City of Crystal Lake

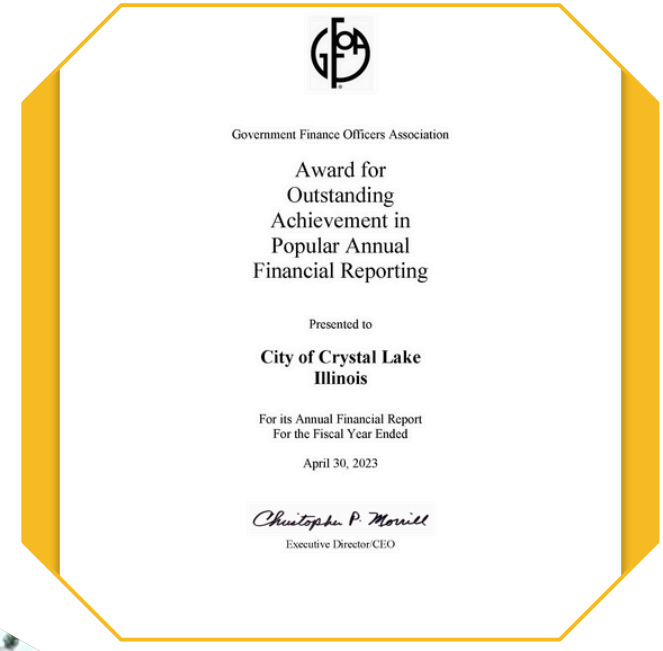
Popular Annual Financial Report

For the Fiscal Year Ended April 30, 2024



WELCOME!

On behalf of the Crystal Lake City Council, we are pleased to present the City of Crystal Lake's Popular Annual Financial Report (PAFR) for the fiscal year ended April 30, 2024. This report is an overview of the City's financial practices and standing. It is intended to provide an easily understandable financial report to citizens and others seeking insight into the City's financial activities and to increase public awareness of where the City's revenues come from and how expenditures are spent. Those who wish to access the City's Annual Comprehensive Financial Reports may do so at crystallake.org.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

City of Crystal Lake
Illinois

For its Annual Financial Report
For the Fiscal Year Ended

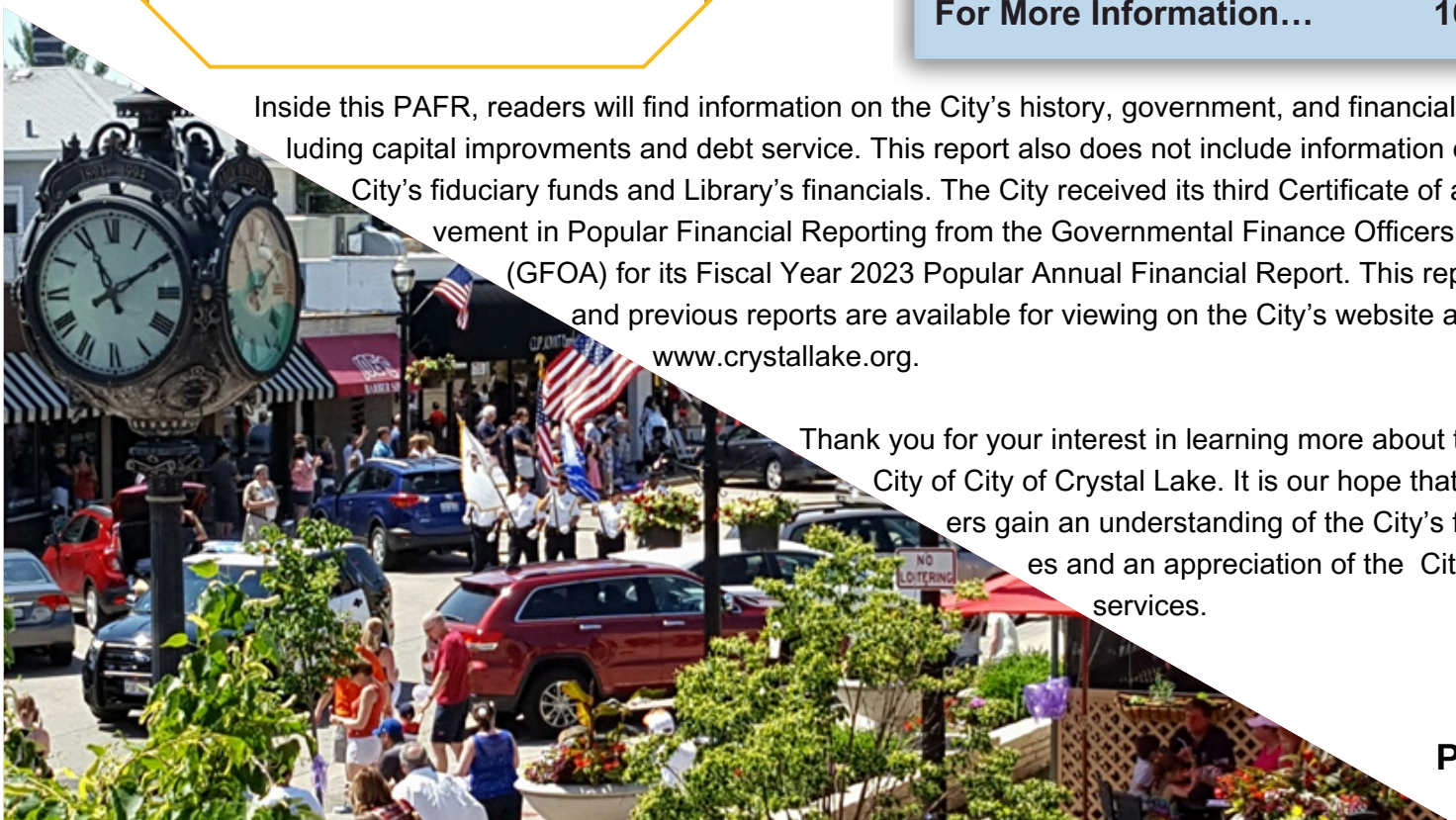
April 30, 2023

Christopher P. Morrill

Executive Director/CEO

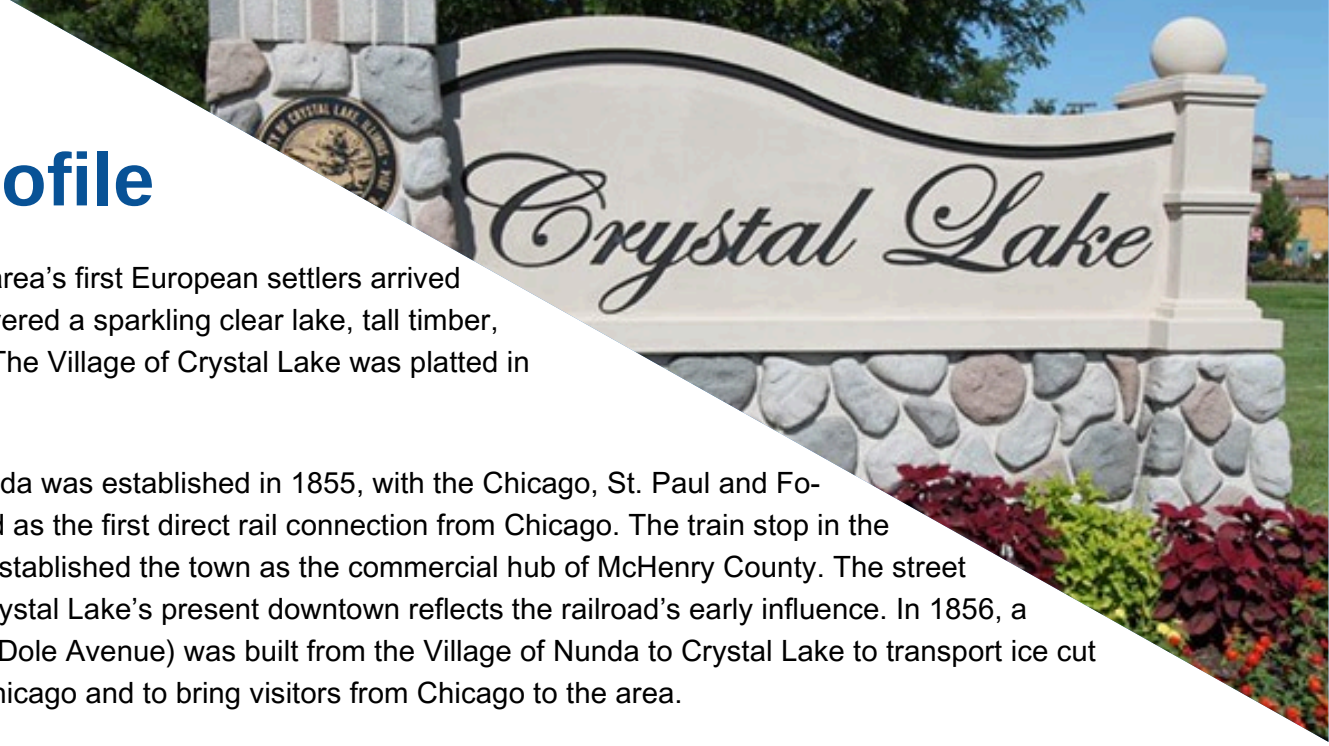
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Inside this PAFR, readers will find information on the City's history, government, and financials, including capital improvments and debt service. This report also does not include information on the City's fiduciary funds and Library's financials. The City received its third Certificate of achievement in Popular Financial Reporting from the Governmental Finance Officers (GFOA) for its Fiscal Year 2023 Popular Annual Financial Report. This report and previous reports are available for viewing on the City's website at www.crystallake.org.

Thank you for your interest in learning more about the City of City of Crystal Lake. It is our hope that readers gain an understanding of the City's finances and an appreciation of the City's services.



City Profile

The Crystal Lake area's first European settlers arrived in 1836 and discovered a sparkling clear lake, tall timber, and vast prairies. The Village of Crystal Lake was platted in 1840.

The Village of Nunda was established in 1855, with the Chicago, St. Paul and Fond du Lac Railroad as the first direct rail connection from Chicago. The train stop in the Village of Nunda established the town as the commercial hub of McHenry County. The street configuration of Crystal Lake's present downtown reflects the railroad's early influence. In 1856, a rail spur line (now Dole Avenue) was built from the Village of Nunda to Crystal Lake to transport ice cut from the lake to Chicago and to bring visitors from Chicago to the area.

The Village of Nunda became North Crystal Lake in 1908, and Crystal Lake and North Crystal Lake consolidated on April 28, 1914. The City of Crystal Lake Charter was adopted on September 23, 1914.



Crystal Lake Quick Facts

Population:	**40,269**
Square Miles:	**19.24**
Median Housing Value:	**$271,100**
High School Grad or Higher:	**95.3%**
Total Households:	**14,774**
Median Household Income:	**$103,018**
Income per Capita:	**$44,911**

Since then, the City of Crystal Lake has grown to a population of 40,269. Located 50 miles northwest of Chicago Crystal Lake enjoys a stable economic environment. Downtown Crystal Lake remains a vibrant, commercial district, with its own unique dining, specialty shops, services and entertainment options, including the 800-seat, Raue Center for the Arts.



The City of Crystal Lake has received a AAA credit rating from Standard and Poor's Global Ratings



Three Oaks Recreation Area

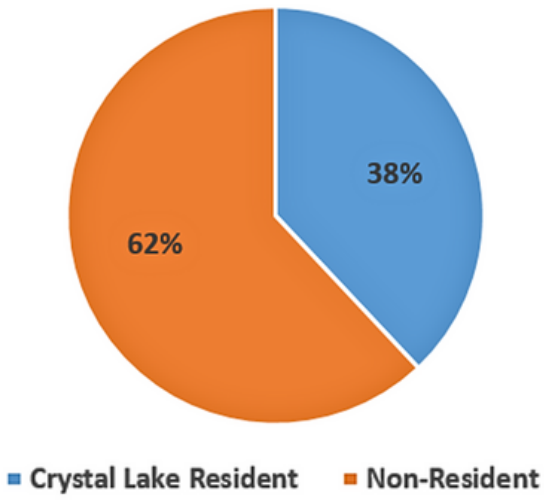
Opened in 2010, Three Oaks Recreation Area is a 450 acre family-friendly recreation facility that offers amenities such as boat and paddleboard rentals, scuba diving facilities, a swim beach, a splash pad, and a playground. Two trails totaling 1.25 miles are available for walking, hiking, running and biking. The marina at Three Oaks offers a variety of row boats and watercraft to rent, including canoes, kayaks, paddle boats, and paddle pontoons. The park also has four pavilions that are available for rent. While the swim beach and marina are only open from April until October, weather permitting, the trails remain open for use year-round. Admission to the swim beach is free for Crystal Lake residents. Parking at Three Oaks is free to Crystal Lake residents with valid identification.

History of Three Oaks Recreation Area

Starting in the early 1950's, Vulcan Materials began extracting sand and stone from the site known today as the Three Oaks Recreation Area. After four decades of mining, the water table was exposed creating two lakes. When Vulcan Materials completed mining in the late 1990s, the site became the property of the City of Crystal Lake. The City then began years of development planning to reclaim the long-abandoned quarry into the recreation area it is today. Three Oaks Recreation Area is named after the road that once ran through the land. In 2023, the Three Oaks Recreation Area completed its 12th full year of operations.



Attendance at Three Oaks Recreation Area
2023 Survey Results



City Government

The City of Crystal Lake has operated on a Council-Manager form of government since 1957. The Mayor and the other members of the City Council are elected at-large on a non-partisan basis, and serve four-year staggered terms. The City Council has policy-making and legislative authority while the City Manager carries out the policies and ordinances of the City Council, oversees the day-to-day operations of the government, and appoints the heads of the various departments. The Crystal Lake City Council meets the first and third Tuesdays of the month at 7:00 PM. City Council meetings are held in the City Council Chambers located at 100 W. Woodstock Street. The City's current officials are listed below.



Mayor
Haig Haleblian

Councilmembers

Ellen Brady
Brett Hopkins
Cameron Hubbard
Mandy Montford
Ian Philpot
Denise Smith

City Manager
Eric Helm

MISSION STATEMENT

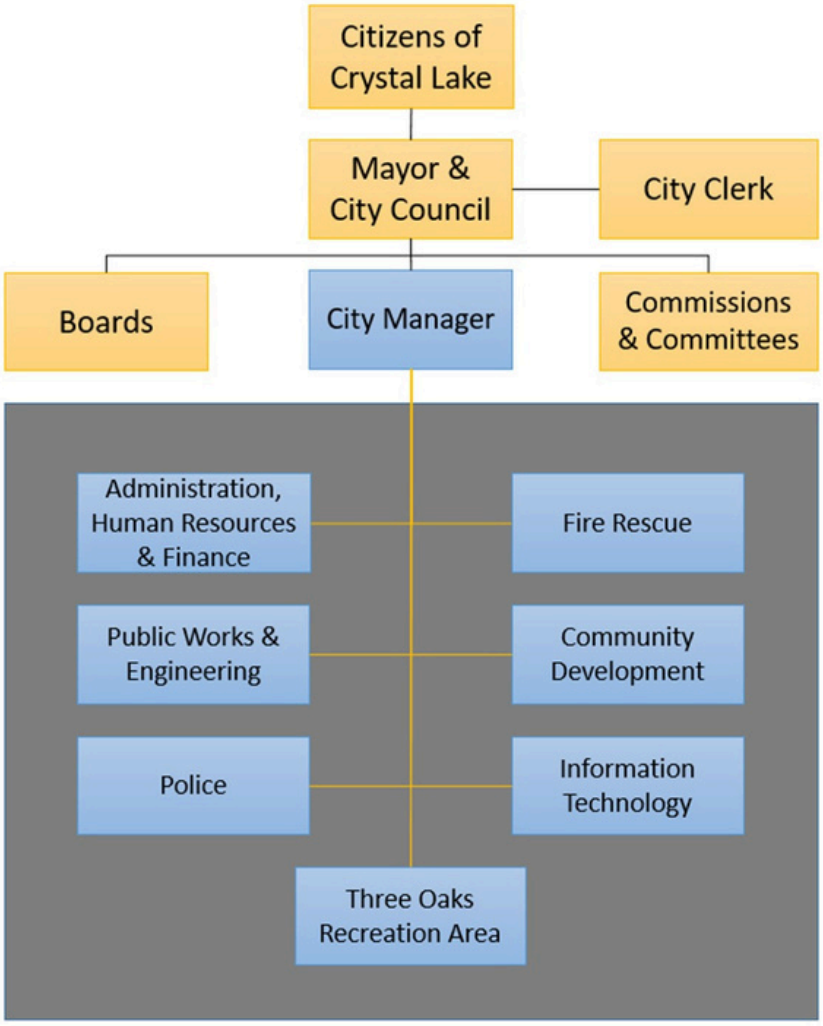
"The City of Crystal Lake is committed to the high quality of life enjoyed by the citizens and businesses of the Crystal Lake community. Our mission is to enhance and preserve the history, natural resources and unique cultural traditions of the community as well as provide fiscally sound and responsive services, programs, and facilities with the highest degree of professionalism, integrity, and efficiency so that Crystal Lake continues to be a great place to live and work."

The City of Crystal Lake provides a full range of municipal services. Among these are public safety, including police, fire and ambulance services, maintenance of streets and highways, engineering, water and wastewater treatment, planning and economic development, building inspection, park and recreation, finance, and general administration.

As of April 30, 2024, the City of Crystal Lake regularly has 226 full time employees and 5 regular, part-time employees.



Organizational Chart



GLOSSARY OF TERMS

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

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

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

DEFERRED INFLOW OF RESOURCES: Represent an acquisition of net assets that applies to future periods.

DEFERRED OUTFLOW OF RESOURCES: Represent a consumption of net assets that applies to future periods.

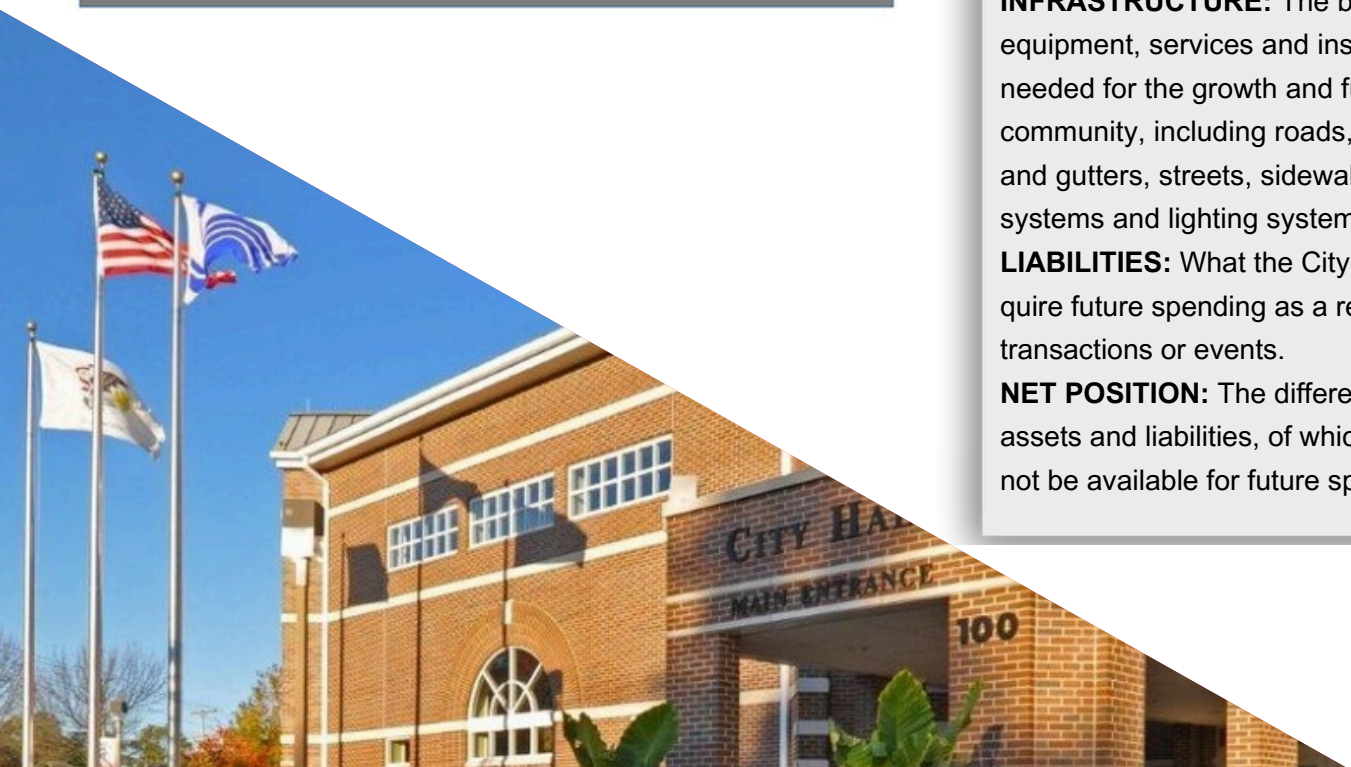
DEPRECIATION: The measure of the value of a capital asset that has been consumed during a period whether arising from use, passage of time or obsolescence.

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

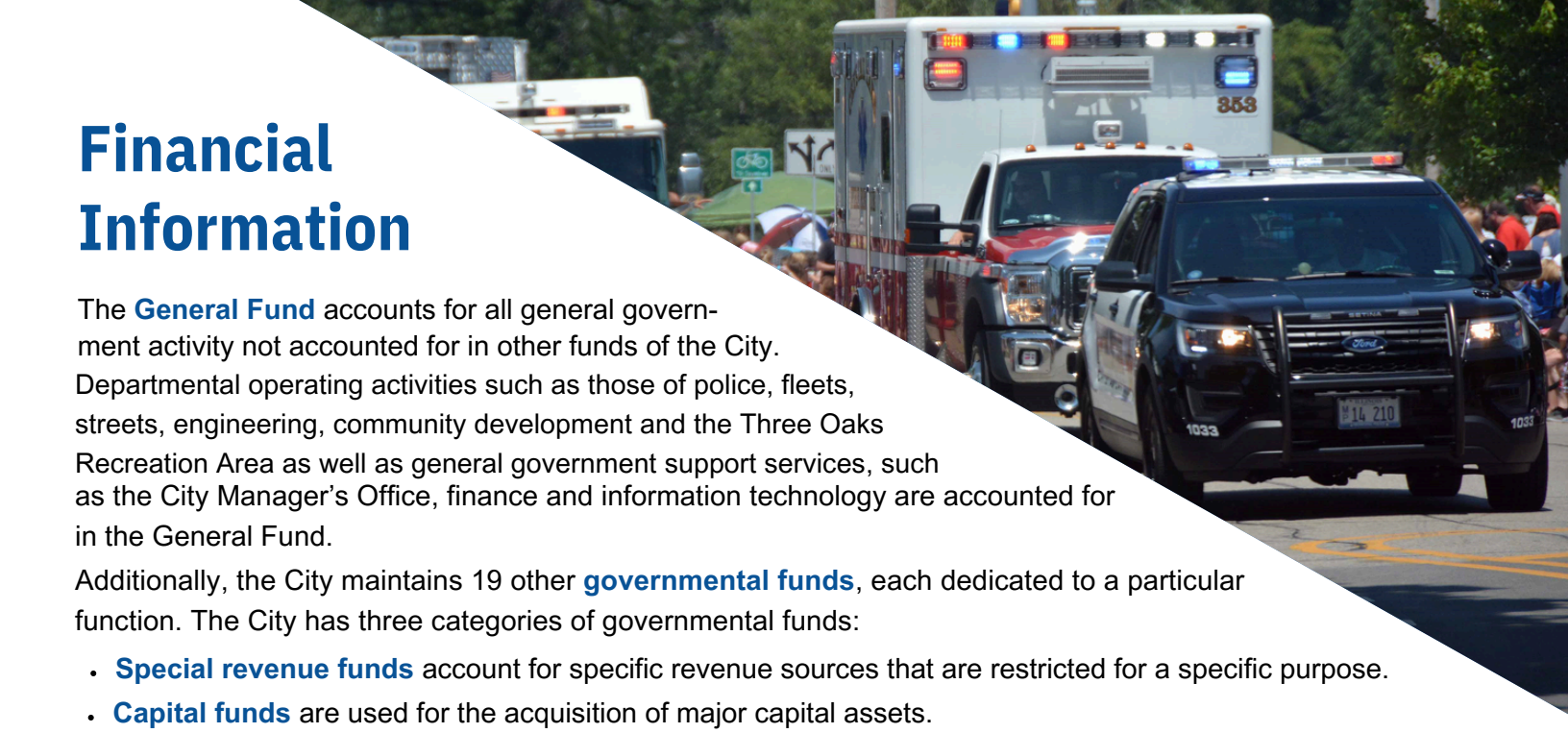
INFRASTRUCTURE: The basic facilities, equipment, services and installations needed for the growth and functioning of a community, including roads, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems.

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

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



Financial Information



The **General Fund** accounts for all general government activity not accounted for in other funds of the City. Departmental operating activities such as those of police, fleets, streets, engineering, community development and the Three Oaks Recreation Area as well as general government support services, such as the City Manager's Office, finance and information technology are accounted for in the General Fund.

Additionally, the City maintains 19 other **governmental funds**, each dedicated to a particular function. The City has three categories of governmental funds:

- **Special revenue funds** account for specific revenue sources that are restricted for a specific purpose.
- **Capital funds** are used for the acquisition of major capital assets.
- **Debt service funds** account for the payments of principal and interest on long-term debt.

Besides governmental funds, the City has two additional fund classifications: **proprietary funds** and **fiduciary funds**.

- **Proprietary funds**, also known as **business-type funds**, account for City services that are predominantly self-supported through user fees and water and sewer services.
- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the City organization. This includes the City's two pension trust funds and custodial Special Service Area Funds.

Financial Highlights

The City's net position increased by $17.21 million for a total of $269.34 million.

City-wide capital assets, net of depreciation, totaled $279.80 million.

The fund balance of the General Fund ended the fiscal year at $23.69 million.

Total revenues for the General Fund finished $4.45 million above budget expectations.

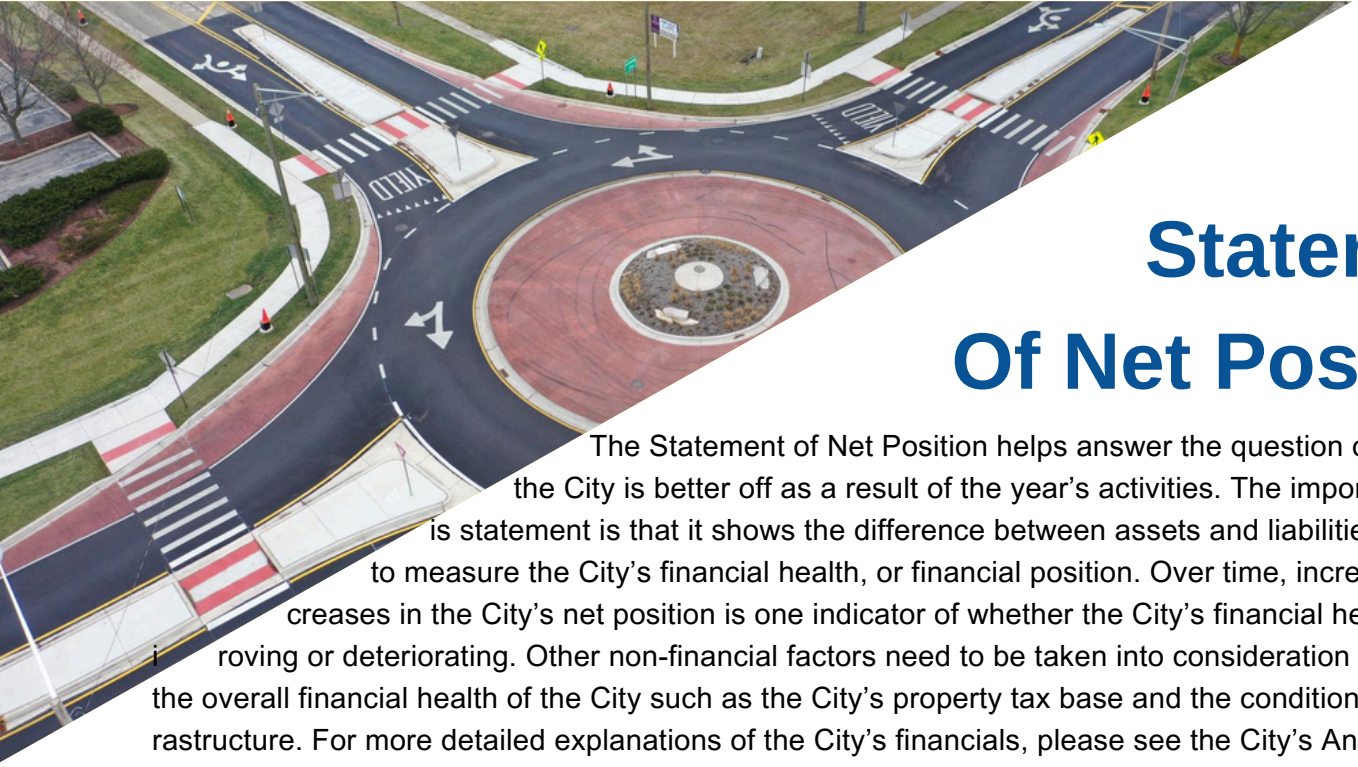
General Fund expenditures were $1.80 million below the budgeted amounts.

The Waterworks and Sewerage Fund's net position increased $7.42 million to $74.57 million.

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

The City's bonded debt* total is $24.70 million, a decrease of $2.86 million

*Excludes IEPA loans



Statement Of Net Position

The Statement of Net Position helps answer the question of whether the City is better off as a result of the year's activities. The importance of this statement is that it shows the difference between assets and liabilities—a way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether the City's financial health is improving or deteriorating. Other non-financial factors need to be taken into consideration to assess the overall financial health of the City such as the City's property tax base and the condition of City infrastructure. For more detailed explanations of the City's financials, please see the City's Annual Comprehensive Financial Report which is available at www.crystallake.org.

As of April 30, 2024, net position for the City was $269.34 million. The largest portion of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment) less any related debt used to acquire those assets still outstanding. Unrestricted net position increased $12.86 million from the previous fiscal year primarily due to revenues exceeding expenses.

Statement of Net Position
As of April 30, 2023 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
Category	4/30/2024	4/30/2023	4/30/2024	4/30/2023	4/30/2024	4/30/2023
Current and other assets	$ 94,496,320	$ 88,400,676	$ 37,009,571	$ 34,820,787	$ 131,505,891	$ 123,221,463
Capital assets	191,924,966	186,913,940	87,872,033	86,387,966	279,796,999	273,301,906
Total assets	286,421,286	275,314,616	124,881,604	121,208,753	411,302,890	396,523,369
Deferred Outflows	15,593,442	18,046,552	2,434,306	3,007,085	18,027,748	21,053,637
Total assets & deferred outflows	302,014,728	293,361,168	127,315,910	124,215,838	429,330,638	417,577,006
Current liabilities	8,185,953	7,113,077	6,931,752	7,329,888	15,117,705	14,442,965
Long-term liabilities	76,521,771	77,494,236	42,375,201	45,464,818	118,896,972	122,959,054
Total liabilities	84,707,724	84,607,313	49,306,953	52,794,706	134,014,677	137,402,019
Deferred Inflows	22,538,495	23,774,729	3,441,582	4,274,264	25,980,077	28,048,993
Total liabilities & deferred inflows	107,246,219	108,382,042	52,748,535	57,068,970	159,994,754	165,451,012
Net position:						
Net Invest. In Capital Assets	181,837,388	176,875,488	55,271,549	54,686,616	237,108,937	231,562,104
Restricted	10,649,313	11,849,081	-	-	10,649,313	11,849,081
Unrestricted	2,281,808	(3,745,443)	19,295,826	12,460,252	21,577,634	8,714,809
Total net position	$ 194,768,509	$ 184,979,126	$ 74,567,375	$ 67,146,868	$ 269,335,884	$ 252,125,994

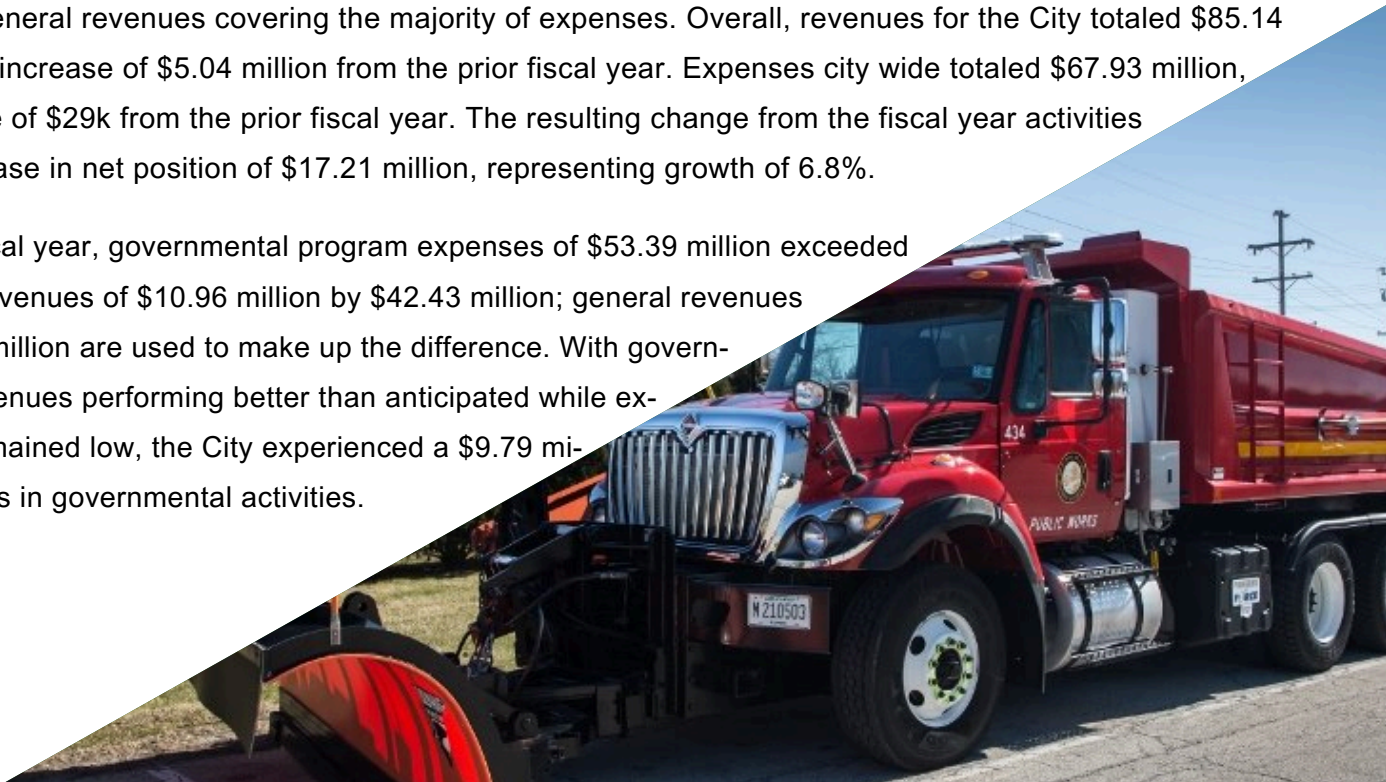
Statement Of Activities

For the Year Ended April 30, 2023 and 2024

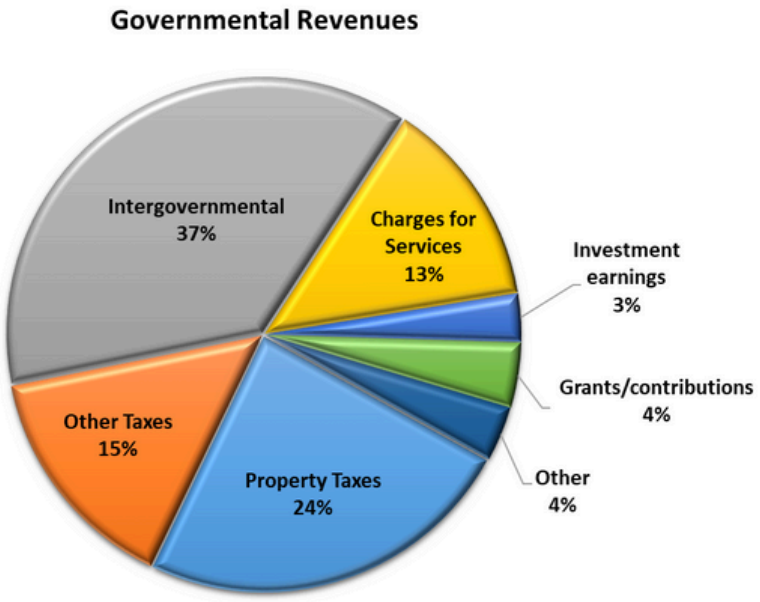
	Governmental Activities		Business-type Activities		Total Primary Government	
Category	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23**
Revenues:						
Program revenues:						
Charges for services	$ 8,361,879	$ 8,034,322	$ 16,775,808	$15,397,219	$ 25,137,687	$ 23,431,541
Operating grants/contributions	1,933,578	2,238,021	-	-	1,933,578	2,238,021
Capital grants/contributions	665,817	2,601,288	-	109,003	665,817	2,710,291
General revenues:						
Taxes	24,538,354	24,937,069	2,596,683	1,000,000	27,135,037	25,937,069
Intergovernmental	23,656,862	22,852,234	1,326,955	-	24,983,817	22,852,234
Investment earnings	1,924,376	329,908	936,253	246,960	2,860,629	576,868
Other	2,199,979	1,716,455	224,268	638,101	2,424,247	2,354,556
Total revenues	**63,280,845**	**62,709,297**	**21,859,967**	**17,391,283**	**85,140,812**	**80,100,580**
Expenses:						
General Government	8,868,981	9,204,627	-	-	8,868,981	9,204,627
Public Safety	30,928,000	30,424,252	-	-	30,928,000	30,424,252
Highways and Streets	11,648,259	11,473,336	-	-	11,648,259	11,473,336
Culture and Recreation	1,745,214	1,558,416	-	-	1,745,214	1,558,416
Interest on long-term debt	202,288	250,474	-	-	202,288	250,474
Water/Sewer	-	-	14,538,180	15,048,735	14,538,180	15,048,735
Total expenses	**53,392,742**	**52,911,105**	**14,538,180**	**15,048,735**	**67,930,922**	**67,959,840**
Excess (deficiency) of revenues over expenses	9,888,103	9,798,192	7,321,787	2,342,548	17,209,890	12,140,740
Transfers:	(98,720)	-	98,720	-	-	-
Change in net position	**9,789,383**	**9,798,192**	**7,420,507**	**2,342,548**	**17,209,890**	**12,140,740**
Beginning net position	184,979,126	175,298,114	67,146,868	64,820,265	252,125,994	240,118,379
Change in accounting principle	-	(117,180)	-	(15,945)	-	(133,125)
Ending net position	**$ 194,768,509**	**$ 184,979,126**	**$ 74,567,375**	**$67,146,868**	**$269,335,884**	**$252,125,994**

The **Statement of Activities** show the change in net position throughout the year. As is typical for governmental activities of local governments, program revenues only cover a small percentage of program expenses with general revenues covering the majority of expenses. Overall, revenues for the City totaled $85.14 million, an increase of $5.04 million from the prior fiscal year. Expenses city wide totaled $67.93 million, a decrease of $29k from the prior fiscal year. The resulting change from the fiscal year activities is an increase in net position of $17.21 million, representing growth of 6.8%.

For the fiscal year, governmental program expenses of $53.39 million exceeded program revenues of $10.96 million by $42.43 million; general revenues of $52.32 million are used to make up the difference. With governmental revenues performing better than anticipated while expenses remained low, the City experienced a $9.79 million surplus in governmental activities.



Revenues: Where do the funds come from?



Governmental Revenues

Property Taxes	15,248,645
Other Taxes	9,289,709
Intergovernmental	23,656,862
Charges for Services	8,361,879
Investment earnings	1,924,376
Grants/contributions	2,599,395
Other	2,199,979
Total Revenues	**$63,280,845**

Property Tax The City does not levy a property tax for General Fund operations. Property taxes go toward funding the City's public safety pension obligations and the City's Fire Rescue operations.

Other taxes include the Home Rule Sales Tax, the Hotel Occupation Tax, and the Telecommunications Tax among others.

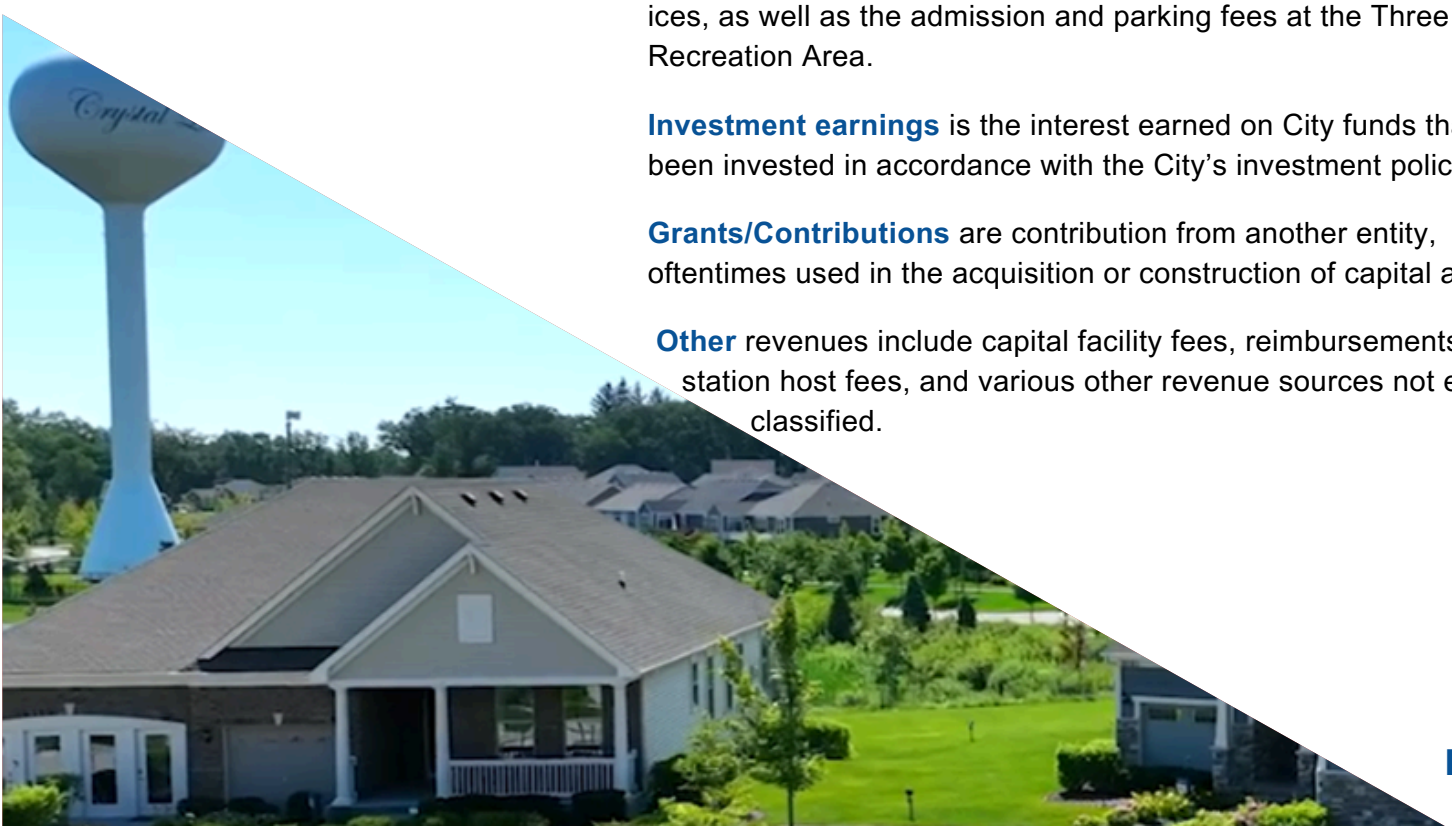
Intergovernmental revenues include the City's state sales tax, the income tax, and the use tax. This is the City's largest revenue source, totaling 37% of governmental revenues.

Charges for Services total 13% of governmental revenues and include fees paid for building inspections, police services, ambulance services, as well as the admission and parking fees at the Three Oaks Recreation Area.

Investment earnings is the interest earned on City funds that have been invested in accordance with the City's investment policy.

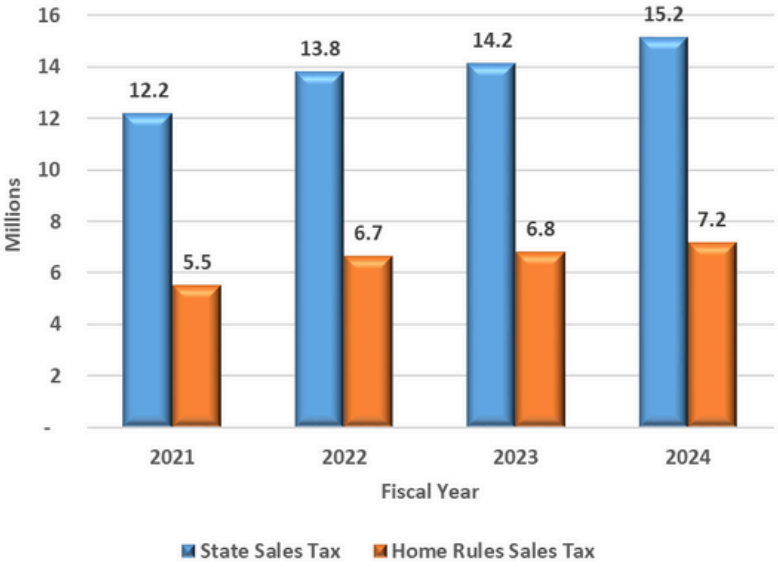
Grants/Contributions are contribution from another entity, oftentimes used in the acquisition or construction of capital assets.

Other revenues include capital facility fees, reimbursements transfer station host fees, and various other revenue sources not elsewhere classified.



Sales Tax

Combined, the Sales Tax and the Home Rule Sales Tax are the City's largest source of general revenue. The Sales Tax on general merchandise in the City of Crystal Lake was 7.0% through fiscal year 2023/24. The City receives 1% of the 7% total rate each month as well as an additional 0.75% Home Rule Sales Tax. The remainder is distributed to the State (5%), the RTA (0.75%) and the County (0.25%). Certain items are exempt from the Home Rule Sales Tax such as groceries, medicine and vehicle purchases.

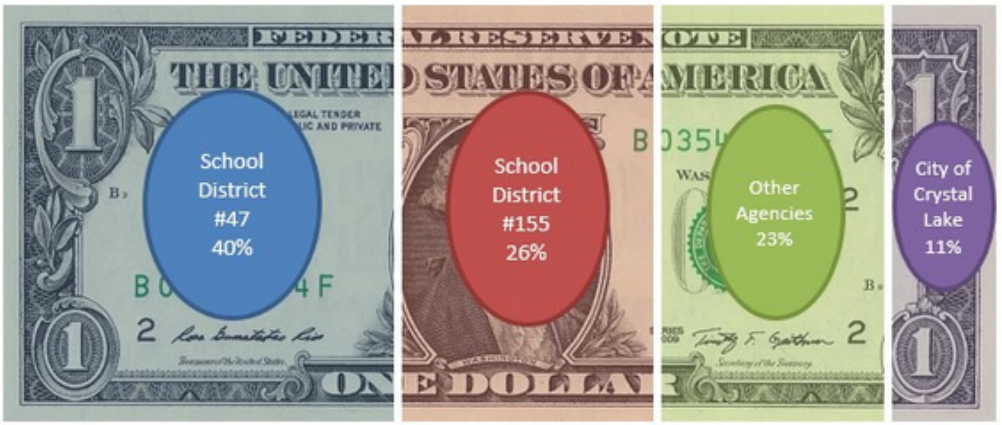


For fiscal year 2023/24, the City of Crystal Lake collected $15.17 million in State Sales Tax and $7.18 million in Home Rule Sales Tax.

The City has increased its home rule sales tax from 0.75% to 1.25% which took effect starting July 1, 2024. The increase is intended to replace revenue lost due to the removal of the City's vehicle sticker requirement as well as the State's elimination of the 1% grocery tax. This is the first home rule sales tax increase since its inception in 2008.

Property Tax

Property taxes are levied against the assessed value of all real estate in the City. Assessed values are established by the County Assessor at approximately 33.33% of appraised market value. For levy year 2023, the City of Crystal Lake's equalized assessed valuation was $1,509,286,921.



In FY 2023/24, the City collected $15.2 million in property taxes, of which, $5.77 million went directly to the Police and Fire Pension Funds. Property tax revenues are used to fund the City's public safety pension obligations and the Fire Rescue operations. The City does not levy a property tax for General Fund operations. A popular misconception is that all or most of the property taxes go to the City. As noted in the chart above, the City is only one of several local taxing bodies that receive a portion of the property tax bill. Currently, the City receives approximately 11% of the total property taxes levied. The County Treasurer collects property taxes on behalf of all taxing districts in the County and remits to the City its portion of the taxes collected.



Expenditures:

Where do the funds go?

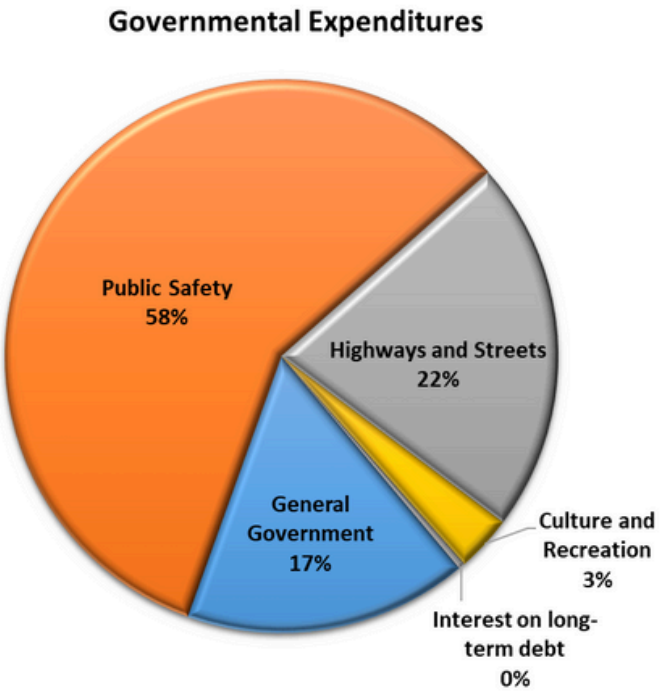
General Government expenditures include the City's Administration, Human Resources, Finance and Community Development Departments. It accounted for 17% of total governmental expenditures.

Public Safety is the City's largest expenditure category, totaling 58% of all governmental expenditures. This category includes expenditures for the City's Police and Fire Rescue departments, including the City's contribution to the Police and Fire Pension Funds.

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

Culture and Recreation shows the expenditure totals of the Three Oaks Recreation Area, a City-owned beach and marina.

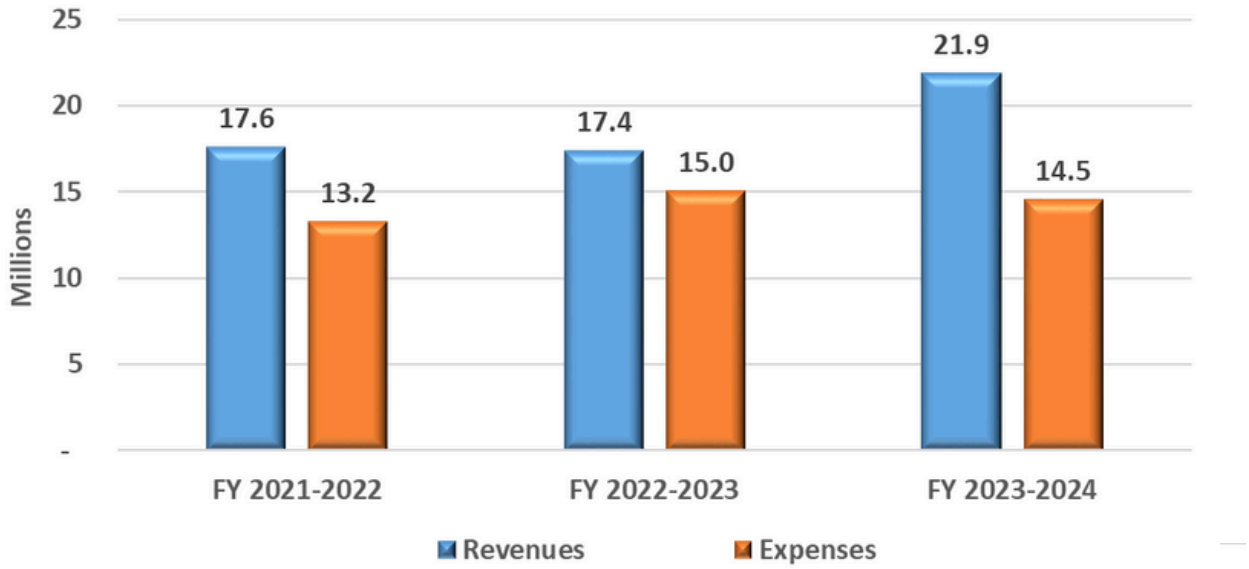
Interest on long-term debt is debt with a maturity of more than one year after the date of issuance. For governmental activities, interest decreased $48k as debt service continues to be paid down.



Governmental Expenditures	
General Government	8,868,981
Public Safety	30,928,000
Highways and Streets	11,648,259
Culture and Recreation	1,745,214
Interest on long-term debt	202,288
Total Expenditures	**$53,392,742**

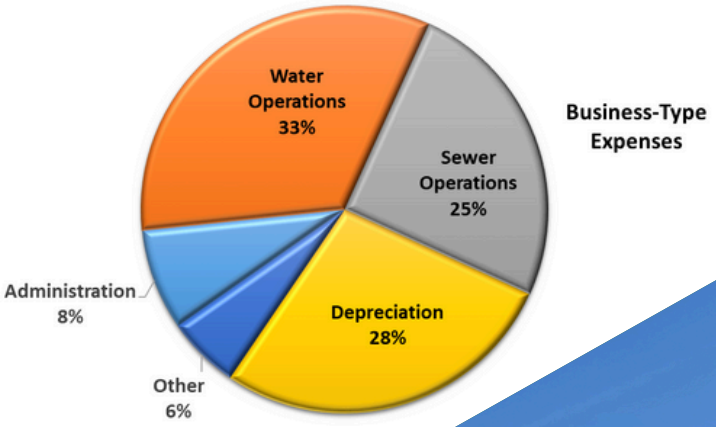
Business-Type Activities

The City's business-type activities include the **Waterworks and Sewerage Fund**. This fund is designed to be self-sustaining, generating 77% of its revenue from user fees. These user fees provide the necessary funds to allow the Waterworks and Sewerage Fund to remain financially independent and provide for some capital investments to maintain the City's waterworks and sewerage infrastructure systems. In FY2023/24, there was a 3% increase to the water and sewer rates that took effect September 1, 2023, but consumption trends are down overall.



FY 2023/24 Business-Type Expenses

Administration	789,069
Water Operations	5,087,428
Sewer Operations	3,428,507
Depreciation/Amortization	4,357,778
Other	875,398
Total Expenses	**$14,538,180**



FY 2023/24 Business-Type Revenues

Charges for Services	16,775,808
Taxes	2,596,683
Grants	1,326,955
Earnings Investments	936,253
Other	224,268
Total Revenues	**$21,859,967**

Capital Improvements

Assets that have significant value and a useful life of several years are called **capital assets**. Capital assets include land, land improvements, buildings, infrastructure, equipment, software and construction in progress.

Any project of a governmental nature is budgeted budgeted in the **Capital Replacement Fund**. Any project related to water and sewer functions is budgeted in the **Water & Sewer Capital Replacement Fund**.

Capital Asset Additions
Fiscal Year Ended April 30, 2023

	Governmental Activities	Business-type Activities	Total Primary Government
Land and Improvements	$ 362,960	$ -	$ 362,960
Building and Improvements	1,762,754	-	1,762,754
Machinery, Equip. & Vehicles	2,350,784	318,137	2,668,921
Infrastructure	1,376,119	8,739,616	10,115,735
Construction in Progress	3,932,480	5,420,362	9,352,842
Total	$ 9,785,097	$ 14,478,115	$ 24,263,212

HIGHLIGHTS OF CAPITAL ASSET ACQUISITIONS:

Machinery, Equipment and Vehicles

- Eight leased vehicles for the Police Department
- Five Police Vehicles
- Two ambulances
- A heavy rescue vehicle
- A Public Works wheel loader
- Two Public Works pickup trucks
- A Public Works asphalt trailer
- Lift station generator replacements

Buildings and Improvements

- Public Works garage floor replacement
- Three Oaks storage building improvements
- City Hall overhead paging system
- Wireless system upgrade
- Crystal Lake Train Sation
- Salt storage building at Wastewater treatment plant #2
- Three Oaks Playground Surface Replacement
- City Hall building improvements

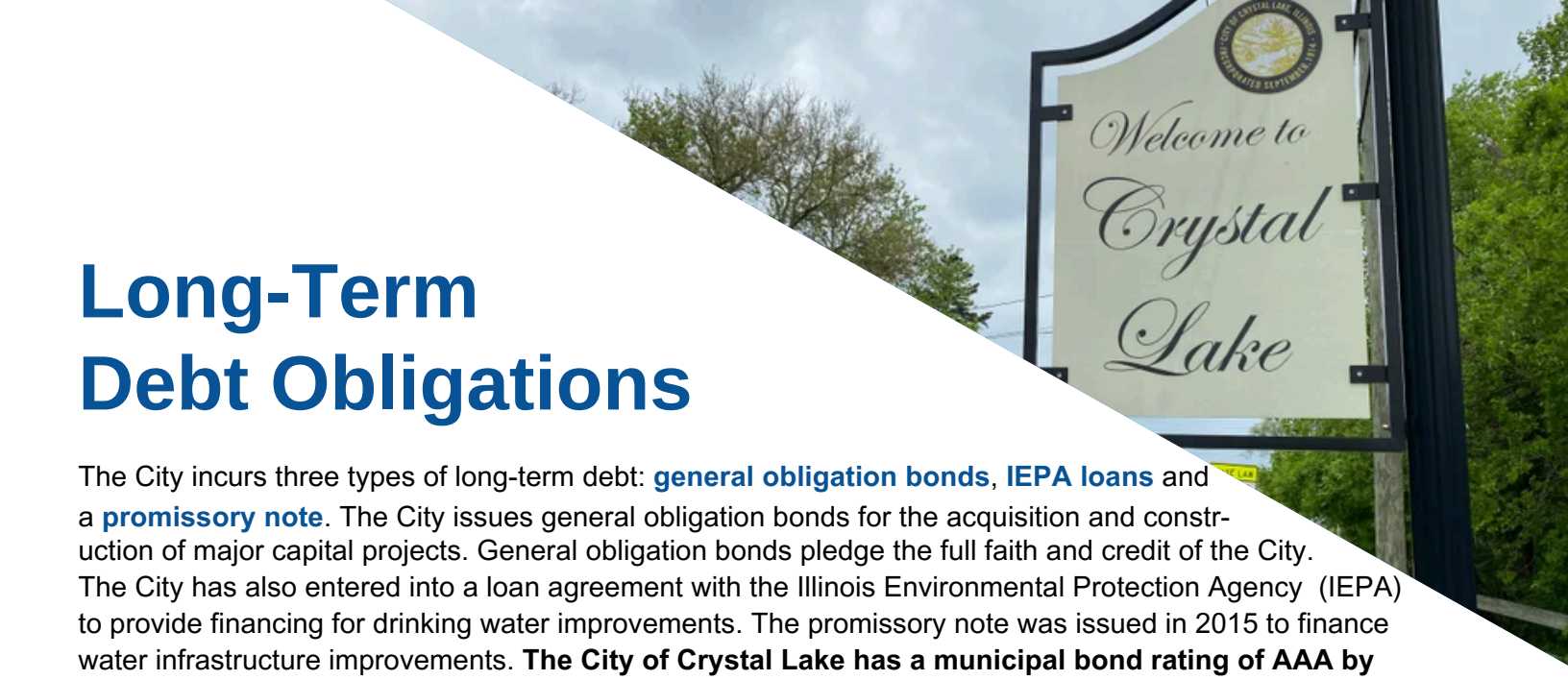
Infrastructure

- Dole Avenue reconstruction
- Three Oaks lake level adjustment
- Annual road resurfacing program
- New deep well #19
- Water main replacements
- Storm sewer system improvements
- Water and Wastewater treatment plant improvements





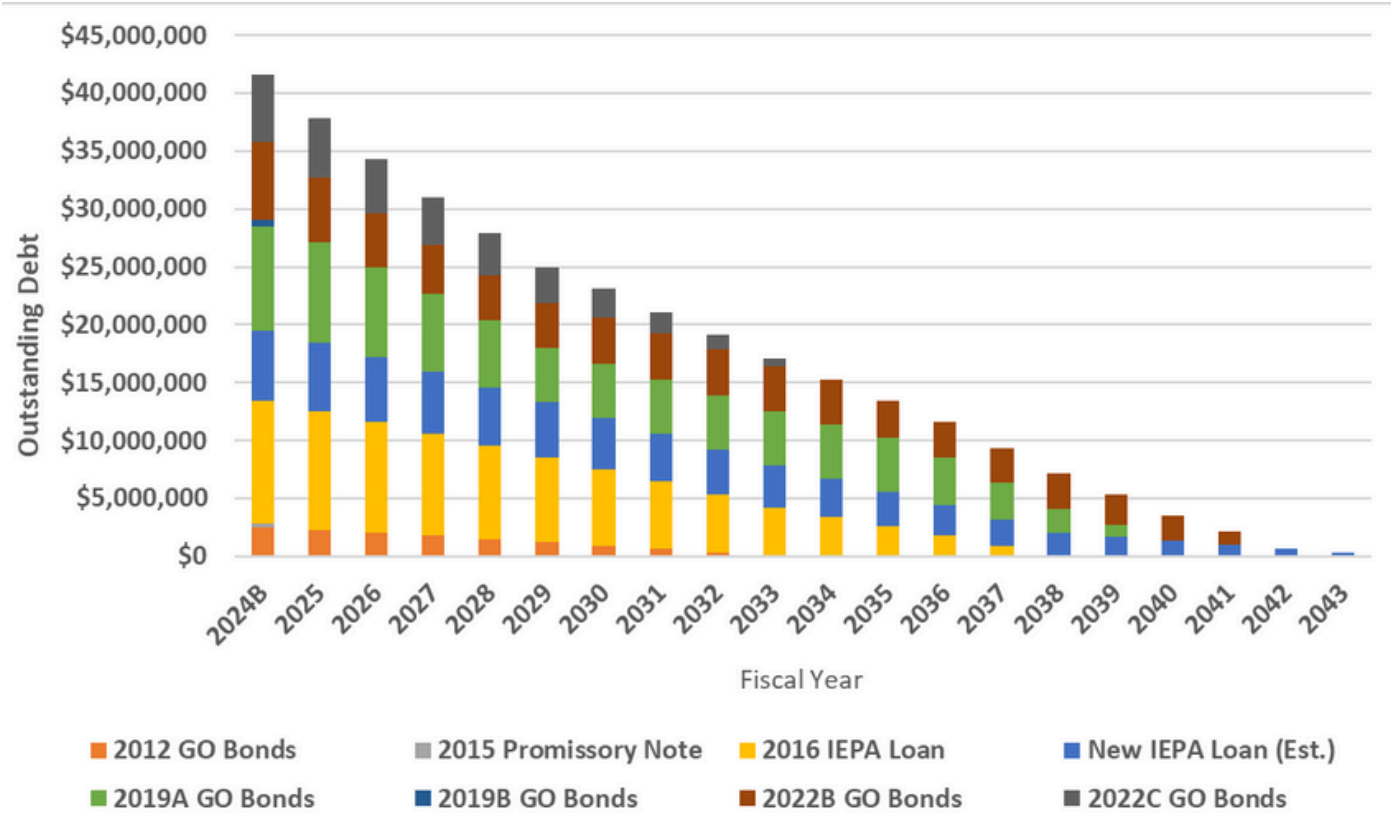




Long-Term Debt Obligations

The City incurs three types of long-term debt: **general obligation bonds**, **IEPA loans** and a **promissory note**. The City issues general obligation bonds for the acquisition and construction of major capital projects. General obligation bonds pledge the full faith and credit of the City. The City has also entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA) to provide financing for drinking water improvements. The promissory note was issued in 2015 to finance water infrastructure improvements. **The City of Crystal Lake has a municipal bond rating of AAA by Standard and Poor's.** A higher bond rating positions the City to receive more favorable rates when borrowing funds.

Under Illinois Compiled Statutes, indebtedness is limited to 8.625% on the value of taxable property in non-home rule communities. As a home-rule community, the City is not subject to these limitations. However, the City has imposed the non-home rule limit upon itself through approval by the City Council, and the current amount of outstanding debt is below this limit.



For More Information...

Visit the City of Crystal Lake's website:

www.crystallake.org

- Find information about upcoming meetings and events
- Make payments online
- Apply for a permit
- Sign-up to receive the City's News-letter electronically
- View job opportunities with the City of Crystal Lake
- And much more...

Follow the **City of Crystal Lake** and **Three Oaks Recreation Area** on Facebook, Instagram and Twitter!

Contact Information

City of Crystal Lake 100 W. Woodstock Street
Crystal Lake, IL 60014

Emergency Only	911
Police (Non-Emergency)	815-356-3620
Fire Rescue (Non-Emergency)	815-356-3640
Other City Departments	815-459-2020
Three Oaks Recreation Area	815-356-2447

The PAFR highlights aspects of the City's official financial statements, and the information included in this report is derived from the Fiscal Year 2024 Annual Comprehensive Financial Report. The Annual Comprehensive Financial Report (ACFR) is a document prepared in conformity with generally accepted accounting principles (GAAP) and is audited in accordance with generally accepted government auditing standards (GAGAS) by an independent firm of certified public accountants. Those who wish to access the Annual Comprehensive Financial Reports may do so at www.crystallake.org.