Popular Annual Financial Report

City of Crystal Lake

For the Eight Months Ended December 31, 2024



Welcome!

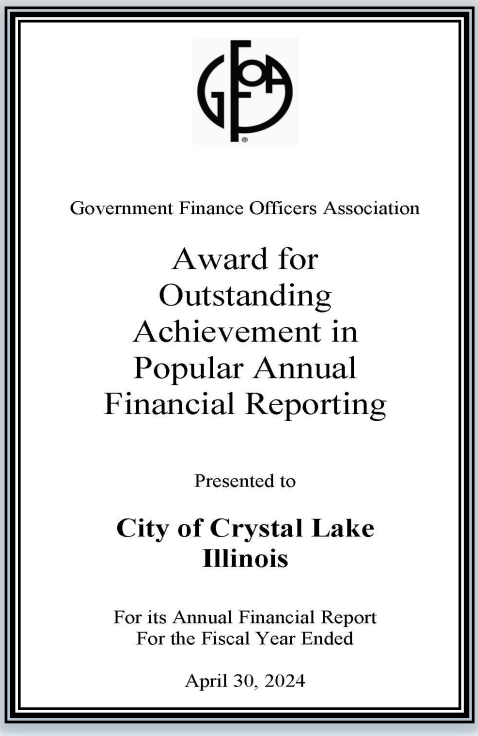
On behalf of the Crystal Lake City Council, we are pleased to present the City of Crystal Lake's Popular Annual Financial Report (PAFR) for the eight months ended December 31, 2024. The City has traditionally operated on a fiscal year that would start on May 1st of each year and end April 30th of the following year. The City transitioned its fiscal year to a calendar year basis effective January 1, 2025. In order to achieve this transition, the City operated a shortened, 8-month fiscal period which is referred to as Fiscal Period 2024B. This transitional fiscal period (FY2024B) started on May 1, 2024, and ended on December 31, 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 www.crystallake.org.

Inside this PAFR, readers will find information on the City's history, government, and financials, including capital improvements and debt service. This report does not include information on the City's fiduciary funds. The Crystal Lake Public Library is a component unit of the City of Crystal Lake, however, the Library's financials are not included in this report.

The City received its fourth Certificate of Achievement in Popular Financial Reporting from the Government Finance Officers Association (GFOA) for its Fiscal Year 2024 Popular Annual Financial Report. Those who wish to view the City's Popular Annual Financial Reports may do so at www.crystallake.org.

Thank you for your interest in learning more about the 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.



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, 2024



Inside you will find...

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





Three Oaks Recreation Area

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.

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.



Quick Facts

Population:	**40,269**
Square Miles:	**19.24**
Median Housing Value:	**$287,400**
High School Grad or Higher:	**94.8%**
Total Households:	**14,917**
Median Household Income:	**$105,428**
Income per Capita:	**$46,199**
Unemployment Rate	**3.7%**

Sources: City Records, U.S. Census Bureau, IL Dept. of Employment Security



Downtown Crystal Lake Train Station

Three Oaks Recreation Area



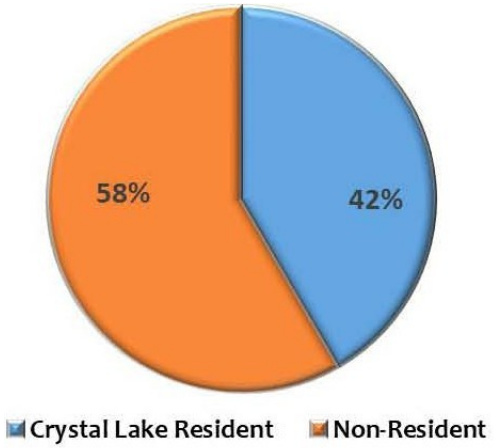
Opened in 2010, Three Oaks Recreation Area is a 450 acre family friendly recreation facility that offers amenities such as boat and paddleboard rentals, scuba diving facilities, a swim beach, a splash pad, and a playground. Two trails totaling 1.25 miles are available for walking, hiking, running and 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 1990's, 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 2024, the Three Oaks Recreation Area completed its 14th full year of operations.

Attendance at Three Oaks Recreation Area
2024 Survey Results





Marina at Three Oaks Recreation Area

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 officials are listed below.

MAYOR

Haig Haleblian

COUNCILMEMBERS

Ellen Brady	Ian Philpot
Brett Hopkins	Denise Smith
Cameron Hubbard	
Mandy Montford	(Term ended April 30, 2025)
Natasha Teetsov	(Term began May 1, 2025)

CITY MANAGER

Eric Helm

MISSION STATEMENT

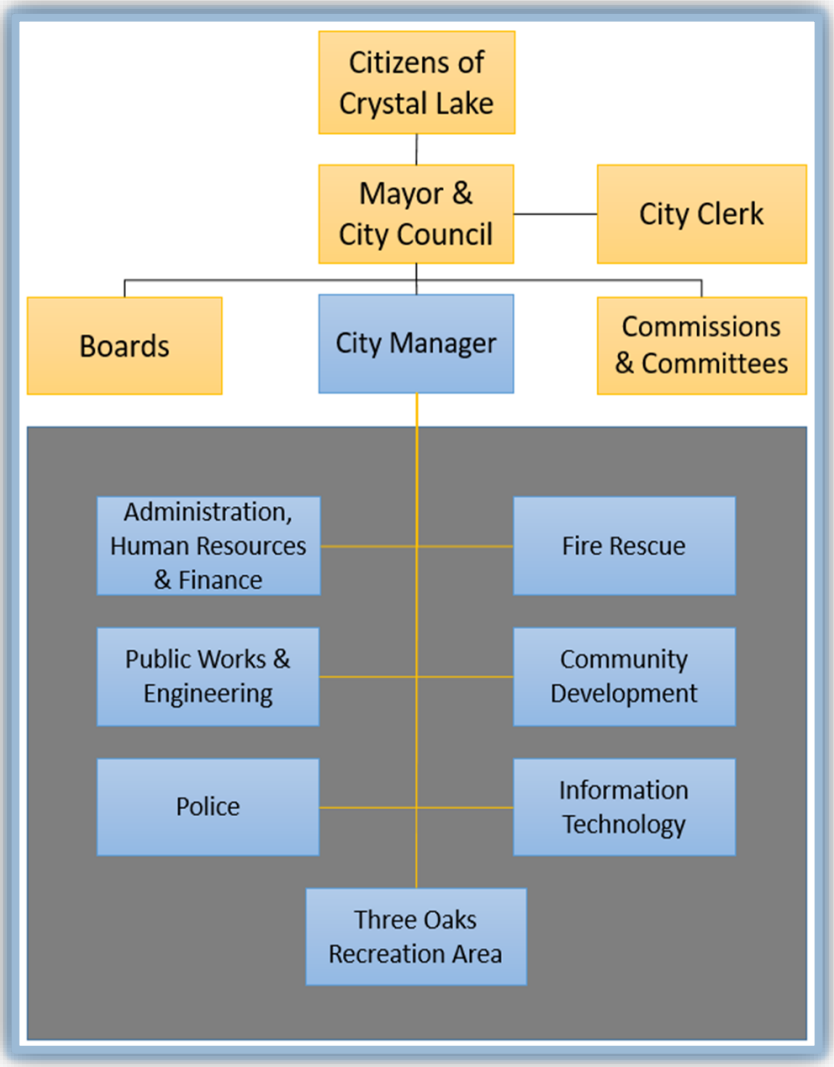
"The City of Crystal Lake is committed to the high quality of life enjoyed by the citizens and businesses of the Crystal Lake community. Our mission is to enhance and preserve the history, natural resources and unique cultural traditions of the community as well as provide fiscally sound and responsive services, programs, and 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 December 31, 2024, the City of Crystal Lake regularly has 247 full time employees and 4 part-time employees.



Crystal Lake City Council Chambers

City Government (cont.)



Contact Information

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

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

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 newsletter electronically
- View job opportunities
- And much more...

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



Police Department K9 "Cruise"

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 18 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 such as 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.

FY 2024B Financial Highlights

- The City's net position increased by $24.53 million due to activity for a total of $292.96 million.
- City-wide Capital assets, net of depreciation totaled $291.69 million.
- The fund balance of the General fund ended the fiscal year at $22.10 million.
- Total revenues for the General fund finished $3.85 million above budget expectations.
- General fund expenditures were $2.42 million below the budgeted amounts.
- The Waterworks and Sewage fund's net position increased $8.54 million to $83.1 million.
- The City's bonded debt total is $21.75 million, a decrease of $2.95 million.



Fire Rescue Vehicle

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 as 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.

	Governmental Activities		Business-type Activities		Total Primary Government	
Category	**12/312024**	**4/30/2024**	**12/31/2024**	**4/30/2024**	**12/31/2024**	**4/30/2024**
Current & other assets	$ 105,358,576	$ 94,496,320	$ 32,040,934	$ 37,009,571	$ 137,399,510	$ 131,505,891
Capital assets	197,550,457	191,924,966	94,140,003	87,872,033	291,690,460	279,796,999
Total assets	302,909,033	286,421,286	126,180,937	124,881,604	429,089,970	411,302,890
Deferred Outflows	14,217,967	15,593,442	2,616,582	2,434,306	16,834,549	18,027,748
Total assets & deferred outflows	**317,127,000**	**302,014,728**	**128,797,519**	**127,315,910**	**445,924,519**	**429,330,638**
Current liabilities	9,615,092	8,185,953	2,765,481	6,931,752	12,380,573	15,117,705
Long-term liabilities	73,420,215	76,521,771	39,602,386	42,375,201	113,022,601	118,896,972
Total liabilities	83,035,307	84,707,724	42,367,867	49,306,953	125,403,174	134,014,677
Deferred Inflows	24,241,441	22,538,495	3,319,598	3,441,582	27,561,039	25,980,077
Total liabilities & deferred inflows	**107,276,748**	**107,246,219**	**45,687,465**	**52,748,535**	**152,964,213**	**159,994,754**
Net position:						
Net Invest. In Cap. Assets	188,351,947	181,837,388	62,311,102	55,271,549	250,663,049	237,108,937
Restricted	7,954,824	10,649,313	-	-	7,954,824	10,649,313
Unrestricted	13,543,481	2,281,808	20,798,952	19,295,826	34,342,433	21,577,634
Total net position	**$ 209,850,252**	**$ 194,768,509**	**$ 83,110,054**	**$ 74,567,375**	**$ 292,960,306**	**$ 269,335,884**

As of December 31, 2024, net position for the City was $292.96 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 $12.76 million from the previous fiscal year primarily due to revenues exceeding expenses over the eight month time period.



Aaron T. Shepley City Hall

Statement of Activities

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 $72.07 million, a decrease of $13.07 million from the prior fiscal year. Expenses city-wide totaled $47.53 million, a decrease of $20.40 million from the prior fiscal year. The resulting change from the fiscal year activities is an increase in net position of $23.62 million, representing growth of 8.8%.

As of December 31, 2024, governmental program expenses of $38.14 million exceeded program revenues of $9.75 million by $28.39 million; general revenues of $45.39 million are used to make up the difference. With governmental revenues performing better than anticipated while expenses remained low, the City experienced a $15.84 million surplus in governmental activities.

Due to the fiscal year change, FY2024B is only an 8-month fiscal period, making comparability between years more difficult.

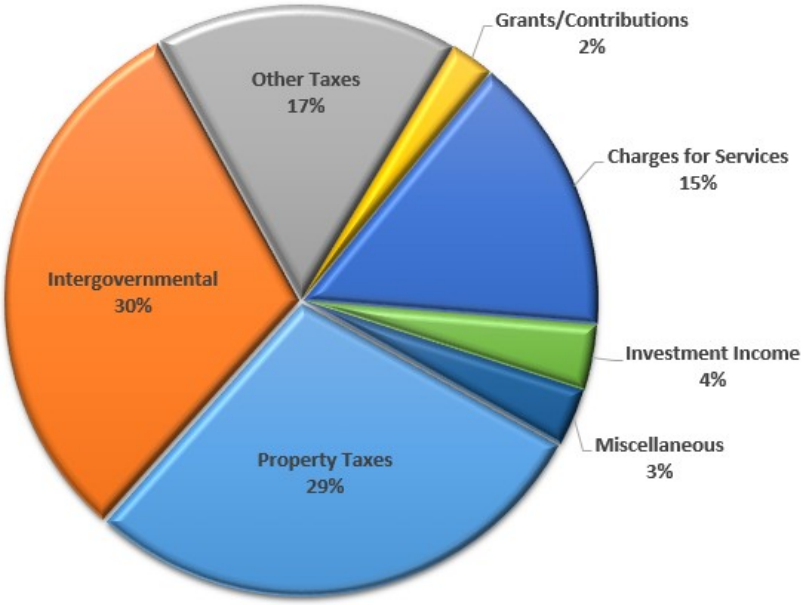
For the Year Ended April 30, 2024 and for the Eight Months Ended December 31, 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
Category	**2024B**	**2023/24**	**2024B**	**2023/24**	**2024B**	**2023/24**
Revenues:						
Program revenues:						
Charges for services	$ 8,434,913	$ 8,361,879	$ 11,439,343	$ 16,775,808	$ 19,874,256	$ 25,137,687
Operating grants/contributions	1,315,488	1,933,578	-	-	1,315,488	1,933,578
Capital grants/contributions	-	665,817	-	-	-	665,817
General revenues:						
Taxes	24,897,814	24,538,354	1,444,854	2,596,683	26,342,668	27,135,037
Intergovernmental	16,757,420	23,656,862	3,108,262	1,326,955	19,865,682	24,983,817
Investment earnings	1,984,179	1,924,376	797,866	936,253	2,782,045	2,860,629
Other	1,751,171	2,199,979	135,138	224,268	1,886,309	2,424,247
Total revenues	**55,140,985**	**63,280,845**	**16,925,463**	**21,859,967**	**72,066,448**	**85,140,812**
Expenses:						
General Government	6,607,702	8,868,981	-	-	6,607,702	8,868,981
Public Safety	21,450,742	30,928,000	-	-	21,450,742	30,928,000
Highways and Streets	8,415,627	11,648,259	-	-	8,415,627	11,648,259
Culture and Recreation	1,556,194	1,745,214	-	-	1,556,194	1,745,214
Interest on long-term debt	105,744	202,288	-	-	105,744	202,288
Water/Sewer	-	-	9,398,839	14,538,180	9,398,839	14,538,180
Total expenses	**38,136,009**	**53,392,742**	**9,398,839**	**14,538,180**	**47,534,848**	**67,930,922**
Excess (deficiency) of revenues over expenses	17,004,976	9,888,103	7,526,624	7,321,787	24,531,600	17,209,890
Transfers:	(1,163,284)	(98,720)	1,163,284	98,720	-	-
Change in net position	**15,841,692**	**9,789,383**	**8,689,908**	**7,420,507**	**24,531,600**	**17,209,890**
Beginning net position	194,768,509	184,979,126	74,567,375	67,146,868	269,335,884	252,125,994
Change in accounting principle	(791,005)	-	(147,229)	-	(938,234)	-
Error corrections	31,056	-	-	-	31,056	-
Ending net position	**$ 209,850,252**	**$ 194,768,509**	**$ 83,110,054**	**$ 74,567,375**	**$ 292,960,306**	**$ 269,335,884**



Redwood subdivision

Governmental Revenues



Property Taxes	$15,750,945
Other Taxes	9,146,869
Intergovernmental	16,757,420
Charges for Services	8,434,913
Investment Earnings	1,984,179
Grants/Contributions	1,315,488
Other	1,751,171
Total Revenue	$55,140,985

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 30% of governmental revenues.

Charges for Services total 15% of governmental revenues and includes 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.

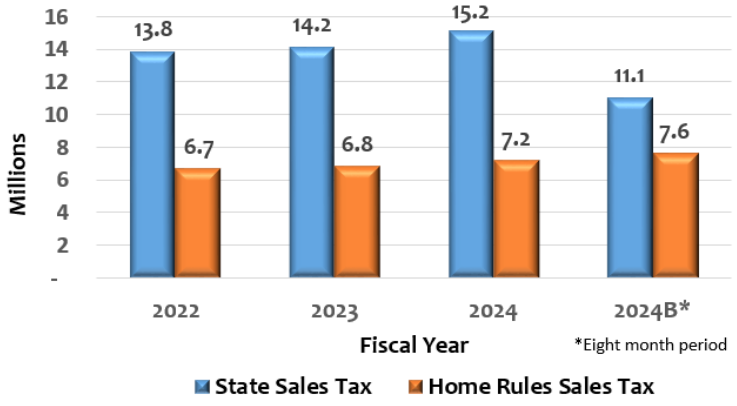
Grants/Contributions are contributions from another entity, oftentimes used in the acquisition or construction of capital assets.

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


Enclave

Sales Tax & Property Tax

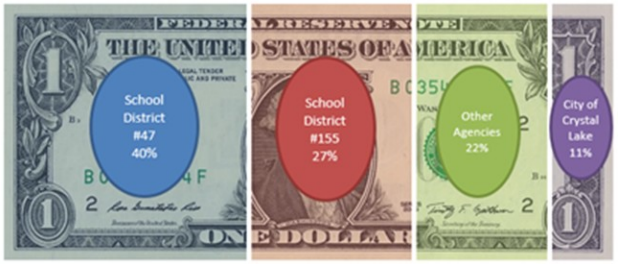
Combined, the Sales Tax and the Home Rule Sales Tax are the City's largest source of general revenue. The Sales Tax on general merchandise in the City of Crystal Lake was 7.0% through fiscal period 2024. The City receives 1% of the 7% total rate each month as well as an additional 1.25% Home Rule Sales 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 period 2024B, the City of Crystal Lake collected $11.05 million in State Sales Tax and $7.61 million in Home Rule Sales Tax despite the shortened 8 -month fiscal period.

Effective July 1, 2024, the City increased its home rule sales tax from 0.75% to 1.25%. The increase offsets expenses due to Federal mandates, including the replacement of lead service lines, and funds other capital items. This is the first home rule sales tax increase since its inception in 2008.

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 2024, the City of Crystal Lake's equalized assessed valuation was $1,696,027,692. In FY2024B , the City collected $15.75 million in property taxes, of which, $5.90 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.




Downtown Crystal Lake

Governmental Expenses

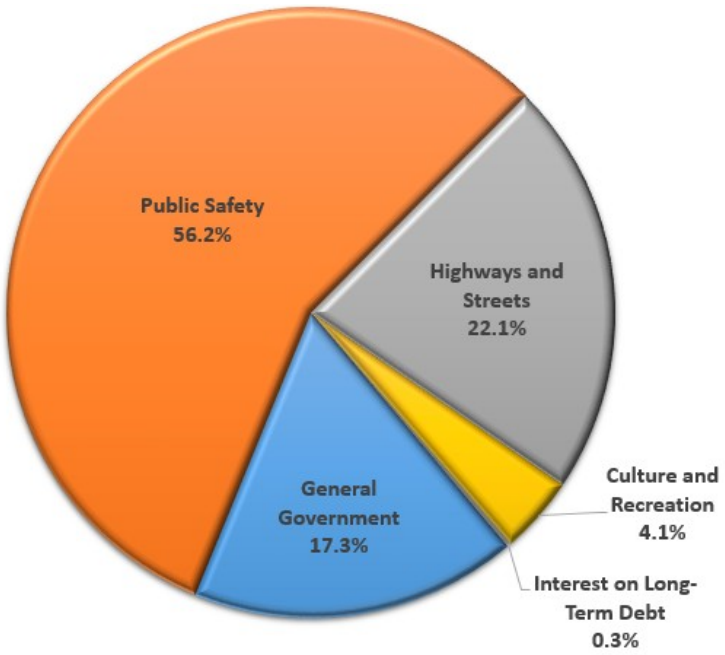
General Government expenses include the City's Administration, Human Resources, Finance and Community Development Departments. It accounted for 17% of total governmental expenditures.

Public Safety is the City's largest expense category, totaling 56% of all governmental expenses. This category includes expenses 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 expenses associated with the City's Streets and Engineering divisions within the Public Works Departments.

Culture and Recreation shows the expense 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 $97k as debt service continues to be paid down.



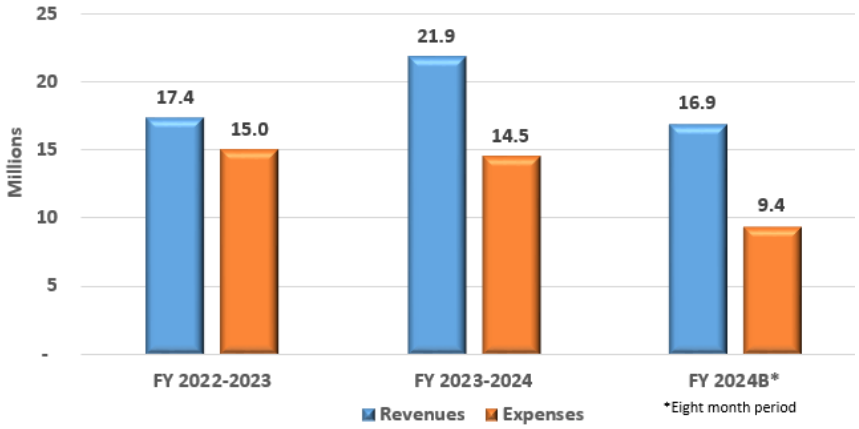
General Government	$6,607,702
Public Safety	21,450,742
Highways and Streets	8,415,627
Culture and Recreation	1,556,194
Interest on Long-Term Debt	105,744
Total Expenses	$38,136,009



Public Works Plow Truck

Business-Type Activities

The City's business-type activities include the **Waterworks and Sewerage Fund**. This fund is designed to be self-sustaining, generating **68% 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 FY2024B, there was a 3% increase to the water and sewer rates that took effect September 1, 2024.

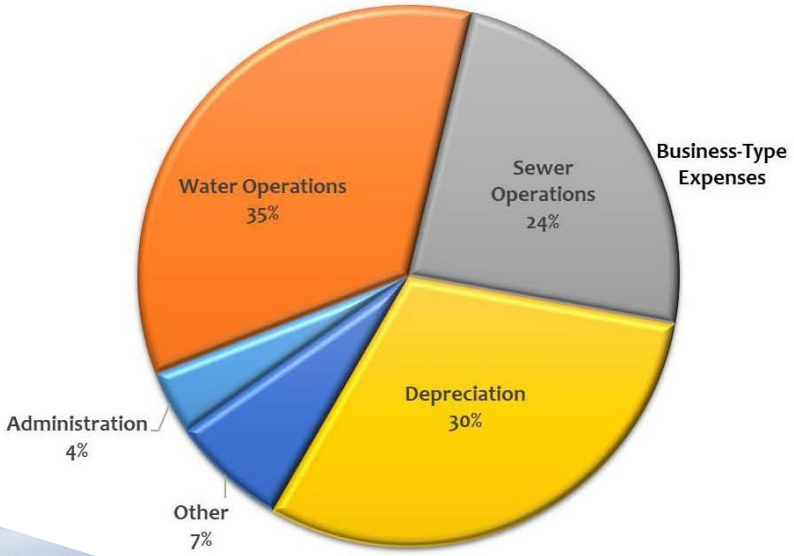


Business-Type Revenues

Charges for Services	$11,439,343
Taxes	1,444,854
Intergovernmental	3,108,262
Investment Earnings	797,866
Other	135,138
Total Revenues	$16,925,463

Business-Type Expenses

Administration	$359,801
Water Operations	3,259,480
Sewer Operations	2,261,349
Depreciation	2,866,866
Other	651,343
Total Expenses	$9,398,839





Wastewater Treatment Plant 3

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 in the **Capital Replacement Fund** or the **Vehicle Replacement Fund**. Any project related to water and sewer functions is budgeted in the **Water & Sewer Capital Replacement Fund**.

Capital Asset Investments
Eight Months Ended December 31, 2024

	Governmental Activities	Business-type Activities	Total Primary Government
Land and Improvements	$ -	$ -	$ -
Building and Improvements	2,169,768	-	2,169,768
Machinery, Equip. & Vehicles	2,320,258	717,362	3,037,620
Infrastructure	5,622,233	3,931,382	9,553,615
Construction in Progress	5,793,839	7,732,672	13,526,511
Total	$ 15,906,098	$ 12,381,416	$ 28,287,514

HIGHLIGHTS OF CAPITAL ASSET INVESTMENTS:

Machinery, Equipment & Vehicles

- Three new police vehicles
- Two new fire rescue vehicles
- One public works pickup truck
- Lift station generator replacements

Building Improvements

- City Council Chambers audio/video upgrade
- Three Oaks entrance gates project
- City Hall overhead paging system
- Fire Station #1 kitchen remodel

Infrastructure

- Dole Avenue reconstruction
- Three Oaks lake level adjustment
- Annual road resurfacing program
- New deep well #19



Annual Street Maintenance

Long-Term 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.

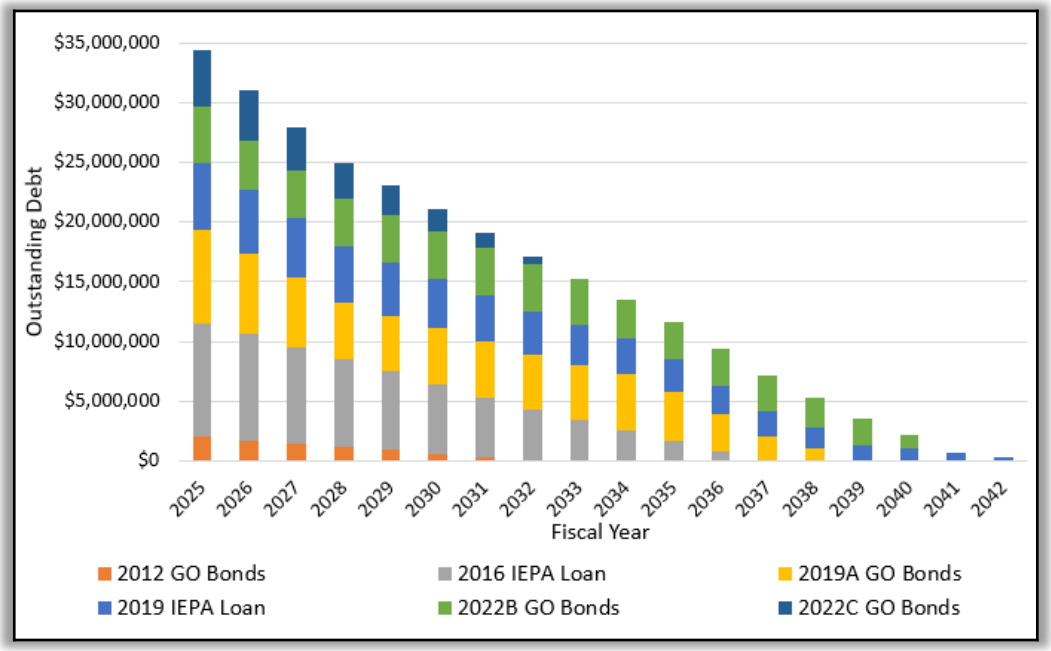
The City of Crystal Lake has received a municipal bond rating of AAA from Standard and Poor's. A higher bond rating positions the City to receive more favorable rates when borrowing funds.

Under Illinois statues, indebtedness is limited to 8.625% of the value of taxable property 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.

As of December 31, 2024, the City has four general obligation bonds outstanding for a total balance of $21.75 million of which $4.48 million is attributed to governmental activities and $17.27 million is related to business-type activities.

The City has also entered into two loan agreements with the Illinois Environmental Protection Agency (IEPA) to provide financing for drinking water improvements.

The promissory note issued in 2015 to finance water infrastructure improvements was fully repaid in December 2024.





Aerial View of Downtown Crystal Lake

Additional Information

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: An acquisition of net position by the City that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES: The consumption of net position by the City that is applicable to a future reporting period.

DEPRECIATION: The measure of the value of a fixed 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.

The PAFR highlights aspects of the City's official financial statements, and the information included in this report is derived from the Annual Comprehensive Financial Report for the eight months ended December 31, 2024. 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.



Fountain at Three Oaks Recreation Area