Poor's again in 2012, 2013, 2014, 2017 and 2019.

FINANCIAL POLICIES

In the first quarter of 2014, City staff conducted a comprehensive reevaluation of the City's financial policies. The City of Crystal Lake's Financial Policies provide the basic framework for the fiscal management of the City. In April 2014, the City Council approved the new Financial Policies Manual. The policies provide guidelines for evaluating both current activities and proposals for future programs. Most of the policies represent longstanding principles, traditions and practices that have guided the City in the past and have helped maintain the City's financial stability. The following are detailed in the City of Crystal Lake's Financial Policies:

- Budget Policy
- Purchasing Authority Policy and Procedures
- Purchase Card Policy and Procedures
- Capital Asset Policy and Procedures
- Debt Management Policy
- Fund Balance Policy
- Investment Policy
- Revenue and Cash Management Policy
- Personal Information Protection Policy and Red Flag Policy

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, 2018. This results in twenty-nine 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.

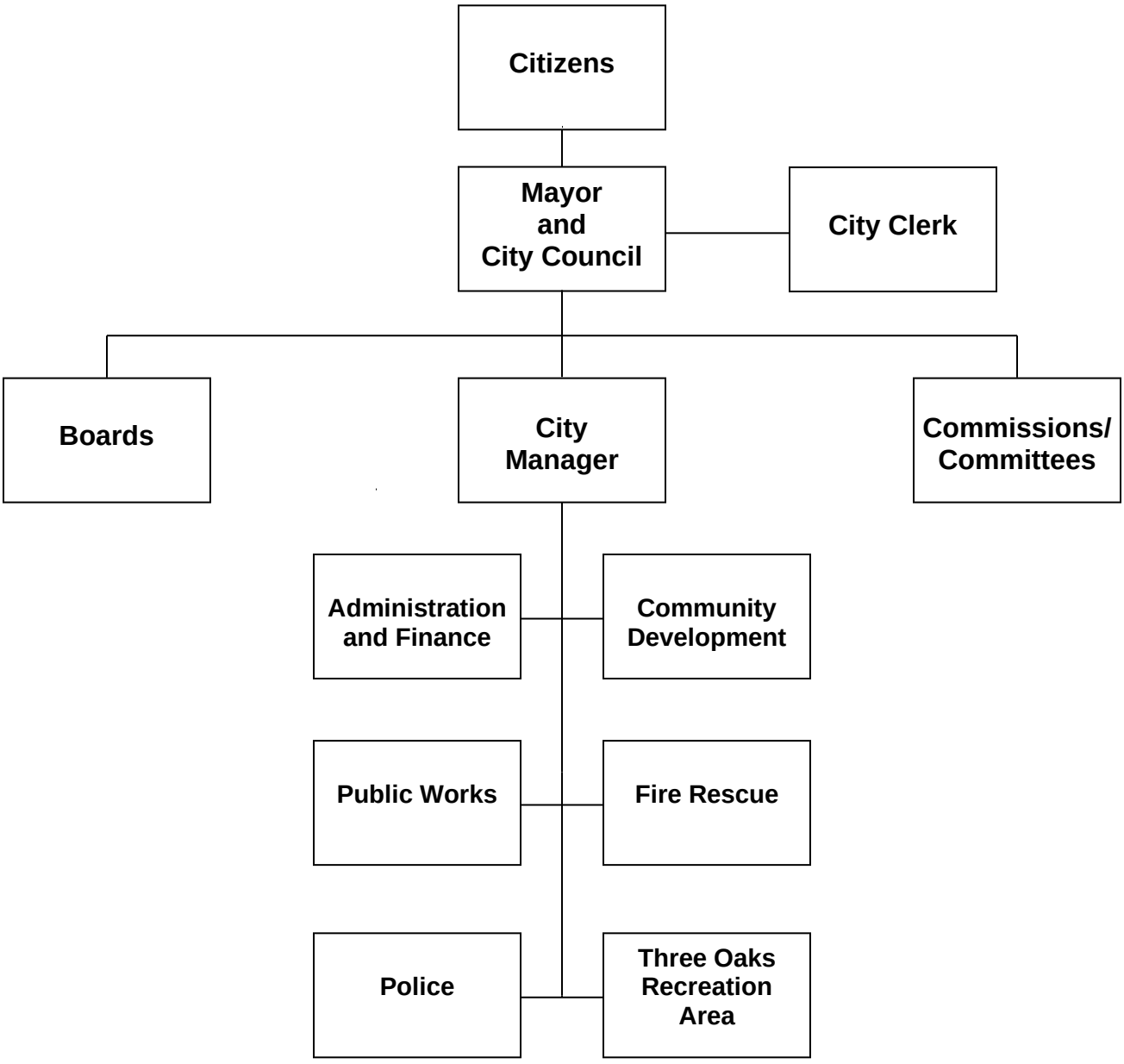
The City of Crystal Lake received the Distinguished Budget presentation award for the Fiscal Year 2019 Budget document for the eleventh consecutive year. It is an honor for the City of Crystal Lake to receive these two awards from the National GFOA.

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.

Gary J. Mayerhofer
City Manager

George J. Koczwara
Director of Finance/Treasurer

CITY OF CRYSTAL LAKE
ORGANIZATIONAL STRUCTURE



City of Crystal Lake, Illinois
Principal Officials
April 30, 2019

Legislative

Mayor: Aaron T. Shepley

City Clerk: Nick Kachiroubas

Ellen Brady, Council Member
Ralph M. Dawson, Council Member
Cameron Hubbard, Council Member
Brett Hopkins, Council Member
Cathy A. Ferguson, Council Member
Haig Haleblian, Council Member

Administrative

City Manager - Gary J. Mayerhofer

Deputy City Manager – Eric Helm

City Attorney – John L. Cowlin

Director of Finance – George Koczwara

Director of Human Resources – Julie Meyer

Director of Information Technology – Greg Fettes

Director of Community Development – Michelle Rentzsch

Director of Public Works – Michael Magnuson

Police Chief – James Black

Fire/Rescue Chief – Paul DeRaedt

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, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

Selden Fox
Accounting for your future

619 Enterprise Drive | Oak Brook, Illinois 60523 | www.seldenfox.com
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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Crystal Lake, Illinois** (City), as of and for the year ended April 30, 2019, and the statements of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and the Motor Fuel Tax and Fire Rescue 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, and the aggregate remaining fund information of the City of Crystal Lake, Illinois, as of April 30, 2019, 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 and Fire Rescue Funds (major Special Revenue Funds) for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

A member of mgiworldwide

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages MD&A-1 to MD&A-18 and the *Schedules of Changes in the Employer's Net OPEB Liability and Related Ratios* (page 82), *Employer Contributions* (pages 83-88), *Changes in the Employer's Net Pension Liability and Related Ratios* (pages 89-94), and *Investment Returns* (page 95-96), 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 on pages 96-159 and the introductory and statistical section on pages i - xi and 160-191, 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 8, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
2019

The City of Crystal Lake's Management 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 years' 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, 2019. We encourage readers of this document to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to ix of this report. All amounts within the management's discussion and analysis, unless otherwise indicated, are expressed in thousands of dollars (000's omitted).

Financial Highlights

- The City's net position increased by $1,243 (or 0.6%) from fiscal year 2018 to $209,753.

- In June 2012, the GASB issued a new standard that fundamentally changed how state and local governments account for the cost of pension benefits in their financial statements. Traditionally, employers needed to report a liability only when an employer failed to fully fund their annual actuarially determined contributions (much like a homeowner reporting a liability for amounts in arrears on monthly house payments but *not* for the unpaid balance of the mortgage itself). An employer, however, is ultimately responsible for ensuring that its employees receive the pension benefits they have been promised. If resources in the pension trust fund were to prove inadequate, the employer would have to make up the difference. Accordingly, the current GASB standard requires employers to report a liability *(net pension liability)* on their government-wide statement of net position if the present value of their obligation *(total pension liability)* exceeds resources held in the pension trust fund to pay benefits *(net fiduciary position)*.

  The City's net pension liability at April 30, 2019, is $55,800, an increase of $6,794 from the prior year. This increase in net pension liability is largely the result of the Illinois Municipal Retirement Fund's negative investment returns at December 31, 2018, coupled with a reduction in its assumption for long-term expected rates of return. After a sharp decline in equities during the 4th quarter of 2018, equities posted solid gains in the 1st quarter of 2019.

- In addition to pensions, many local government employers provide other postemployment benefits (OPEB) as part of total compensation offered to attract and retain employees. Of total benefits offered by employers, some benefits, including salaries and active-employee healthcare are taken while employees are in active service, whereas other benefits, including postemployment healthcare, are taken after employees' services have ended. In June 2015, GASB released new standards for accounting and financial reporting for postemployment benefits other than pensions (postemployment healthcare for example) in the government-wide statement of net position. The new GASB standard requires employers to report a liability *(net OPEB liability)* on their government-wide statement of net position if the present value of their obligation *(total OPEB liability)* exceeds resources held to pay benefits *(net fiduciary position)*. The City's net OPEB liability at April 30, 2019, is $4,379.

Full-time employees who retire and are eligible for a pension under 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 of the health insurance plans offered by the City. Premium costs are not age-adjusted, so City retirees pay premiums equal to that of active employees, creating an implied liability for OPEB. As required under the Public Safety Employee Benefits Act (PSEBA), other postemployment benefits include group health insurance benefits for families of public safety employees who sustained catastrophic injuries while responding to emergencies.

- In response to an analysis that found the lowest life cycle costs, greatest benefit and most fleet flexibility would come from leasing vehicles instead of purchasing them outright, City Council approved a master lease agreement with Enterprise Fleet Management on April 17, 2018. Leasing provides the City with an improved cash flow, an optimal vehicle replacement schedule, a reduction in vehicle maintenance costs and increased management support. Generally, lease terms span five years. Police pursuit vehicles span three years, while heavy equipment spans five years with a renewable five-year term. At April 30, 2019, six of the City's 143 vehicle fleet were lease vehicles.

- During the fiscal year, the City invested $2,923 in capital (buildings, equipment and infrastructure). Major capital asset acquisitions made during the fiscal year included: the replacement of two ambulances and one administrative vehicle (Fire Rescue), seven pickup trucks (Public Works), emergency generators for lift stations #8, #13, #17, #28 and for water treatment plant #4. Engineering and design for the expansion of water treatment plant #2 is underway, as well as storm water mitigation projects including storm sewer installations and culvert replacements.

  In addition to the City's annual street resurfacing and sidewalk replacement programs, roadway projects included: resurfacing Beardsley Street commuter lot, engineering for improvements to North Main Street and for the intersection of Main Street at Crystal Lake Avenue.

- The City entered into a loan agreement with the Illinois Environmental Protection Agency dated December 11, 2015, which authorized the City to borrow up to $14,840 to fund improvements to the City's wastewater treatment plants on a reimbursement basis. The loan, including interest at 1.86%, is to be paid on a semi-annual basis over 20 years with payments commencing March 2, 2018. As of April 30, 2019, the City borrowed $14,780 and has a total outstanding loan payable of $13,916.

- At the end of the current fiscal year, the City had $41,166 of debt instruments outstanding.

- Revenues in the Water and Sewer Fund reflect an 11.40% increase in water and sewer rates that went into effect on May 1. The increase provides a funding mechanism that allows the Water and Sewer Fund to remain financially independent and to provide for the necessary capital investment to maintain water and sewer infrastructure. Fiscal year 2019 incorporated the fifth of five consecutive years of rate increases recommended by a water and sewer rate study that was commissioned by the City in February 2014.

- 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 $19,344 and $14,173, respectively. The unassigned fund balance represented 51.0% of General Fund operating expenditures or 49.2% of combined operating expenditures of the General Fund and the Three Oaks Recreation Area Debt Service Fund, (the Three Oaks Recreation Area Debt Service Fund is dependent upon the General Fund for funding most of its debt service expenses). Available fund balance is within the targeted range according to City financial policies.

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/deferred outflows and liabilities/deferred inflows, with the difference 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/or earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 3 – 6 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. These 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, deferred inflows and outflows, and fund balances, which is the difference between current assets/deferred outflows and current liabilities/deferred inflows. 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 twenty governmental funds that the City uses. Instead, it is likely that their interest will be focused on larger dollar amount funds. Consequently, financial statements include a separate column for each major fund (General Fund, Motor Fuel Tax Fund, Fire Rescue Fund, and Capital & Equipment Replacement Fund). Data from the other sixteen governmental funds are combined and reported in aggregate. Individual fund data for each of these non-major 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 7 - 15 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 balance 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. These funds are sometimes referred to as *business-like* funds of 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 16 - 20 of this report.

Fiduciary funds. These funds are used to account for resources held for the benefit of parties outside the government. Examples of fiduciary funds are the City's two pension trust funds and the Special Assessment Fund which accounts for the collection of special assessments from property owners and payment of the related special assessment liabilities. 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 21 - 22 of this report.

Notes to the financial statements. These 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 23 - 81 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 82 - 95 of this report.

Other supplementary information. This includes combining and individual fund statements and schedules, which can be found beginning on page 96 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 160.

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 $209,753.

Consolidated Statement of Net Position
As of April 30, 2019
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	**2019**	2018	**2019**	2018	**2019**
Current & other assets	$ 47,929	**$ 51,922**	$ 11,264	**$ 12,619**	$ 59,193	**$ 64,541**
Capital assets	187,900	**184,404**	77,675	**75,740**	265,575	**260,144**
Total assets	235,829	**236,326**	88,939	**88,359**	324,768	**324,685**
Deferred Outflows	14,431	**17,270**	495	**1,507**	14,926	**18,777**
Long-term liabilities	64,594	**68,450**	32,021	**31,713**	96,615	**100,163**
Other liabilities	7,928	**7,855**	4,694	**4,532**	12,622	**12,387**
Total liabilities	72,522	**76,305**	36,715	**36,245**	109,237	**112,550**
Deferred Inflows	20,643	**20,913**	1,304	**246**	21,947	**21,159**
Net assets:						
Net investment in capital assets	175,911	**173,931**	44,397	**44,395**	220,308	**218,326**
Restricted	8,417	**8,501**	-	**-**	8,417	**8,501**
Unrestricted	(27,233)	**(26,054)**	7,018	**8,980**	(20,215)	**(17,074)**
Total net position	$ 157,095	**$ 156,378**	$ 51,415	**$ 53,375**	$ 208,510	**$ 209,753**

By far, the largest portion of the City's net position (104.1%) 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 (4.1%) represents resources that are subject to external restrictions relative to their use. The remaining *balance of unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors. It is in a deficit position at April 30, 2019, as the adoption of GASB Statement No. 68 requires the City to recognize net pension liability totaling $55,800 at April 30, 2019, for its three pension plans and GASB Statement No. 75 that requires the City to recognize net other post-employment benefit obligations totaling $4,379.

Changes in Net Position
For the Fiscal Year Ended April 30, 2019
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	**2019**	2018	**2019**	2018	**2019**
Program revenues:						
Charges for services	$ 6,834	**$ 7,375**	$ 11,967	**$ 13,953**	$ 18,801	**$ 21,328**
Grants and contributions:						
Operating	1,242	**1,395**	3	**-**	1,245	**1,395**
Capital	1,028	**493**	-	**-**	1,028	**493**
General revenues:						
Property	12,499	**12,985**	-	**-**	12,499	**12,985**
Other taxes	7,413	**7,500**	-	**-**	7,413	**7,500**
Intergovernmental	16,450	**17,677**			16,450	**17,677**
Other	1,255	**1,534**	254	**432**	1,509	**1,966**
Total revenues	46,721	**48,959**	12,224	**14,385**	58,945	**63,344**
Expenses:						
Governmental activities:						
General government	9,480	**8,976**	-	**-**	9,480	**8,976**
Public safety	28,257	**28,418**	-	**-**	28,257	**28,418**
Highways and streets	9,076	**10,526**	-	**-**	9,076	**10,526**
Culture and recreation	1,241	**1,316**	-	**-**	1,241	**1,316**
Interest on long-term debt	395	**357**	-	**-**	395	**357**
Asset impairment	-	**-**	-	**-**	-	**-**
Business-type activities - waterworks and sewerage	-	**-**	11,871	**12,508**	11,871	**12,508**
Total expenses	48,449	**49,593**	11,871	**12,508**	60,320	**62,101**
Revenues over (under) expenses	(1,728)	**(634)**	353	**1,877**	(1,375)	**1,243**
Transfers and adjustments	-	**(83)**	-	**83**	-	**-**
Changes in net position	(1,728)	**(717)**	353	**1,960**	(1,375)	**1,243**
Net position - beginning of year, as previously reported	162,457	**157,095**	51,062	**51,415**	213,519	**208,510**
Prior period restatement	(3,634)	**-**	-	**-**	(3,634)	**-**
Net positon, beginning of year, as restated	158,823	**157,095**	51,062	**51,415**	209,885	**208,510**
Net position - ending of year	$ 157,095	**$ 156,378**	$ 51,415	**$ 53,375**	$ 208,510	**$ 209,753**

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

- Charges for services increased from the previous year. The increase is largely attributable to increases in receipts from the issuance of building permits. Lennar Homes intends to construct nearly 500 single-family and age-targeted single-family homes in addition to townhomes in the northeast corner of the City near Routes 176 and 31.

- Grants and contributions for fiscal year 2019 totaled $1,888. Proceeds were used for the purposes of traffic safety enforcement activities, tobacco and drug enforcement activities, replacement of bulletproof vests in the Police Department and for roadway improvements.

- Fiscal year 2019 results of other taxes were mixed. Home Rule sales tax and Video Gaming tax receipts exceeded those of the previous year. Receipts of Hotel/Motel tax, Telecommunications tax and Cable Franchise fees declined. It is expected that Telecommunication tax and Cable Franchise fees will weaken further as consumers look for less expensive alternatives coupled with newer technology.

- Included in intergovernmental revenue is retail Sales and Use taxes. Since October 2018, Illinois has received Use tax from remote sellers without a physical presence in Illinois. Since this time, Use tax collections have grown significantly. Fiscal year 2019 receipts are up 17.82% over fiscal year 2018 receipts.

  Fiscal year 2019 receipts of income tax rose 13.69% as compared to fiscal year 2018. According to the Illinois Municipal League, a state-wide organization representing municipalities in legislative matters before the Illinois General Assembly, State agencies, Federal government and the courts, increases in receipts are attributable to higher final 2018 tax return payments from individual and corporate income tax returns. The majority of growth came from non-wage income such as dividends and capital gains.

- Fiscal year 2019 receipts of other revenue also rose. Included in other revenue are investment earnings which rose as the Federal Reserve raised benchmark interest rates 1% in calendar 2018 (one-quarter percent in March, June, September and December 2018) before cutting rates by one-quarter percent in July 2019. Despite a sharp decline in equities during the 4th quarter of 2018, equities posted solid gains earlier in the year and again in the 1st quarter of 2019.

- General and administrative expenditures declined $504 or 5.3% from the prior year. Fiscal year 2018 expenditures included $284 for cleaning, televising and repairing storm sewer along Nash Road. These services were not repeated again in fiscal year 2019. Further, improved claims experience coupled with an election by the City to raise its deductible portion for each occurrence resulted in a reduction in the premium for liability insurance for fiscal year 2019.

- Public safety expenditures increased $161 or 0.6% from the prior year. This increase is largely attributable to public safety personnel in the form of wages and benefits.

- Highways and Streets expenditures rose $391 or 4.3% from the prior year before writing off a portion of the IL 176 at Briarwood intersection improvement that the City recorded as an asset. Portions of the improvement belong to Dorr Township and to the State of Illinois. The increase in expenditures is attributed to increases in prices for road salt coupled with increases in usage due to the number of snow and ice events throughout the winter of 2018-2019.

- As outstanding bonds associated with governmental activities decline, so too does interest expense.

- In November 2014, information was provided to the City from the Illinois Metropolitan Investment Fund (IMET) regarding a potential investment loss that occurred as a result of fraud undertaken by a U.S. Department of Agriculture (USDA) backed financial institution. At the time of the fraud, the City of Crystal Lake and 292 other municipalities and government agencies utilized IMET to invest their intermediate-term dollars. Recovery efforts are now underway by IMET and other parties impacted by the fraudulent activity. Based on IMET's unknown certainty of net realizable value of investments affected by fraud, the City wrote off its entire balance, $528, and $90 in the General Fund and Water and Sewer Fund, respectively. At April 30, 2019, recovery of $86 has been realized.

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 $1,986 or 16.6% from the prior year. Revenues in the Water and Sewer Fund reflect an increase in collections of water and sewer connection fees. Lennar Homes intends to construct nearly 500 single-family and age-targeted single-family homes in addition to townhomes in the northeast corner of the City near Routes 176 and 31. Charges for water and sewer services also reflect an 11.40% increase in water and sewer rates that went into effect on May 1. The increase provides a funding mechanism that allows the Water and Sewer Fund to remain financially independent and provide for some capital investment to maintain water and sewer infrastructure systems. Fiscal year 2019 incorporated the fifth of five consecutive years of rate increases as recommended by a water and sewer rate study that was commissioned by the City in February 2014.

- Fiscal year 2019 receipts of other revenue also rose. Included in other revenue are investment earnings which rose as the Federal Reserve raised benchmark interest rates 1% in calendar 2018 (one-quarter percent in March, June, September and December 2018) before cutting rates by one-quarter percent in July 2019.

- Expenses of the Waterworks and Sewerage Fund ended the year $131 or 1.1% higher than those of the previous year before adjusting prior year receipts from the IEPA to notes payable. The increase in expenses is largely attributable to an increase in interest expense. In 2015, the City entered into a loan agreement with the Illinois Environmental Protection Agency which authorized the City to borrow up to $14,840 to fund improvements to the City's wastewater treatment plants on a reimbursement basis. As of April 30, 2019, the City borrowed $14,780 and has a total outstanding loan payable of $13,916.

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 2019, the City's governmental funds reported combined ending fund balances of $34,577, an increase of $3,737 from with the prior year. Approximately 40.9% of the ending balance, or $14,173, constituted unrestricted fund balance, which would be available to spend at the City's discretion. The remainder of the combined ending fund balance is restricted or assigned to indicate that it is not available for spending because it has already been reserved to pay debt service, retirement, street improvement or other specific costs, or is reserved for prepaid items such as insurance 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 $14,173, while the total fund balance was $19,344. 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 51.0% of General Fund operating expenditures or 49.2% of combined operating expenditures of the General Fund and the Three Oaks Recreation Area Debt Service Fund (the Three Oaks Debt Service Fund is dependent upon the General Fund for funding most of its debt service expenses).

The ending fund balance of the City's General Fund increased by $3,503 at the end of the fiscal year. The increase in fund balance is attributed to an increase in revenue related to construction activities in the City, an increase in earnings on idle funds in response to the Federal Reserve raising benchmark interest rates, an increase in amounts of income tax distributed by the State as a result of higher final 2018 tax-return payments, an increase in receipts of sales and use taxes, a decrease in the cost of liability insurance as a result of improved claims experience coupled with an election by the City to raise its deductible portion for each occurrence and as a result of vacant positions. Vacated positions are not filled unless they are critical to City operations.

The ending fund balance in the Motor Fuel Tax Fund is $6,527, an increase of $12 over the previous year. The entire balance is restricted for purposes of roadway improvements. Expenditures of Motor Fuel Tax dollars require authorization from the Illinois Department of Revenue, as well as the Crystal Lake City Council. Other financing uses (transfers out to the Capital and Equipment Replacement Fund) provided for engineering services associated with the Main Street at Crystal Lake intersection improvement, U.S. Route 14 at Virginia Road intersection improvement, North Main Street improvement, and final construction payment to the State for IL 176/Briarwood intersection improvement.

The ending fund balance in the Fire Rescue Fund is $4,547, an increase of $436 from the prior year. Other financing uses (transfers out to the Capital and Equipment Replacement Fund) provided for the replacement of two ambulances.

In aggregate, fund balance of Other Governmental Funds (IMRF/FICA Fund, Road/Vehicle License Fund, School Crossing Guard Fund, Foreign Fire Insurance Fund, Restricted Police Fund, Commuter Parking Fund, Debt Service Funds, TIF Funds, Three Oaks Development Fund and the Capital Equipment and Replacement Fund) declined $214 (4.9%) from the previous year.

The IMRF/FICA Fund is used to account for revenues derived from a separate tax levy. Disbursements of these funds are restricted to the payment of employer contributions to Social Security, Medicare and to the Illinois Municipal Retirement Fund. The ending fund balance in the IMRF/FICA Fund is $1,594, an increase of $162.

The Road/Vehicle License Fund is used to account for revenues received from County road and bridge taxes and to account for revenue from vehicle license fees. Funds transferred to the Capital Equipment & Replacement Fund (Other Financing Uses) are used toward the City's annual City-wide road resurfacing program, annual pavement marking program, sidewalk repairs and curb replacement, and traffic safety improvements. The ending fund balance in the Road/Vehicle License Fund is $0, a decrease of $108.

The Restricted Police Fund consists of revenues collected by the Police Department for specific infractions such as DUI, drug forfeitures and vehicle impoundments. The restricted accounts are governed by State or Federal statutes. These funds are limited in their potential uses and must be used by the Police Department for purposes directly related to DUI and drug related enforcement and prevention. The ending fund balance in the Restricted Police Fund is $560, an increase of $103.

The ending fund balance in the Capital and Equipment Replacement Fund is $719, a decrease of $378 from the prior year. Fiscal year 2019 expenditures include those funded from the Motor Fuel Tax Fund and the Fire Rescue Fund in addition to replacements of computer hardware and software, replacements of vehicles, as well as sidewalk repairs and road resurfacing. To mitigate tax increases, one-time capital and equipment replacement expenditures are funded using unassigned fund balance and/or bond proceeds.

Proprietary funds. These funds are sometimes referred to as *business-like* funds of a 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.

Total net position of the Waterworks and Sewerage Fund rose $1,959 to $53,375 at April 30, 2019. Of the total, $44,395 represents the City's net investment in capital assets (capital assets less accumulated depreciation and outstanding bonds and notes that were issued to acquire capital assets). The remainder, $8,980 or 16.8%, represents unrestricted net position.

Revenues in the Waterworks and Sewerage Fund reflect an 11.4% increase in water and sewer rates that went into effect on May 1. It was the fifth of five consecutive years of rate increases recommended by a water and sewer rate study that was commissioned by the City in February 2014.

Expenses include the installation of emergency generators at lift stations #8, #13, #17, #28 and at water treatment plant #4. Engineering and design for the expansion of water treatment plant #2 is underway, as well as storm water mitigation projects including storm sewer installations and culvert replacements.

General Fund Budgetary Highlights

General Fund Budgetary Highlights
Fiscal Year 2019
(In thousands)

	Original Budget	**Final Budget**	**Actual**
Property taxes	$ 4,303	**$ 4,303**	**$ 4,298**
Other taxes	7,271	**7,271**	**7,378**
Intergovernmental	17,058	**17,151**	**17,805**
Other	2,325	**2,335**	**3,591**
Total revenues	30,957	**31,060**	**33,072**
Expenditures	(29,095)	**(29,133)**	**(27,789)**
Other financing sources (uses)	(3,609)	**(3,609)**	**(1,780)**
Net change in fund balance	$ (1,747)	**$ (1,682)**	**$ 3,503**

Actual revenues of $33,072 exceeded amounts budgeted by $2,012. Expenditures ended the year $1,344 below budget. Other financing sources (uses) also ended the year $1,829 below budget.

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

- Contract amendment for the 2018 fireworks display ($10)
- Purchase of a server and related equipment to store police video footage ($28)

Revenues and expenditures that exceeded final budget expectations are listed below.

- Receipts of Retail Sales Tax, Home Rule Sales Tax and Use Tax exceeded amounts budgeted. Rising online sales allow the State to collect use tax (6.25% for general merchandise and 1% for qualifying food and drugs) from online retailers then distribute a portion of the tax to local municipalities.

- Receipts of Income Tax exceeded amounts budgeted. Increased receipts are attributable to higher final 2018 tax-return payments from individual and corporate income tax returns. The majority of growth came from non-wage income such as dividends and capital gains.

- Plan Review fees, Building Permit fees and Capital Facility (Impact) fees exceeded expectations. Lennar Homes began construction of nearly 500 single-family and age-targeted single-family homes in addition to townhomes in the northeast corner of the City near Routes 176 and 31.

- Investment earnings exceeded budget expectations. The Federal Reserve raised benchmark interest rates 1% in calendar 2018 (one-quarter percent in March, June, September and December 2018) before cutting rates by one-quarter percent in July 2019 (fiscal year 2020). Reflected also is an interest earnings credit of $156 arising from assets held in trust at the Intergovernmental Risk Management Agency (IRMA). IRMA is an entity that was created under Illinois state law which allows municipalities to band together in order to pool risk management needs for general liability and workers' compensation insurance.

- Special Police Detail revenue exceeded budget expectations. Revenues reflect fees for providing traffic control in and around Willow Creek Church in downtown Crystal Lake.

- Reimbursements and Miscellaneous Income exceeded projections as reimbursements for workers' compensation and insurance claims are not budgeted. They cannot be relied upon to support the operations of the General Fund. Proceeds from the sale of fixed assets are also not budgeted.

- Overtime costs in addition to automotive supplies in the Streets Division of the Public Works Department exceeded budget. Automotive supplies include plow and curb blades used in clearing snow and ice from City streets. This excess reflects the high number of snow and ice events that occurred throughout the winter of 2018-2019.

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

- Receipts of Telecommunications tax and Cable Franchise fees missed budget expectations. It is expected that these fees will continue to weaken as consumers look for less expensive alternatives coupled with newer technology.

- Receipts of Hotel/Motel tax missed budget projections as claims of exemptions have risen. The City will conduct a special audit of hotel operators' records in fiscal year 2020.

- Police Fines revenue did not meet budget in fiscal year 2019 as more motorists complied with local traffic laws, resulting in decreased revenue.

- Rental income missed budget projections due in part to timing of payments from Verizon for cell tower space. Three Oaks Recreation Area boat rental receipts also ended the year below expectations.

- Personnel related expenditures ended the year below budget due to vacated positions. Vacated positions will not be filled unless they are critical to City operations.

- Improved claims experience coupled with an election by the City to raise its deductible portion for each occurrence resulted in a reduction in the premium cost for liability insurance.

- Professional services expenditures in the Community Development are below budget. Due to process changes and some development projects that are still in their infancy, funds for consultant and inspection services were not expended.

- Professional services expenditures in the Information Technology Department ended the year below budget due to needs of the department for Information Technology Managed Services. In March 2016, the City entered into a contract with FutureNet Group, Inc. to support and assist staff in responding to customer inquiries, maintaining network equipment, preparing and installing new hardware, installing new software and assisting in the completion of special projects.

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, 2019, totaled $260,143 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, improvements, and machinery and equipment.

Capital Assets at Year End, Net of Depreciation
Fiscal Year 2019
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	**2019**	2018	**2019**	2018	**2019**
Land	$ 103,585	**$ 103,585**	$ 628	**$ 647**	$ 104,213	**$ 104,232**
Construction in progress	5,659	**4,996**	884	**1,920**	6,543	**6,916**
Buildings and improvements	22,129	**21,359**	24,680	**23,360**	46,809	**44,719**
Machinery, equipment and vehicles	7,110	**6,055**	5,336	**5,078**	12,446	**11,133**
Infrastructure	49,417	**48,355**	46,147	**44,675**	95,564	**93,030**
Intangible right-to-use lease asset	-	**54**	-	**60**	-	**114**
Total	$ 187,900	**$ 184,404**	$ 77,675	**$ 75,740**	$ 265,575	**$ 260,144**

During the fiscal year, the City invested $2,923 in capital (buildings, equipment and infrastructure). Major capital asset acquisitions made during the fiscal year included: the replacement of two ambulances and one administrative vehicle (Fire Rescue), seven pickup trucks (Public Works), emergency generators for lift stations #8, #13, #17, #28 and for water treatment plant #4. Engineering and design for the expansion of water treatment plant #2 is underway, as well as storm water mitigation projects including storm sewer installations and culvert replacements.

In addition to the City's annual street resurfacing and sidewalk replacement programs, roadway projects included: resurfacing Beardsley Street commuter lot, engineering for improvements to North Main Street and for the intersection of Main Street at Crystal Lake Avenue.

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

Long-Term Debt. At the end of the current fiscal year, the City had $41,166 of debt instruments outstanding.

Long-Term Debt at Year End
Fiscal Year 2019
(In thousands)

	Balance, May 1, 2018	Additions	Deletions	**Balance, April 30, 2019**
General obligation bonds	$ 29,505	$ -	$ 3,575	**$ 25,930**
Notes payable	1,525	-	205	**1,320**
Loans payable	14,013	506	603	**13,916**
	$ 45,043	$ 506	$ 4,383	**$ 41,166**

The City entered into a loan agreement with the Illinois Environmental Protection Agency dated December 11, 2015, which authorized the City to borrow up to $14,840 to fund improvements to the City's wastewater treatment plants on a reimbursement basis. The loan, including interest at 1.86%, is to be paid on a semi-annual basis over 20 years with payments commencing March 2, 2018. As of April 30, 2019, the City borrowed $14,780 and has a total outstanding loan payable of $13,916.

Special Service Area (SSA) bond issues outstanding at April 30, 2019 include:

- Special Service Area Number 45 Bonds, Series 2006 - $5,440
- Special Service Area Number 44 Bonds, Series 2007 - $150
- Special Service Area Number 46 Refunding Bonds, Series 2016 - $2,290

Special Service Area (SSA) bond issues are not direct obligations of the City. Any cash or fund balance are reported in the Special Assessments (Agency) Fund.

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

Economic Factors and Next Year's Budgets and Rates

The University of Michigan's Consumer Sentiment Index was 89.8 in August 2019, well below July's 98.4 and last August's 96.2. The Expectations Index was 79.9 in August, significantly below July's 90.5 and last year's 87.1. The Current Conditions Index fell to 105.3 in August from 110.7 in July and 110.3 last August, and the lowest level since October of 2016.

The Consumer Sentiment Index posted its largest monthly decline in August 2019 (-8.6 points) since December 2012 (-9.8 points), according to the University of Michigan Surveys of Consumers.

The 2012 plunge reflected widespread fears among consumers that they would be pushed off the "fiscal cliff" due to rising taxes and falling government spending, said U-M economist Richard Curtin, director of the surveys. The recent decline is due to negative references to tariffs, which were spontaneously mentioned by one-in-three consumers, he said. Unlike concerns about the fiscal cliff, which were promptly resolved, President Trump's tariff policies have been subject to repeated reversals amid threats of higher future tariffs.

Overall buying attitudes toward appliances, home electronics and other household durables fell to their lowest level in five years, with net price references more negative than any time since June 2008.

Importantly, tariffs had a significant impact; among those who spontaneously mentioned tariffs negatively, 35% held unfavorable views of buying conditions for household durables, well above the 20% among those who didn't mention tariffs. Despite lower interest rates, vehicle and home buying attitudes declined on balance in the August survey.

The US unemployment rate came in at 3.7 percent in August 2019, unchanged from the previous two month's figures and in line with market expectations. The number of unemployed persons decreased by 19 thousand to 6.0 million while employment rose by 590 thousand to 157.9 million.

Among the major worker groups, the unemployment rates for adult men (3.4 percent), adult women (3.3 percent), teenagers (12.6 percent), Whites (3.4 percent), Blacks (5.5 percent), Asians (2.8 percent), and Hispanics (4.2 percent) showed little or no change in August.

The number of long-term unemployed (those jobless for 27 weeks or more) was little changed at 1.2 million in August and accounted for 20.6 percent of the unemployed.

In August, the labor force participation rate edged up to 63.2 percent but has shown little change, on net, thus far this year. The employment-population ratio, at 60.9 percent, also edged up over the month and is up by 0.6 percentage point over the year.

The number of persons employed part-time for economic reasons (sometimes referred to as involuntary part-time workers) increased by 397,000 to 4.4 million in August; this increase follows a decline of similar magnitude in July. These individuals, who would have preferred full-time employment, were working part-time because their hours had been reduced or they were unable to find full-time jobs.

In August, 1.6 million persons were marginally attached to the labor force, little different from a year earlier. (Data are not seasonally adjusted.) These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey. Among the marginally attached, there were roughly 467,000 discouraged workers in August, unchanged from a year earlier. (Data are not seasonally adjusted.) Discouraged workers are persons not currently looking for work because they believe no jobs are available for them. The remaining 1.1 million persons marginally attached to the labor force in August had not searched for work for reasons such as school attendance or family responsibilities.

According to the Illinois Department of Employment Security (IDES), nonfarm payrolls were nearly unchanged over-the-month, down -400 jobs, and the unemployment rate was 4.2 percent in July, down -0.1 percentage point from the prior month, based on preliminary data provided by the U.S. Bureau of Labor Statistics (BLS) and released by IDES.

Single-family housing starts in July were at a rate of 876,000, which is 1.3 percent above the revised June figure of 865,000, according to data from the U.S. Census Bureau and Department of Housing and Urban Development (HUD). In September, the yield on the benchmark 10-year Treasury note was poised for its largest weekly rally since November 2016 as investors checked prior concerns that the U.S. was careening toward an economic downturn.

In June, 2018, the Illinois General Assembly adopted the 2019 State Budget which negatively impacted the City. Over the next five years, assuming consistent revenue diversions, as well as the impact of the new minimum wage law, the total negative financial impact to the City is over $1.7 million. Below is a summary of items that are of particular interest to the City.

- In the 2018 State Budget, the City lost approximately $390 in Local Government Distributive Fund (LGDF) funding. For the 2019 Budget, the City will instead lose approximately $195 in LGDF funding.

- The budget reduces the administrative fee on locally imposed sales taxes (Home Rule Sales Tax) from 2.0% to 1.5% for SFY 2019. In the 2018 State Budget, the City lost approximately $105 because of the fee. For the 2019 Budget, the City will instead lose approximately $79.

- The budget includes approximately $300 million in diversions from Corporate Personal Property Replacement Tax (CPPRT). These diversions first were introduced in the 2018 State Budget. In 2018, the City lost approximately $26 as a result of the CPPRT diversions.

- On February 19, 2019, Governor Pritzker signed a bill into law to raise the state's minimum wage incrementally to $15 per hour by 2025. Prior to its passage, the Illinois minimum wage was $8.25 per hour. In total, it is estimated that the new minimum wage requirement will have a negative fiscal impact of $265 to the City.

- Included within HB 3342 was the text of the Marketplace Fairness Act. This provision will require out-of-state retailers to collect Use taxes from online purchases made in Illinois. This legislation was introduced in response to the United States Supreme Court case South Dakota v. Wayfair. South Dakota passed similar legislation to the Illinois proposal and was promptly challenged by out-of-state retailers.

- On June 20th, the United States Supreme Court (USSC) issued its decision in South Dakota v. Wayfair. Prior to this case, states could not require collections from an online retailer unless they had a physical presence (nexus) in the state. The physical presence standard was established by the USSC in National Bellas Hess v. Department of Revenue of the State of Illinois (1967) and reaffirmed in Quill v. North Dakota (1992). In South Dakota v. Wayfair, the USSC overruled Quill and National Bellas Hess, stating that the physical presence standard in Quill was "unsound and incorrect."

  Starting on October 1, 2018, based on the South Dakota v. Wayfair decision, the State began requiring remote sellers who meet certain sales requirements to remit Use Tax to the Illinois Department of Revenue (IDOR) on goods purchased out of state for use or consumption in Illinois. City staff is estimating that as a result of the USSC ruling, the City could expect to gain potentially an additional $103 a year in Use Tax. However, because of continued State revenue diversions, the City will lose approximately $195 in LGDF funding, approximately $79 in Home Rule Sales tax as a result of a new administrative fee, and approximately $26 in CPPRT diversions for a total of $300.

The 2019 State Budget is for one-year only. The structural financial imbalances that existed prior to the enactment of the State budget have not all been addressed. Since the pressures of these imbalances will continue into the next budget, it is likely that additional local government diversions may be proposed in future years.

To balance the fiscal year 2019/2020 budget, the City of Crystal Lake will continue to follow spending control measures that include taking advantage of cooperative purchasing opportunities through joint purchasing agreements, seeking competitive bids, and avoid filling vacated positions unless they are critical to City operations. Whenever possible, grant funding shall be sought to offset program and project costs.

The fiscal year 2020 budget continues funding General Fund services without the use of a General Fund property tax. General Fund services include Police, Community Development, Streets, Storm Sewers, Fleet and Facilities Maintenance, as well as Legal, City Administration and the Three Oaks Recreation Area. In order to mitigate tax increases, one-time capital and equipment replacement expenditures shall continue to be funded using unassigned fund balance and/or bond proceeds. Bonds shall not be used to finance operating deficits and fund balances shall be maintained in accordance with City financial policies.

In 2012, the City authorized a Wastewater Master Plan to evaluate both wastewater facilities and determine necessary improvements both in the short term and long term. This report was completed in June of 2013. The City further authorized a Water Master Plan in 2013 to address both short-term and long-term required improvements in the City's water production system, treatment process, distribution system, and chlorides discharges from the water plants. This report was completed in February 2014. These reports provided the engineering analysis to identify critically needed improvements in the Wastewater Treatment and Water Division areas. Finally, the City commissioned a water and sewer rate study, which was completed in February, 2014. The study provided a number of options which included an annual increase of 11.4% for water and sewer services for five consecutive years. The increase in water and sewer rates provided a funding mechanism that allowed the water and sewer fund to continue to be financially independent and allows for some capital investment in order to maintain water and sewer infrastructure systems. The fiscal year 2018/2019 budget incorporated the final year of rate increases recommended by the study and approved by the City Council in April, 2014. The fiscal year 2019/2020 budget incorporates a more modest increase of 3.78%. Despite rate increases, the City's water and sewer rates continue to fall within a mid-point when compared to neighboring communities.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of Crystal Lake, Illinois
Statement of Net Position
April 30, 2019

	Governmental Activities	Business-type Activities	**Total**	Component Unit Crystal Lake Public Library
Assets				
Cash and investments	$ 29,274,508	$ 11,414,502	**$ 40,689,010**	$ 6,040,661
Receivables, net:				
Property taxes	12,590,394	-	**12,590,394**	4,543,054
Accrued interest	144,754	41,910	**186,664**	-
Accounts	2,989,659	1,185,898	**4,175,557**	-
Internal balances	30,048	(30,048)	**-**	-
Due from other governments	4,332,022	-	**4,332,022**	-
Inventory	130,002	-	**130,002**	-
Prepaid items and other assets	2,430,405	6,850	**2,437,255**	65,052
Total current assets	51,921,792	12,619,112	**64,540,904**	10,648,767
Noncurrent:				
Capital assets (net of accumulated depreciation):				
Land	103,584,779	646,599	**104,231,378**	2,363,040
Construction in progress	4,995,713	1,920,451	**6,916,164**	-
Buildings and improvements	21,359,558	23,359,648	**44,719,206**	4,199,783
Machinery, equipment and vehicles	6,054,752	5,078,001	**11,132,753**	61,724
Infrastructure	48,355,268	44,675,178	**93,030,446**	-
Intangible right-to-use lease asset	54,611	59,664	**114,275**	-
Total noncurrent assets	184,404,681	75,739,541	**260,144,222**	6,624,547
Total assets	236,326,473	88,358,653	**324,685,126**	17,273,314
Deferred Outflows				
Pension-related	17,196,819	1,507,395	**18,704,214**	1,423,846
OPEB-related	72,693	-	**72,693**	-
Total deferred outflows	17,269,512	1,507,395	**18,776,907**	1,423,846
Total assets and deferred outflows	253,595,985	89,866,048	**343,462,033**	18,697,160

See accompanying notes.

	Governmental Activities	Business-type Activities	**Total**	Component Unit Crystal Lake Public Library
Liabilities				
Current:				
Accounts payable	$ 2,425,936	$ 1,056,147	**$ 3,482,083**	$ 160,564
Accrued liabilities	425,806	29,505	**455,311**	76,550
Recapture fees payable	110,746	-	**110,746**	-
Deposits payable	1,669,588	217,900	**1,887,488**	-
Interest payable	173,607	245,064	**418,671**	-
Unearned revenue	122,071	-	**122,071**	-
General obligation bonds payable	1,151,332	1,908,668	**3,060,000**	-
Promissory note payable	-	210,000	**210,000**	-
IEPA loan payable	-	636,598	**636,598**	-
Lease liability - current	10,988	11,802	**22,790**	-
Compensated absences payable	1,764,755	216,511	**1,981,266**	69,983
Total current liabilities	7,854,829	4,532,195	**12,387,024**	307,097
Noncurrent:				
Compensated absences payable	1,764,754	216,511	**1,981,265**	69,983
General obligation bonds payable	9,322,040	14,200,115	**23,522,155**	-
Promissory note payable	-	1,110,000	**1,110,000**	-
IEPA loan payable	-	13,279,153	**13,279,153**	-
Lease liability - noncurrent	43,623	47,862	**91,485**	-
Net pension obligations	52,940,218	2,859,651	**55,799,869**	2,701,152
Net other post-employment benefit liability	4,379,280	-	**4,379,280**	-
Total noncurrent liabilities	68,449,915	31,713,292	**100,163,207**	2,771,135
Total liabilities	76,304,744	36,245,487	**112,550,231**	3,078,232
Deferred Inflows of Resources				
Property taxes	12,590,394	-	**12,590,394**	4,543,054
Pension-related	8,322,749	245,590	**8,568,339**	231,978
Total deferred inflows	20,913,143	245,590	**21,158,733**	4,775,032
Total liabilities and deferred inflows	97,217,887	36,491,077	**133,708,964**	7,853,264
Net Position				
Net investment in capital assets	173,931,309	44,395,007	**218,326,316**	6,624,547
Restricted for:				
Working cash	-	-	**-**	51,312
Highways and streets	6,526,615	-	**6,526,615**	-
Retirement	1,593,753	-	**1,593,753**	303,706
Debt service	380,381	-	**380,381**	-
Unrestricted	(26,053,960)	8,979,964	**(17,073,996)**	3,864,331
Total net position	$ 156,378,098	$ 53,374,971	**$ 209,753,069**	$ 10,843,896

City of Crystal Lake, Illinois
Statement of Activities
For the Year Ended April 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental activities:			
General and administrative	$ 8,975,593	$ 1,769,715	$ 102,362
Public safety	28,418,257	4,759,684	215,911
Highways and streets	10,526,101	207,974	1,076,674
Culture and recreation	1,316,230	637,618	-
Interest on long-term debt	357,479	-	-
Total governmental activities	49,593,660	7,374,991	1,394,947
Business-type activities - Waterworks and Sewerage	12,508,300	13,953,200	-
Total primary government	$ 62,101,960	$ 21,328,191	$ 1,394,947
Component unit - Crystal Lake Public Library	$ 4,656,632	$ 247,410	$ -

General revenues:
- Taxes:
  - Property
  - Home rule sales
  - Auto rental
  - Franchise fees - cable
  - Telecommunications
  - Hotel
  - Video gaming
- Intergovernmental:
  - Replacement
  - State sales and use
  - Income
- Investment income
- Miscellaneous

Transfers

Total general revenues

Changes in net position

Net position, beginning of the year

Net position, end of the year

See accompanying notes.

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-type Activities	**Total**	Crystal Lake Public Library
$ -	$ (7,103,516)	$ -	**$ (7,103,516)**	$ -
4,638	(23,438,024)	-	**(23,438,024)**	-
488,055	(8,753,398)	-	**(8,753,398)**	-
-	(678,612)	-	**(678,612)**	-
-	(357,479)	-	**(357,479)**	-
492,693	(40,331,029)	-	**(40,331,029)**	-
-	-	1,444,900	**1,444,900**	-
$ 492,693	(40,331,029)	1,444,900	**(38,886,129)**	-
$ -	-	-	**-**	(4,409,222)
	12,985,292	-	**12,985,292**	4,583,774
	5,403,739	-	**5,403,739**	-
	43,839	-	**43,839**	-
	670,865	-	**670,865**	-
	988,663	-	**988,663**	-
	271,167	-	**271,167**	-
	122,492	-	**122,492**	-
	140,488	-	**140,488**	-
	13,321,347	-	**13,321,347**	-
	4,215,078	-	**4,215,078**	-
	1,036,053	283,436	**1,319,489**	103,891
	498,526	147,859	**646,385**	60,873
	(82,917)	82,917	**-**	-
	39,614,632	514,212	**40,128,844**	4,748,538
	(716,397)	1,959,112	**1,242,715**	339,316
	157,094,495	51,415,859	**208,510,354**	10,504,580
	$ 156,378,098	$ 53,374,971	**$ 209,753,069**	$ 10,843,896

City of Crystal Lake, Illinois
Balance Sheet - Governmental Funds
April 30, 2019

	General Fund	Special Revenue Funds: Motor Fuel Tax Fund	Special Revenue Funds: Fire Rescue Fund
Assets			
Cash and investments	$ 13,958,087	$ 6,212,480	$ 4,446,990
Receivables:			
Property taxes, net	4,195,984	-	6,547,614
Interest	95,595	44,132	5,027
Other	2,065,155	140,311	589,400
Due from other funds	111,483	70,956	-
Due from other governments	4,241,839	90,183	-
Inventory	130,002	-	-
Prepaid items	2,383,092	-	1,370
Total assets	$ 27,181,237	$ 6,558,062	$ 11,590,401
Liabilities			
Accounts payable	$ 1,737,446	$ 31,447	$ 167,390
Accrued payroll	167,072	-	258,734
Recapture fees payable	866	-	-
Customer deposits	1,669,588	-	-
Unearned revenue	52,901	-	69,170
Due to other funds	13,765	-	-
Total liabilities	3,641,638	31,447	495,294
Deferred Inflows of Resources			
Property taxes	4,195,984	-	6,547,614
Fund Balances			
Nonspendable	2,513,094	-	1,370
Restricted, reported in:			
Restricted for highways and streets	-	6,526,615	-
Restricted for retirement	-	-	-
Restricted for police activities	-	-	-
Restricted for debt service	-	-	-
Restricted for park development	-	-	-
Committed for capital facilities	37,611	-	253,534
Assigned for next fiscal year expenditures	2,505,859	-	-
Assigned for promotion of tourism	114,169	-	-
Assigned, reported in:			
Special Revenue funds	-	-	4,292,589
Capital Projects funds	-	-	-
Unassigned, reported in:			
General fund	14,172,882	-	-
Total fund balances	19,343,615	6,526,615	4,547,493
Total liabilities, deferred inflows of resources and fund balances	$ 27,181,237	$ 6,558,062	$ 11,590,401

See accompanying notes.

Other Governmental Funds	**Total Governmental Funds**
$ 4,656,951	**$ 29,274,508**
1,846,796	**12,590,394**
-	**144,754**
194,793	**2,989,659**
-	**182,439**
-	**4,332,022**
-	**130,002**
45,943	**2,430,405**
$ 6,744,483	**$ 52,074,183**
$ 489,653	**$ 2,425,936**
-	**425,806**
109,880	**110,746**
-	**1,669,588**
-	**122,071**
138,626	**152,391**
738,159	**4,906,538**
1,846,796	**12,590,394**
45,943	**2,560,407**
-	**6,526,615**
1,593,753	**1,593,753**
560,186	**560,186**
380,381	**380,381**
28	**28**
-	**291,145**
-	**2,505,859**
-	**114,169**
473,095	**4,765,684**
1,106,142	**1,106,142**
-	**14,172,882**
4,159,528	**34,577,251**
$ 6,744,483	**$ 52,074,183**

City of Crystal Lake, Illinois
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
April 30, 2019

Total fund balance - governmental funds (page 8)	$ 34,577,251
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.	184,404,681
Bond premiums and discounts are amortized over the life of the issue for governmental activities, but recognized as revenue in the period received in the governmental funds.	6,048
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	(10,479,420)
Lease liability payable	(54,611)
Compensated absences payable	(3,529,509)
Net pension liability	(52,940,218)
Net other post-employment benefit obligation	(4,379,280)
Interest payable	(173,607)
Difference in pension-related items on deferred outflows	17,196,819
Difference in pension-related items on deferred inflows	(8,322,749)
Net position of governmental activities (page 4)	$ 156,305,405

See accompanying notes.

City of Crystal Lake, Illinois
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended April 30, 2019

	General Fund	Special Revenue Funds: Motor Fuel Tax Fund	Special Revenue Funds: Fire Rescue Fund
Revenues:			
Charges for services	$ 873,346	$ -	$ 4,129,704
Licenses and permits	635,822	-	-
Intergovernmental	17,804,726	649,705	13,016
Fines and forfeitures	465,779	-	-
Property taxes	4,298,114	-	6,522,369
Other taxes	7,378,273	-	-
Investment income	743,556	141,061	104,541
Miscellaneous	872,055	-	90,427
Total revenues	33,071,671	790,766	10,860,057
Expenditures:			
Current:			
General government	7,177,126	-	-
Public safety	14,691,753	-	10,077,369
Highways and streets	4,746,628	626,021	-
Culture and recreation	743,393	-	-
Debt service:			
Principal retirement	403,385	-	-
Interest and fiscal charges	26,235	-	-
Miscellaneous	-	-	-
Capital outlay	-	-	-
Total expenditures	27,788,520	626,021	10,077,369
Revenues over (under) expenditures before other financing sources (uses)	5,283,151	164,745	782,688
Other financing sources (uses):			
Transfers in	54,230	-	-
Transfers out	(1,834,555)	(152,635)	(346,314)
Proceeds from capital leases	-	-	-
Total other financing sources (uses)	(1,780,325)	(152,635)	(346,314)
Net changes in fund balances	3,502,826	12,110	436,374
Fund balances, beginning of the year	15,840,789	6,514,505	4,111,119
Fund balances, end of the year	$ 19,343,615	$ 6,526,615	$ 4,547,493

See accompanying notes.

Other Governmental Funds	**Total Governmental Funds**
$ 564,258	**$ 5,567,308**
251,867	**887,689**
504,955	**18,972,402**
-	**465,779**
2,164,809	**12,985,292**
122,492	**7,500,765**
46,895	**1,036,053**
648,612	**1,611,094**
4,303,888	**49,026,382**
1,035,381	**8,212,507**
462,278	**25,231,400**
388,456	**5,761,105**
-	**743,393**
1,093,247	**1,496,632**
347,451	**373,686**
38,298	**38,298**
3,491,356	**3,491,356**
6,856,467	**45,348,377**
(2,552,579)	**3,678,005**
3,015,598	**3,069,828**
(736,324)	**(3,069,828)**
59,266	**59,266**
2,338,540	**59,266**
(214,039)	**3,737,271**
4,373,567	**30,839,980**
$ 4,159,528	**$ 34,577,251**

City of Crystal Lake, Illinois
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, 2019

Amounts reported for governmental activities in the statement of activities (pages 5 and 6) are different because:		
Net changes in fund balances - total governmental funds (page 11).	$	3,737,271
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities.		864,202
Depreciation and amortization on capital assets is reported as an expense in the statement of activities.		(3,166,323)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.		(1,247,417)
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. This amount represents current year principal paid as there were no proceeds in the current year.		1,496,632
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.		18,538
The net effect of changes in the net pension liability is reported as an expense in the statement of activities.		(2,198,155)
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		(152,584)
Increase in other post-employment benefit obligation		(86,099)
Decrease in interest payable		17,538
Change in net position of governmental activities (page 6)	$	(716,397)

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 532,595	$ 532,595	**$ 873,346**	$ 340,751
Licenses and permits	374,450	374,450	**635,822**	261,372
Intergovernmental	17,057,664	17,150,664	**17,804,726**	654,062
Fines and forfeitures	526,000	526,000	**465,779**	(60,221)
Property taxes	4,302,833	4,302,833	**4,298,114**	(4,719)
Other taxes	7,270,700	7,270,700	**7,378,273**	107,573
Investment income	51,903	51,903	**743,556**	691,653
Miscellaneous	840,571	850,571	**872,055**	21,484
Total revenues	30,956,716	31,059,716	**33,071,671**	2,011,955
Expenditures:				
Current:				
General government	8,023,651	8,033,651	**7,177,126**	856,525
Public safety	15,013,331	15,041,360	**14,691,753**	349,607
Highways and streets	4,901,353	4,901,353	**4,746,628**	154,725
Culture and recreation	727,314	727,314	**743,393**	(16,079)
Debt service:				
Principal	404,239	404,239	**403,385**	854
Interest and fees	25,569	25,569	**26,235**	(666)
Total expenditures	29,095,457	29,133,486	**27,788,520**	1,344,966
Revenues over expenditures before other financing sources (uses)	1,861,259	1,926,230	**5,283,151**	3,356,921
Other financing sources (uses):				
Transfers in	24,450	24,450	**54,230**	29,780
Transfers out	(3,633,563)	(3,633,563)	**(1,834,555)**	1,799,008
Total other financing sources (uses)	(3,609,113)	(3,609,113)	**(1,780,325)**	1,828,788
Net changes in fund balance	$ (1,747,854)	$ (1,682,883)	**3,502,826**	$ 5,185,709
Fund balance, beginning of the year			**15,840,789**	
Fund balance, end of the year			**$ 19,343,615**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Intergovernmental	$ 1,088,858	$ 1,088,858	**$ 649,705**	$ (439,153)
Investment income	28,936	28,936	**141,061**	112,125
Total revenues	1,117,794	1,117,794	**790,766**	(327,028)
Expenditures - current:				
Highways and street:				
Contractual services	208,000	208,000	**111,457**	96,543
Supplies and materials	508,000	508,000	**514,564**	(6,564)
Total expenditures	716,000	716,000	**626,021**	89,979
Revenues over expenditures before other financing uses	401,794	401,794	**164,745**	(237,049)
Other financing uses - transfers out	(1,729,025)	(1,729,025)	**(152,635)**	1,576,390
Net changes in fund balance	$ (1,327,231)	$ (1,327,231)	**12,110**	$ 1,339,341
Fund balance, beginning of the year			**6,514,505**	
Fund balance, end of the year			**$ 6,526,615**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 4,051,804	$ 4,051,804	**$ 4,129,704**	$ 77,900
Intergovernmental	2,000	2,000	**13,016**	11,016
Property taxes	6,531,484	6,531,484	**6,522,369**	(9,115)
Investment income	17,837	17,837	**104,541**	86,704
Other	7,500	7,500	**90,427**	82,927
Total revenues	10,610,625	10,610,625	**10,860,057**	249,432
Expenditures:				
Public safety:				
Personnel services	8,675,698	8,675,698	**8,573,037**	102,661
Contractual services	1,352,197	1,352,197	**1,244,558**	107,639
Materials and supplies	310,529	310,529	**259,774**	50,755
Total expenditures	10,338,424	10,338,424	**10,077,369**	261,055
Revenues over expenditures before other financing uses	272,201	272,201	**782,688**	510,487
Other financing uses - transfers out	(736,147)	(736,147)	**(346,314)**	389,833
Net changes in fund balance	$ (463,946)	$ (463,946)	**436,374**	$ 900,320
Fund balance, beginning of the year			**4,111,119**	
Fund balance, end of the year			**$ 4,547,493**	

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Net Position
April 30, 2019

Assets	
Current assets:	
Cash and cash equivalents	$ 11,414,502
Receivables:	
Accounts	1,094,022
IEPA reimbursements	133,786
Due from other funds	13,765
Prepaid items	6,850
Total current assets	12,662,925
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Land	646,599
Construction in progress	1,920,451
Building improvements	23,359,648
Machinery, equipment, and vehicles	5,078,001
Infrastructure	44,675,178
Intangible right-to-use lease asset	59,664
Total noncurrent assets	75,739,541
Total assets	88,402,466
Deferred Outflows	
Pension-related	1,507,395
Total assets and deferred outflows	$ 89,909,861

See accompanying notes.

Liabilities	
Current liabilities:	
Accounts payable	$ 1,056,147
Accrued payroll	29,505
Deposits payable	217,900
Interest payable	245,064
Due to other funds	43,813
General obligation bonds - current	1,908,668
Promissory note payable - current	210,000
IEPA loan payable - current	636,598
Lease liability - current	11,802
Compensated absences payable	216,511
Total current liabilities	4,576,008
Noncurrent liabilities:	
Compensated absences payable	216,511
Net pension liability	2,859,651
General obligation bonds - noncurrent	14,200,115
Promissory note payable - noncurrent	1,110,000
Lease liability - noncurrent	47,862
IEPA loan payable - noncurrent	13,279,153
Total noncurrent liabilities	31,713,292
Total liabilities	36,289,300
Deferred Inflows	
Pension-related	245,590
Total liabilities and deferred inflows	36,534,890
Net Position	
Net investment in capital assets	44,395,007
Unrestricted	8,979,964
Total net position	$ 53,374,971

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, 2019

Operating revenues:	
Charges for services	$ 12,737,000
Miscellaneous	147,859
Total operating revenues	12,884,859
Operating expenses - excluding depreciation	8,081,053
Operating income before depreciation	4,803,806
Depreciation	3,673,768
Amortization of leased assets	3,771
Operating income	1,126,267
Nonoperating revenue (expense):	
Connection fees	940,963
Investment income (loss)	283,436
Rental income	275,237
Interest expense	(753,108)
Gain on sale of capital assets	3,400
Total nonoperating revenue (expense)	749,928
Income before transfers	1,876,195
Transfers in	82,917
Changes in net position	1,959,112
Total net position, beginning of the year	51,415,859
Total net position, end of the year	$ 53,374,971

See accompanying notes.

City of Crystal Lake, Illinois
Proprietary Fund - Waterworks and Sewerage Fund
Statement of Cash Flows
For the Year Ended April 30, 2019

Cash flows from operating activities:	
Receipts from customers	$ 14,085,429
Payments to suppliers and service providers	(4,585,807)
Payments to employees for salaries and benefits	(3,610,609)
Net cash from operating activities	5,889,013
Cash flows from capital and related financing activities:	
Proceeds from sale of equipment	3,400
Capital assets purchased	(1,595,314)
Connection fees	940,963
Proceeds from IEPA loan	506,008
Principal paid on promissory note payable	(205,000)
Principal paid on IEPA loan payable	(602,918)
Principal paid on general obligation bonds	(2,078,370)
Principal paid on lease liability	(3,771)
Interest paid on general obligation bonds and notes payable	(772,461)
Amortization of deferred bond premium	(83,073)
Net cash from capital and related financing activities	(3,890,536)
Cash flows from noncapital financing activities - advances to other funds	15,804
Cash flows from investing activities - interest and dividends	283,436
Net increase in cash and cash equivalents	2,297,717
Balance, beginning of the year	9,116,785
Balance, end of the year	$ 11,414,502

(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, 2019

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	1,126,267
Adjustments to reconcile operating income to net cash from operating activities:		
Rental income		275,237
Depreciation and amortization expense		3,677,539
Decrease in receivables		925,333
Decrease in prepaid items		1,298
Decrease in accounts payable		(152,826)
Increase in deposits payable		35,937
Increase in accrued payroll		17,892
Increase in compensated absences payable		5,259
Decrease in pension-related deferred outflows		(1,012,300)
Increase in pension-related deferred inflows		(1,058,235)
Decrease in net pension liability		2,047,612
Net cash from operating activities	$	5,889,013

See accompanying notes.

City of Crystal Lake, Illinois
Fiduciary Funds - Trust and Agency Funds
Statement of Fiduciary Net Position
April 30, 2019

	Pension Trust Funds	Agency Funds
Assets		
Cash	$ 30,658	$ 251,405
Investments:		
Money market accounts	875,062	-
U.S. government and agency securities	18,912,199	-
Corporate bonds	9,359,278	-
Municipal bonds	2,128,171	-
Mutual funds - stocks	48,103,284	-
Interest receivable	246,510	-
Other receivable	-	201,548
Total assets	$ 79,655,162	$ 452,953
Liabilities		
Accounts payable	$ 4,769	$ -
Recapture fees payable	-	121,550
Funds held for others	-	331,403
Total liabilities	4,769	452,953
Net Position		
Net position restricted for pensions	79,650,393	-
Total liabilities and net position	$ 79,655,162	$ 452,953

See accompanying notes.

City of Crystal Lake, Illinois
Fiduciary Funds - Pension Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended April 30, 2019

Additions	
Contributions:	
Employer	$ 4,296,876
Participant	1,236,856
Total contributions	5,533,732
Investment income:	
Net appreciation in fair value of investments	1,196,913
Interest income	3,123,712
Less investment expenses	(313,236)
Total investment income	4,007,389
Total additions	9,541,121
Deductions	
Pension benefits and refunds	4,636,873
Administrative expenses	38,669
Total deductions	4,675,542
Net increase in fiduciary net position	4,865,579
Net position restricted for pensions:	
Beginning of the year	74,784,814
End of the year	$ 79,650,393

See accompanying notes.

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 nor is there a financial benefit/burden relationship with 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.

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:

Net investment in capital assets 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:

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

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

Fund Financial Statements (cont'd)

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

Motor Fuel Tax Fund – This fund accounts for the maintenance and various street improvements in the City. Financing is provided by the City's share of motor fuel tax allotments. State statutes require those allotments to be used to maintain streets.

Fire Rescue Fund – This fund accounts for revenues and expenditures related to fire protection, ambulance response, and emergency rescue operations.

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:

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.

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

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 other than the agency funds. 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).

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.

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.

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

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.

Investments – Investments are reported at fair value. Fair value is based on quoted market prices. Non-negotiable certificates of deposit and other short-term investments are reported at cost, which approximates fair value. Insurance contracts are measured at cash surrender value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value, as well as the general classification of such investments pursuant to the valuation hierarchy.

Actively traded mutual funds are valued using quoted market prices. Accordingly, these assets are categorized in Level 1 of the fair value hierarchy.

Corporate and municipal bonds, and government securities are valued using pricing models based on standard inputs. These standard inputs typically include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data, including market research publications. Accordingly, these types of investments are categorized in Level 2 of the fair value hierarchy.

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:

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)

- 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.

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.

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)

- 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.
- Investment-grade obligations (rated A or better) of state, provincial, and local government and public authorities.

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 and expensed under the consumption method.

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**

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 $25,000 in the governmental activities and an initial, individual cost of more than $25,000 in the business-type activities and 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 acquisition value as of the date donated, as applicable.

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

The costs 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:

	Years
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.

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

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

4. **Vacation and Sick Leave**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated vacation, and vested sick leave balances for City employees. Vacation and sick leave are recorded in governmental funds when due (upon employee retirement or termination). The General Fund is typically used to liquidate these liabilities. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expenditure/expense is reported and a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be paid out at retirement. Nonunion employees hired before January 1, 2012, are eligible to be paid for one half of accumulated sick hours in excess of 320 hours, up to a maximum of 480 hours. Fire union participants with at least 20 years of service at retirement/termination, are eligible to be paid up to 480 hours of accumulated sick time. Police union participants with a minimum of 320 hours of unused sick time, are eligible to be paid out up to 480 hours. Public works union participants hired before May 1, 2013, with a minimum of 320 hours of unused sick time, are eligible to be paid out up to 480 hours.

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 and premiums on debt issuances are 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 established to account for and service the long-term obligations for the governmental funds debt not reported in the General Fund. 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.

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**

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

a. Net investment in capital assets – 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 "net investment in capital assets."

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.

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. Within the governmental funds, restricted resources are utilized first, followed, as available, by committed, assigned and unassigned.

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.

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)

In accordance with the City's fund balance policy, the unassigned General Fund fund balance will be maintained at a target level of 25% - 50% of annual budgeted expenditures. Balances in excess of 50% may be transferred to the Capital Replacement Fund to support future capital projects.

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 and prepaid items totaling $130,002 and $2,383,092, respectively. The City committed $37,611 of fund balance for capital facilities. The City has assigned a portion of the fund balance ($114,169) derived from hotel/motel tax revenue for the promotion of tourism. To the extent the City has budgeted a deficit for the next fiscal year, there is an assignment of fund balance of $2,505,859.

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 enacted by the Illinois State Legislature on the purchase of gasoline.

Fire Rescue Fund – A portion of the fund balance ($1,370) is considered nonspendable and is intended as an offset of prepaid items, and an additional amount ($253,534) is committed for capital facilities. The remaining fund balance is considered assigned for the purpose of the fund.

Nonmajor Governmental Funds – A portion of the fund balance ($45,943) 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 fund balance in the Restricted Police Fund is considered restricted for police activities. The fund balance in the Debt Service Funds is considered restricted for the payment of long-term debt obligations. The fund balance in the Three Oaks Development (Capital Projects) Fund is restricted for park development.

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):

Nonmajor Governmental Funds (cont'd) – 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.

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

7. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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.

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. **Unbilled Services**

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

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.

During the current year, budgets were not adopted for the Special Assessment No. 149 (Debt Service) Fund, the Three Oaks Development (Capital Projects) Fund, and the Special Assessment No. 145 (Capital Projects) Fund.

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 Service Funds (exception noted above), Capital Projects Funds (exception 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 amended the budget in the current year, resulting in additional appropriations of $38,029 in the General Fund. The Library did approve supplemental appropriations. The Library's financial statements have been compared to the working budget, which is less than the appropriation amounts.

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

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

As of April 30, 2019, the following funds had an excess of actual expenditures over budget:

Fund Name	Excess
Road/Vehicle License Fund	$ 8,330
Crystal Heights Debt Service Fund	16,390
Virginia Street Corridor TIF Construction Fund	50
Main Street TIF Construction Fund	50
Vulcan Lakes TIF District Fund	50
Police Pension Fund	140,091

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 105% of the fair market value of the net amount of public funds secured. Pledged collateral will be held by the City of Crystal Lake or in safekeeping and evidenced by a written agreement. If collateral is held in safekeeping, it must be held at an independent third-party institution. A collateral agreement will preclude the release of the pledged assets, without an authorized signature from the City of Crystal Lake, but the agreement will allow for an exchange of collateral of like value.

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

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.

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

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

Custodial Credit Risk – Deposits (cont'd)

The Police Pension Plan's investment policy requires all bank balances to be covered by federal depository insurance. The Firefighters' Pension Plan's investment policy requires all bank balances to be covered by federal depository insurance or collateralized by the financial institution.

At April 30, 2019, the total deposits collateralized by financial institutions totaled approximately $3,000,000. All deposits for the Police and Firefighter Pension Plans and the Library were fully insured.

Investments

As of April 30, 2019, the City had the following investments:

		Investment Maturities (In Years)			
Investment Type	**Fair Value**	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	**$ 3,768,130**	$ 1,567,380	$ 2,200,750	$ -	$ -
Mortgage-backed securities	**14,594,122**	5,405,660	9,188,462	-	-
Other agency securities	**3,222,893**	1,350,579	1,872,314	-	-
Certificates of deposit	**9,629,166**	3,663,452	5,965,714	-	-
Municipal bonds	**2,641,998**	475,785	2,166,213	-	-
Total investments	**$ 33,856,309**	$ 12,462,856	$ 21,393,453	$ -	$ -

The City had the following recurring fair value measurements as of April 30, 2019:

Investment Type	**Fair Value**	Level 1	Level 2	Level 3
U.S. Treasury securities	**$ 3,768,130**	$ -	$ 3,768,130	$ -
Mortgage-backed securities	**14,594,122**	-	14,594,122	-
Other agency securities	**3,222,893**	-	3,222,893	-
Municipal bonds	**2,641,998**	-	2,641,998	-
Total investments	**$ 24,227,143**	$ -	$ 24,227,143	$ -

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

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

As of April 30, 2019, the Pension Trust Funds had the following investments:

		Investment Maturities (In Years)			
Investment Type	**Fair Value**	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury securities	**$ 6,140,211**	$ 99,453	$ 4,076,134	$ 1,964,624	$ -
Fixed income money market funds	**875,062**	875,062	-	-	-
Mortgage-backed securities	**816,702**	-	551,627	245,283	19,792
Other agency securities	**11,955,286**	130,131	3,070,821	8,649,714	104,620
Municipal bonds	**2,128,171**	149,796	873,865	1,104,510	-
Mutual funds	**48,103,284**	48,103,284	-	-	-
Corporate bonds	**9,359,278**	820,903	6,555,064	1,983,311	-
Total investments	**$ 79,377,994**	$ 50,178,629	$ 15,127,511	$ 13,947,442	$ 124,412

The Pension Funds had the following recurring fair value measurements as of April 30, 2019:

Investment Type	**Fair Value**	Level 1	Level 2	Level 3
U.S. Treasury securities	**$ 6,140,211**	$ -	$ 6,140,211	$ -
Fixed income money market funds	**875,062**	875,062	-	-
Mortgage-backed securities	**816,702**	-	816,702	-
Other agency securities	**11,955,286**	-	11,955,286	-
Municipal bonds	**2,128,171**	-	2,128,171	-
Mutual funds	**48,103,284**	48,103,284	-	-
Corporate bonds	**9,359,278**	-	9,359,278	-
Total investments	**$ 79,377,994**	$ 48,978,346	$ 30,399,648	$ -

Interest Rate Risk – The City's formal investment policy limits the weighted average maturity of the portfolio to no more than two years and limits the maximum maturity of any investment to three years from the date of purchase, unless matched to a specific future cash flow need, as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

Interest Rate Risk (cont'd)

In accordance with their investment policy, both the Police and Firefighters' Pension Funds limits their exposure to interest rate risk by structuring the portfolios to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Police Pension Fund. The Firefighters' Pension Fund investment policy indicates the average maturity/duration of the portfolio will be managed based on the existing interest rate environment, and under most circumstances will be maintained at approximately 5 years and will range from 2-7 years.

Credit Risk – State law limits investment in commercial paper and corporate bonds to the top three 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, 2019, the City's investments were rated as follows:

Investment Type	Fair Value	Moody's
U.S Treasury securities	$ 3,768,130	NR
Mortgage-backed securities	14,594,122	Aaa/NR
Other agency securities	3,222,893	Aaa
Certificates of deposit	9,629,166	NR
Municipal bonds	2,641,998	Aaa to Aa3

As of April 30, 2019, the Pension Funds' investments were rated as follows:

Investment Type	Fair Value	Moody's
U.S Treasury securities	$ 6,140,211	NR
Fixed income money market funds	875,062	NR
Mortgage-backed securities	816,702	NR
Other agency securities	11,955,286	Aaa
Municipal bonds	2,128,171	Aaa to Baa1
Mutual funds	48,103,284	NR
Corporate bonds	9,359,278	Aaa to Baa3

NR = Not Rated

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

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

Credit Risk (cont'd)

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by investing in obligations guaranteed by the United States government, securities issued by agencies of the United States government that are explicitly or implicitly guaranteed by the United States government and investment grade corporate bonds rated at or above BBB- by Moody's. The fixed income securities are rated Aaa to A1 by Moody's. However, certain fixed income securities are not rated.

The Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by investing in obligations guaranteed by the United States government, securities issued by agencies of the United States government that are explicitly or implicitly guaranteed by the United States government and municipal bonds rated at or above Aa3 by Moody's. The fixed income securities are rated A1 to Aaa by Moody's. However, certain fixed income securities and municipal bonds are 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. For both the Police and Firefighters' Pension Funds, third-party safekeeping is required for all securities owned by the Fund.

Concentration of Credit Risk – The City's investment policy limits the amount the City may invest in any one issuer to 10% of the portfolio. None of the City's investments make up greater than 5% of the City's total investments. There are no investments in the Police Pension Fund (other than those issued or guaranteed by the U.S. government, mutual funds and other pooled investments) representing 5% or more of the net position available for benefits. For the Firefighters' Pension Fund, 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:

Investment Type	% of Net Position
FHLB	12.79%
FFCB	17.23%

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 totaling $716,250, measured at amortized cost. The weighted average maturity of the Pool is 44 days at April 30, 2019. The Illinois Funds Investment Pool was rated AAAm by Standard & Poors rating service. The Library also invests in twenty-six certificates of deposit with an aggregate carrying value of $4,943,069, of which seventeen certificates of deposit with a carrying value of $3,547,740 will mature within one year, and nine certificates of deposit with a carrying value of $1,395,729 will mature in one to five 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 2018 levy is intended to fund the operations of fiscal year 2020, the 2018 property tax levy is recorded as a receivable and the 2018 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 2018 become due and payable in two installments in June 2019 and September 2019. 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.

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, 2019, is as follows:

	Balance May 1	Additions	Deletions	**Balance April 30**
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 103,584,779	$ -	$ -	**$ 103,584,779**
Construction in progress	5,659,479	611,133	1,274,899	**4,995,713**
	109,244,258	611,133	1,274,899	**108,580,492**
Capital assets being depreciated:				
Buildings and improvements	35,074,463	-	-	**35,074,463**
Machinery, equipment and vehicles	18,509,896	111,880	655,188	**17,966,588**
Infrastructure	72,242,396	399,455	322,162	**72,319,689**
Intangible right-to-use lease asset	-	59,266	-	**59,266**
	125,826,755	570,601	977,350	**125,420,006**
Less accumulated depreciation for:				
Buildings and improvements	12,945,884	769,021	-	**13,714,905**
Machinery, equipment and vehicles	11,399,857	1,064,340	552,361	**11,911,836**
Infrastructure	22,825,665	1,328,307	189,551	**23,964,421**
Intangible right-to-use lease asset	-	4,655	-	**4,655**
	47,171,406	3,166,323	741,912	**49,595,817**
Total capital assets being depreciated, net	78,655,349	(2,595,722)	235,438	**75,824,189**
Governmental activities capital assets, net	$ 187,899,607	$ (1,984,589)	$ 1,510,337	**184,404,681**

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, 2019, is as follows:

	Balance May 1	Additions	Deletions	**Balance April 30**
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 628,095	$ 18,504	$ -	**$ 646,599**
Construction in progress	883,697	1,036,754	-	**1,920,451**
	1,511,792	1,055,258	-	**2,567,050**
Capital assets being depreciated:				
Buildings and improvements	36,051,348	12,765	-	**36,064,113**
Machinery, equipment and vehicles	9,257,999	101,238	30,513	**9,328,724**
Infrastructure	97,256,258	508,970	78,509	**97,686,719**
Intangible right-to-use lease asset	-	63,435	-	**63,435**
	142,565,605	686,408	109,022	**143,142,991**
Less accumulated depreciation for:				
Buildings and improvements	11,371,077	1,333,388	-	**12,704,465**
Machinery, equipment and vehicles	3,921,866	359,370	30,513	**4,250,723**
Infrastructure	51,109,040	1,981,010	78,509	**53,011,541**
Intangible right-to-use lease asset	-	3,771	-	**3,771**
	66,401,983	3,677,539	109,022	**69,970,500**
Total capital assets being depreciated, net	76,163,622	(2,991,131)	-	**73,172,491**
Business-type activities capital assets, net	$ 77,675,414	$ (1,935,873)	$ -	**$ 75,739,541**

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, 2019, is as follows:

	Balance May 1	Additions	Deletions	**Balance April 30**
Component Unit Activities:				
Capital assets not being depreciated – land	**$ 2,363,040**	$ -	$ -	**$ 2,363,040**
Capital assets being depreciated:				
Buildings and improvements	**7,919,794**	-	-	**7,919,794**
Machinery, equipment and vehicles	**329,755**	22,527	15,746	**336,536**
	8,249,549	22,527	15,746	**8,256,330**
Less accumulated depreciation for:				
Buildings and improvements	**3,558,222**	161,789	-	**3,720,011**
Machinery, equipment and vehicles	**263,624**	26,934	15,746	**274,812**
	3,821,846	188,723	15,746	**3,994,823**
Total capital assets being depreciated, net	**4,427,703**	(166,196)	-	**4,261,507**
Component unit activities capital assets, net	**$ 6,790,743**	$ (166,196)	$ -	**$ 6,624,547**

Depreciation was charged to functions/activities as follows:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Public Library
General and administrative	$ 547,329	$ -	$ -
Public safety	825,716	-	-
Highways and streets	1,312,296	-	-
Culture and recreation	480,982	-	188,723
Waterworks and sewerage	-	3,677,539	-

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

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

The following interfund receivables and payables as of April 30, 2019, 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	Waterworks and Sewerage	$ 43,813
General	Nonmajor Governmental	67,670
Motor Fuel Tax	Nonmajor Governmental	70,956
Waterworks and Sewerage	General	13,765
		$ 196,204

The composition of interfund transfers for the year ended April 30, 2019, is as follows:

Receiving Fund	Paying Fund	Amount
General	Nonmajor Governmental	$ 54,230
Nonmajor Governmental	General	1,834,555
Nonmajor Governmental	Motor Fuel Tax	152,635
Nonmajor Governmental	Fire Rescue	346,314
Nonmajor Governmental	Nonmajor Governmental	682,094
		$ 3,069,828

The transfers included amounts from the General Fund to provide for Three Oaks Recreation Area debt service, and amounts transferred from the General, Motor Fuel Tax, Fire Rescue, and Road/Vehicle License Funds to the Capital Equipment Replacement Fund to provide for capital asset purchases.

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

E. **Long-term Obligations**

Governmental Activities – The following is a summary of long-term obligation activity for the City associated with governmental activities for the year ended April 30, 2019:

	Balance May 1	Additions	Deletions	**Balance April 30**
City:				
General obligation bonds	$ 11,976,051	$ -	$ 1,496,632	**$ 10,479,419**
Deferred bond (discount) premium	12,491	-	18,538	**(6,047)**
Lease liability	-	59,266	4,655	**54,611**
Net pension liability*	48,193,987	5,879,293	1,133,062	**52,940,218**
Net OPEB*	4,220,488	158,792	-	**4,379,280**
Compensated absences*	3,376,924	2,242,058	2,089,473	**3,529,509**
	$ 67,779,941	$ 8,339,409	$ 4,742,360	**$ 71,376,990**
Crystal Lake Public Library:				
Compensated absences	$ 144,572	$ 171,830	$ 176,436	**$ 139,966**
Net pension liability	768,584	1,932,568	-	**2,701,152**
	$ 913,156	$ 2,104,398	$ 176,436	**$ 2,841,118**

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

Business-type Activities – The following is a summary of long-term obligation activities for the City associated with business-type activities for the year ended April 30, 2019.

	Balance May 1	Additions	Deletions	**Balance April 30**
General obligation bonds	$ 17,528,949	$ -	$ 2,078,370	**$ 15,450,579**
Promissory note payable	1,525,000	-	205,000	**1,320,000**
IEPA loan payable	14,012,661	506,008	602,918	**13,915,751**
Deferred bond premium	741,277	-	83,073	**658,204**
Lease liability	-	63,435	3,771	**59,664**
Net pension liability	812,039	2,047,612	-	**2,859,651**
Compensated absences	427,763	279,304	274,045	**433,022**
	$ 35,047,689	$ 2,896,359	$ 3,247,177	**$ 34,696,871**

The current portion of compensated absences for governmental, business-type, and Library activities are $1,764,755, $216,511, and $69,983, respectively.

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

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

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

Issue	Fund Debt Retired by	Balance May 1	Issuances	Retirements	**Balance April 30**	Due Within One Year
2009 General Obligation Bonds, original principal $22,110,000 (partial Water-works and TIF alternate revenue source), due in annual installments of $900,000 to $1,205,000 through January 1, 2029; interest at 3.00% to 5.75% payable semi-annually on January 1 and July 1.	General and Debt Service	$ 10,558,382	$ -	$ 1,080,829	**$ 9,477,553**	$ 740,772
	Waterworks and Sewerage	1,331,618	-	369,173	**962,445**	159,228
2012 General Obligation Bonds, original principal $9,235,000 (partial proceeds for refunding of Series 2004 General Obligation Bonds and remainder for General and Waterworks capital outlay), due in annual installments of $245,000 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	1,417,669	-	415,803	**1,001,866**	410,560
	Waterworks and Sewerage	3,797,331	-	434,197	**3,363,134**	434,440
2013 General Obligation Bonds, original principal $9,465,000 (proceeds for Wastewater Treatment Plant improvements), due in annual installments of $395,000 to $675,000 through December 15, 2033; interest at 3.25% to 4.00% payable semiannually on June 15 and December 15.	Waterworks and Sewerage	8,200,000	-	385,000	**7,815,000**	395,000
2014 General Obligation Refunding Bonds, original principal $7,610,000 (proceeds for refunding of note payable, due in annual installments of $480,000 to $965,000 through December 15, 2022), interest at 2.25% - 3.00% payable semiannually on June 15 and December 15.	Waterworks and Sewerage	4,200,000	-	890,000	**3,310,000**	920,000
General Obligation Bonds		$ 29,505,000	$ -	$ 3,575,002	**$ 25,929,998**	$ 3,060,000

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

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

	Balance May 1	Issuances	Retirements	**Balance April 30**	Due Within One Year
Reported in:					
Governmental activities	$ 11,976,051	$ -	$ 1,496,632	**$ 10,479,419**	$ 1,151,332
Business-type activities	17,528,949	-	2,078,370	**15,450,579**	1,908,668
	$ 29,505,000	$ -	$ 3,575,002	**$ 25,929,998**	$ 3,060,000

The annual requirements to retire all governmental and business-type activities' general obligation bonded debt outstanding of the City as of April 30, 2019, are as follows:

Fiscal Year Ending	Governmental Activities General Obligation Bonds Principal	Governmental Activities General Obligation Bonds Interest	Business-type Activities General Obligation Bonds Principal	Business-type Activities General Obligation Bonds Interest
2020	$ 1,151,332	$ 522,321	$ 1,908,668	$ 519,591
2021	801,665	479,664	1,718,335	463,060
2022	827,197	442,313	1,762,803	415,599
2023	856,005	402,974	1,298,995	359,418
2024	881,538	360,593	843,462	314,408
2025-2029	5,761,781	1,004,560	3,803,219	1,146,711
2030-2034	199,901	12,862	4,115,097	448,706
	$ 10,479,419	$ 3,225,287	$ 15,450,579	$ 3,667,493

The City issued $1,900,000 General Obligation Promissory Notes, Series 2015, payable in annual installments ranging from $210,000 to $230,000 commencing December 15, 2016, with final payment due December 15, 2024. Interest is payable semiannually on June 15 and December 15, commencing June 15, 2016, at 2.151%. The annual requirements to retire the promissory notes as of April 30, 2019, are as follows:

Fiscal Year Ending	Governmental Activities General Obligation Promissory Notes Principal	Governmental Activities General Obligation Promissory Notes Interest
2020	$ 210,000	$ 28,393
2021	215,000	23,876
2022	220,000	19,251
2023	220,000	14,519
2024	225,000	9,787
2025	230,000	4,947
	$ 1,320,000	$ 100,773

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

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

The City entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA) dated December 11, 2015. Under terms of the agreement, the City can borrow up to $14,840,101 to fund improvements to two of the City's wastewater treatment plants on a reimbursement basis. The City borrowed $14,779,811 and has total outstanding loan payable of $13,915,751 as of April 30, 2019. The loan is to be paid on a semi-annual basis over 20 years, including interest at 1.86%. The annual requirements to retire the IEPA loan as of April 30, 2019, are as follows:

Fiscal Year Ending	Business-Type Activities IEPA Loan Payable Principal	Interest
2020	$ 636,598	$ 255,887
2021	648,494	243,991
2022	660,612	231,873
2023	672,957	219,528
2024	685,532	206,953
2025–2029	3,624,668	837,757
2030–2034	3,976,225	486,199
2035-2038	3,010,665	113,033
	$ 13,915,751	$ 2,595,221

The City entered into three governmental and three business-type leases for vehicles, accounted for as intangible right-to-use assets and lease liabilities, in the government-wide and proprietary fund financial statements. The annual requirements to retire the lease liabilities are as follows:

Fiscal Year Ending	Governmental Activities General Obligation Bonds Principal	Interest	Business-type Activities General Obligation Bonds Principal	Interest
2020	$ 10,988	$ 3,105	$ 11,802	$ 3,130
2021	11,485	2,608	12,298	2,634
2022	12,006	2,086	12,814	2,118
2023	12,550	1,542	13,352	1,580
2024	7,582	1,113	9,398	1,325
	$ 54,611	$ 10,454	$ 59,664	$ 10,787

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

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

Special service area bonds outstanding are not a direct responsibility of the City. The City will continue to collect taxes assessed on the SSA bonds and forward to bondholders any payments received. The amounts collected are accounted for in an Agency Fund until they are remitted to the bondholders.

The City has the following SSA bond issues outstanding at April 30, 2019:

Special Service Area No. 45 Bonds, Series 2006 – original principal $5,935,000, due in annual installments of $80,000 to $435,000, commencing February 2007 through February 2031; interest at 4.40% to 5.50% payable semiannually on August 1 and February 1. The outstanding principal balance at April 30, 2019, was $5,440,000.

Special Service Area No. 44 Bonds, Series 2007 – original principal $750,000, due in annual installments of $50,000 through December 2021; interest at 4.10% to 4.75% payable annually on December 1. The outstanding principal balance at April 30, 2019, was $150,000.

Special Service Area No. 46 Refunding Bonds, Series 2016 – original principal $2,445,000 issued in December 2016, due in annual installments of $30,000 to $245,000, commencing March 2017 through March 2036; interest at 2.75% to 4.40% payable semiannually on September 1 and March 1. The outstanding principal balance at April 30, 2019, was $2,290,000.

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 $125,000 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 their deductible portion of each occurrence ($10,000 for the City), and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

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 as follows:

Unpaid claims liability – 4/30/16	$ -
Claims incurred – fiscal year 2017	4,208,468
Claims paid – fiscal year 2017	(4,208,468)
Unpaid claims liability – 4/30/17	-
Claims incurred – fiscal year 2018	4,343,684
Claims paid – fiscal year 2018	(4,343,684)
Unpaid claims liability – 4/30/18	-
Claims incurred – fiscal year 2019	4,430,668
Claims paid – fiscal year 2019	(4,430,668)
Unpaid claims liability – 4/30/19	$ -

B. **Defined Benefit Pension Plan**

Illinois Municipal Retirement

General Information About the Pension Plan

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. IMRF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

At December 31, 2018, the IMRF Plan membership consisted of:

Retirees and beneficiaries	162
Inactive, non-retired members	124
Active members	169
Total	455

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

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

Illinois Municipal Retirement (cont'd)

General Information About the Pension Plan (cont'd)

Benefits Provided – IMRF provides two tiers of pension benefits. Participating members hired before January 1, 2011 (Tier 1), who retire at or after age 60 with 8 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent of each year thereafter. Employees with at least 8 years of service may retire at or after age 55 and receive a reduced benefit. For participating members hired on or after January 1, 2011 (Tier 2), who retire at or after age 67 with 10 years of service, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of $114,952 and $113,465 at January 1, 2019 and 2018, respectively. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

Contributions – 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 years 2018 and 2019 was 13.15% and 11.07%, respectively. 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. The City's contribution to the plan totaled $1,385,397 in the fiscal year ended April 30, 2019, which was equal to its annual required contribution.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A proportionate share of the net pension liability was allocated to the Library, which is included with the City in the monthly reporting to IMRF.

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

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

Illinois Municipal Retirement (cont'd)

Net Pension Liability (cont'd)

Actuarial Valuation and Assumptions – The actuarial assumptions used in the December 31, 2018, valuation were based on an actuarial experience study for the period January 11, 2014 – December 31, 2016, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.50%
Salary increases	3.39% to 14.25%
Discount rate	7.25%
Investment rate of return	7.25%
Post-retirement benefit increase:	
Tier 1	3.0%-simple
Tier 2	lesser of 3.0%-simple or ½ increase in CPI

The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2018, was 25 years.

Mortality Rates – For non-disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

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

Illinois Municipal Retirement (cont'd)

Net Pension Liability (cont'd)

Long-term Expected Rate of Return – The long-term expected rate of return is the expected rate of return to be earned over the entire trust portfolio based on the asset allocation of the portfolio, using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	37%	7.15%
International equities	18%	7.25%
Fixed income	28%	3.75%
Real estate	9%	6.25%
Alternatives:	7%	
Private equity		8.50%
Hedge funds		5.50%
Commodities		3.20%
Cash equivalents	1%	2.50%

Single Discount Rate – Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the tax exempt municipal bond rate is 3.71% (based on an index of 20-year general obligation bonds with an average AA credit rating) as of the measurement date); and the resulting single discount rate used to measure the total pension liability is 7.25%.

Based on the assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees for the next 99 years.

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

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

Illinois Municipal Retirement (cont'd)

Net Pension Liability (cont'd)

Allocation – The IMRF net pension liability has been allocated proportionately between governmental activities, business-type activities, and the discretely presented component unit as follows:

Governmental activities	$ 7,758,486
Business-type activities	2,859,651
Total primary government	10,618,137
Discretely presented component unit	2,701,152
Total net pension liability	$ 13,319,289

The following table includes both the City and its component unit. A separate breakdown is not available.

Changes in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance 12/31/17	$ 66,678,781	$ 62,900,097	$ 3,778,684
Changes for the year:			
Service cost	1,117,896	-	1,117,896
Interest	4,947,320	-	4,947,320
Differences between expected and actual experience	1,257,266	-	1,257,266
Changes in assumptions	2,166,714	-	2,166,714
Contributions - employer	-	1,469,484	(1,469,484)
Contributions - employee	-	503,413	(503,413)
Net investment income	-	(3,068,591)	3,068,591
Benefit payments, including refunds of employee contributions	(2,546,931)	(2,546,931)	-
Other changes	-	1,044,285	(1,044,285)
Net changes	6,942,265	(2,598,340)	9,540,605
Balances at 12/31/18	$ 73,621,046	$ 60,301,757	$ 13,319,289

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

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

Illinois Municipal Retirement (cont'd)

Net Pension Liability (cont'd)

Discount Rate Sensitivity – The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension (asset) liability	$ 23,186,363	$ 13,319,289	$ 5,232,702

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized pension expense of $1,104,630 in the government-wide financial statements. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	$ 813,501	$ 55,436	$ 758,065
Changes in assumptions	1,270,098	856,460	413,638
Net difference between projected and actual earnings in pension plan investments	3,164,699	-	3,164,699
Subtotal	5,248,298	911,896	4,336,402
Contributions made subsequent to the measurement date	348,794	-	348,794
Total	$ 5,597,092	$ 911,896	$ 4,685,196

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

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

Illinois Municipal Retirement (cont'd)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

City contributions subsequent to the measurement date ($415,828) will be recognized as a reduction of the net pension liability in the year ended April 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2019	$ 1,318,286
2020	820,287
2021	953,606
2022	1,244,223
	$ 4,336,402

For the year ended April 30, 2019, the Library recognized pension expense of $280,768 in the government-wide financial statements. At April 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	$ 206,946	$ 14,103	$ 192,843
Changes in assumptions	323,100	217,875	105,225
Net difference between projected and actual earnings in pension plan investments	805,070	-	805,070
Subtotal	1,335,116	231,978	1,103,138
Contributions made subsequent to the measurement date	88,730	-	88,730
Total	$ 1,423,846	$ 231,978	$ 1,191,868

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

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

Illinois Municipal Retirement (cont'd)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

Library contributions subsequent to the measurement date ($105,783) will be recognized as a reduction of the net pension liability in the year ended April 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2019	$	335,357
2020		208,672
2021		242,587
2022		316,522
	$	1,103,138

Police Pension

General Information About the Pension Plan

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.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

At April 30, 2018 (consistent with the measurement date), the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	47
Current employees	65
Total	112

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

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

Police Pension (cont'd)

General Information About the Pension Plan (cont'd)

Benefits Provided – 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.

Contributions – 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 costs of benefits earned by Plan members as actuarially determined by an enrolled actuary. By the year 2041, 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. For the year ended April 30, 2018, the City's contribution was 35% of covered payroll.

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

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

Police Pension (cont'd)

General Information About the Pension Plan (cont'd)

Investment Policy – The pension plan's investment policy was established in accordance with provisions of the Illinois Compiled Statutes (ILCS) for pension plans, and may be amended by the Pension Board of Trustees. It is the policy of the Pension Board to pursue an investment strategy that reduces risk though the prudent diversification of the portfolio across a broad selection of distinct asset classes. The primary policies of the fund, in order of priority are safety, liquidity and return on investment. The following was the Board's adopted asset allocation policy as of April 30, 2019:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income/money market	45%	2.1%
Large Cap Domestic Equities	29%	6.9%
Small Cap Domestic Equities	8%	9.0%
International Equities	18%	7.1%

The ILCS limit the Police Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Police Pension Fund's investments was determined using an asset allocation study conducted by the Police Pension Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2019, are listed in the preceding table.

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

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

Police Pension (cont'd)

General Information About the Pension Plan (cont'd)

Investment Concentrations – There are no assets legally reserved for purposes other than the payment of plan member benefits. There are no long-term contracts for contributions.

Investment Rate of Return – For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The Police Pension Plan's net pension liability was measured as of April 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Valuation and Assumptions – The actuarial assumptions used in the April 30, 2018, valuation was based on an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012. The valuation was done using the entry age normal actuarial cost method and the market value asset valuation method. The total pension liability in the April 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.50%
Salary increases	4.00 – 21.78%
Total payroll increase	3.25%
Investment rate of return	7.25%
Discount rate	7.03%
Retirement age	50 – 65

The mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2018 using improvement scale MP-2016.

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at April 30, 2018, was 23 years.

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

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

Police Pension (cont'd)

Net Pension Liability (cont'd)

Discount Rate – The discount rate used to measure the total pension liability was changed from 7.25% to 7.03%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The net pension liability reported in the financial statements is based on the April 30, 2018, actuarial valuation and is summarized below:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance 4/30/17	$ 66,762,044	$ 36,887,709	$ 29,874,335
Changes for the year:			
Service cost	1,480,535	-	1,480,535
Interest	4,740,074	-	4,740,074
Differences between expected and actual experience	(3,331,174)	-	(3,331,174)
Changes in assumptions	2,903,482	-	2,903,482
Contributions - employer	-	2,089,940	(2,089,940)
Contributions - employee	-	570,493	(570,493)
Net investment income	-	2,829,729	(2,829,729)
Benefit payments, including refunds of employee contributions	(2,763,423)	(2,763,423)	-
Administrative expenses	-	(16,115)	16,115
Net changes	3,029,494	2,710,624	318,870
Balances at 4/30/18	$ 69,791,538	$ 39,598,333	$ 30,193,205

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

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

Police Pension (cont'd)

Net Pension Liability (cont'd)

Discount Rate Sensitivity – The following presents the net pension liability of the City, calculated using the discount rate of 7.03%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.03%)	Current Discount Rate (7.03%)	1% Increase (8.03%)
Net Pension Liability	$ 41,030,647	$ 30,193,205	$ 21,454,911

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized a contra pension expense to the Police Pension Plan of $3,858,490. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	$ 213,651	$ 3,320,983	$ (3,107,332)
Changes in assumptions	4,768,248	1,356,733	3,411,515
Net difference between projected and actual earnings in pension plan investments	613,799	-	613,799
Subtotal	5,595,698	4,677,716	917,982
Contributions made subsequent to the measurement date	2,415,148	-	2,415,148
Total	$ 8,010,846	$ 4,677,716	$ 3,333,130

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

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

Police Pension (cont'd).

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

City contributions subsequent to the measurement date ($2,415,872) will be recognized as a reduction of the net pension liability in the year ended April 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending April 30,		
2020	$	873,252
2021		607,573
2022		(25,525)
2023		(304,192)
2024		(119,918)
Thereafter		(113,208)
	$	917,982

Firefighters' Pension

General Information About the Pension Plan

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.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City's Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required and benefits and refunds are recognized as an expense and liability when due and payable.

At April 30, 2018 (consistent with the measurement date), the Firefighters' Pension Plan membership consisted of:

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

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

Firefighters' Pension (cont'd)

General Information About the Pension Plan (cont'd)

Plan Description (cont'd)

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	28
Current employees	63
Total	91

Benefits Provided – 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

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

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

Firefighters' Pension (cont'd)

General Information About the Pension Plan (cont'd)

Benefits Provided (cont'd)

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.

Contributions – 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 2041, 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.

Investment Policy – The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Firefighters' Pension Board of Trustees. It is the policy of the Pension Board to pursue an investment strategy that reduces risk though the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over a short period of time. The following was the Board's adopted asset allocation policy as of April 30, 2019:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Treasury Securities	15%	1.4%
U.S. Agency Securities	30%	
Taxable Municipal Securities	5%	
Large Cap Domestic Equities	35%	6.6%
Small Cap Domestic Equities	10%	8.5%
International Equities	5%	6.4%

The ILCS limit the Firefighters' Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

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

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

Firefighters' Pension (cont'd)

General Information About the Pension Plan (cont'd)

Investment Policy (cont'd)

The long-term expected rate of return on the Firefighters' Pension Fund's investments was determined using an asset allocation study conducted by the Firefighters' Pension Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2019, are listed in the table above.

Investment Concentrations – There are no assets legally reserved for purposes other than the payment of plan member benefits. There are no long-term contracts for contributions.

Investment Rate of Return – For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.26%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The Firefighters' Pension Plan's net pension liability was measured as of April 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

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

Firefighters' Pension (cont'd)

Net Pension Liability (cont'd)

Actuarial Valuation and Assumptions – The actuarial assumptions used in the April 30, 2018, valuation was based on an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012. The valuation was done using the entry age normal actuarial cost method and the market value asset valuation method. The total pension liability in the April 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.50%
Salary increases	4.00-9.03%
Total payroll increase	3.25%
Investment rate of return	7.25%
Retirement age	50 - 65

The mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2018 using improvement scale MP-2016.

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at April 30, 2018, was 23 years.

Discount Rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Firefighters' Pension (cont'd)

Changes in Net Pension Liability

The net pension liability reported in the financial statements is based on the April 30, 2018, actuarial valuation and is summarized below:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance 4/30/17	$ 48,565,514	$ 32,443,925	$ 16,121,589
Changes for the year:			
Service cost	1,663,767	-	1,663,767
Interest	3,466,784	-	3,466,784
Differences between expected and actual experience	(1,976,589)	-	(1,976,589)
Changes in assumptions	(48,865)	-	(48,865)
Contributions - employer	-	1,608,539	(1,608,539)
Contributions - employee	-	584,464	(584,464)
Net investment income	-	2,061,996	(2,061,996)
Benefit payments, including refunds of employee contributions	(1,495,603)	(1,495,603)	-
Administrative expenses	-	(16,840)	16,840
Net changes	1,609,494	2,742,556	(1,133,062)
Balances at 4/30/18	$ 50,175,008	$ 35,186,481	$ 14,988,527

Discount Rate Sensitivity – The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	$ 23,612,992	$ 14,988,527	$ 8,091,876

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

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

Firefighters' Pension (cont'd)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized pension expense of $2,678,177 to the Firefighters' Pension Fund. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	$ 612,734	$ 1,852,757	$ (1,240,023)
Changes in assumptions	1,875,545	1,125,970	749,575
Net difference between projected and actual earnings in pension plan investments	726,269	-	726,269
Subtotal	3,214,548	2,978,727	235,821
Contributions made subsequent to the measurement date	1,881,718	-	1,881,718
Total	$ 5,096,266	$ 2,978,727	$ 2,117,539

City contributions subsequent to the measurement date ($1,881,718) will be recognized as a reduction of the net pension liability in the year ended April 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending April 30,	
2019	$ 491,596
2020	498,242
2021	126,432
2022	15,048
2023	(47,923)
Thereafter	(847,574)
	$ 235,821

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

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

Firefighters' Pension (cont'd)

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 individual pension fund statements for the year ended April 30, 2019, are as follows:

Statement of Fiduciary Net Position	Police Pension	Firefighters' Pension
Assets:		
Cash	$ 8,980	$ 21,678
Investments:		
Money market accounts	807,771	67,291
U.S. government and agency securities	5,020,491	13,891,708
Corporate bonds	8,961,214	398,064
Municipal bonds	-	2,128,171
Mutual funds – stocks	26,189,080	21,914,204
Interest receivable	113,285	133,225
Total assets	41,100,821	38,554,341
Liabilities:		
Accounts payable	1,530	3,239
Total liabilities	1,530	3,239
Net position restricted for pensions	41,099,291	38,551,102
Total liabilities and net position	$ 41,100,821	$ 38,554,341

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

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

Pension Plan Statements (cont'd)

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

Statement of Changes in Fiduciary Net Position	Police Pension	Firefighters' Pension
Additions:		
Contributions:		
Employer	$ 2,415,148	$ 1,881,728
Members	633,079	603,777
	3,048,227	2,485,505
Investment income:		
Net appreciation in fair value of investments	185,013	1,011,900
Interest income	1,610,888	1,512,824
Less investment expenses	(172,779)	(140,457)
	1,623,122	2,384,267
Total additions	4,671,349	4,869,772
Deductions:		
Pension benefits and refunds	3,154,254	1,482,619
Administrative expense	16,137	22,532
Total deductions	3,170,391	1,505,151
Net increase in fiduciary net position	1,500,958	3,364,621
Net position restricted for pensions:		
Beginning of the year	39,598,333	35,186,481
End of the year	$ 41,099,291	$ 38,551,102

The total pension expense recognized in the government-wide financial statements is summarized below:

Illinois Municipal Retirement Fund	$ 1,104,630
Police Pension Plan	3,858,490
Firefighters' Pension Plan	2,678,177
	$ 7,641,297

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 plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. 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, 2019, 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	20
Current employees	250
Total	270

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. There is no formal funding policy that exists for the OPEB plan as the total OPEB liabilities are currently an unfunded obligation; however, the City made contributions from other sources totaling $209,087 in the current year.

Net OPEB Liability

The City's net OPEB liability was measured as of April 30, 2019, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Total OPEB liability	$ 4,379,280
Plan fiduciary net position	-
Net OPEB liability	$ 4,379,280

Retiree Lapse Rates – 100% of retirees receiving medical coverage are expected to lapse all coverages at age 65.

Election at Retirement – 20% of police, firefighters and IMRF covered employees are expected to elect for coverage under the OPEB plan at retirement, in the High PPO plan.

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

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

Actuarial Valuation and Assumptions – The total OPEB liability was determined by an actuarial valuation as of April 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	3.79%
Investment rate of return	3.79%

The discount rate and investment rate of return assumptions were 3.97% at April 30, 2018. The health care trend rate is 1.30 percent and increases to 6.75 percent for the next two years, then decreases 0.5 percent every other year to an ultimate rate of 5.0 percent. The mortality rates had the same basis as the respective pension plans.

Discount Rate – The discount rate used to measure the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. The City does not have a trust dedicated exclusively to the payment of OPEB benefits, so the discount rate equals the municipal bond rate of 3.79%, determined using The Bond Buyer 20-Bond Go Index as the underlying index.

Changes in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance 4/30/18	$ 4,220,488	$ -	$ 4,220,488
Changes for the year:			
Service cost	124,957	-	124,957
Interest	163,403	-	163,403
Differences between expected and actual experience	-	-	-
Changes in assumptions	79,519	-	79,519
Contributions - employer	-	209,087	(209,087)
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(209,087)	(209,087)	-
Administrative expenses	-	-	-
Net changes	158,792	-	158,792
Balances at 4/30/19	$ 4,379,280	$ -	$ 4,379,280

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

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the City, calculated using the discount rate of 3.79%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
Net OPEB Liability	$ 4,957,031	$ 4,379,280	$ 3,881,217

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates – The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point higher or lower than the current rate:

	1% Decrease (Varies)	Current Discount Rate (Varies)	1% Increase (Varies)
Net OPEB Liability	$ 3,852,805	$ 4,379,280	$ 5,002,575

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized OPEB expense of $209,087. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	$ -	$ -	$ -
Changes in assumptions	72,693	-	72,693
Net difference between projected and actual earnings in pension plan investments	-	-	-
Total	$ 72,693	$ -	$ 72,693

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending April 30,		
2020	$	6,826
2021		6,826
2022		6,826
2023		6,826
2024		6,826
Thereafter		38,563
	$	72,693

D. **Subsequent Event**

Subsequent to year end, the City issued $9,025,000 General Obligation Bonds, Series 2019A and $5,305,000 General Obligation Bonds, Series 2019B to provide for financing certain capital improvements within the City and refunding certain outstanding bonds of the City.

E. **Contingencies**

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.

Special Service Area – In 2012, the City used $156,810 of its available resources to pay principal and interest on outstanding SSA #45 bonds because collections of SSA #45 property taxes were insufficient to cover amounts due on February 1, 2012. Efforts to recover money used to fund SSA #45 debt service are ongoing.

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

E. **Contingencies** (cont'd)

Illinois Metropolitan Investment Fund – During 2015, Illinois Metropolitan Investment Fund (IMET) was informed of defaults in repurchase agreements involving loans which occurred as a result of fraud by an approved lender of the United States Department of Agriculture (USDA). IMET has advised the City of its intent to seek to recover, liquidate and distribute any proceeds received to eligible participants. The City will monitor IMET's recovery efforts. During this process, the City will not have any access to these funds. Based on IMET's unknown certainty of net realizable value of investments affected by fraud, the City has written off their entire balance at IMET, less any current year recoveries.

Interfund Balances – The Vulcan Lakes Tax Increment Financing (TIF) District was created to spur comprehensive development around US 14 and Main Street, to include residential, retail, and recreational facilities (Three Oaks Recreation Area). Initial funding for land acquisition and engineering services ($2,039,724) was provided using General Fund reserves. Available property tax increments will be used to retire outstanding Build America and Recovery Zone bonds that were issued for the purposes of constructing the Three Oaks Recreation Area. Remaining increments, if any, are intended to be used to pay back the General Fund. The interfund receivable is reported net of an allowance of the same amount at April 30, 2019.

The Virginia Street Corridor Tax Increment Financing (TIF) District was intended to spur comprehensive revitalization of the Virginia Street Corridor and included streetscape improvements/beautification and redevelopment of key identified sites. Initial funding ($1,740,096) for the Virginia Street project was provided using Home Rule Sales Tax. In accordance with resolution 2008R-88, future tax increment could be used to provide reimbursement of Home Rule Sales Tax to the General Fund. The outstanding balance at April 30, 2019, was $1,541,853 and is reported net of an allowance of the same amount.

F. **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.

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

F. **Joint Venture – SEECOM** (cont'd)

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 $1,360,338 to SEECOM during fiscal year 2019.

G. **Construction Commitments**

The City had commitments under construction contracts of approximately $3,765,000 outstanding at April 30, 2019.

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

H. **Tax Abatement Agreements**

The City has entered into identical redevelopment and enhanced sales tax incentive agreements with two local businesses whereby the city has agreed to reimburse these businesses for actual project costs related to the expansion of their existing facilities within the City. Under terms of each agreement, the City will pay fifty percent of the local sales tax attributable to the business and received by the City for the 12-month period preceding the annual payment date. The maximum cumulative payment under the agreement is the lower of 50% of the actual project costs, or $1,000,000. The agreement shall terminate ten years after the effective date of the agreement or the date on which the business has been paid by the City an amount equal to the maximum cumulative payment. The two agreements are summarized as follows:

Effective Date Of Agreement	Maximum Cumulative Payment	Current Year Payments	Cumulative Payments at April 30, 2019
December 4, 2012	$ 1,000,000	$ 133,340	$ 699,325
June 3, 2014	1,000,000	161,612	610,854

The City entered into an economic incentive agreement with a retailer whereby the City will rebate 40% of sales tax, up to $600,000, back to the retailer. The effective date of the agreement is February 15, 2019. No payments were made in the current fiscal year.

I. **Change in Accounting Principle**

The City early adopted Governmental Accounting Standards Board Statement No. 87, *Leases*, in the current year. There were no leases in place as of May 1, 2018, such that an adjustment to beginning net assets was not required.

J. **Subsequent Event**

Subsequent to year end, the City issued $9,025,000 General Obligation Bonds, Series 2019A maturing December 2039, and $5,305,000 General Obligation Bonds, Series 2019B maturing December 2024.

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

K. **New Governmental Accounting Standards**

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

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses the accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of a tangible capital asset, and is effective for the fiscal year ending April 30, 2020.

GASB Statement No. 84, *Fiduciary Activities*, addresses the accounting and financial reporting requirements for activities meeting the criteria of fiduciary activities as defined in the Statement, and is effective for the fiscal year ending April 30, 2020.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* requires additional essential information related to debt be disclosed in the notes to the financial statements. Statement No. 88 is effective for the fiscal year ending April 30, 2020.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* requires interest cost incurred before the end of a construction period be recognized as an expense in business-type activity or enterprise fund financial statements. Statement No. 89 is effective for the fiscal year ending April 30, 2021.

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61,* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 is effective for the fiscal year ending April 30, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Statement No. 91 is effective for the fiscal year ending April 30, 2022.

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
Other Post-employment Benefits Retiree Healthcare Plan
Required Supplementary Information - Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
April 30,

	2019	2018
Total OPEB liability:		
Service cost	**$ 124,957**	$ 120,186
Interest	**163,403**	160,856
Changes in benefit terms	**-**	-
Differences between expected and actual experience	**-**	-
Changes in assumptions	**79,519**	-
Benefit payments, including refunds of member contributions	**(209,087)**	(224,631)
Net change in total OPEB liability	**158,792**	56,411
Total OPEB liability, beginning of year	**4,220,488**	4,164,077
Total OPEB liability, end of year	**$ 4,379,280**	$ 4,220,488
Plan fiduciary net position:		
Contributions - employer	**$ 209,087**	$ 224,631
Contributions - member	**-**	-
Net investment income	**-**	-
Benefit payments, including refunds of member contributions	**(209,087)**	(224,631)
Administrative expense	**-**	-
Net change in plan fiduciary net position	**-**	-
Plan fiduciary net position, beginning of year	**-**	-
Plan fiduciary net position, end of year	**$ -**	$ -
Employer's net OPEB liability	**$ 4,379,280**	$ 4,220,488
Plan fiduciary net position as a percentage of the total OPEB liability	**0.00%**	0.00%
Covered employee payroll	**$ 23,410,540**	$ 21,087,988
Employer's net OPEB liability as a percentage of covered-employee payroll	**18.71%**	20.01%

Note: The City adopted GASB 75 in the fiscal year ended April 30, 2018, and will build a ten-year history prospectively. There is no actuarially determined contribution (ADC) or employer contribution in relation to the ADC as there is no trust that exists for funding the OPEB liabilities. However, the City did make contributions from other City resources in the current year in the amount of $209,087.

See independent auditor's report.

City of Crystal Lake, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Employer Contributions
For the Fiscal Year Ended April 30,

	2019	2018	2017
Actuarially Determined Contribution	**$ 1,385,397**	$ 1,430,059	$ 1,410,404
Contributions in Relation to Actuarially Determined Contribution	**1,385,397**	1,430,059	1,410,404
Contribution Deficiency (Excess)	**$ -**	$ -	$ -
Covered Payroll	**$ 11,160,501**	$ 11,069,426	$ 10,753,366
Contributions as a Percentage of Covered Payroll	**12.41%**	12.92%	13.12%

Note to Required Supplementary Information:

Actuarial Cost Method - Aggregate Entry Age Normal
Amortization Method - Level % of Pay (Closed)
Remaining Amortization Period - 25 Years
Asset Valuation Method - 5-Year Smoothed Market; 20% Corridor
Inflation - 2.75%
Salary Increases - 3.75% to 14.50% Including Inflation
Investment Rate of Return - 7.5%
Retirement Age - Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality - For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied to non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Note: The City adopted GASB 68 in fiscal year 2016 and will build a ten-year history prospectively.

See independent auditor's report.

2016
$ 1,452,892
1,452,892
$ -
$ 11,133,366
13.05%

City of Crystal Lake, Illinois
Police Pension Fund
Required Supplementary Information -
Schedule of Employer Contributions
April 30, 2019

	2018	2017	2016	2015
Actuarially determined contribution	**$ 2,418,485**	$ 2,091,066	$ 1,992,354	$ 1,869,923
Contributions in relation to actuarially determined contribution	**2,089,940**	1,989,776	2,059,342	1,778,970
Contribution deficiency (excess)	**$ 328,545**	$ 101,290	$ (66,988)	$ 90,953
Covered payroll	**$ 5,953,131**	$ 5,691,409	$ 5,437,640	$ 5,773,467
Contributions as a percentage of covered payroll	**35.11%**	34.96%	37.87%	30.81%

The information directly above is formatted to comply with the requirements of GASB Statement No. 68. Additional information as of the latest actuarial valuation date presented is as follows: the actuarial cost method was entry age normal, the amortization method was level percentage of pay, and the amortization period was 25 years.

Year Ended April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percent Contributed
2018	**$ 2,089,940**	**$ 2,418,485**	**86.42%**
2017	1,989,776	2,091,066	95.16%
2016	2,059,342	1,992,354	103.36%
2015	1,778,970	1,869,923	95.14%
2014	1,844,723	1,973,564	93.47%
2013	1,848,711	1,848,711	100.00%
2012	1,834,018	1,834,018	100.00%
2011	1,385,548	1,385,548	100.00%

The information directly above is presented in accordance with GASB Statement 68. The information was determined as part of the actuarial valuation as of April 30, 2018.

See independent auditor's report.

2014	2013	2012	2011	2010	2009
$ 1,973,564	$ 1,860,207	$ 1,796,004	$ 1,844,103	$ 1,392,466	$ 1,256,062
1,844,723	1,848,711	1,834,018	1,385,548	1,240,962	1,187,907
$ 128,841	$ 11,496	$ (38,014)	$ 458,555	$ 151,504	$ 68,155
$ 5,720,770	$ 5,397,912	$ 5,410,672	$ 5,005,867	$ 4,873,269	$ 4,115,343
32.25%	34.25%	33.90%	27.68%	25.46%	28.87%

City of Crystal Lake, Illinois
Firefighters' Pension Fund
Required Supplementary Information -
Schedule of Employer Contributions
April 30, 2019

	2018	2017	2016	2015
Actuarially determined contribution	**$ 1,884,348**	$ 1,609,399	$ 1,518,852	$ 1,767,761
Contributions in relation to actuarially determined contribution	**1,608,539**	1,690,980	1,928,928	1,555,655
Contribution deficiency (excess)	**$ 275,809**	$ (81,581)	$ (410,076)	$ 212,106
Covered payroll	**$ 6,229,293**	$ 5,908,574	$ 5,744,609	$ 5,531,971
Contributions as a percentage of covered payroll	**25.82%**	28.62%	33.58%	28.12%

The information directly above is formatted to comply with the requirements of GASB Statement No. 68. Additional information as of the latest actuarial valuation date presented is as follows: the actuarial cost method was entry age normal, the amortization method was level percentage of pay, and the amortization period was 25 years.

Year Ended April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percent Contributed
2018	**$ 1,608,539**	**$ 1,884,348**	**85.36%**
2017	1,690,980	1,609,399	105.07%
2016	1,928,928	1,518,852	127.00%
2015	1,555,655	1,767,761	88.00%
2014	1,618,264	1,720,093	94.08%
2013	1,621,810	1,621,810	100.00%
2012	1,541,610	1,541,610	100.00%
2011	1,128,846	1,128,846	100.00%

The information directly above is presented in accordance with GASB Statement 68. The information was determined as part of the actuarial valuation as of April 30, 2018.

See independent auditor's report.

2014	2013	2012	2011	2010	2009
$ 1,720,093	$ 1,649,811	$ 1,565,764	$ 1,554,771	$ 1,139,454	$ 1,011,052
1,618,264	1,621,810	1,541,610	1,128,846	995,800	904,951
$ 101,829	$ 28,001	$ 24,154	$ 425,925	$ 143,654	$ 106,101
$ 5,278,118	$ 5,243,555	$ 5,187,455	$ 4,617,841	$ 4,491,808	$ 3,648,703
30.66%	30.93%	29.72%	24.45%	22.17%	24.80%

City of Crystal Lake, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information - Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
Last Ten Calendar Years

	2018	2017
Total pension liability:		
Service cost	**$ 1,117,896**	$ 1,173,075
Interest	**4,947,320**	4,819,887
Changes in benefit terms	**-**	-
Differences between expected and actual experience	**1,257,266**	126,838
Changes in assumptions	**2,166,714**	(1,994,006)
Benefit payments, including refunds of member contributions	**(2,546,931)**	(2,251,265)
Net change in total pension liability	**6,942,265**	1,874,529
Total pension liability, beginning of year	**66,678,781**	64,804,252
Total pension liability, end of year	**$ 73,621,046**	$ 66,678,781
Plan fiduciary net position:		
Contributions - employer	**$ 1,469,484**	$ 1,388,105
Contributions - member	**503,413**	507,135
Net investment income	**(3,068,591)**	9,228,845
Benefit payments, including refunds of member contributions	**(2,546,931)**	(2,251,265)
Administrative expense	**1,044,285**	(550,873)
Net change in plan fiduciary net position	**(2,598,340)**	8,321,947
Plan fiduciary net position, beginning of year	**62,900,097**	54,578,150
Plan fiduciary net position, end of year	**$ 60,301,757**	$ 62,900,097
Employer's net pension liability	**$ 13,319,289**	$ 3,778,684
Plan fiduciary net position as a percentage of the total pension liability	**81.91%**	94.33%
Covered payroll	**$ 11,174,779**	$ 10,847,310
Employer's net pension liability as a percentage of covered payroll	119.19%	34.84%

Note: The City adopted GASB 68 in the fiscal year ended April 30, 2016, and will build a ten-year history prospectively.

See independent auditor's report.

2016	2015
$ 1,199,753	$ 1,211,429
4,539,611	4,343,976
-	-
121,980	(1,001,063)
(248,700)	79,521
(1,959,499)	(1,903,179)
3,653,145	2,730,684
61,151,107	58,420,423
$ 64,804,252	$ 61,151,107
$ 1,424,559	$ 1,390,362
490,006	485,951
3,526,328	256,105
(1,959,499)	(1,903,179)
335,991	(702,990)
3,817,385	(473,751)
50,760,765	51,234,516
$ 54,578,150	$ 50,760,765
$ 10,226,102	$ 10,390,342
84.22%	83.01%
$ 10,717,757	$ 10,752,994
95.41%	96.63%

City of Crystal Lake, Illinois
Police Pension Fund
Required Supplementary Information - Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
April 30,

	2019	2018
Total pension liability:		
Service cost	**$ 1,480,535**	$ 1,384,616
Interest	**4,740,074**	4,647,595
Changes in benefit terms	**-**	-
Differences between expected and actual experience	**(3,331,174)**	(90,119)
Changes in assumptions	**2,903,482**	(2,002,799)
Benefit payments, including refunds of member contributions	**(2,763,423)**	(2,564,023)
Net change in total pension liability	**3,029,494**	1,375,270
Total pension liability, beginning of year	**66,762,044**	65,386,774
Total pension liability, end of year	**$ 69,791,538**	$ 66,762,044
Plan fiduciary net position:		
Contributions - employer	**$ 2,089,940**	$ 1,989,776
Contributions - member	**570,493**	551,461
Net investment income	**2,829,729**	3,391,766
Benefit payments, including refunds of member contributions	**(2,763,423)**	(2,564,023)
Administrative expense	**(16,115)**	(37,390)
Net change in plan fiduciary net position	**2,710,624**	3,331,590
Plan fiduciary net position, beginning of year	**36,887,709**	33,556,119
Plan fiduciary net position, end of year	**$ 39,598,333**	$ 36,887,709
Employer's net pension liability	**$ 30,193,205**	$ 29,874,335
Plan fiduciary net position as a percentage of the total pension liability	**56.74%**	55.25%
Covered payroll	**$ 5,953,131**	$ 5,691,409
Employer's net pension liability as a percentage of covered payroll	**507.18%**	524.90%

Note: The City adopted GASB 67 in the fiscal year ended April 30, 2015, and will build a ten-year history prospectively.

See independent auditor's report.

2017	2016	2015
$ 1,406,344	$ 1,420,407	$ 1,427,537
4,154,656	3,863,133	3,522,872
-	-	-
(652,931)	925,823	(850,901)
4,302,384	-	874,435
(2,258,561)	(2,118,147)	(1,914,037)
6,951,892	4,091,216	3,059,906
58,434,882	54,343,666	51,283,760
$ 65,386,774	$ 58,434,882	$ 54,343,666
$ 2,059,342	$ 1,778,970	$ 1,844,723
579,535	568,526	553,800
(528,210)	1,700,649	2,835,560
(2,258,561)	(2,118,147)	(1,914,037)
(53,004)	(30,088)	(156,150)
(200,898)	1,899,910	3,163,896
33,757,017	31,857,107	28,693,211
$ 33,556,119	$ 33,757,017	$ 31,857,107
$ 31,830,655	$ 24,677,865	$ 22,486,559
51.32%	57.77%	58.62%
$ 5,437,640	$ 5,773,467	$ 5,720,770
585.38%	427.44%	393.07%

City of Crystal Lake, Illinois
Firefighters' Pension Fund
Required Supplementary Information - Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
April 30,

	2019	2018
Total pension liability:		
Service cost	**$ 1,663,767**	$ 1,597,021
Interest	**3,466,784**	3,314,039
Changes in benefit terms	**-**	-
Differences between expected and actual experience	**(1,976,589)**	20,498
Changes in assumptions	**(48,865)**	(1,386,277)
Benefit payments, including refunds of member contributions	**(1,495,603)**	(1,381,293)
Net change in total pension liability	**1,609,494**	2,163,988
Total pension liability, beginning of year	**48,565,514**	46,401,526
Total pension liability, end of year	**$ 50,175,008**	$ 48,565,514
Plan fiduciary net position:		
Contributions - employer	**$ 1,608,539**	$ 1,690,980
Contributions - member	**584,464**	544,683
Net investment income	**2,061,996**	2,510,351
Benefit payments, including refunds of member contributions	**(1,495,603)**	(1,381,293)
Administrative expense	**(16,840)**	(58,025)
Net change in plan fiduciary net position	**2,742,556**	3,306,696
Plan fiduciary net position, beginning of year	**32,443,925**	29,137,229
Plan fiduciary net position, end of year	**$ 35,186,481**	$ 32,443,925
Employer's net pension liability	**$ 14,988,527**	$ 16,121,589
Plan fiduciary net position as a percentage of the total pension liability	**70.13%**	66.80%
Covered payroll	**$ 6,229,293**	$ 5,908,574
Employer's net pension liability as a percentage of covered payroll	**240.61%**	272.85%

Note: The City adopted GASB 67 in the fiscal year ended April 30, 2015, and will build a ten-year history prospectively.

See independent auditor's report.

2017	2016	2015
$ 1,480,463	$ 1,458,713	$ 1,681,623
2,898,718	2,591,488	2,454,559
-	-	-
(85,631)	1,419,845	(1,823,175)
2,768,663	-	(507,215)
(1,286,016)	(1,178,766)	(1,073,750)
5,776,197	4,291,280	732,042
40,625,329	36,334,049	35,602,007
$ 46,401,526	$ 40,625,329	$ 36,334,049
$ 1,928,928	$ 1,555,655	$ 1,618,264
570,933	539,487	522,280
292,962	1,873,564	1,596,682
(1,286,016)	(1,178,766)	(1,073,750)
(51,823)	(66,256)	(88,140)
1,454,984	2,723,684	2,575,336
27,682,245	24,958,561	22,383,225
$ 29,137,229	$ 27,682,245	$ 24,958,561
$ 17,264,297	$ 12,943,084	$ 11,375,488
62.79%	68.14%	68.69%
$ 5,744,609	$ 5,531,971	$ 5,278,118
300.53%	233.97%	215.52%

City of Crystal Lake, Illinois
Police Pension Fund
Required Supplementary Information
Schedule of Investment Returns
April 30,

Annual money-weighted rate of return, net of investment expense:

Fiscal year ended April 30, 2019	**4.08%**
Fiscal year ended April 30, 2018	7.62%
Fiscal year ended April 30, 2017	9.98%
Fiscal year ended April 30, 2016	5.32%
Fiscal year ended April 30, 2015	5.93%

City of Crystal Lake, Illinois
Firefighters' Pension Fund
Required Supplementary Information
Schedule of Investment Returns
April 30,

Annual money-weighted rate of return, net of investment expense:

Fiscal year ended April 30, 2019	**7.25%**
Fiscal year ended April 30, 2018	6.26%
Fiscal year ended April 30, 2017	7.77%
Fiscal year ended April 30, 2016	7.38%
Fiscal year ended April 30, 2015	6.94%

Note: The City adopted GASB 67 in the fiscal year ended April 30, 2015, and will build a ten-year history prospectively.

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Charges for services:				
Review fees	$ 35,000	$ 35,000	**$ 292,043**	$ 257,043
Parking	147,965	147,965	**140,652**	(7,313)
Police revenue	97,000	97,000	**164,200**	67,200
Other fees	252,630	252,630	**276,451**	23,821
	532,595	532,595	**873,346**	340,751
Licenses and permits:				
Liquor licenses	111,100	111,100	**129,599**	18,499
Miscellaneous licenses and permits	26,000	26,000	**22,127**	(3,873)
Building permits	237,350	237,350	**484,096**	246,746
	374,450	374,450	**635,822**	261,372
Intergovernmental:				
Income tax	3,903,000	3,903,000	**4,215,078**	312,078
Local use tax	1,071,500	1,071,500	**1,264,591**	193,091
Replacement tax	125,664	125,664	**140,488**	14,824
State sales tax	11,940,000	11,940,000	**12,056,756**	116,756
Grants	17,500	110,500	**127,813**	17,313
	17,057,664	17,150,664	**17,804,726**	654,062
Fines and forfeitures:				
Police fines	425,000	425,000	**350,296**	(74,704)
Adjudication fines	101,000	101,000	**115,483**	14,483
	526,000	526,000	**465,779**	(60,221)
Property taxes	4,302,833	4,302,833	**4,298,114**	(4,719)

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Revenues - Budget and Actual (cont'd)
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Other taxes:				
Auto rental tax	$ 41,500	$ 41,500	**$ 43,839**	$ 2,339
Franchise fees - cable	727,200	727,200	**670,865**	(56,335)
Home rule sales tax	5,184,500	5,184,500	**5,403,739**	219,239
Hotel tax	318,150	318,150	**271,167**	(46,983)
Telecommunications tax	999,350	999,350	**988,663**	(10,687)
	7,270,700	7,270,700	**7,378,273**	107,573
Investment income	51,903	51,903	**743,556**	691,653
Miscellaneous:				
Rental income	406,021	406,021	**337,698**	(68,323)
Host fees	328,250	328,250	**331,123**	2,873
Other	106,300	116,300	**203,234**	86,934
	840,571	850,571	**872,055**	21,484
Total revenues	$ 30,956,716	$ 31,059,716	**$ 33,071,671**	$ 2,011,955

See independent auditor's report.

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
General government:				
Executive department:				
Personnel services	$ 22,800	$ 22,800	**$ 22,800**	$ -
Contractual services	423,951	433,951	**426,788**	7,163
	446,751	456,751	**449,588**	7,163
Legal and judiciary department - contractual services	516,195	516,195	**538,842**	(22,647)
Administration department:				
Personnel services	1,563,889	1,563,889	**1,462,083**	101,806
Contractual services	241,901	241,901	**185,262**	56,639
Supplies and materials	98,403	98,403	**78,017**	20,386
	1,904,193	1,904,193	**1,725,362**	178,831
Administrative adjudication department:				
Personnel services	74,178	74,178	**74,299**	(121)
Contractual services	28,400	28,400	**29,380**	(980)
Supplies and materials	2,550	2,550	**-**	2,550
	105,128	105,128	**103,679**	1,449
Community development:				
Personnel services	2,394,154	2,394,154	**2,354,995**	39,159
Contractual services	479,620	479,620	**318,060**	161,560
Supplies and materials	45,376	45,376	**31,460**	13,916
Sales tax incentives	325,000	325,000	**294,952**	30,048
	3,244,150	3,244,150	**2,999,467**	244,683
Information technology:				
Personnel services	191,842	191,842	**180,268**	11,574
Contractual services	344,435	344,435	**225,713**	118,722
Supplies and materials	44,730	44,730	**46,416**	(1,686)
	581,007	581,007	**452,397**	128,610

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
General government (cont'd):				
Health services - contractual services	$ 110,000	$ 110,000	**$ 131,726**	$ (21,726)
Shared services:				
Contractual services	623,597	623,597	**652,124**	(28,527)
Supplies and materials	143,070	143,070	**122,961**	20,109
	766,667	766,667	**775,085**	(8,418)
Special projects department:				
Personnel services	13,842	13,842	**8,377**	5,465
Contractual services	287,040	287,040	**284,002**	3,038
Supplies and materials	14,550	14,550	**4,210**	10,340
	315,432	315,432	**296,589**	18,843
Insurance - contractual services	34,128	34,128	**(295,609)**	329,737
Total general government	8,023,651	8,033,651	**7,177,126**	856,525
Public safety:				
Police department:				
Personnel services	8,809,622	8,809,622	**8,581,606**	228,016
Contractual services	1,540,533	1,540,533	**1,482,863**	57,670
Supplies and materials	337,814	365,843	**312,373**	53,470
	10,687,969	10,715,998	**10,376,842**	339,156
Pension contributions	4,302,833	4,302,833	**4,298,114**	4,719
Fire and police commission - contractual services	22,529	22,529	**16,797**	5,732
Total public safety	15,013,331	15,041,360	**14,691,753**	349,607

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Highways and streets:				
Street department:				
Personnel services	$ 2,022,443	$ 2,022,443	**$ 2,035,522**	$ (13,079)
Contractual services	1,047,350	1,047,350	**970,176**	77,174
Supplies and materials	259,993	259,993	**342,890**	(82,897)
	3,329,786	3,329,786	**3,348,588**	(18,802)
Storm sewer:				
Personnel services	106,479	106,479	**91,730**	14,749
Contractual services	158,369	158,369	**115,243**	43,126
Supplies and materials	51,650	51,650	**50,244**	1,406
	316,498	316,498	**257,217**	59,281
Storm lift stations:				
Personnel services	295,251	295,251	**265,775**	29,476
Contractual services	23,192	23,192	**16,182**	7,010
Supplies and materials	12,210	12,210	**6,821**	5,389
	330,653	330,653	**288,778**	41,875
Fleet and facility services:				
Personnel services	783,918	783,918	**738,485**	45,433
Contractual services	102,551	102,551	**79,703**	22,848
Supplies and materials	37,947	37,947	**33,857**	4,090
	924,416	924,416	**852,045**	72,371
Total highways and streets	4,901,353	4,901,353	**4,746,628**	154,725
Culture and recreation - Three Oaks Recreation Area:				
Personnel services	484,901	484,901	**423,519**	61,382
Contractual services	175,253	175,253	**244,556**	(69,303)
Supplies and materials	67,160	67,160	**75,318**	(8,158)
Total culture and recreation	727,314	727,314	**743,393**	(16,079)

(cont'd)

City of Crystal Lake, Illinois
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Debt service - special projects department:				
Principal	$ 404,239	$ 404,239	**$ 403,385**	$ 854
Interest and fees	25,569	25,569	**26,235**	(666)
Total debt service	429,808	429,808	**429,620**	188
Total expenditures	$ 29,095,457	$ 29,133,486	**$ 27,788,520**	$ 1,344,966

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.

Restricted Police Fund – To account for revenues derived from narcotic asset seizures and expenses incurred from activities intended to restrict such activities.

Commuter Parking Fund – To account for revenues derived from and expenses incurred to maintain the City parking lot.

Home Rule Sales Tax Fund – To account for transfer of fund balance to General Fund, where home rule tax will now be recorded.

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 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.

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.

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.

Nonmajor Governmental Funds (cont'd)

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 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.

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.

Vulcan Lakes TIF – To account for the initial planning and engineering design services of the Vulcan Lakes TIF, intended to spur a comprehensive revitalization of this area and will include residential, retail and recreational facilities.

Three Oaks Development – To account for funds from developers set aside for the future development of the Three Oaks Recreation Area.

Capital Equipment and Replacement – To account for revenues for and expenditures related to major capital improvements.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Governmental Funds
April 30, 2019

	Total	Special Revenue
Assets		
Cash and investments	**$ 4,656,951**	$ 2,640,158
Receivables:		
Property taxes	**1,846,796**	1,613,712
Other	**194,793**	21,147
Prepaid items	**45,943**	4,983
Total assets	**$ 6,744,483**	$ 4,280,000
Liabilities		
Accounts payable	**$ 489,653**	$ 30,106
Accrued expenses	**-**	-
Recapture fees payable	**109,880**	-
Due to other funds	**138,626**	4,165
Total liabilities	**738,159**	34,271
Deferred Inflows of Resources		
Property taxes	**1,846,796**	1,613,712
Fund Balances		
Nonspendable	**45,943**	4,983
Restricted for retirement purposes	**1,593,753**	1,593,753
Restricted for police activities	**560,186**	560,186
Restricted for debt service	**380,381**	-
Restricted for park development	**28**	-
Assigned, reported in:		
Special Revenue Funds	**473,095**	473,095
Capital Projects Funds	**1,106,142**	-
Total fund balances	**4,159,528**	2,632,017
Total liabilities, deferred inflows of resources and fund balances	**$ 6,744,483**	$ 4,280,000

See independent auditor's report.

Debt Service	Capital Projects
$ 316,120	$ 1,700,673
85,800	147,284
127,766	45,880
-	40,960
$ 529,686	$ 1,934,797
$ -	$ 459,547
-	-
-	109,880
63,505	70,956
63,505	640,383
85,800	147,284
-	40,960
-	-
-	-
380,381	-
-	28
-	-
-	1,106,142
380,381	1,147,130
$ 529,686	$ 1,934,797

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended April 30, 2019

	Total	Special Revenue
Revenues:		
Charges for services	**$ 564,258**	$ 261,861
Licenses and permits	**251,867**	207,974
Intergovernmental	**504,955**	182,004
Property taxes	**2,164,809**	2,045,203
Other taxes	**122,492**	-
Interest	**46,895**	35,539
Miscellaneous	**648,612**	57,962
Total revenues	**4,303,888**	2,790,543
Expenditures:		
Current:		
General government	**1,035,381**	1,026,442
Public safety	**462,278**	462,278
Highways and streets	**388,456**	388,456
Capital outlay	**3,491,356**	-
Debt service:		
Principal	**1,093,247**	-
Interest and fees	**347,451**	-
Miscellaneous	**38,298**	-
Total expenditures	**6,856,467**	1,877,176
Revenues over (under) expenditures before other financing sources (uses)	**(2,552,579)**	913,367
Other financing sources (uses):		
Transfers in	**3,015,598**	-
Transfers out	**(736,324)**	(656,437)
Proceeds from capital leases	**59,266**	-
Total other financing sources (uses)	**2,338,540**	(656,437)
Net changes in fund balances	**(214,039)**	256,930
Fund balances, beginning of the year	**4,373,567**	2,375,087
Fund balances, end of the year	**$ 4,159,528**	$ 2,632,017

See independent auditor's report.

Debt Service	Capital Projects
$ 302,397	$ -
-	43,893
-	322,951
38,298	81,308
-	122,492
4,992	6,364
-	590,650
345,687	1,167,658
7,139	1,800
-	-
-	-
-	3,491,356
1,093,247	-
347,451	-
38,298	-
1,486,135	3,493,156
(1,140,448)	(2,325,498)
1,050,212	1,965,386
-	(79,887)
-	59,266
1,050,212	1,944,765
(90,236)	(380,733)
470,617	1,527,863
$ 380,381	$ 1,147,130

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Special Revenue Funds
April 30, 2019

	Total	IMRF/ FICA
Assets		
Cash and investments	**$ 2,640,158**	$ 1,593,753
Receivables:		
Property taxes	**1,613,712**	1,559,260
Other	**21,147**	-
Prepaid items	**4,983**	-
Total assets	**$ 4,280,000**	$ 3,153,013
Liabilities		
Accounts payable	**$ 30,106**	$ -
Due to other funds	**4,165**	-
Total liabilities	**34,271**	-
Deferred Inflows of Resources		
Property taxes	**1,613,712**	1,559,260
Fund Balances		
Nonspendable	**4,983**	-
Restricted for retirement purposes	**1,593,753**	1,593,753
Restricted for police activities	**560,186**	-
Assigned - reported in Special Revenue Funds	**473,095**	-
Total fund balances	**2,632,017**	1,593,753
Total liabilities, deferred inflows of resources and fund balances	**$ 4,280,000**	$ 3,153,013

See independent auditor's report.

Road/ Vehicle License	School Crossing Guard	Foreign Fire Insurance	Restricted Police	Commuter Parking
$ -	$ 86,731	$ 274,724	$ 556,379	$ 128,571
-	54,452	-	-	-
-	16,116	-	5,031	-
4,541	-	-	-	442
$ 4,541	$ 157,299	$ 274,724	$ 561,410	$ 129,013
$ 376	$ 21,077	$ -	$ 1,224	$ 7,429
4,165	-	-	-	-
4,541	21,077	-	1,224	7,429
-	54,452	-	-	-
4,541	-	-	-	442
-	-	-	-	-
-	-	-	560,186	-
(4,541)	81,770	274,724	-	121,142
-	81,770	274,724	560,186	121,584
$ 4,541	$ 157,299	$ 274,724	$ 561,410	$ 129,013

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, 2019

	Total	IMRF/ FICA
Revenues:		
Charges for services	**$ 261,861**	$ -
Licenses and permits	**207,974**	-
Intergovernmental	**182,004**	-
Property taxes	**2,045,203**	1,590,558
Investment income	**35,539**	29,205
Miscellaneous	**57,962**	-
Total revenues	**2,790,543**	1,619,763
Expenditures:		
Current:		
General government	**1,026,442**	799,289
Public safety	**462,278**	336,175
Highways and streets	**388,456**	322,569
Total expenditures	**1,877,176**	1,458,033
Revenues over expenditures before other financing uses	**913,367**	161,730
Other financing uses - transfers out	**(656,437)**	-
Net changes in fund balances	**256,930**	161,730
Fund balances, beginning of the year	**2,375,087**	1,432,023
Fund balances, end of the year	**$ 2,632,017**	$ 1,593,753

See independent auditor's report.

Road/ Vehicle License	School Crossing Guard	Foreign Fire Insurance	Restricted Police	Commuter Parking
$ -	$ -	$ -	$ -	$ 261,861
207,974	-	-	-	-
-	-	54,819	127,185	-
399,709	54,936	-	-	-
(471)	1,473	3,662	-	1,670
7,345	50,617	-	-	-
614,557	107,026	58,481	127,185	263,531
-	-	-	-	227,153
-	101,233	518	24,352	-
65,887	-	-	-	-
65,887	101,233	518	24,352	227,153
548,670	5,793	57,963	102,833	36,378
(656,437)	-	-	-	-
(107,767)	5,793	57,963	102,833	36,378
107,767	75,977	216,761	457,353	85,206
$ -	$ 81,770	$ 274,724	$ 560,186	$ 121,584

City of Crystal Lake, Illinois
IMRF/FICA Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property taxes	$ 1,592,731	$ 1,592,731	**$ 1,590,558**	$ (2,173)
Investment income	200	200	**29,205**	29,005
Total revenues	1,592,931	1,592,931	**1,619,763**	26,832
Expenditures - current - personnel services:				
General government	949,625	949,625	**799,289**	150,336
Public safety	383,313	383,313	**336,175**	47,138
Highways and streets	367,799	367,799	**322,569**	45,230
Total expenditures	1,700,737	1,700,737	**1,458,033**	242,704
Net changes in fund balance	$ (107,806)	$ (107,806)	**161,730**	$ 269,536
Fund balance, beginning of the year			**1,432,023**	
Fund balance, end of the year			**$ 1,593,753**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Licenses and permits	$ 240,000	$ 240,000	**$ 207,974**	$ (32,026)
Property taxes	412,632	412,632	**399,709**	(12,923)
Investment income	570	570	**(471)**	(1,041)
Miscellaneous	-	-	**7,345**	7,345
Total revenues	653,202	653,202	**614,557**	(38,645)
Expenditures:				
Highways and streets	57,557	57,557	**65,887**	(8,330)
Total expenditures	57,557	57,557	**65,887**	(8,330)
Revenues over expenditures before other financing uses	595,645	595,645	**548,670**	(46,975)
Other financing sources - transfers in	(700,000)	(700,000)	**(656,437)**	43,563
Net changes in fund balance	$ (104,355)	$ (104,355)	**(107,767)**	$ (3,412)
Fund balance, beginning of the year			**107,767**	
Fund balance, end of the year			**$ -**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property taxes	$ 55,000	$ 55,000	**$ 54,936**	$ (64)
Investment income	-	-	**1,473**	1,473
Miscellaneous	55,000	55,000	**50,617**	(4,383)
Total revenues	110,000	110,000	**107,026**	(2,974)
Expenditures - public safety:				
Contractual services	110,000	110,000	**101,233**	8,767
Total expenditures	110,000	110,000	**101,233**	8,767
Net changes in fund balance	$ -	$ -	**5,793**	$ 5,793
Fund balance, beginning of the year			**75,977**	
Fund balance, end of the year			**$ 81,770**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Intergovernmental	$ 65,924	$ 65,924	**$ 54,819**	$ (11,105)
Investment income	61	61	**3,662**	3,601
Total revenues	65,985	65,985	**58,481**	(7,504)
Expenditures - public safety:				
Contractual services	62,385	62,385	**100**	62,285
Materials and supplies	3,600	3,600	**418**	3,182
Total expenditures	65,985	65,985	**518**	65,467
Net changes in fund balance	$ -	$ -	**57,963**	$ 57,963
Fund balance, beginning of the year			**216,761**	
Fund balance, end of the year			**$ 274,724**	

See independent auditor's report.

City of Crystal Lake, Illinois
Restricted Police Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues - intergovernmental	$ 77,500	$ 77,500	**$ 127,185**	$ 49,685
Expenditures - public safety - miscellaneous	54,735	54,735	**24,352**	30,383
Net changes in fund balance	$ 22,765	$ 22,765	**102,833**	$ 80,068
Fund balance, beginning of the year			**457,353**	
Fund balance, end of the year			**$ 560,186**	

See independent auditor's report.

City of Crystal Lake, Illinois
Commuter Parking Lot Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 282,500	$ 282,500	**$ 261,861**	$ (20,639)
Interest	-	-	**1,670**	1,670
Total revenues	282,500	282,500	**263,531**	(18,969)
Expenditures - general government:				
Commuter parking:				
Personnel services	118,367	118,367	**118,366**	1
Contractual services	129,900	129,900	**107,136**	22,764
Materials and supplies	4,550	4,550	**1,651**	2,899
Total expenditures	252,817	252,817	**227,153**	25,664
Net changes in fund balance	$ 29,683	$ 29,683	**36,378**	$ 6,695
Fund balance, beginning of the year			**85,206**	
Fund balance, end of the year			**$ 121,584**	

See independent auditor's report.

City of Crystal Lake, Illinois
Combining Balance Sheet -
Nonmajor Debt Service Funds
April 30, 2019

	Total	Special Assess-ment No. 149
Assets		
Cash and investments	**$ 316,120**	$ -
Receivables:		
Property taxes	**85,800**	-
Other	**127,766**	127,766
Total assets	**$ 529,686**	$ 127,766
Liabilities		
Accounts payable	**$ -**	$ -
Due to other funds	**63,505**	63,505
Total liabilities	**63,505**	63,505
Deferred Inflows of Resources		
Property taxes	**85,800**	-
Fund Balances		
Restricted for debt service	**380,381**	64,261
Total fund balances	**380,381**	64,261
Total liabilities, deferred inflows of resources and fund balances	**$ 529,686**	$ 127,766

See independent auditor's report.

Crystal Heights Debt Service	SEECOM Debt Service	Three Oaks Recreation Area Debt Service Fund
$ 315,953	$ 167	$ -
85,800	-	-
-	-	-
$ 401,753	$ 167	$ -
$ -	$ -	$ -
-	-	-
-	-	-
85,800	-	-
315,953	167	-
315,953	167	-
$ 401,753	$ 167	$ -

City of Crystal Lake, Illinois
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended April 30, 2019

	Total	Special Assess-ment No. 149
Revenues:		
Charges for services	**$ 302,397**	$ -
Property taxes	**38,298**	-
Investment income	**4,992**	-
Total revenues	**345,687**	-
Expenditures:		
Current - general government	**7,139**	-
Debt service:		
Principal	**1,093,247**	-
Interest and fees	**347,451**	-
Miscellaneous	**38,298**	-
Total expenditures	**1,486,135**	-
Revenues under expenditures before other financing sources	**(1,140,448)**	-
Other financing sources - transfers in	**1,050,212**	-
Net changes in fund balances	**(90,236)**	-
Fund balances, beginning of the year	**470,617**	64,261
Fund balances, end of the year	**$ 380,381**	$ 64,261

See independent auditor's report.

Crystal Heights Debt Service	SEECOM Debt Service	Three Oaks Recreation Area Debt Service Fund
$ 33,045	$ 269,352	$ -
38,298	-	-
4,992	-	-
76,335	269,352	-
5,492	-	1,647
118,095	259,072	716,080
4,686	10,280	332,485
38,298	-	-
166,571	269,352	1,050,212
(90,236)	-	(1,050,212)
-	-	1,050,212
(90,236)	-	-
406,189	167	-
$ 315,953	$ 167	$ -

City of Crystal Lake, Illinois
Crystal Heights Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 22,000	$ 22,000	**$ 33,045**	$ 11,045
Property taxes	50,000	50,000	**38,298**	(11,702)
Investment income	-	-	**4,992**	4,992
Total revenues	72,000	72,000	**76,335**	4,335
Expenditures:				
Current - general government - contractual services	5,400	5,400	**5,492**	(92)
Debt service:				
Principal	118,095	118,095	**118,095**	-
Interest	4,686	4,686	**4,686**	-
Miscellaneous	22,000	22,000	**38,298**	(16,298)
Total expenditures	150,181	150,181	**166,571**	(16,390)
Net changes in fund balance	$ (78,181)	$ (78,181)	**(90,236)**	$ (12,055)
Fund balance, beginning of the year			**406,189**	
Fund balance, end of the year			**$ 315,953**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Charges for services	$ 269,352	$ 269,352	**$ 269,352**	$ -
Total revenues	269,352	269,352	**269,352**	-
Expenditures:				
Debt service:				
Principal	259,072	259,072	**259,072**	-
Interest	10,280	10,280	**10,280**	-
Total expenditures	269,352	269,352	**269,352**	-
Net changes in fund balance	$ -	$ -	**-**	$ -
Fund balance, beginning of the year			**167**	
Fund balance, end of the year			**$ 167**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Expenditures:				
Contractual services	$ 1,000	$ 1,000	**$ 1,647**	$ (647)
Debt Service:				
Principal	716,080	716,080	**716,080**	-
Interest	359,880	359,880	**332,485**	27,395
Total expenditures	1,076,960	1,076,960	**1,050,212**	26,748
Expenditures before other financing sources	(1,076,960)	(1,076,960)	**(1,050,212)**	26,748
Other financing sources - transfers in	1,076,960	1,076,960	**1,050,212**	(26,748)
Net changes in fund balance	$ -	$ -	**-**	$ -
Fund balance, beginning of the year			**-**	
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, 2019

	Total	Special Assessment No. 145	Main Street TIF Construction
Assets			
Cash and investments	**$ 1,700,673**	$ 119,478	$ 418,352
Receivables:			
Property taxes, net	**147,284**	-	20,448
Other	**45,880**	-	-
Prepaid items	**40,960**	-	-
Total assets	**$ 1,934,797**	$ 119,478	$ 438,800
Liabilities			
Accounts payable	**$ 459,547**	$ -	$ -
Recapture fees payable	**109,880**	109,880	-
Due to other funds	**70,956**	-	-
Total liabilities	**640,383**	109,880	-
Deferred Inflows of Resources			
Property taxes	**147,284**	-	20,448
Fund Balances			
Nonspendable	**40,960**	-	-
Restricted for park development	**28**	-	-
Assigned for capital outlay	**1,106,142**	9,598	418,352
Total fund balances	**1,147,130**	9,598	418,352
Total liabilities, deferred inflows of resources and fund balances	**$ 1,934,797**	$ 119,478	$ 438,800

See independent auditor's report.

Virginia Street Corridor TIF	Vulcan Lakes TIF District	Three Oaks Development	Capital Equipment and Replacement
$ -	$ -	$ 28	$ 1,162,815
80,090	46,746	-	-
-	-	-	45,880
-	-	-	40,960
$ 80,090	$ 46,746	$ 28	$ 1,249,655
$ -	$ -	$ -	$ 459,547
-	-	-	-
-	-	-	70,956
-	-	-	530,503
80,090	46,746	-	-
-	-	-	40,960
-	-	28	-
-	-	-	678,192
-	-	28	719,152
$ 80,090	$ 46,746	$ 28	$ 1,249,655

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, 2019

	Total	Special Assessment No. 145	Main Street TIF Construction
Revenues:			
Property taxes	**$ 81,308**	$ -	$ 322
Licenses and permits	**43,893**	-	-
Intergovernmental	**322,951**	-	-
Other taxes	**122,492**	-	-
Investment income	**6,364**	-	6,151
Miscellaneous	**590,650**	-	-
Total revenues	**1,167,658**	-	6,473
Expenditures:			
Current - general government	**1,800**	-	600
Capital outlay	**3,491,356**	-	-
Total expenditures	**3,493,156**	-	600
Revenues over (under) expenditures before other financing sources (uses)	**(2,325,498)**	-	5,873
Other financing sources (uses):			
Transfers in	**1,965,386**	-	-
Transfers out	**(79,887)**	-	-
Proceeds from capital leases	**59,266**	-	-
Total other financing sources (uses)	**1,944,765**	-	-
Net changes in fund balances	**(380,733)**	-	5,873
Fund balances, beginning of the year	**1,527,863**	9,598	412,479
Fund balances, end of the year	**$ 1,147,130**	$ 9,598	$ 418,352

See independent auditor's report.

Virginia Street Corridor TIF	Vulcan Lakes TIF District	Three Oaks Development	Capital Equipment and Replacement
$ 54,786	$ 26,200	$ -	$ -
-	-	-	43,893
-	-	-	322,951
-	-	-	122,492
43	58	112	-
-	-	-	590,650
54,829	26,258	112	1,079,986
600	600	-	-
-	-	8,754	3,482,602
600	600	8,754	3,482,602
54,229	25,658	(8,642)	(2,402,616)
-	-	-	1,965,386
(54,229)	(25,658)	-	-
-	-	-	59,266
(54,229)	(25,658)	-	2,024,652
-	-	(8,642)	(377,964)
-	-	8,670	1,097,116
$ -	$ -	$ 28	$ 719,152

City of Crystal Lake, Illinois
Capital and Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Licenses and permits	$ 42,420	$ 42,420	**$ 43,893**	$ 1,473
Intergovernmental	542,000	542,000	**322,951**	(219,049)
Other taxes	79,790	79,790	**122,492**	42,702
Miscellaneous	-	-	**590,650**	590,650
Total revenues	664,210	664,210	**1,079,986**	415,776
Expenditures:				
Information technology	364,360	364,360	**243,833**	120,527
Police	364,376	364,376	**10,557**	353,819
Community development	175,354	175,354	**140,000**	35,354
Streets	881,477	881,477	**299,116**	582,361
Fleet and facility services	173,226	173,226	**61,532**	111,694
Fire rescue	823,285	823,285	**366,400**	456,885
Road resurfacing	2,040,000	2,040,000	**1,815,253**	224,747
Road reconstruction	2,271,025	2,271,025	**466,224**	1,804,801
Three Oaks Recreation Area	152,712	152,712	**79,687**	73,025
Total expenditures	7,245,815	7,245,815	**3,482,602**	3,763,213
Revenues under expenditures before other financing sources	(6,581,605)	(6,581,605)	**(2,402,616)**	4,178,989
Other financing sources:				
Transfers in	5,734,225	5,734,225	**1,965,386**	(3,768,839)
Proceeds from capital leases	767,580	767,580	**59,266**	(708,314)
	6,501,805	6,501,805	**2,024,652**	(4,477,153)
Net changes in fund balance	$ (79,800)	$ (79,800)	**(377,964)**	$ (298,164)
Fund balance, beginning of the year			**1,097,116**	
Fund balance, end of the year			**$ 719,152**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property taxes	$ 3,000	$ 3,000	**$ 322**	$ (2,678)
Interest income	15	15	**6,151**	6,136
Total revenues	3,015	3,015	**6,473**	3,458
Expenditures:				
Current - general government - contractual services	550	550	**600**	(50)
Total expenditures	550	550	**600**	(50)
Net changes in fund balance	$ 2,465	$ 2,465	**5,873**	$ 3,408
Fund balance, beginning of the year			**412,479**	
Fund balance, end of the year			**$ 418,352**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property taxes	$ 25,000	$ 25,000	**$ 54,786**	$ 29,786
Interest income	-	-	**43**	43
Total revenues	25,000	25,000	**54,829**	29,829
Expenditures:				
Current - general government - contractual services	550	550	**600**	(50)
Total expenditures	550	550	**600**	(50)
Revenues over expenditures before other financing uses	24,450	24,450	**54,229**	29,779
Other financing uses - transfers out	(24,450)	(24,450)	**(54,229)**	(29,779)
Net changes in fund balance	$ -	$ -	**-**	$ -
Fund balance, beginning of the year			**-**	
Fund balance, end of the year			**$ -**	

See independent auditor's report.

City of Crystal Lake, Illinois
Vulcan Lakes TIF District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:				
Property taxes	$ 13,000	$ 13,000	**$ 26,200**	$ 13,200
Interest income	-	-	**58**	58
Total revenues	13,000	13,000	**26,258**	13,258
Expenditures:				
Current - general government - contractual services	550	550	**600**	(50)
Total expenditures	550	550	**600**	(50)
Revenues over expenditures before other financing uses	12,450	12,450	**25,658**	13,208
Other financing uses - transfers out	(12,450)	(12,450)	**(25,658)**	(13,208)
Net changes in fund balance	$ -	$ -	**-**	$ -
Fund balance, beginning of the year			**-**	
Fund balance, end of the year			**$ -**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Operating revenues:				
Charges for services:				
Water sales	$ 6,330,304	$ 6,330,304	**$ 6,302,945**	$ (27,359)
Sewer sales	6,089,347	6,089,347	**6,028,597**	(60,750)
Penalties	320,000	320,000	**339,631**	19,631
Water meter fees	67,100	67,100	**52,438**	(14,662)
Water tap fees	10,000	10,000	**13,389**	3,389
Miscellaneous	38,000	38,000	**147,859**	109,859
Total operating revenues	12,854,751	12,854,751	**12,884,859**	30,108
Nonoperating revenue:				
Connection fees	997,500	997,500	**940,963**	(56,537)
Investment income	30,767	30,767	**283,436**	252,669
Rental income	275,238	275,238	**275,237**	(1)
Gain on sale of capital assets	27,000	27,000	**3,400**	(23,600)
Total nonoperating revenues	1,330,505	1,330,505	**1,503,036**	172,531
Total revenues	$ 14,185,256	$ 14,185,256	**$ 14,387,895**	$ 202,639

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, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Operating expenses, excluding depreciation:				
Administration:				
Personal services	$ 584,292	$ 584,292	**$ 517,056**	$ 67,236
Contractual services	240,668	240,668	**262,145**	(21,477)
Supplies and materials	24,776	24,776	**18,843**	5,933
Capital outlay	1,048,017	1,048,017	**2,700**	1,045,317
Total administration	1,897,753	1,897,753	**800,744**	1,097,009
Operations:				
Water division:				
Personal services	1,975,235	1,975,235	**1,954,176**	21,059
Contractual services	1,737,684	1,737,684	**1,236,018**	501,666
Supplies and materials	836,922	836,922	**722,149**	114,773
Capital outlay	2,633,824	2,633,824	**9,591**	2,624,233
Total water division	7,183,665	7,183,665	**3,921,934**	3,261,731
Wastewater division:				
Personal services	1,221,851	1,221,851	**1,139,605**	82,246
Contractual services	1,130,372	1,130,372	**1,025,004**	105,368
Supplies and materials	716,235	716,235	**605,373**	110,862
Capital outlay	1,521,765	1,521,765	**588,393**	933,372
Total wastewater division	4,590,223	4,590,223	**3,358,375**	1,231,848
Total operations	11,773,888	11,773,888	**7,280,309**	4,493,579
Total operating expenses, excluding depreciation	$ 13,671,641	$ 13,671,641	**$ 8,081,053**	$ 5,590,588
Nonoperating expenses:				
Interest expense	$ 885,052	$ 885,052	**$ 753,108**	$ (131,944)

See independent auditor's report.

City of Crystal Lake, Illinois
Pension Trust Funds
Combining Statement of Fiduciary Net Position
April 30, 2019

	Police Pension	Firefighters' Pension	**Total**
Assets			
Cash	$ 8,980	$ 21,678	**$ 30,658**
Investments:			
Money market accounts	807,771	67,291	**875,062**
U.S. government and agency securities	5,020,491	13,891,708	**18,912,199**
Corporate bonds	8,961,214	398,064	**9,359,278**
Municipal bonds	-	2,128,171	**2,128,171**
Mutual funds - stocks	26,189,080	21,914,204	**48,103,284**
Interest receivable	113,285	133,225	**246,510**
Total assets	$ 41,100,821	$ 38,554,341	**$ 79,655,162**
Liabilities and Net Position			
Liabilities - accounts payable	$ 1,530	$ 3,239	**$ 4,769**
Net position restricted for pensions	41,099,291	38,551,102	**79,650,393**
Total liabilities and net position	$ 41,100,821	$ 38,554,341	**$ 79,655,162**

See independent auditor's report.

City of Crystal Lake, Illinois
Pension Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended April 30, 2019

	Police Pension	Firefighters' Pension	**Total**
Additions:			
Contributions:			
Employer	$ 2,415,148	$ 1,881,728	**$ 4,296,876**
Members	633,079	603,777	**1,236,856**
Total contributions	3,048,227	2,485,505	**5,533,732**
Investment income:			
Net appreciation in fair value of investments	185,013	1,011,900	**1,196,913**
Interest income	1,610,888	1,512,824	**3,123,712**
Less investment expenses	(172,779)	(140,457)	**(313,236)**
Total investment income	1,623,122	2,384,267	**4,007,389**
Total additions	4,671,349	4,869,772	**9,541,121**
Deductions:			
Pension benefits and refunds	3,154,254	1,482,619	**4,636,873**
Administrative expenses	16,137	22,532	**38,669**
Total deductions	3,170,391	1,505,151	**4,675,542**
Changes in net position	1,500,958	3,364,621	**4,865,579**
Net position restricted for pensions:			
Beginning of the year	39,598,333	35,186,481	**74,784,814**
End of the year	$ 41,099,291	$ 38,551,102	**$ 79,650,393**

See independent auditor's report.

City of Crystal Lake, Illinois
Police Pension Fund
Schedule of Changes in Fiduciary
Net Position - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Additions:				
Contributions:				
Employer	$ 2,418,485	$ 2,418,485	**$ 2,415,148**	$ (3,337)
Members	590,000	590,000	**633,079**	43,079
Total contributions	3,008,485	3,008,485	**3,048,227**	39,742
Investment income:				
Net appreciation in fair value of investments	-	-	**185,013**	185,013
Interest income	1,100,000	1,100,000	**1,610,888**	510,888
Less investment expenses	(191,000)	(191,000)	**(172,779)**	18,221
Total investment income	909,000	909,000	**1,623,122**	714,122
Total additions	3,917,485	3,917,485	**4,671,349**	753,864
Deductions:				
Pension benefits and refunds	3,000,000	3,000,000	**3,154,254**	(154,254)
Administrative expenses	30,300	30,300	**16,137**	14,163
Total deductions	3,030,300	3,030,300	**3,170,391**	(140,091)
Changes in net position	$ 887,185	$ 887,185	**1,500,958**	$ 613,773
Net position restricted for pensions:				
Beginning of the year			**39,598,333**	
End of the year			**$ 41,099,291**	

See independent auditor's report.

City of Crystal Lake, Illinois
Firefighters' Pension Fund
Schedule of Changes in Fiduciary
Net Position - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance Positive (Negative)
Additions:				
Contributions:				
Employer	$ 1,884,348	$ 1,884,348	**$ 1,881,728**	$ (2,620)
Members	621,400	621,400	**603,777**	(17,623)
Total contributions	2,505,748	2,505,748	**2,485,505**	(20,243)
Investment income:				
Net appreciation in fair value of investments	-	-	**1,011,900**	1,011,900
Interest income	900,000	900,000	**1,512,824**	612,824
Less investment expenses	(130,000)	(130,000)	**(140,457)**	(10,457)
Total investment income	770,000	770,000	**2,384,267**	1,614,267
Total additions	3,275,748	3,275,748	**4,869,772**	1,594,024
Deductions:				
Pension benefits and refunds	1,600,000	1,600,000	**1,482,619**	117,381
Administrative expenses	27,200	27,200	**22,532**	4,668
Total deductions	1,627,200	1,627,200	**1,505,151**	122,049
Changes in net position	$ 1,648,548	$ 1,648,548	**3,364,621**	$ 1,716,073
Net position restricted for pensions:				
Beginning of the year			**35,186,481**	
End of the year			**$ 38,551,102**	

See independent auditor's report.

City of Crystal Lake, Illinois
Agency Fund - Special Assessment Fund
Statement of Changes in Assets and Liabilities
For the Year Ended April 30, 2019

	Balance May 1, 2018	Additions	Deductions	**Balance April 30, 2019**
Assets				
Cash	$ 277,059	$ 202,498	$ 228,152	**$ 251,405**
Other receivables	201,548	-	-	**201,548**
	$ 478,607	$ 202,498	$ 228,152	**$ 452,953**
Liabilities				
Recapture fees payable	$ 119,665	$ 1,885	$ -	**$ 121,550**
Funds held for others	358,942	200,613	228,152	**331,403**
	$ 478,607	$ 202,498	$ 228,152	**$ 452,953**

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, 2019

Assets

Governmental funds capital assets:	
Land	$ 103,584,779
Construction in progress	4,995,713
Buildings and improvements	35,074,463
Machinery, equipment and vehicles	17,966,588
Infrastructure	72,319,689
Total governmental funds capital assets	$ 233,941,232

Investment in Governmental Funds Capital Assets By Source

General Fund	$ 138,616,889
Special Revenue Funds	31,585,038
Capital Projects Funds	24,613,723
Developer contributions	39,125,582
Total governmental funds capital assets	$ 233,941,232

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, 2019

	Land	Construction in Progress	Buildings and Improvements
General government	$ 103,370,198	$ -	$ 12,269,147
Public safety	-	411,889	15,276,206
Highways and streets	214,581	4,583,824	493,266
Culture and recreation	-	-	7,035,844
	$ 103,584,779	$ 4,995,713	$ 35,074,463

See independent auditor's report.

Machinery, Equipment and Vehicles	Infrastructure	**Total**
$ 2,822,853	$ 2,779,192	**$ 121,241,390**
7,989,213	-	**23,677,308**
6,271,315	59,839,766	**71,402,752**
883,207	9,700,731	**17,619,782**
$ 17,966,588	$ 72,319,689	**$ 233,941,232**

City of Crystal Lake, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
April 30, 2019

	Balance May 1, 2018	Additions
General government	$ 121,219,556	$ 69,250
Public safety	23,798,729	411,889
Highways and streets	72,432,946	528,827
Culture and recreation	17,619,782	-
	$ 235,071,013	$ 1,009,966

See independent auditor's report.

Deletions and Transfers	**Balance April 30, 2019**
$ 47,417	**$ 121,241,389**
533,310	**23,677,308**
1,559,021	**71,402,752**
-	**17,619,782**
$ 2,139,748	**$ 233,941,231**

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2019

	Governmental	
	General Operating	Special Reserve
Assets		
Current:		
Cash and investments	$ 2,781,053	$ 2,025,728
Property tax receivable	4,067,417	-
Prepaid expenses	65,052	-
Capital assets, net of accumulated depreciation	-	-
Total assets	6,913,522	2,025,728
Deferred Outflows		
Pension-related	-	-
Total assets and deferred outflows	$ 6,913,522	$ 2,025,728
Liabilities		
Current:		
Accounts payable	$ 90,625	$ -
Accrued payroll	64,949	-
Compensated absences	-	-
Total current liabilities	155,574	-
Noncurrent:		
Compensated absences payable	-	-
Net pension liability	-	-
Total noncurrent liabilities	-	-
Total liabilities	155,574	-
Deferred Inflows of Resources		
Property taxes	4,067,417	-
Pension - related	-	-
Total deferred inflows	4,067,417	-
Total liabilities and deferred inflows of resources	4,222,991	-
Fund balance/net position:		
Restricted for working cash	-	-
Restricted for retirement	-	-
Assigned	-	2,025,728
Unassigned/unrestricted	2,690,531	-
Net investment in capital assets	-	-
Total fund balance/net position	2,690,531	2,025,728
Total liabilities, deferred inflows of resources and fund balance/net position	$ 6,913,522	$ 2,025,728

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Funds				
Nonmajor Funds	**Total**	Adjustments	**Statement of Net Position**
$ 1,233,880	**$ 6,040,661**	$ -	**$ 6,040,661**
475,637	**4,543,054**	-	**4,543,054**
-	**65,052**	-	**65,052**
-	**-**	6,624,547	**6,624,547**
1,709,517	**10,648,767**	6,624,547	**17,273,314**
-	**-**	1,423,846	**1,423,846**
$ 1,709,517	**$ 10,648,767**	$ 8,048,393	**$ 18,697,160**
$ 69,939	**$ 160,564**	$ -	**$ 160,564**
11,601	**76,550**	-	**76,550**
-	**-**	69,983	**69,983**
81,540	**237,114**	69,983	**307,097**
-	**-**	69,983	**69,983**
-	**-**	2,701,152	**2,701,152**
-	**-**	2,771,135	**2,771,135**
81,540	**237,114**	2,841,118	**3,078,232**
475,637	**4,543,054**	-	**4,543,054**
-	**-**	231,978	**231,978**
475,637	**4,543,054**	231,978	**4,775,032**
557,177	**4,780,168**	3,073,096	**7,853,264**
51,312	**51,312**	-	**51,312**
303,706	**303,706**	-	**303,706**
797,322	**2,823,050**	(2,823,050)	**-**
-	**2,690,531**	1,173,800	**3,864,331**
-	**-**	6,624,547	**6,624,547**
1,152,340	**5,868,599**	4,975,297	**10,843,896**
$ 1,709,517	**$ 10,648,767**	$ 8,048,393	**$ 18,697,160**

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, 2019

Total fund balance - governmental funds	$ 5,868,599
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.	6,624,547
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	(139,966)
Net pension liability	(2,701,152)
Difference in pension-related items on deferred outflows	1,423,846
Difference in pension-related items on deferred inflows	(231,978)
Net position of governmental activities	$ 10,843,896

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, 2019

	Governmental	
	General Operating	Special Reserve
Expenditures/expenses:		
Culture and recreation	$ 3,877,801	$ 48,580
Capital outlay	39,396	-
Total expenditures/expenses	3,917,197	48,580
Program revenues:		
Fines and fees	111,415	-
Rental income	-	-
Total program revenues	111,415	-
Net program expenditures/expenses	(3,805,782)	(48,580)
General revenues:		
Property taxes	4,071,877	-
Interest	58,253	28,946
Miscellaneous	51,858	-
Total general revenues	4,181,988	28,946
Other financing sources (uses):		
Transfers in	-	280,764
Transfers out	(280,764)	-
Total other financing sources (uses)	(280,764)	280,764
Net changes in fund balances	95,442	261,130
Fund balances, beginning of the year	2,595,089	1,764,598
Fund balances, end of the year	$ 2,690,531	$ 2,025,728

See independent auditor's report.

Funds				
Nonmajor Funds	**Total**	Adjustments	**Statement of Activities**
$ 554,019	**$ 4,480,400**	$ 159,363	**$ 4,639,763**
-	**39,396**	(22,527)	**16,869**
554,019	**4,519,796**	136,836	**4,656,632**
-	**111,415**	-	**111,415**
135,995	**135,995**	-	**135,995**
135,995	**247,410**	-	**247,410**
(418,024)	**(4,272,386)**	(136,836)	**(4,409,222)**
511,897	**4,583,774**	-	**4,583,774**
16,692	**103,891**	-	**103,891**
9,015	**60,873**	-	**60,873**
537,604	**4,748,538**	-	**4,748,538**
-	**280,764**	-	**280,764**
-	**(280,764)**	-	**(280,764)**
-	**-**	-	-
119,580	**476,152**	(136,836)	**339,316**
1,032,760	**5,392,447**	5,112,133	**10,504,580**
$ 1,152,340	**$ 5,868,599**	$ 4,975,297	**$ 10,843,896**

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, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	476,152
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 ($188,723) exceeds capital outlay ($22,527) in the current period.		(166,196)
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:		
Decrease in compensated absences payable		4,606
The net effect of changes in the net pension liability is reported as an expense in the statement of activities.		24,754
Change in net position of governmental activities	$	339,316

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, 2019

	Total	Gift and Memorial	Special Ames
Assets			
Cash and investments	**$ 1,233,880**	$ 111,240	$ 372,921
Property tax receivable	**475,637**	-	-
Total assets	**$ 1,709,517**	$ 111,240	$ 372,921
Liabilities			
Accrued payroll	**$ 11,601**	$ -	$ -
Accounts payable	**69,939**	-	-
Total liabilities	**81,540**	-	-
Deferred Inflows of Resources			
Property taxes	**475,637**	-	-
Total liabilities and deferred inflows of resources	**557,177**	-	-
Fund balances:			
Restricted	**355,018**	-	-
Assigned	**797,322**	111,240	372,921
Total fund balances	**1,152,340**	111,240	372,921
Total liabilities, deferred inflows of resources and fund balances	**$ 1,709,517**	$ 111,240	$ 372,921

See independent auditor's report.

Revenue		Capital Project Fund	Permanent Fund
IMRF	FICA	Public Library Repair and Construction	Working Cash
$ 191,717	$ 123,590	$ 383,100	$ 51,312
277,399	198,238	-	-
$ 469,116	$ 321,828	$ 383,100	$ 51,312
$ 6,782	$ 4,819	$ -	$ -
-	-	69,939	-
6,782	4,819	69,939	-
277,399	198,238	-	-
284,181	203,057	69,939	-
184,935	118,771	-	51,312
-	-	313,161	-
184,935	118,771	313,161	51,312
$ 469,116	$ 321,828	$ 383,100	$ 51,312

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, 2019

	Total	Gift and Memorial	Special Ames
Revenues:			
Property taxes	**$ 511,897**	$ -	$ -
Interest	**16,692**	-	4,183
Rental income	**135,995**	-	-
Miscellaneous	**9,015**	8,775	-
Total revenues	**673,599**	8,775	4,183
Expenditures - current - culture and recreation	**554,019**	6,321	8,859
Net changes in fund balances	**119,580**	2,454	(4,676)
Fund balances, beginning of the year	**1,032,760**	108,786	377,597
Fund balances, end of the year	**$ 1,152,340**	$ 111,240	$ 372,921

See independent auditor's report.

Revenue		Capital Project Fund	Permanent Fund
IMRF	FICA	Public Library Repair and Construction	Working Cash
$ 315,203	$ 196,694	$ -	$ -
2,922	1,939	7,131	517
-	-	135,995	-
-	-	240	-
318,125	198,633	143,366	517
280,768	178,363	79,708	-
37,357	20,270	63,658	517
147,578	98,501	249,503	50,795
$ 184,935	$ 118,771	$ 313,161	$ 51,312

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, 2019

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	$ 4,300,337	$ 4,162,062	**$ 4,071,877**	$ (90,185)
Intergovernmental	-	-	**-**	-
Fines and forfeitures	114,700	110,575	**111,415**	840
Interest	11,000	11,000	**58,253**	47,253
Miscellaneous	178,787	127,858	**51,858**	(76,000)
Total revenues	4,604,824	4,411,495	**4,293,403**	(118,092)
Expenditures:				
Culture and recreation:				
Personal services	3,248,359	3,176,531	**2,876,726**	299,805
Contractual services	449,447	445,665	**463,792**	(18,127)
Supplies and materials	1,173,297	1,135,701	**537,283**	598,418
Capital outlay:				
Operating equipment	233,721	153,598	**39,396**	114,202
Total expenditures	5,104,824	4,911,495	**3,917,197**	994,298
Revenues over (under) expenditures before other financing uses	(500,000)	(500,000)	**376,206**	876,206
Other financing uses - transfers out	-	-	**(280,764)**	(280,764)
Net changes in fund balance	$ (500,000)	$ (500,000)	**95,442**	$ 595,442
Fund balance, beginning of the year			**2,595,089**	
Fund balance, end of the year			**$ 2,690,531**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues - interest income	$ -	$ -	**$ 28,946**	$ 28,946
Expenditures:				
Culture and recreation:				
Contractual services	576,845	730,294	**48,580**	681,714
Capital outlay	1,214,079	1,060,630	**-**	1,060,630
Total expenditures	1,790,924	1,790,924	**48,580**	1,742,344
Revenues under expenditures before other financing sources	(1,790,924)	(1,790,924)	**(19,634)**	1,771,290
Other financing sources - transfers in	-	-	**280,764**	280,764
Net changes in fund balance	$ (1,790,924)	$ (1,790,924)	**261,130**	$ 2,052,054
Fund balance, beginning of the year			**1,764,598**	
Fund balance, end of the year			**$ 2,025,728**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Miscellaneous	$ 30,000	$ 30,000	**$ 8,775**	$ (21,225)
Total revenues	30,000	30,000	**8,775**	(21,225)
Expenditures:				
Culture and recreation:				
Contractual services	300	1,226	**1,610**	(384)
Supplies and materials	88,418	87,492	**4,711**	82,781
Total expenditures	88,718	88,718	**6,321**	82,397
Changes in fund balance	$ (58,718)	$ (58,718)	**2,454**	$ 61,172
Fund balance, beginning of the year			**108,786**	
Fund balance, end of the year			**$ 111,240**	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library -
Ames Fund - Schedule of Revenues, Expenditures and
and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues - interest	$ -	$ -	**$ 4,183**	$ 4,183
Expenses - culture and recreation - supplies and materials	10,000	10,000	**8,859**	1,141
Changes in fund balance	$ (10,000)	$ (10,000)	**(4,676)**	$ 5,324
Fund balance, beginning of the year			**377,597**	
Fund balance, end of the year			**$ 372,921**	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library -
IMRF Fund - Schedule of Revenues, Expenditures and
and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	$ 334,163	$ 280,195	**$ 315,203**	$ 35,008
Interest	-	-	**2,922**	2,922
Total revenues	334,163	280,195	**318,125**	37,930
Expenditures - culture and recreation - personnel services	343,041	280,195	**280,768**	(573)
Changes in fund balance	$ (8,878)	$ -	**37,357**	$ 37,357
Fund balance, beginning of the year			**147,578**	
Fund balance, end of the year			**$ 184,935**	

See independent auditor's report.

City of Crystal Lake, Illinois
Discretely Presented Component Unit - Crystal Lake Public Library -
FICA Fund - Schedule of Revenues, Expenditures and
and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2019

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Property taxes	$ 202,999	$ 200,236	**$ 196,694**	$ (3,542)
Interest	-	-	**1,939**	1,939
Total revenues	202,999	200,236	**198,633**	(1,603)
Expenditures - culture and recreation - personnel services	202,299	200,236	**178,363**	21,873
Changes in fund balance	$ 700	$ -	**20,270**	$ 20,270
Fund balance, beginning of the year			**98,501**	
Fund balance, end of the year			**$ 118,771**	

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, 2019

	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Interest	$ -	$ -	**$ 7,131**	$ 7,131
Rental income	132,576	134,976	**135,995**	1,019
Miscellaneous	-	-	**240**	240
Total revenues	132,576	134,976	**143,366**	8,390
Expenditures - culture and recreation - contractual services	132,576	134,976	**79,708**	55,268
Changes in fund balance	$ -	$ -	**63,658**	$ 63,658
Fund balance, beginning of the year			**249,503**	
Fund balance, end of the year			**$ 313,161**	

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.

Contents **Page**

Financial Trends 160 – 171

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.

Revenue Capacity 172 – 178

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 179 – 183

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.

Demographic and Economic Information 184 – 185

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.

Operating Information 186 – 191

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.

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

	Fiscal Year			
	2019	2018	2017	2016
Governmental activities:				
Net investment in capital assets	**$ 173,931,309**	$ 175,911,065	$ 176,078,381	$ 173,957,143
Restricted	**8,500,749**	8,417,145	7,369,493	7,095,286
Unrestricted	**(26,053,960)**	(27,233,715)	(20,991,234)	(15,551,944)
Total governmental activities	**$ 156,378,098**	$ 157,094,495	$ 162,456,640	$ 165,500,485
Business-type activities:				
Net investment in capital assets	**$ 44,395,007**	$ 44,397,118	$ 44,551,283	$ 44,805,894
Unrestricted	**8,979,964**	7,018,743	6,510,946	5,786,960
Total business-type activities	**$ 53,374,971**	$ 51,415,861	$ 51,062,229	$ 50,592,854
Primary government:				
Net investment in capital assets	**$ 218,326,316**	$ 220,308,183	$ 220,629,664	$ 218,763,037
Restricted	**8,500,749**	8,417,145	7,369,493	7,095,286
Unrestricted	**(17,073,996)**	(20,214,972)	(14,480,288)	(9,764,984)
Total primary government	**$ 209,753,069**	$ 208,510,356	$ 213,518,869	$ 216,093,339

Source: Audited financial statements.

Note - The City adopted GASB Statement No. 68 in the fiscal year ended April 30, 2016, and recorded a restatement to reduce unrestricted governmental and business-type net assets of $31,894,645 and $1,380,859, respectively. The City adopted GASB Statement No. 75 in the fiscal year ended April 30, 2018, and recorded a restatement to reduce unrestricted governmental net assets of $3,634,075.

See independent auditor's report.

Ended April 30,					
2015	2014	2013	2012	2011	2010
$ 169,307,809	$ 166,610,233	$ 164,606,919	$ 151,485,526	$ 146,630,784	$ 145,238,182
8,310,611	9,326,916	8,563,063	10,050,248	12,072,057	11,709,762
16,387,714	17,142,358	20,479,784	22,599,394	26,752,202	25,921,333
$ 194,006,134	$ 193,079,507	$ 193,649,766	$ 184,135,168	$ 185,455,043	$ 182,869,277
$ 45,482,321	$ 43,238,913	$ 47,890,962	$ 51,149,367	$ 50,388,323	$ 48,443,665
6,465,993	11,414,079	8,600,766	3,360,482	3,963,636	5,677,672
$ 51,948,314	$ 54,652,992	$ 56,491,728	$ 54,509,849	$ 54,351,959	$ 54,121,337
$ 214,790,130	$ 209,849,146	$ 212,497,881	$ 202,634,893	$ 197,019,107	$ 193,681,847
8,310,611	9,326,916	8,563,063	10,050,248	12,072,057	11,709,762
22,853,707	28,556,437	29,080,550	25,959,876	30,715,838	31,599,005
$ 245,954,448	$ 247,732,499	$ 250,141,494	$ 238,645,017	$ 239,807,002	$ 236,990,614

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

	Fiscal Year			
	2019	2018	2017	2016
Expenses:				
Governmental activities:				
General and administrative	**$ 8,975,593**	$ 9,480,281	$ 9,186,944	$ 9,453,754
Public safety	**28,418,257**	28,257,439	28,675,754	25,243,996
Highways and streets	**10,526,101**	9,075,738	8,803,178	11,137,715
Culture and recreation	**1,316,230**	1,240,815	1,202,081	1,158,493
Interest on long-term debt	**357,479**	395,280	434,677	472,785
Total governmental activities expenses	**49,593,660**	48,449,553	48,302,634	47,466,743
Business-type activities - waterworks/sewerage	**12,508,300**	11,871,081	10,911,625	11,161,179
Total business-type activities expenses	**12,508,300**	11,871,081	10,911,625	11,161,179
Total expenses	**$ 62,101,960**	$ 60,320,634	$ 59,214,259	$ 58,627,922
Program revenues:				
Governmental activities:				
Charges for services:				
General and administrative	**$ 1,769,715**	$ 1,278,712	$ 1,151,113	$ 1,015,508
Public safety	**4,759,684**	4,675,869	4,548,947	3,907,398
Highways and streets	**207,974**	227,659	216,074	240,659
Culture and recreation	**637,618**	652,572	626,341	494,003
Operating grants and contributions:				
Highways and streets	**1,076,674**	1,072,190	1,064,996	3,371,612
Other activities	**318,273**	169,325	240,876	275,424
Capital grants and contributions:				
Highways and streets	**488,055**	1,023,140	305,691	2,627,832
Other activities	**4,638**	4,370	23,132	2,076
Total governmental activities program revenues	**9,262,631**	9,103,837	8,177,170	11,934,512
Business-type activities:				
Charges for services - waterworks/sewerage	**13,953,200**	11,967,058	11,182,267	10,048,556
Operating grants and contributions	**-**	3,500	-	-
Capital grants and contributions	**-**	-	113,616	849,507
Total business-type activities program revenues	**13,953,200**	11,970,558	11,295,883	10,898,063
Total program revenues	**$ 23,215,831**	$ 21,074,395	$ 19,473,053	$ 22,832,575

(cont'd)

Ended April 30, 2015	2014	2013	2012	2011	2010
$ 9,219,290	$ 9,433,013	$ 8,982,683	$ 10,447,524	$ 7,646,123	$ 8,652,289
23,670,546	23,491,319	23,061,425	24,157,329	21,620,519	20,113,957
9,738,091	8,923,262	7,755,990	7,848,907	7,892,328	6,934,366
1,045,576	1,020,029	1,020,428	1,400,906	1,482,797	664,816
531,492	629,055	773,768	625,751	663,220	751,000
44,204,995	43,496,678	41,594,294	44,480,417	39,304,987	37,116,428
12,584,450	11,573,150	10,092,510	9,907,476	9,399,817	9,599,893
12,584,450	11,573,150	10,092,510	9,907,476	9,399,817	9,599,893
$ 56,789,445	$ 55,069,828	$ 51,686,804	$ 54,387,893	$ 48,704,804	$ 46,716,321
$ 1,185,748	$ 1,137,583	$ 1,154,208	$ 1,001,950	$ 955,184	$ 798,578
3,888,838	3,542,573	3,592,630	3,656,295	3,149,558	3,089,958
234,750	232,521	247,139	240,339	232,567	236,273
406,991	407,383	445,580	488,712	93,247	-
1,446,094	1,206,621	1,342,940	1,178,089	1,305,141	1,190,741
658,469	111,147	636,459	132,808	253,015	116,891
1,226,760	142,398	2,023,692	3,723,623	981,926	2,269,918
243,238	359,298	262,863	-	11,016	12,478
9,290,888	7,139,524	9,705,511	10,421,816	6,981,654	7,714,837
9,411,316	9,231,762	11,127,180	8,230,935	7,900,283	7,206,334
-	-	-	-	-	-
312,550	167,250	65,842	101,311	15,683	183,500
9,723,866	9,399,012	11,193,022	8,332,246	7,915,966	7,389,834
$ 19,014,754	$ 16,538,536	$ 20,898,533	$ 18,754,062	$ 14,897,620	$ 15,104,671

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

	Fiscal Year			
	2019	2018	2017	2016
Net (expense) revenue:				
Governmental activities	**$ (40,331,029)**	$ (39,345,716)	$ (40,125,464)	$ (35,532,231)
Business-type activities	**1,444,900**	99,477	384,258	(263,116)
Total net (expense) revenue	**$ (38,886,129)**	$ (39,246,239)	$ (39,741,206)	$ (35,795,347)
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property	**$ 12,985,292**	$ 12,499,058	$ 12,368,764	$ 13,424,456
Home rule	**5,403,739**	5,159,592	5,078,986	5,040,729
Auto rental	**43,839**	40,230	43,751	42,515
Franchise fees - cable	**670,865**	728,314	615,070	790,182
Telecommunications	**988,663**	1,076,925	1,155,832	1,276,159
Hotel/other	**393,659**	408,156	357,772	301,467
Intergovernmental:				
Replacement	**140,488**	147,318	160,573	133,431
State sales and use	**13,321,347**	12,595,524	12,310,138	12,103,709
Income	**4,215,078**	3,707,369	3,841,569	4,167,471
Investment earnings	**1,036,053**	334,737	484,987	470,909
Miscellaneous	**498,526**	920,423	664,177	1,170,199
Release of commitment of SSA debt	**-**	-	-	-
Transfers	**(82,917)**	-	-	-
Total governmental activities	**39,614,632**	37,617,646	37,081,619	38,921,227
Business-type activities:				
Investment earnings (loss)	**283,436**	(3,132)	(12,899)	79,071
Miscellaneous	**147,859**	257,285	98,016	209,444
Transfers	**82,917**	-	-	-
Total business-type activities	**514,212**	254,153	85,117	288,515
Total	**$ 40,128,844**	$ 37,871,799	$ 37,166,736	$ 39,209,742
Change in net position:				
Governmental activities	**$ (716,397)**	$ (1,728,070)	$ (3,043,845)	$ 3,388,996
Business-type activities	**1,959,112**	353,630	469,375	25,399
Total change in net position	**$ 1,242,715**	$ (1,374,440)	$ (2,574,470)	$ 3,414,395

Source: Audited financial statements.

See independent auditor's report.

Ended April 30,					
2015	2014	2013	2012	2011	2010
$ (34,914,107)	$ (36,357,154)	$ (31,888,783)	$ (34,058,601)	$ (32,323,333)	$ (29,401,591)
(2,860,584)	(2,174,138)	1,100,512	(1,575,230)	(1,483,851)	(2,210,059)
$ (37,774,691)	$ (38,531,292)	$ (30,788,271)	$ (35,633,831)	$ (33,807,184)	$ (31,611,650)
$ 11,054,823	$ 11,165,180	$ 11,327,721	$ 11,061,961	$ 11,880,834	$ 11,364,280
5,084,373	5,000,073	4,756,678	4,710,538	4,574,657	4,546,821
47,986	43,174	36,185	35,281	29,429	28,204
692,094	645,315	640,472	604,233	566,979	501,544
1,381,207	1,559,980	1,746,976	1,824,479	1,693,257	1,831,489
298,471	272,587	278,356	281,817	251,417	230,880
156,255	152,358	142,418	139,013	154,893	135,686
11,903,296	11,326,567	10,662,042	10,736,957	10,200,357	9,944,402
4,104,684	3,890,892	3,854,999	3,451,994	3,079,075	3,068,722
179,247	213,842	354,263	367,609	974,115	1,081,644
938,298	1,504,447	814,168	1,222,460	782,343	840,270
-	-	8,155,975	-	-	-
-	12,480	(848,275)	(1,697,616)	(1,252,036)	-
35,840,734	35,786,895	41,921,978	32,738,726	32,935,320	33,573,942
39,673	40,184	2,382	5,062	48,105	30,986
116,233	307,698	30,710	30,442	(2,751)	40,222
-	(12,480)	848,275	1,697,616	1,252,036	-
155,906	335,402	881,367	1,733,120	1,297,390	71,208
$ 35,996,640	$ 36,122,297	$ 42,803,345	$ 34,471,846	$ 34,232,710	$ 33,645,150
$ 926,627	$ (570,259)	$ 10,033,195	$ (1,319,875)	$ 611,987	$ 4,172,351
(2,704,678)	(1,838,736)	1,981,879	157,890	(186,461)	(2,138,851)
$ (1,778,051)	$ (2,408,995)	$ 12,015,074	$ (1,161,985)	$ 425,526	$ 2,033,500

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

	2019	2018	2017	2016
General Fund:				
Reserved	**$ -**	$ -	$ -	$ -
Unreserved	**-**	-	-	-
Nonspendable	**2,513,094**	2,455,422	2,295,685	1,807,119
Committed	**37,611**	3,796	3,128	3,128
Assigned	**2,620,028**	1,848,473	2,584,111	1,082,174
Unassigned	**14,172,882**	11,533,098	9,616,898	10,224,095
Total General Fund	**$ 19,343,615**	$ 15,840,789	$ 14,499,822	$ 13,116,516
All other governmental funds:				
Reserved:				
Other	**$ -**	$ -	$ -	$ -
Unreserved, reported in:				
Special Revenue Funds	**-**	-	-	-
Debt Service Funds	**-**	-	-	-
Capital Projects Funds	**-**	-	-	-
Nonspendable, reported in:				
Special Revenue Funds	**6,353**	8,075	4,923	7,860
Capital Projects Funds	**40,960**	38,280	-	-
Restricted, reported in:				
Special Revenue Funds	**8,680,554**	8,403,881	7,277,111	7,077,082
Debt Service Funds	**380,381**	470,617	535,819	607,044
Capital Projects Funds	**28**	8,670	97,819	97,819
Committed, report in:				
Special Revenue Funds	**253,534**	-	-	-
Assigned, reported in:				
Special Revenue Funds	**4,765,684**	4,588,755	5,362,831	6,161,723
Capital Projects Funds	**1,106,142**	1,480,913	1,682,146	3,484,108
Unassigned, reported in:				
Special Revenue Funds	**-**	-	-	-
Debt Service Funds	**-**	-	-	-
Capital Projects Funds	**-**	-	-	-
Total all other governmental funds	**$ 15,233,636**	$ 14,999,191	$ 14,960,649	$ 17,435,636

Note - The City adopted GASB Statement No. 54 in the fiscal year ended April 30, 2010.

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2015	2014	2013	2012	2011	2010
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
1,578,916	3,237,798	2,845,081	2,910,564	2,859,443	3,028,759
3,128	-	-	-	-	-
3,615,389	2,419,158	3,660,817	2,452,902	3,000,000	5,050,000
7,820,204	10,024,692	11,123,805	12,539,460	15,338,381	13,531,107
$ 13,017,637	$ 15,681,648	$ 17,629,703	$ 17,902,926	$ 21,197,824	$ 21,609,866
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,392	429	82,460	150,365	174,629	472,933
-	-	-	-	-	-
8,145,652	8,662,682	8,521,260	9,082,375	9,760,597	10,822,453
656,450	664,234	44,827	969,634	850,866	906,392
193,425	349,145	-	-	-	-
-	-	-	-	-	-
5,239,772	5,489,662	6,069,521	7,008,252	10,935,899	10,188,580
3,349,107	3,431,874	3,994,997	4,200,746	2,032,886	6,328,647
(1,621)	-	-	-	-	-
-	-	(3,024)	(1,761)	(1,795)	(5,410)
-	(2,039,724)	(1,841,925)	(1,797,070)	(1,318,932)	-
$ 17,590,177	$ 16,558,302	$ 16,868,116	$ 19,612,541	$ 22,434,150	$ 28,713,595

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

	2019	2018	2017	2016
Revenues:				
Charges for services	**$ 5,567,308**	$ 5,264,409	$ 5,259,621	$ 4,561,965
Licenses and permits	**887,689**	659,908	626,878	546,408
Intergovernmental	**18,972,402**	18,841,214	17,740,346	22,510,761
Fines and forfeitures	**465,779**	520,692	687,186	715,857
Property taxes	**12,985,292**	12,499,057	12,368,764	13,424,456
Other taxes	**7,500,765**	7,317,786	7,251,411	7,451,052
Interest	**1,036,053**	334,734	484,987	470,909
Miscellaneous	**1,611,094**	1,350,750	943,772	1,232,711
Total revenues	**49,026,382**	46,788,550	45,362,965	50,914,119
Expenditures:				
Current:				
General government	**8,212,507**	8,312,721	8,176,893	8,013,493
Public safety	**25,231,400**	24,143,224	23,956,258	23,852,909
Highways and streets	**5,761,105**	5,426,131	7,122,954	7,333,376
Culture and recreation	**743,393**	723,546	736,944	618,351
Capital outlay	**3,491,356**	4,877,081	4,559,275	9,178,080
Debt service:				
Principal	**1,496,632**	1,447,120	1,426,983	1,383,967
Interest and fees	**411,984**	479,218	475,339	589,605
Total expenditures	**45,348,377**	45,409,041	46,454,646	50,969,781
Revenues over (under) expenditures before other financing sources (uses)	**3,678,005**	1,379,509	(1,091,681)	(55,662)
Other financing sources (uses):				
Transfers in	**3,098,328**	6,702,316	7,315,265	9,006,449
Transfers out	**(3,098,328)**	(6,702,316)	(7,315,265)	(9,006,449)
General obligation bonds	**-**	-	-	-
Bond premium	**-**	-	-	-
Payment to refunded bond escrow	**-**	-	-	-
Proceeds from capital leases	**59,266**	-	-	-
Total other financing sources (uses)	**59,266**	-	-	-
Net changes in fund balances	**$ 3,737,271**	$ 1,379,509	$ (1,091,681)	$ (55,662)
Debt service as a percentage of noncapital expenditures	**4.20%**	4.27%	4.42%	4.20%

Source: Audited financial statements.

See independent auditor's report.

Fiscal Year Ended April 30,					
2015	2014	2013	2012	2011	2010
$ 4,255,331	$ 3,976,998	$ 4,151,306	$ 4,252,140	$ 3,360,819	$ 3,231,973
594,261	689,030	681,467	603,915	571,338	623,399
19,178,195	17,210,359	18,897,440	18,468,845	15,699,908	1,255,501
1,186,481	593,493	581,230	681,590	615,032	637,172
11,054,823	11,165,179	11,327,721	11,061,961	11,880,834	11,364,280
7,504,131	7,521,129	7,458,667	8,349,987	7,401,254	20,352,032
179,247	213,846	354,263	367,608	974,114	1,081,644
1,037,793	1,595,211	865,199	1,128,819	686,785	497,962
44,990,262	42,965,245	44,317,293	44,914,865	41,190,084	39,043,963
8,433,073	8,442,528	8,134,756	7,325,941	7,196,049	7,554,253
22,521,524	22,065,741	21,638,535	21,396,677	19,821,689	18,943,799
8,248,411	5,908,318	5,962,709	5,439,262	5,949,059	5,578,194
563,450	542,720	550,698	546,814	1,124,645	1,805,834
4,943,965	6,371,060	8,723,799	12,104,347	10,016,441	10,206,702
1,338,673	1,325,384	1,343,197	1,460,345	1,305,074	3,677,000
545,577	579,843	974,494	1,060,370	1,216,578	754,475
46,594,673	45,235,594	47,328,188	49,333,756	46,629,535	48,520,257
(1,604,411)	(2,270,349)	(3,010,895)	(4,418,891)	(5,439,451)	(9,476,294)
10,011,992	8,751,359	6,354,136	15,343,341	4,265,805	2,498,031
(10,039,717)	(8,738,879)	(7,273,393)	(17,040,957)	(5,517,841)	(2,498,031)
-	-	3,389,792	-	-	18,175,000
-	-	123,227	-	-	61,658
-	-	(2,600,517)	-	-	-
-	-	-	-	-	-
(27,725)	12,480	(6,755)	(1,697,616)	(1,252,036)	18,236,658
$ (1,632,136)	$ (2,257,869)	$ (3,017,650)	$ (6,116,507)	$ (6,691,487)	$ 8,760,364
4.39%	4.50%	5.78%	6.10%	6.86%	10.25%

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

	2019	2018	2017	2016
Property tax	**$ 12,985,292**	$ 12,499,057	$ 12,368,764	$ 13,424,456
Replacement tax	**140,488**	147,318	160,573	133,431
State sales tax	**12,056,756**	11,522,209	11,266,148	11,146,198
Home rule sales tax	**5,403,739**	5,159,592	5,078,986	5,040,729
Auto rental tax	**43,839**	40,230	43,733	42,515
Income	**4,215,078**	3,707,369	3,841,569	4,167,471
Franchise fees - cable	**670,865**	728,314	615,070	790,182
Telecommunications	**988,663**	1,076,925	1,155,832	1,276,159
Hotel	**271,167**	312,725	320,639	301,467
Local use	**1,264,591**	1,073,315	1,010,946	957,511
Video gaming	**122,492**	95,431	37,133	-
	$ 38,162,970	$ 36,362,485	$ 35,899,393	$ 37,280,119

See independent auditor's report.

Fiscal Year Ended April 30,					
2015	2014	2013	2012	2011	2010
$ 11,054,823	$ 11,165,179	$ 11,327,721	$ 11,061,961	$ 11,880,834	$ 11,364,280
156,225	152,358	142,418	139,013	154,893	135,686
11,075,104	10,608,131	10,016,056	10,137,309	9,627,149	9,467,834
5,084,373	5,000,073	4,756,678	4,710,538	4,574,657	4,546,821
47,986	43,174	36,185	35,281	29,429	28,204
4,104,684	3,890,892	3,854,999	3,451,994	3,079,075	3,068,722
692,094	645,315	640,472	604,233	566,979	501,544
1,381,207	1,559,980	1,746,976	1,824,479	1,693,257	1,831,489
298,471	272,587	278,356	281,817	251,417	230,880
828,192	718,436	645,986	599,648	573,208	476,568
-	-	-	-	-	-
$ 34,723,159	$ 34,056,125	$ 33,445,847	$ 32,846,273	$ 32,430,898	$ 31,652,028

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
2009	$ 1,433,073	$ 1,014,220,209	$ 323,715,883	$ 81,742,371	$ 451,126
2010	1,437,002	917,883,229	312,815,076	81,683,777	451,126
2011	1,457,426	851,992,597	272,387,226	70,992,705	779,823
2012	2,406,232	770,473,587	246,203,281	64,005,237	784,880
2013	2,266,748	706,627,435	222,999,035	57,052,844	766,260
2014	1,275,219	682,859,738	215,592,383	56,205,928	766,260
2015	1,404,385	699,260,973	217,281,136	59,020,112	844,076
2016	1,526,396	740,647,736	228,349,107	61,366,135	844,076
2017	1,622,445	786,070,587	235,117,515	64,679,519	844,076
2018	**1,761,344**	**830,734,889**	**246,047,143**	**66,264,371**	**1,465,540**

Source: McHenry County Clerk.

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

See independent auditor's report.

Rail Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Percentage of Assessed Value
$ 695,565	$ 1,422,258,227	0.7370	$ 4,266,774,681	33.33%
862,324	1,315,132,534	0.7574	3,945,397,602	33.33%
914,093	1,198,523,870	0.8590	3,595,571,610	33.33%
1,030,667	1,084,903,884	0.9797	3,254,711,652	33.33%
1,268,185	990,980,507	1.1786	2,972,941,521	33.33%
1,320,683	958,020,211	1.2351	2,874,060,633	33.33%
1,581,706	979,392,388	1.2130	2,938,177,164	33.33%
1,608,116	1,034,341,566	1.1485	3,103,024,698	33.33%
1,639,399	1,089,973,541	1.1452	3,269,920,623	33.33%
1,760,154	**1,148,033,441**	**1.0873**	**3,444,100,323**	**33.33%**

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

	2018	2017	2016	2015	2014
Operating:					
City of Crystal Lake:					
Municipal Retirement	**0.1372**	0.1462	0.1540	0.1729	0.1761
Police Pension	**0.2083**	0.2219	0.2022	0.2034	0.1952
School Crossing Guard	**0.0048**	0.0050	0.0053	0.0046	0.0047
Fire Protection	**0.5761**	0.5992	0.6314	0.6592	0.6736
Firemen Pension	**0.1609**	0.1729	0.1556	0.1729	0.1855
Total City of Crystal Lake	**1.0873**	1.1452	1.1485	1.2130	1.2351
Crystal Lake Public Library	**0.3997**	0.4210	0.4345	0.4589	0.4670
McHenry County	**0.8317**	0.9019	1.0539	1.0781	1.1412
District 47	**3.9469**	4.0463	4.1616	4.3488	4.3867
District 155	**2.5646**	2.6953	2.7749	2.9060	2.9721
Debt service:					
McHenry County	**-**	-	-	-	-
District 47	**-**	0.2143	0.2119	0.2103	0.2655
District 155	**0.0485**	0.0066	0.0537	0.1196	0.1227
Other	**-**	-	-	-	-
Total tax rate:					
City of Crystal Lake	**1.0873**	1.1452	1.1485	1.2130	1.2351
Crystal Lake Public Library	**0.3997**	0.4210	0.4345	0.4589	0.4670
McHenry County	**0.8317**	0.9019	1.0539	1.0781	1.1412
District 47	**3.9469**	4.2607	4.3735	4.5591	4.6522
District 155	**2.6130**	2.7019	2.8286	3.0256	3.0948
Other	**-**	-	-	-	-
Other:					
College District	**0.3655**	0.3847	0.4066	0.4348	0.4453
McHenry County Conservation	**0.2380**	0.2449	0.2588	0.2766	0.2840
Crystal Lake Park District	**0.5003**	0.5178	0.5310	0.5535	0.5582
Township (Algonquin)	**0.0603**	0.0638	0.0712	0.0828	0.0851
Road and Bridge (Algonquin)	**0.1417**	0.1527	0.1705	0.1862	0.1913

Source: McHenry County Clerk.

See independent auditor's report.

2013	2012	2011	2010	2009
0.1724	0.1291	0.1177	0.0804	0.1437
0.1992	0.1704	0.1533	0.1401	0.0978
0.0046	0.0023	0.0029	0.0021	0.0034
0.6279	0.5276	0.4556	0.4164	0.4119
0.1745	0.1503	0.1295	0.1184	0.0801
1.1786	0.9797	0.8590	0.7574	0.7369
0.4436	0.3878	0.3471	0.3145	0.2773
1.0960	0.9958	0.8879	0.7927	0.7157
4.1626	3.7347	3.2520	2.9484	2.6374
2.8118	2.5090	2.1864	1.9577	1.7711
-	-	-	-	-
0.2446	0.2129	0.1815	0.1591	0.0912
0.1495	0.1360	0.1115	0.0770	0.1344
-	-	-	-	-
1.1786	0.9797	0.8590	0.7574	0.7369
0.4436	0.3878	0.3471	0.3145	0.2773
1.0960	0.9958	0.8879	0.7927	0.7157
4.4072	3.9476	3.4335	3.1075	2.7286
2.9613	2.6450	2.2979	2.0347	1.9055
-	-	-	-	-
0.4306	0.3921	0.3395	0.3039	0.2740
0.2748	0.2481	0.2191	0.1956	0.1775
0.5193	0.4605	0.4135	0.3758	0.3519
0.0821	0.0742	0.0659	0.0577	0.0532
0.1827	0.1627	0.1450	0.1270	0.1171

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

Taxpayer	Type of Business
Skyridge Partners LLC	Residential Housing
Inland Crystal Point LLC	Shopping
Centro Bradley Crystal Lake	Industrial
Inland Crystal Point LLC	Shopping
ARHC Crystal Lake	Residential Housing
KPR US LLC	Industrial
Northern Illinois Medical Center	Healthcare
Walmart Real Est Business	Shopping
Watermark Crystal Lake	Residential Housing
Crystal Lake LP	Shopping
Sunrise Residential Housing	Residential Housing
Tyco Healthcare Group	Manufacturing
Inland Ryan LLC	Shopping
Inland Showplace LLC	Theater/Shopping
Menards	Shopping

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.

2018			2009		
Taxable Assessed Value	**Rank**	**Percent of Total District Taxable Assessed Value**	Taxable Assessed Value	Rank	Percent of Total District Taxable Assessed Value
$ 9,189,642	**1**	**0.80%**	$ 9,488,999	3	0.67%
6,462,091	**2**	**0.56%**	11,061,509	1	0.78%
6,066,802	**3**	**0.53%**	7,134,159	4	0.50%
6,039,993	**4**	**0.53%**	10,911,261	2	0.77%
5,621,012	**5**	**0.49%**	-	-	-
5,196,836	**6**	**0.45%**	-	-	-
3,959,270	**7**	**0.34%**	-	-	-
3,808,218	**8**	**0.33%**	5,908,743	7	0.42%
3,727,115	**9**	**0.32%**	-	-	-
3,566,290	**10**	**0.31%**	-	-	-
-	**-**	**-**	6,912,329	5	0.49%
-	**-**	**-**	5,962,359	6	0.42%
-	**-**	**-**	4,992,113	8	0.35%
-	**-**	**-**	4,574,757	9	0.32%
-	**-**	**-**	4,396,032	10	0.31%
$ 53,637,269		**4.66%**	$ 71,342,261		5.03%

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

Fiscal Year Ended April 30,	Taxes Extended for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Extension		Amount	Percentage of Extension
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
2014	10,588,864	10,565,666	99.78	-	10,565,666	99.78
2015	11,634,049	11,622,227	99.90	-	11,622,227	99.90
2016	11,785,312	11,765,244	99.83	-	11,765,244	99.83
2017	11,879,677	11,864,090	99.87	-	11,864,090	99.87
2018	11,879,703	11,873,307	99.95	-	11,873,307	99.95
2019	**12,482,104**	**12,464,739**	**99.86**	**-**	**12,464,739**	**99.86**

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: General Obligation Bonds	Governmental Activities: SSA Bonds	Business-type Activities: General Obligation Bonds	Business-type Activities: Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
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	19,377,905	8,409,000	5,201,419	9,475,286	42,463,610	3.73	1,042.23
2013	19,053,973	-	8,856,825	8,676,955	36,587,753	3.21	898.01
2014	17,707,947	-	26,264,962	-	43,972,909	3.86	1,079.28
2015	16,299,470	-	24,398,153	-	40,697,623	2.84	998.89
2016	14,898,250	-	22,411,000	1,900,000	39,209,250	3.09	962.36
2017	13,453,549	-	20,364,552	10,426,422	44,244,523	3.11	1,085.94
2018	11,988,542	-	18,270,226	15,537,661	45,796,429	3.30	1,124.03
2019	**10,473,372**	**-**	**16,108,783**	**15,235,751**	**41,817,906**	**2.85**	**1,026.38**

Note: Population and personal income data can be found at page 184, 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
2010	$ 27,835,000	$ 906,392	$ 26,928,608
2011	26,275,000	850,866	25,424,134
2012	24,579,324	967,874	23,611,450
2013	27,910,798	41,803	27,868,995
2014	43,972,909	664,234	43,308,675
2015	40,697,623	656,449	40,041,174
2016	37,309,250	607,044	36,702,206
2017	33,818,101	535,819	33,282,282
2018	30,258,768	470,617	29,788,151
2019	**26,582,155**	**380,381**	**26,201,774**

Note: Population data can be found at page 184, Demographic and Economic Statistics. Property value data can be found at pages 172 and 173, Assessed Value and Actual Value of Taxable Property.

See independent auditor's report.

Percentage of Estimated Actual Taxable Value of Property	Per Capita
1.95%	$ 593.81
1.77%	624.01
1.66%	579.52
2.12%	684.02
3.61%	1,062.97
3.69%	982.77
3.70%	900.82
3.47%	816.88
3.04%	731.12
2.53%	**643.10**

City of Crystal Lake, Illinois
Direct and Overlapping Governmental Activities Debt
April 30, 2019

Governmental Unit	Outstanding Debt	Applicable to the City Percent	Applicable to the City Amount
City of Crystal Lake	$ 10,473,372	100.00 %	$ 10,473,372
Total direct debt	10,473,372		10,473,372
Overlapping:			
School District Number 155	15,630,000	40.07	6,262,941
School District Number 46	2,330,000	8.88	206,904
School District Number 200	93,826,940	1.06	994,566
School District Number 300	247,257,031	0.01	24,726
McHenry County Conservation District	83,785,000	13.68	11,461,788
Crystal Lake Park District	575,000	74.15	426,363
Huntley Park District	429,000	0.69	2,960
Total overlapping debt	$ 443,832,971		19,380,248
Total direct and overlapping debt			**$ 29,853,620**

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 (1)	Personal Income	Per Capita Personal Income	School Enrollment (4)	Unemployment Rate (2)
2010	45,349	$ 1,267,051,060	$ 27,940 (5)	15,471	10.3%
2011	40,743	1,138,359,420	27,940 (5)	15,829	8.3%
2012	40,743	1,138,359,420	27,940 (5)	15,312	8.2%
2013	40,743	1,138,359,420	27,940 (5)	14,937	8.6%
2014	40,743	1,138,359,420	27,940 (5)	14,716	6.3%
2015	40,743	1,434,275,829	35,203 (5)	14,336	4.9%
2016	40,743	1,263,937,534	31,133 (5)	14,020	5.0%
2017	40,743	1,420,912,125	34,875 (5)	13,896	3.2%
2018	40,743	1,386,932,463	34,041 (5)	13,695	3.5%
2019	**40,743**	**1,468,214,748**	**36,036 (5)**	**13,357**	**2.8%**

Sources:
(1) Link on Crystal Lake website to Demographics Now.
(2) Local Area Unemployment Statistics website.
(3) U.S. Census.
(4) Elementary and high school - obtained from school districts.
(5) 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%
Aptar Group	545	4	1.34%
Crystal Lake Park District	480	5	1.18%
Knaack Manufacturing	381	6	0.94%
Covidien	350	7	0.86%
Walmart	350	9	0.86%
City of Crystal Lake	285	7	0.70%
Jewel Foodstores	220	10	0.54%
	5,365		13.18%

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

	2019	2018	2017	2016	2015
General Government	**44**	44	44	43	42
Public Safety:					
Police	**74**	74	73	70	75
Fire	**67**	66	66	66	66
Highways and Streets:					
Engineering	**6**	6	7	8	8
Maintenance	**15**	16	17	17	17
Sanitation	**12**	12	12	12	13
Waterworks and Sewerage	**15**	15	16	17	18
	233	233	235	233	239

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

Source: City records.

See independent auditor's report.

2014	2013	2012	2011	2010
43	43	43	45	45
75	73	78	79	78
64	63	67	66	70
9	10	10	11	11
18	18	19	20	20
12	8	8	7	9
18	22	23	21	23
239	237	248	249	256

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

	Fiscal Year			
	2019	2018	2017	2016
Police:				
Physical arrests	**854**	838	905	935
Parking violations	**2,339**	3,310	3,724	4,131
Traffic violations	**9,937**	10,910	8,145	9,820
Fire:				
Number of calls answered	**6,345**	6,228	6,061	5,833
Inspections	**957**	981	969	833
Highways and Streets:				
Street resurfacing (miles)	**5.1**	6.9	8.3	6.0
Water:				
New connections	**19**	8	12	5
Water main breaks	**28**	19	24	18
Average daily consumption (millions of gallons)	**4.040**	3.853	3.850	3,910
Wastewater:				
Average daily sewage treatment (millions of gallons)	**4,750**	5,160	5,270	5,378

Source: City records.

See independent auditor's report.

Ended April 30,					
2015	2014	2013	2012	2011	2010
1,010	918	979	1,089	956	1,170
5,406	4,569	5,018	7,173	7,019	8,569
5,877	5,914	5,067	6,185	6,287	7,614
5,695	5,452	5,475	5,357	5,069	4,940
1,104	1,060	1,077	976	879	970
6.9	8.1	8.8	6.2	3.8	7.6
23	7	7	15	14	15
29	34	23	34	28	31
3.930	4.400	4.140	4.060	4.300	4.650
5,092	4,800	4,167	4,793	3,934	5,000

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Public safety:					
Police:					
Stations	**1**	1	1	1	1
Patrol units	**19**	19	19	21	24
Fire stations	**3**	3	3	3	3
Highways and Streets:					
Streets (miles)	**160**	160	160	160	160
Streetlights	**1,996**	1,996	1,996	1,996	1,996
Traffic signals	**31**	31	31	31	31
Culture and Recreation:					
Parks acreage	**1,393**	1,393	1,393	1,393	1,393
Parks	**45**	45	45	45	45
Tennis courts	**30**	30	30	30	30
Community centers	**8**	8	8	8	8
Water:					
Water mains (miles)	**234**	234	230	230	230
Fire hydrants	**3,170**	3,170	3,114	3,124	3,093
Maximum daily capacity (millions of gallons)	**5.88**	8.70	8.70	8.70	8.70
Sewer:					
Sanitary sewers (miles)	**153**	153	163	162	120
Storm sewers (miles)	**121**	121	117	61	60
Maximum daily treatment (thousands of gallons)	**15,218**	15,218	18,552	18,552	18,552

Source: City records.

See independent auditor's report.

Ended April 30,				
2014	2013	2012	2011	2010
1	1	1	1	1
24	23	23	23	23
3	3	3	3	3
160	160	160	160	160
1,996	1,996	1,996	1,996	1,996
31	31	31	31	31
1,423	1,423	1,423	1,423	1,393
46	46	46	46	45
30	30	30	30	30
8	8	8	8	8
230	175	175	229	175
3,093	2,859	2,859	3,110	3,045
8.70	10.00	10.00	8.26	8.37
120	120	120	160	120
60	60	60	60	60
17,569	15,209	16,500	9,109	12,600

CONTINUING DISCLOSURE

INSURANCE COVERAGE

The City participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is a proprietary joint venture whose members are Illinois municipalities. IRMA manages and funds first party property losses, third-party liability claims, workers' compensation claims and public officials' liability claims of its member municipalities with the following limits (as of November 1, 2018):

Coverage Afforded to: Intergovernmental Risk Management Agency & all Members
Coverage Period: November 1, 2018 to November 1, 2019

Types of Coverages	Limits
General Liability	
▪ Professional Liability	
▪ Law Enforcement Activities	$12,000,000
▪ Employee Benefits	
Auto Liability	$12,000,000
▪ Uninsured/Underinsured Motorist	$ 50,000
Public Officials Liability	$12,000,000
▪ Wrongful Acts	
▪ Employment Practices	
Workers' Compensation	Statutory
▪ Employer's Liability	$2,500,000
First-Party Property – All Risk	$250,000,000 per occurrence
▪ Flood Zone A/V	$5,000,000
▪ Flood (Non-Zone A/V)	$40,000,000
▪ Contingent Business Interruption (Sales Tax)	$10,000,000
▪ Scheduled Emergency Vehicles-Agreed Value	Scheduled
▪ Boiler/Machinery	$ 50,000,000
Crime	
▪ Employee Theft (Dishonesty)	$5,000,000
▪ Forgery, Alteration & Counterfeit Currency	$5,000,000
▪ Credit Card Forgery	$5,000,000
▪ Computer Fraud	$5,000,000
▪ Non-Faithful Performance	$2,500,000
Cyber Risk	
▪ Liability & Defense	$250,000
▪ Breach Response	$100,000
▪ Name Malware	$50,000
▪ Forensic IT Review	$15,000
▪ Legal Review	$10,000
▪ Public Relations	$5,000
Public Officials Bonds	
▪ Mayor/President, Treasurer, Clerk	Statutory Limits As Scheduled
▪ Special District Trustees	
▪ Supplemental	

Yearly Aggregates	Limits
Member Annual Payment Cap (Applies to general/auto liability and public officials' liability loss fund payments only)	$6,000,000
Agency Aggregate Cap	$70,224,453

TAX TREATMENT

Interest on the Taxable Bonds is includible in gross income for federal income purposes. Ownership of the Taxable Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their tax advisors with respect to inclusion of interest on the Taxable Bond in gross income for federal tax income purposes and any collateral tax consequences. Interest on the Taxable Bonds is not exempt from present State of Illinois income taxes. Ownership of the Taxable Bonds may result in other state and local tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such consequences arising with respect to the Taxable Bonds.

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Accounting for your future

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 8, 2019

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

We have audited the financial statements of the **City of Crystal Lake, Illinois,** (City) for the year ended April 30, 2019, and have issued our report thereon dated October 8, 2019. Professional audit standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 1, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The financial statements are the responsibility of management with your oversight. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management prior to field work beginning on May 13, 2019, and in our engagement letter dated April 1, 2019.

We address significant risks of material misstatement, whether due to error or fraud, by performing analytical procedures, making inquiries of those charged with governance, by observation and inspection, and by brainstorming with our audit team members. We use judgment to determine what a user of the financial statements would consider to be material in assessing the risk of misstatement. We also use judgment to determine our approach to internal control and further audit procedures relevant to significant audit areas. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion.

A member of mgiworldwide

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Crystal Lake, Illinois, are described in Note 1 to the financial statements. During the year ended April 30, 2019, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases.* The Statement addresses the accounting and financial reporting requirements for leases by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No other new accounting policies were adopted, and the application of existing policies was not changed during the year ended April 30, 2019.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the useful lives of capital assets is based on management's plans and experience with similar assets. We evaluated the key factors and assumptions used to develop the useful lives for capital assets in determining that it is reasonable in relation to the financial statements as a whole. Management's determination that an allowance for uncollectible property taxes of 1% is appropriate based on past collection history. Management's valuation of its net pension obligation and net OPEB obligation are based on actuarial studies. Management's determination that a liability for estimated claims incurred but not reported at April 30, 2019, in the government-wide financial statements is not needed is based on funds on deposit with the Illinois Risk Management Agency.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Significant Audit Findings (cont'd)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Adjusting journal entries are included in Exhibit I. Management has corrected all such misstatements. Adjustments to convert the accounts to the full accrual basis for the government-wide financial statements are included in Exhibit II. There were no uncorrected adjusting journal entries.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 8, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

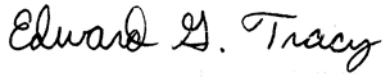
Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor, City Council and management of the City of Crystal Lake, Illinois, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SELDEN FOX, LTD.



Edward G. Tracy
Executive Vice President

EGT/cr

Exhibit I

City of Crystal Lake, Illinois
Adjusting Journal Entries
For the Year Ended April 30, 2019

Account	Description	Debit	Credit	Income Increase (Decrease)
Adjusting Journal Entry JE # 1				
Client entry to adjust receivable balances to actual at April 30, 2019.				
10100000014030	Sales Tax Receivable	$ 92,920.78	$ -	$ -
10100000014032	Home Rule Sales Tax Receivable	37,272.97		
10100000014035	Auto Rental Tax Receivable	672.29		
10100000040300	Telecommunications Tax	8,855.13		
10100000014050	Telecommunications Tax Receivable		8,855.13	
10100000041030	Sales Tax - Il		92,920.78	
10100000041032	Home Rule Sales Tax		37,272.97	
10100000041035	Auto Rental Tax - Il		672.29	122,010.91
Adjusting Journal Entry JE # 2				
Client entry to record software cost as prepaid expense.				
11000000019010	Prepaid Expenses	40,959.60		
11010171057040	Capital - Operating Equipment		40,959.60	40,959.60
Adjusting Journal Entry JE # 3				
Client entry to adjust capitalization of engineering costs for culverts.				
69925411057100	Capital - Systems Improvements	30,274.72		
69900000018900	Construction In Progress		30,274.72	(30,274.72)
Adjusting Journal Entry JE # 4				
Client entry to record Library prepaid expenses at April 30, 2019.				
94000000019010	Prepaid Expenses	65,051.92		
94060601055311	Equipment Maintenance-Building		6,435.00	
94060601055320	Equip Maint-Operations-Oper.		23,828.24	
94060601056440	Electronic Resources -Adult Ref		21,736.98	
94060601056450	Periodicals-Adult Reference		13,051.70	65,051.92
Adjusting Journal Entry JE # 5				
Client entry to accrue reimbursement for school crossing guards.				
94500000022334	Security Deposit - 17 McHenry	1,600.00		
94500000022338	Security Deposit - 94 Paddock	1,600.00		
94500000022339	Security Deposit - 11 McHenry	126.60		
94500000044234	Rental Property 17 McHenry Ave		1,600.00	
94500000044238	Rental Income 94 Paddock		1,600.00	
94500000044239	Rental Income-11 McHenry		126.60	3,326.60
Adjusting Journal Entry JE # 6				
Record Library interfund transfers.				
94099601058860	Transfer to Special Reserve	280,764.07		
94400000049953	Transfer from Library Fund		280,764.07	-

(cont'd)

City of Crystal Lake, Illinois
Adjusting Journal Entries (cont'd)
For the Year Ended April 30, 2019

Account	Description	Debit	Credit	Income Increase (Decrease)
Adjusting Journal Entry JE # 7				
Client entry to adjust receivable balances to actual.				
10100000014045	Local Use Tax Receivable	$ 10,878.35	$ -	$ -
31500000047010	Interest Income	143.21		
10100000041045	Use Tax - Il		10,878.35	
31500000022450	Recapture Fees Payable		143.21	10,735.14
Adjusting Journal Entry JE # 8				
Accrue professional services performed in April 2019.				
94000000016800	Due from Other Funds	14,905.00		
94400000057111	Legal & Prof-Other Prof Service	14,905.00		
94000000021020	Accounts Payable-Operating		14,905.00	
94400000025800	Due to Other Funds		14,905.00	(14,905.00)
Adjusting Journal Entry JE # 9				
Client entry to balance due from and due to accounts.				
94100000016800	Due from Other Funds	254.36		
94100000025800	Due to Other Funds	254.36		
94300000016800	Due from Other Funds	6,782.40		
94500000016800	Due from Other Funds -2	1,516.97		
94500000025800	Due to Other Funds	1,516.97		
94800000016800	Due from Other Funds	4,818.61		
94000000016800	Due from Other Funds		15,143.67	-
Adjusting Journal Entry JE # 10				
Client entry to adjust Library revenue and expense posted to a difference class than the operating fund.				
94160601056423	Books - Youth	1,775.32		
94160601056424	Books - Young Adult	3,176.37		
94160601056442	Electronic Resources - Youth	2,013.20		
94160601056445	Electronic Resources - YA	1,894.72		
94260601056427	Books - STOP! Administration	266.05		
94560601071104	Legal & Prof-Legal & Audit Fees	273.00		
94060601056423	Books-Youth		1,775.32	
94060601056424	Books-Young Adult		3,176.37	
94060601056427	Books - STOP! Administration		266.05	
94060601056442	Electronic Resources-Youth		2,013.20	
94060601056445	Electronic Resources -YA		1,894.72	
94060601071104	Legal & Prof-Legal & Audit Fees		273.00	-

(cont'd)

City of Crystal Lake, Illinois
Adjusting Journal Entries (cont'd)
For the Year Ended April 30, 2019

Account	Description	Debit	Credit	Income Increase (Decrease)
Adjusting Journal Entry JE # 11				
Record Water Fund portion of adjustment to IMRF net pension liability and related accounts at April 30, 2019.				
69900000019990	Deferred Outflows-Actuarial	$ 1,030,458.00	$ -	$ -
69900000029031	Deferred Inflows-Actuarial	1,058,235.00		
69900000019991	Deferred Outflows-Contribution		18,158.00	
69900000029030	Net Pension Obligation IMRF		2,047,612.00	
69925411054302	Pension Expense-GASB 68-Administration		22,923.00	22,923.00
Adjusting Journal Entry JE # 12				
Client entry to record additional payable for sealcoating work.				
11005690557100	Capital Outlay - Systems Impro	21,248.98		
11000000021020	Accounts Payable		21,248.98	(21,248.98)
Adjusting Journal Entry JE # 13				
Client entry to properly allocate interest portion of lease payments and record related lease asset and liability in accordance with GASB Statement 87.				
11018231057030	Capital Outlay - Automotive Eq	20,085.60		
11018231058110	Debt Service - Interest	82.90		
11025421057030	Capital - Automotive Equipment	21,647.22		
11025421058110	Debt Service - Interest	143.75		
11025871057030	Capital - Automotive Equipment	17,533.02		
11025871058110	Debt Service - Interest	193.34		
63025431057030	Capital - Automotive Equipment	21,629.07		
63025431057030	Capital - Automotive Equipment	24,057.23		
63025431058110	Debt Service - Interest	253.45		
63025701057030	Capital - Automotive Equipment	17,748.25		
63025701058110	Debt Service - Interest	79.06		
69900000018895	Intangible Lease Asset	63,434.55		
69900000027500	Lease Liability	3,770.96		
69900000049070	Lease Financing	63,434.55		
69925431057995	Amortization of Leased Asset	2,933.98		
69925701057995	Amortization of Leased Asset	836.98		
11000000049070	Lease Financing		20,085.60	
11000000049070	Lease Financing		21,647.22	
11000000049070	Lease Financing		17,533.02	
11018231058100	Debt Service - Principal		82.90	
11025421058100	Debt Service - Principal		143.75	
11025871058100	Debt Service - Principal		193.34	
63000000049070	Lease Financing		21,629.07	
63000000049070	Lease Financing		24,057.23	
63000000049070	Lease Financing		17,748.25	
63025431058100	Debt Service - Principal		253.45	
63025701058100	Debt Service - Principal		79.06	

(cont'd)

City of Crystal Lake, Illinois
Adjusting Journal Entries (cont'd)
For the Year Ended April 30, 2019

Account	Description	Debit	Credit	Income Increase (Decrease)
Adjusting Journal Entry JE # 13 (cont'd)				
69900000018895	Intangible Lease Asset	$ -	$ 3,770.96	$ -
69900000027500	Lease Liability		63,434.55	
69925431057030	Capital Outlay - Automotive Equipment		45,686.30	
69925431058100	Debt Service - Principal		2,933.98	
69925701057030	Capital - Automotive Equipment		17,748.25	
69925701058100	Debt Service - Principal		836.98	-
Adjusting Journal Entry JE # 14 Client entry to reclassify certain rent payments received to deferred revenue.				
10100000048700	Rental Income-City Property	43,545.51		
10100000048700	Rental Income-City Property	260.10		
10100000026890	Deferred revenue		43,545.51	
10100000026890	Deferred revenue		260.10	(43,805.61)
Adjusting Journal Entry JE # 15 Client entry to adjust transfers from General and Road/Vehicle License Fund to the Capital and Equipment Replacement Fund.				
10100000010010	Cash - Operating Account	43,563.00		
10199150058399	Transfer to Capital Reserve Fu	15,063.00		
11000000010010	Cash - Operating Account	15,063.00		
11000000049233	Transfer from RVL Fund	43,563.00		
23300000010010	Cash - Operating Account	43,563.00		
23300000025800	Due To Other Funds	43,563.00		
10100000010010	Cash - Operating Account		15,063.00	
10100000016800	Due From Other Funds		43,563.00	
11000000010010	Cash - Operating Account		43,563.00	
11000000049101	Transfer from General Fund		15,063.00	
23300000010010	Cash - Operating Account		43,563.00	
23399150058399	Transfer to Capital Reserve Fund		43,563.00	-
	Net effect of adjusting journal entries			$ 154,772.86

City of Crystal Lake, Illinois
Government-Wide Financial Statement Adjusting Entries
For the Year Ended April 30, 2019

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 1				
Client entry to adjust cost of two ambulances capitalized in current year.				
19918231057030	Capital - System Improvements	$ 70,626.44	$ -	$ -
19900000018900	Construction in Progress		70,626.44	(70,626.44)
GASB 34 Adjusting Entry # 2				
Adjust IMRF net pension liability and related accounts to actual in the Library activities.				
99800000019000	Deferred Outflows - Actuarial	1,335,116.00		
99800000019001	Deferred Outflows - Contributions	88,730.00		
99800000031010	Governmental Activities - Net Assets	1,534,038.00		
99800000025000	Net Pension Obligation - GASB 68 IMRF		2,701,152.00	
99800000025001	Deferred Inflows - Actuarial - GASB 68 IMRF		231,978.00	
99800000051000	Pension Expense - GASB 68 IMRF		24,754.00	24,754.00
GASB 34 Adjusting Entry # 3				
Adjust IMRF net pension liability and related accounts to actual in the governmental activities.				
19900000019500	Deferred Outflows - Actuarial	433,132.00		
19900000019990	Deferred Outflows- Actuarial-IMRF	2,798,116.00		
19900000029031	Deferred Inflows- Actuarial-IMRF	2,862,941.00		
19900000019990	Deferred Outflows- Actuarial-IMRF		433,132.00	
19900000019991	Deferred Outflows-Contributions-IMRF		48,563.00	
19900000029030	Net Pension Obligation IMRF		5,560,425.00	
19900000053000	Pension Expense - GASB 68 - General Govt.		29,091.00	
19900000053001	Pension Expense - GASB 68 - Public Safety		11,059.00	
19900000053002	Pension Expense - GASB 68 - Public Works		11,919.00	
GASB 34 Adjusting Entry # 4				
Adjust governmental activities net OPEB obligation to actual.				
19900000019503	Deferred Outflows - Actuarial - OPEB	72,693.00		
19900000053009	OPEB Expense	86,099.00		
19900000025004	Net OPEB Obligation		158,792.00	(86,099.00)
GASB 34 Adjusting Entry # 5				
Record compensated absences payable in the Library activities.				
94000000031010	Unreserved Fund Balance	144,571.89		
94000000029010	Compensated Absences Payable - Current		69,983.18	
94000000029015	Compensated Absences Payable - Noncurrent		69,983.17	
94060601054125	Vacation Benefits Used		4,605.54	4,605.54

(cont'd)

City of Crystal Lake, Illinois
Government-Wide Financial Statement Adjusting Entries (cont'd)
For the Year Ended April 30, 2019

Account	Description	Debit	Credit	Income Increase (Decrease)
GASB 34 Adjusting Entry # 6				
Record GASB 68 adjustment for police and firefighters' pensions within governmental activities at April 30, 2019.				
19900000019501	Deferred Outflows - Actuarial - Police	$ 250,525.00	$ -	$ -
19900000019511	Deferred Outflows - Contributions - Police	325,208.00		
19900000019512	Deferred Outflows - Contributions - Fire	273,189.00		
19900000025003	Net Pension Obligation - Fire	1,133,062.00		
19900000053001	Pension Expense - GASB 68 - Public Safety	2,250,224.00		
19900000019502	Deferred Outflows - Actuarial - Fire		833,142.00	
19900000025002	Net Pension Obligation - Police		318,868.00	
19900000029501	Deferred Inflows - Actuarial - Police		1,711,153.00	
19900000029502	Deferred Inflows - Actuarial - Fire		1,369,045.00	(2,250,224.00)
GASB 34 Adjusting Entry # 7				
Record Library capital assets.				
99800000010100	Library - Land	2,363,039.72		
99800000010200	Library - Buildings and Improvements	7,919,793.84		
99800000010300	Library - Equipment	336,535.66		
99800000050000	Library - Depreciation	188,722.76		
99800000011200	Library - Accumulated Depreciation - Buildings		3,720,010.49	
99800000011300	Library - Accumulated Depreciation - Equipment		274,811.59	
99800000030100	Library - Net Assets Invested in Capital Assets		6,790,724.56	
99800000057999	Library Activities - Capital Asset Additions		22,527.34	(166,195.42)
GASB 34 Adjusting Entry # 8				
Client entry to properly allocate interest portion of lease payments and record related lease asset and liability in accordance with GASB Statement 87.				
19900000018895	Govt. Activities - Intangible Lease Asset	59,265.84		
19900000027500	Govt. Activities - Lease Liability	4,654.52		
19900000049070	Govt. Activities - Lease Financing	59,265.84		
19918231057995	Govt. Activities - Amortization of Lease Asset	1,248.81		
19925421057995	Govt. Activities - Amortization of Lease Asset	1,636.91		
19925871057995	Govt. Activities - Amortization of Lease Asset	1,768.80		
19900000018895	Govt. Activities - Intangible Lease Asset		4,654.52	
19900000027500	Govt. Activities - Lease Liability		59,265.84	
19918231057030	Capital-Automotive Equipment		20,085.60	
19918231058100	Govt. Activities - Debt Service Principal		1,248.81	
19925421057030	Capital-Automotive Equipment		21,647.22	
19925421058100	Govt. Activities - Debt Service Principal		1,636.91	
19925871057030	Capital-Automotive Equipment		17,533.02	
19925871058100	Govt. Activities - Debt Service Principal		1,768.80	-
	Net effect of GASB 34 adjusting entries			$ (2,543,785.32)

Selden Fox
Accounting for your future

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October 8, 2019

Honorable Mayor, City Council
Members and Management
City of Crystal Lake
Crystal Lake, Illinois

We have audited the financial statements of the **City of Crystal Lake, Illinois, (City)** as of and for the year ended April 30, 2019, and have issued our report thereon dated October 8, 2019. During our audit, we noted the following operational or administrative matters we believe to be of potential benefit to you.

Future Accounting and Auditing Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that become effective in future years that may impact the City. Those recently issued statements which may have an impact on the City are detailed below:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses the accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of a tangible capital asset. Statement No. 83 is effective for the fiscal year ending April 30, 2020.

GASB Statement No. 84, *Fiduciary Activities*, addresses the accounting and financial reporting requirements for activities meeting the criteria of fiduciary activities as defined in the Statement. Statement No. 84 is effective for the fiscal year ending April 30, 2020.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* requires additional essential information related to debt be disclosed in the notes to the financial statements. Statement No. 88 is effective for the fiscal year ending April 30, 2020.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* requires interest cost incurred before the end of a construction period be recognized as an expense in business-type activity or enterprise fund financial statements. Statement No. 89 is effective for the fiscal year ending April 30, 2021.

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Future Accounting and Auditing Pronouncements (cont'd)

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61,* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 is effective for the fiscal year ending April 30, 2020.

This letter is intended solely for the information and use of the Mayor and members of the City Council, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation to you, and to the City's staff, for the courtesy and cooperation extended to our staff during the audit. Should you wish to discuss further any of the matters referred to, or if we can be of assistance in implementing any of the suggestions, we will be pleased to do so at your convenience.

Selden Fox, Ltd.