

Village of Crestwood, Illinois
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
APRIL 30, 2020

Prepared By:

HEARNE & ASSOCIATES, P.C.
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Village of Crestwood, Illinois

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Independent Auditors' Report

Honorable Mayor and
Members of the Board of Trustees
Village of Crestwood, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Crestwood, Illinois as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the 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.

Auditors' 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, each major fund, and the aggregate remaining fund information of the Village of Crestwood, Illinois, as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension related schedules and budgetary comparison information as listed in the table of contents 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.

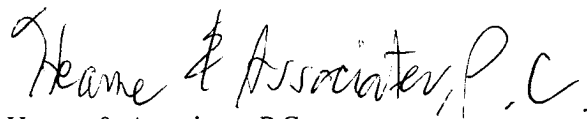
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Crestwood, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The statistical section has 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 provide any assurance thereon.

January 14, 2021
Mokena, IL


Heame & Associates, P.C.
Certified Public Accountants

Village of Crestwood, Illinois
Management's Discussion and Analysis
April 30, 2020

The Village of Crestwood's Management Discussion and Analysis (MD&A) is designed to (1) focus on significant accounting issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position and its ability to address the next and subsequent year challenges, (4) identify any material deviations from the budget, and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Village's financial statements (beginning on page 12).

Financial Highlights

- **Net Position** - The Village's total Net Position at fiscal year-end was \$49.7 million, an increase of \$.3 million (.68%) during the current fiscal year. The Net Position for governmental activities at fiscal year-end was \$30.5 million, an increase of \$.3 million during the current fiscal year. The Net Position for business-type activities was \$19.2 million, a decrease of \$0.1 million. The decrease in net position is mainly attributable to an increase in cost of water purchases.
- **General Fund summary** - The Village's General Fund reported a decrease of \$10.6 million in fund balance for the current fiscal year. The prior year had an increase of \$5.6 million. The General Fund's cash and investment position decreased to \$4.1 million from last year's \$10.1 million. Although the current year's cash position has decreased, the Village's continued focus will be infrastructure improvements, debt reduction and rebate of surplus funds to its residents.
- **Budget summary** The Village's General Fund actual revenues were less than budgeted amounts by \$1.2 million while actual expenditures were more than budgeted amounts by \$1.6 million. Revenues were less than budgeted due mainly to decreases in state income tax, grant income and police fines offset by increases in sales tax and property tax.
- **Debt outstanding** The balance of TIF bond debt as of April 30, 2020 is \$35.6 million (plus the unamortized bond premium of \$2.7 million). Additionally, the Village has a general obligation (alternate revenue) bond outstanding for \$17.6 million (plus the unamortized bond premium of \$1 million). The open line of credit balance as of April 30, 2020 is \$1.5 million.
- **Fiduciary Fund summary** The Village's Police and Fire Pension Funds reported increases of \$278,645 and \$32,385, respectively in fund balance for the current fiscal year. The most recent actuarial valuation as of April 30, 2020 reported an 84.75% and 124.29% ratio of the net pension as a percentage of the total pension liability for the Police and Fire Pension Funds, respectively.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of government.

Village of Crestwood, Illinois
Management's Discussion and Analysis
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Government -Wide

The government-wide financial statements (pages 12 and 13) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (page 13) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the Village's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various government services and/or subsidy to various business-type activities.

The governmental activities reflect the Village's basic services, including general administration, public safety, street and bridge maintenance, sanitation, and recreation. Property taxes and shared state tax distributions finance the majority of these services. The business-type activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

Traditional users of government financial statements will find the Fund Financial Statements presentation more familiar (pages 14-22 and 60-64). 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. The Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance therewith. All of the funds of the Village can be divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental funds* – The governmental major fund presentation is presented on a sources and uses of liquid resources basis. The financial plan (the budget) is typically developed in this manner. The flow and availability of liquid assets is a clear and appropriate focus of any analysis of government. The focus of the governmental funds is narrower than that of the government-wide financial statements. The Village maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 135th and Cicero TIF Fund, Route 83 and Cicero TIF Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of Combining and Individual Fund Statements and Schedules beginning on page 78 of this report.
- *Proprietary fund* – The Village maintains one proprietary fund, i.e., the Water and Sewer Fund. This fund is used to report the same functions presented in business-type activities in the government-wide financial statements. The Water and Sewer Fund is considered a major fund of the Village.
- *Fiduciary funds* – The Village maintains two fiduciary funds, (i.e., the Police Pension Fund and the Fire Pension Fund). While these funds represent trust responsibilities of the government, these assets are restricted in purpose, and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements. The Notes to the Financial Statements begin on page 23.

Village of Crestwood, Illinois
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Other Information

In addition to the Basic Financial Statements and accompanying notes, this report also presents certain required supplementary information beginning on page 60. This includes the funding progress for the Police Pension Fund, Fire Pension Fund, Illinois Municipal Retirement Fund, and budgetary information for the Village's major governmental funds. This report also includes combining and individual fund statements and schedules beginning on page 78. This includes information for the non-major governmental funds and the proprietary fund.

Financial Analysis of the Village as a Whole

NET POSITION: The following table reflects the condensed Statement of Net Position:

Table 1
CONDENSED STATEMENT OF NET POSITION
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current & Other Assets	\$ 20.2	\$ 19.1		\$ 1.8	\$ 20.2	\$ 20.9
Capital Assets	67.5	63.2	23.9	17.9	91.4	81.1
Deferred Outflows	1.1	1.2	0.9	-	2.0	1.2
Total Assets	88.8	83.5	24.8	19.7	113.6	103.2
Liabilities						
Long-term Liabilities	50.3	47.3	5.1	-	55.4	47.3
Other Liabilities	6.2	4.2	0.5	0.4	6.7	4.6
Deferred Inflows	1.9	1.9	-	-	1.9	1.9
Total Liabilities	58.4	53.4	5.6	0.4	64.0	53.8
Net Position						
Net Investment in Capital Assets	49.7	46.2	18.8	17.9	68.5	64.1
Restricted	10.7	2.3	-	-	10.7	2.3
Unrestricted	(29.9)	(18.4)	0.4	1.4	(29.5)	(17.0)
Total Net Position	<u>\$ 30.5</u>	<u>\$ 30.1</u>	<u>\$ 19.2</u>	<u>\$ 19.3</u>	<u>\$ 49.7</u>	<u>\$ 49.4</u>

For more detailed information, see the Statement of Net Position.

Normal Impacts – Net Position

Six basic (normal) transactions will affect the comparability of the Statement of Net Position summary presentation :

- *Net Results of Activities* – Impacts (increases/decreases) current assets and unrestricted Net Position.
- *Borrowing for Capital* – Increases current assets and long-term debt.

Village of Crestwood, Illinois
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- ***Spending Borrowed Proceeds on New Capital*** – Reduces current assets and increases capital assets. Also, an increase in invested capital assets and an increase in related net debt will not change the invested capital assets, net of related debt.
- ***Spending of Non-borrowed Current Assets on New Capital*** – Reduces current assets and increases capital assets. Additionally, it reduces unrestricted Net Position and increases invested in capital assets, net of related debt.
- ***Principal Payment on Debt*** – Reduces current assets and reduces long-term debt. In addition, it reduces unrestricted Net Position and increases invested in capital assets, net of related debt.
- ***Reduction of Capital Assets through Depreciation*** – Reduces capital assets and net investment in capital assets.

Current Year Impacts – Net Position

The Village's combined Net Position increased \$.2 million from \$49.4 million to \$49.6 million. Net Position of the Village's governmental activities increased \$.3 million to \$30.5 million. Net Position of the Village's business-type activities decreased by \$0.1 million to \$19.2 million. The Village's unrestricted Net Position for governmental activities, the part of Net Position that can be used to finance daily operations, decreased by \$17.3 million. The Village's unrestricted Net Position of the business-type activities, available to finance the continuing operation of the Water and Sewer Fund, decreased by \$6.2 million.

Major governmental capital activity for the year included the Route 83 site development in the amount of \$3,642,379. Other capital expenditures and additions totaled \$2,921,526.

ACTIVITIES: The following table reflects the condensed Statement of Activities:

Table 2
 CONDENSED STATEMENT OF ACTIVITIES
 (in millions)

	Governmental Activities		Business- Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues:						
Charges for services	\$ 4.4	\$ 4.7	\$ 3.8	\$ 3.8	\$ 8.2	\$ 8.5
Operating grants		0.1	-	-	-	0.1
Capital grants	-	-	-	-	-	-
General revenues					-	-
Property Taxes	3.4	3.3	-	-	3.4	3.3
Sales Tax	8.8	8.1	-	-	8.8	8.1
Other	2.8	3.5	-	-	2.8	3.5
Total Revenues	19.4	19.7	3.8	3.8	23.2	23.5

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	Governmental Activities		Business- Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
EXPENSES						
General government	\$ 7.6	\$ 4.9	\$ -	\$ -	\$ 7.6	\$ 4.9
Public Safety	5.7	5.3	-	-	5.7	5.3
Street and bridge	1.2	1.5	-	-	1.2	1.5
Sanitation	0.9	0.9	-	-	0.9	0.9
Recreation	1.5	1.3	-	-	1.5	1.3
Tax increment financing costs	0.5	0.2	-	-	0.5	0.2
Water and Sewer	-	-	3.9	3.7	3.9	3.7
Interest on long-term debt	1.7	1.7	-	-	1.7	1.7
Total expenses	19.1	15.8	3.9	3.7	23.0	19.5
Changes in Net Position	0.3	3.9	(0.1)	0.1	0.2	4.0
Net Position, May 1	30.1	26.2	19.3	19.2	49.4	45.4
Net Position, April 30	\$ 30.4	\$ 30.1	\$ 19.2	\$ 19.3	\$ 49.6	\$ 49.4

For more detailed information, see the Statement of Activities.

Normal Impacts – Statement of Net Activities

Eight basic (normal) transactions will affect the comparability of the Statement of Activities summary presentation :

Revenues

- ***Economic Condition*** – Reflects a declining, stable, or growing economic environment and has a substantial impact on property, state sales and state income taxes.
- ***Increase/Decrease in Village Approved Rates*** – While certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (property taxes, water, sewer, capital improvements fees, etc.).
- ***Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)*** – Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- ***Market Impacts on Investment Income*** – The Village's investment portfolio is managed using similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

Expenses

- ***Changes in Programs*** – Within the functional expense categories (General Government, Public Safety, Street and Bridge, Sanitation, Recreation, etc.) individual programs may be added, deleted, or expanded to meet changing community needs.
- ***Changes in Authorized Personnel*** – Changes in service demand may cause the Village Board to increase/decrease authorized staffing.

Village of Crestwood, Illinois
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- ***Salary Increases (annual adjustments and Step Increases)*** – The ability to attract and retain human and intellectual resources requires the Village to strive to maintain a competitive salary range position in the marketplace.
- ***Inflation*** – While overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

Current Year Impacts – Net Position (Governmental Funds)

For the current year, revenues from Governmental Activities totaled \$19.4 million compared to \$19.7 million from the prior year. There were no significant increases or decreases in specific revenues from the prior year.

For the current fiscal year, expenditures from Governmental Activities totaled \$19.1 million compared to \$15.9 million from the prior year. The main reasons were personnel costs for all departments increased by \$0.8 million, interest costs increased by \$0.3 million and an increase of \$2.5 million in general government expenses. The increase was main due to an increase in of \$1.2 million in general fund spending, a \$.6 million dollar increase in Route 83 TIF general government spending and an increase of \$.7 million in capital outlay spending.

Current Year Impacts – Net Position (Proprietary Fund)

For the current fiscal year, revenues from Business-type Activities totaled \$3.8 million, which is an increase of \$0.1 million from the prior year. This was mainly due to increased water rates and capital improvement charges.

For the current fiscal year, expenses from Business-type Activities totaled \$3.9 million compared to \$3.7 million from the prior year. This is due to increased water costs from the Village of Alsip and indirectly the City of Chicago.

Financial Analysis of the Village's Funds

The Governmental Funds, as presented on pages 14-17, reported a combined total fund balance of \$17.7 million, which is a \$1.2 million increase from the prior year balance of \$16.5 million. This increase is mainly attributable to the items mentioned in the previous section on “current year impacts – Net Position (governmental funds)” and capital activity for the Route 83 site development. The total fund balance of \$17.7 million is comprised of the following components:

- ***Nonspendable Fund Balance*** of \$1.0 million represents prepaid expenditures.
- ***Restricted Fund Balance*** of \$9.7 million represents the portion of fund balance that is subject to external enforceable legal restrictions; \$.9 million for debt service, \$7.2 million for TIF redevelopment and \$1.6 million for motor fuel tax projects.
- ***Unassigned Fund Balance*** of \$7 million that represents available expendable financial resources in the General Fund after funds have been identified in the above categories.

The Village's General Fund reported a decrease of \$10.6 million in fund balance for the current fiscal year. In addition, the fund balance for the General Fund at fiscal-year end was \$7 million. This is due mainly to transfers to other funds of \$10.1 million.

During the current fiscal year, there was no change in appropriations between the original and final budget.

Village of Crestwood, Illinois
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General Fund actual revenues were \$1.2 million less than budgeted amounts and actual expenditures were \$.8 million more than budgeted amounts.

The tax increment financing 135th and Cicero TIF Fund had \$3.1 million of revenue and \$2.8 million of expenditures for the fiscal year.

The Route 83 TIF Fund had \$0.1 million in revenue, \$9.2 million in expenditures (mainly for capital outlays), and received \$9.8 million in transfers from the General fund.

The Water and Sewer Fund had revenue of \$3.8 million and expenditures of \$3.9 million. Although the Village continues to collect the capital improvements charge to users and there was an increase in water rates, the cost of water from the City of Chicago and Village of Alsip also increased. However, as noted in the Statement of Cash Flows on page 20, the Village had a positive cash flow from operating activities of \$1,898,489.

Capital Assets

At the end of fiscal year 2020, the Village had \$91.3 million (net of depreciation) invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, road, and water and sewer lines. This amount represents a net increase (including additions, deductions, and current depreciation) of \$10.2 million, or 16 percent, over last year. Please refer to Note D of the report for the capital asset activity for the year. In the General Fund, the Village had budgeted approximately \$2.9 million for capital expenditures in fiscal year 2020, predominantly for Land expenditures. Actual expenditures for Land capital assets were \$1.6 million. Additionally, the Village expended \$3.6 million for the Route 83 site development.

Table 3
CONDENSED CAPITAL ASSETS
(in millions)

Governmental	<u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>2020</u>
Land	\$ 8.7	\$ 1.6	\$ -	\$ 10.3
Construction in Progress	19.4	4.0	-	23.4
Buildings	15.3	-	-	15.3
Infrastructure	41.0	-	-	41.0
Equipment	1.4	0.6	-	2.0
Building Improvements	1.0	-	-	1.0
Furniture & Fixtures	1.0	-	-	1.0
Vehicles	3.7	0.3	-	4.0
Accumulated Depreciation	(28.3)	(2.2)	-	(30.5)
Total Net of Depreciation	<u>\$ 63.2</u>	<u>\$ 4.3</u>	<u>\$ -</u>	<u>\$ 67.5</u>
Business- Type				
Construction in Progress	\$ 2.2	\$ 6.7	\$ -	\$ 8.9
Water & Sewer System	26.6	-	-	26.6
Equipment	0.2	-	-	0.2
Accumulated Depreciation	(11.2)	(0.7)	-	(11.9)
Total Net of Depreciation	<u>\$ 17.8</u>	<u>\$ 6.0</u>	<u>\$ -</u>	<u>\$ 23.8</u>

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Debt Administration

At the end of fiscal year 2020, for Governmental Activities, the Village had \$52.3 million in long-term obligations outstanding, which includes the unamortized bond premiums. This is \$3.7 million more outstanding than the prior year end. Of this amount, \$33.8 million is debt from the tax increment financing (TIF) district, namely the Alternate Revenue Source Bonds, Series 2016 B (\$37.4 million). \$18.5 million is debt from the General Fund, namely Alternate Revenue Source Bonds, Series 2016 A, Series 2020A, and Series 2020B.

The Village has a line of credit outstanding for capital projects. The line of credit is for \$3 million of which \$1.5 million is outstanding as of April 30, 2020.

For Business-Type Activities, the Village has incurred a loan from the IEPA in the amount of \$5.1 million.

Please refer to Note E of the report for information regarding debt.

Note E calculates the legal debt limit of the Village as of April 30, 2020, which is \$28.2 million.

Table 4
Changes in Long-Term Debt

	<u>April 30, 2019</u>	<u>Issuances/ Deletions</u>	<u>April 30, 2020</u>
Governmental Activities:			
GO Bonds	\$ 7,760,000	\$ 9,830,000	\$ 17,590,000
TIF Bonds	37,405,000	(6,295,000)	31,110,000
Unamortized Premium	3,566,726	121,727	3,688,453
Compensated Absences	111,531	20,281	131,812
Net Pension Obligation	1,190,164	(60,904)	1,129,260
Line of Credit	-	1,500,000	1,500,000
Total Governmental Activities	<u>\$ 50,033,421</u>	<u>\$ 5,116,104</u>	<u>\$ 55,149,525</u>
Business-Type Activities: Bonds	<u>\$ -</u>	<u>\$ 5,144,070</u>	<u>\$ 5,144,070</u>

Economic Factors and Next Year's Budget

The fiscal 2021 budget passed by the Village Board indicates total budget revenues and expenditures/expenses of \$40.2 million and \$37.7 million, respectively. Fiscal 2020 budgeted revenues and expenditures/expenses were \$37.8 million and \$36.3 million, respectively. The \$2.4 increase in revenues consists of a refinance of bonds along with a new general obligation bond of \$6.0 million related to the Rt. 83 TIF.

The fiscal 2021 budget shows a \$1.4 million increase in expenditures. Of this amount, \$1.4 million is attributable to various capital expenditures (TIF Fund of \$1.0 million and MFT Fund of \$0.6 million).

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Management's Discussion and Analysis
April 30, 2020

The Village's current economic development plans continue to be concentrated in three areas, i.e., the development of the east and west sides of the Cal Sag Road for commercial development, rehabilitating the water and sewer lines in Playfield Park and the various projects along Midlothian Turnpike. The Village's main focus in the current fiscal year will be developing the north side of Cal Sag Road both east and west of Cicero Avenue. The development of this property would be part of the new Route 83 TIF Redevelopment Area. The Village has developed the infrastructure for new stores, and restaurants on the west side of Cicero Avenue. Two stores opened in November and March, respectively with the Village negotiating with additional stores. The east side is in the process of removing the remaining excess dirt and stone and grading the area with a completion date of fall 2021. Currently the Village is looking into a license for a Racino for the east side along with Topgolf, waterpark hotel, Gas station and commercial store fronts.

The Village's current and long-term capital project plans involve various projects as noted below. First, a \$23 million project in the Playfield Park area to rehabilitate and replace water lines and sanitary and storm sewers. In addition, streets, sidewalks, and curbs would be upgraded. This project would give the area a much-needed improvement. Currently, the Village received a low-cost loan with the Illinois Environmental Protection Agency for the project and is working on grants to minimize the cost to the village. Mayor Lou Presta has work tirelessly to make sure the residents did not have to carry any of the costs for this major rehab. This project began in fiscal year 2019 and will continue into 2024. Once this project is complete, it will add needed relief and increase capacity to our sewer systems and water main age while adding to all the property values. Our 135th & Central storm water project has been approved and will be going out to bid as soon as all easements are acquired. This project will divert storm water from Forest Preserves property and lessen flooding problems in the area. The engineering for this project has been completed and the Village is finalizing grants from the Metropolitan Water Reclamation District, State of Illinois and Federal governments totaling \$18.5 million with the Village's estimated cost to be \$0.5 million. The project is expected to begin in the spring of 2022.

Also, the Village completed a feasibility study to develop a third potential tax increment financing district, i.e., the Midlothian Turnpike/Cicero Avenue Tax Increment Financing District. The development of this corner will start in the summer of 2021 and this project area is for additional commercial development and upgrading of the Village's municipal buildings. Adjacent to this area is the former state police building site which is owned by the Village. The Village is in current negotiations to develop this site as commercial use. The anticipated date for opening is late summer 2021.

Subsequent Events

In August, 2020, the Village approved an Ordinance declaring surplus funds in the General Fund in an amount equal to the Village's portion of 2019 property tax bills. It is estimated that \$485,000 will be refunded in accordance with 35 ILCS 200/30-20 by November, 2020.

Village of Crestwood, Illinois
Management's Discussion and Analysis
April 30, 2020

In November, 2020, the Village approved a Resolution establishing a retail stimulus program for the residents to aid Crestwood businesses during the pandemic. This program is estimated to cost the village about \$200,000.

Future Events

Management is not aware of any currently known facts, decisions, or conditions that would have a significant impact on the Village's financial position (net position) or results of operations (revenues, expenses, and other changes in net position) in the next fiscal year, except for the COVID-19 pandemic which may have a significant impact.

Requests for Information

The financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village at 13840 South Cicero Avenue, Crestwood, Illinois 60418.

Basic Financial Statements

Village of Crestwood, Illinois

Statement of Net Position
April 30, 2020

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Investments	\$ 13,424,781	\$ 1,951,372	\$ 15,376,153
Restricted Cash and Investments	1,374	-	1,374
Prepaid Bond Insurance	418,179	-	418,179
Prepaid Expenditures	567,677	-	567,677
Security Deposit	191,414	-	191,414
Receivables			
Property Taxes	1,729,839	-	1,729,839
Sales Tax	1,312,595	-	1,312,595
Income Tax	110,398	-	110,398
Intergovernmental	253,053	-	253,053
Ambulance Service	100,794	-	100,794
Accounts	-	324,465	324,465
Unbilled Water and Sewer	-	431,017	431,017
Safe Speed	252,772	-	252,772
Other	21,715	-	21,715
Due from Other Local Governments	5,000	-	5,000
Internal Balances	1,810,695	(1,810,695)	-
Capital Assets	67,519,149	23,975,423	91,494,572
Total Assets	<u>87,719,435</u>	<u>24,871,582</u>	<u>112,591,017</u>
<u>Deferred Outflows of Resources</u>			
Related to Pensions	1,139,638	-	1,139,638
<u>Liabilities</u>			
Accounts Payable	616,904	495,426	1,112,330
Accrued Salaries	106,293	8,536	114,829
Accrued Interest Payable	530,346	-	530,346
Deposits	24,000	-	24,000
Due to Other Funds	5,535	-	5,535
Long-term Obligations, Due Within One Year			
General Obligation Bonds	1,104,949	-	1,104,949
Revenue Bonds	2,126,532	-	2,126,532
Notes Payable	-	264,075	264,075
Line of Credit	1,500,000	-	1,500,000
Compensated Absences	131,812	-	131,812
Long-term Obligations, Due in More Than One Year			
General Obligation Bonds	17,444,775	-	17,444,775
Net Pension Liability	1,129,260	-	1,129,260
Revenue Bonds	31,712,197	-	31,712,197
Notes Payable	-	4,879,995	4,879,995
Total Liabilities	<u>56,432,603</u>	<u>5,648,032</u>	<u>62,080,635</u>
<u>Deferred Inflows of Resources</u>			
Deferred Revenue			
Property Tax	1,710,049	-	1,710,049
Pension Related	231,147	-	231,147
	<u>1,941,196</u>	<u>-</u>	<u>1,941,196</u>
<u>Net Position</u>			
Net Investment in Capital Assets	49,715,524	18,831,353	68,546,877
Restricted for Debt Service	856,855	-	856,855
Restricted for Motor Fuel	1,574,870	-	1,574,870
Restricted for TIF Redevelopment	8,262,569	-	8,262,569
Unrestricted	(29,924,544)	392,197	(29,532,347)
Total Net Position	<u>\$ 30,485,274</u>	<u>\$ 19,223,550</u>	<u>\$ 49,708,824</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Statement of Activities
Year Ended April 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business Type Activities	Totals
Governmental Activities:							
General Government	\$ 7,596,215	\$ 564,349	\$ -	\$ 10,231	\$ (7,021,635)	\$ -	\$ (7,021,635)
Public Safety	5,700,448	3,442,066	-	-	(2,258,382)	-	(2,258,382)
Street and Bridge	1,161,071	-	-	-	(1,161,071)	-	(1,161,071)
Sanitation	902,609	-	-	-	(902,609)	-	(902,609)
Recreation	1,452,687	375,742	-	-	(1,076,945)	-	(1,076,945)
Tax increment financing costs	485,000	-	-	-	(485,000)	-	(485,000)
Interest on long-term debt	1,718,931	-	-	-	(1,718,931)	-	(1,718,931)
Total Government Activities	<u>19,016,961</u>	<u>4,382,157</u>	<u>-</u>	<u>10,231</u>	<u>(14,624,573)</u>	<u>-</u>	<u>(14,624,573)</u>
Business Type Activities:							
Water and Sewer	<u>3,943,141</u>	<u>3,889,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,169)</u>	<u>(53,169)</u>
Total Primary Government	<u>\$ 22,960,102</u>	<u>\$ 8,272,129</u>	<u>\$ -</u>	<u>\$ 10,231</u>	<u>(14,624,573)</u>	<u>(53,169)</u>	<u>(14,677,742)</u>
General Revenues, Special Items and Transfers							
Taxes							
Property					3,385,480	-	3,385,480
Sales					8,792,718	-	8,792,718
Income					595,531	-	595,531
Motor Fuel					481,838	-	481,838
Other Taxes					804,033	-	804,033
Unrestricted investment income					117,131	583	117,714
Other General Revenues					898,782	-	898,782
Gain on Sale of Assets					144,647	-	144,647
Transfer to Fiduciary Pension Funds					(208,848)	-	(208,848)
Total General Revenues, Special Items and Transfers					<u>15,011,312</u>	<u>583</u>	<u>15,011,895</u>
Change in Net Position					386,739	(52,586)	334,153
Net Position							
Beginning of the Year					<u>30,098,535</u>	<u>19,276,136</u>	<u>49,374,671</u>
End of the Year					<u>\$ 30,485,274</u>	<u>\$ 19,223,550</u>	<u>\$ 49,708,824</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Balance Sheet
Governmental Funds
April 30, 2020

	Major Governmental Funds				
	General	135th & Cicero Tax Increment Financing	Route 83 & Cicero Tax Increment Financing	Other Governmental	Total
<u>Assets</u>					
Cash and Investments	\$ 4,118,874	\$ 1,702,338	\$ 5,417,243	\$ 2,186,326	\$ 13,424,781
Restricted Cash and Investments	-	1,374	-	-	1,374
Prepaid Bond Insurance	-	418,179	-	-	418,179
Prepaid Expenditures	-	-	567,677	-	567,677
Security Deposit	-	-	191,414	-	191,414
Receivables					
Property Taxes	970,119	754,215	5,505	-	1,729,839
Sales Tax	936,797	248,382	-	127,416	1,312,595
Income Tax	55,199	-	-	55,199	110,398
Intergovernmental	159,577	-	-	93,476	253,053
Due from Insurance	100,794	-	-	-	100,794
Safe Speed	252,772	-	-	-	252,772
Other	5,442	-	10,833	5,440	21,715
Due from Other Funds	1,978,597	950	-	-	1,979,547
Total Assets	<u>\$ 8,578,171</u>	<u>\$ 3,125,438</u>	<u>\$ 6,192,672</u>	<u>\$ 2,467,857</u>	<u>\$ 20,364,138</u>
<u>Liabilities</u>					
Accounts Payable	\$ 455,010	\$ -	\$ 152,934	\$ 8,960	\$ 616,904
Accrued Salaries	103,553	-	-	2,740	106,293
Deposits	24,000	-	-	-	24,000
Due to Other Funds	5,535	-	142,887	25,965	174,387
Total Liabilities	<u>588,098</u>	<u>-</u>	<u>295,821</u>	<u>37,665</u>	<u>921,584</u>
<u>Deferred Inflows of Resources</u>					
Unearned Property Taxes	950,329	754,215	5,505	-	1,710,049
Total Deferred Inflows	<u>950,329</u>	<u>754,215</u>	<u>5,505</u>	<u>-</u>	<u>1,710,049</u>
of Resources	<u>950,329</u>	<u>754,215</u>	<u>5,505</u>	<u>-</u>	<u>1,710,049</u>
<u>Fund Balances</u>					
Nonspendable					
Prepaid Items	-	418,179	567,677	-	985,856
Restricted					
Debt Service	-	-	-	856,855	856,855
TIF Redevelopment	-	1,953,044	5,323,669	-	7,276,713
Motor Fuel	-	-	-	1,574,870	1,574,870
Unassigned	7,039,744	-	-	(1,533)	7,038,211
Total Fund Balances	<u>7,039,744</u>	<u>2,371,223</u>	<u>5,891,346</u>	<u>2,430,192</u>	<u>17,732,505</u>
Total Liabilities, Deferred Inflows					
of Resources and Fund Balance	<u>\$ 8,578,171</u>	<u>\$ 3,125,438</u>	<u>\$ 6,192,672</u>	<u>\$ 2,467,857</u>	<u>\$ 20,364,138</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Reconciliation of the Total Fund Balance of Governmental Funds
to Net Position of Governmental Activities
April 30, 2020

Total Fund Balance of Governmental Funds	\$17,732,505
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 governmental funds.	67,519,149
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Reimbursement Due from the Other Local Government	5,000
Some liabilities reported in the Statement of Activities do not require the use of current financial resources; and therefore, are not reported in governmental funds. These activities consist of:	
Deferred Outflows of Resources Related to Pensions	1,139,638
Deferred Inflows of Resources Related to Pensions	(231,147)
General Obligation Bonds Payable	(52,388,453)
Line of Credit Payable	(1,500,000)
Compensated Absences	(131,812)
Net Pension Liability	(1,129,260)
Accrued interest on long-term liabilities is shown as a liability on the Statement of Net Position.	<u>(530,346)</u>
Net Position of Governmental Activities	<u><u>\$30,485,274</u></u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Statement of Revenues, Expenditures,
and Changes in Fund Balances

Governmental Funds

Year Ended April 30, 2020

	Major Governmental Funds				
	General	135th & Cicero Tax Increment Financing	Route 83 & Cicero Tax Increment Financing	Other Governmental Funds	Total
<u>Revenues</u>					
Property Tax	\$ 1,530,826	\$ 1,604,198	\$ 15,456	\$ 235,000	\$ 3,385,480
Sales Tax	5,909,360	1,531,879	-	1,351,479	8,792,718
State Income Tax	595,531	-	-	-	595,531
Motor Fuel Tax	-	-	-	481,838	481,838
Other Taxes	804,033	-	-	-	804,033
Intergovernmental	10,231	-	-	-	10,231
Licenses and Permits	564,349	-	-	-	564,349
Fines and Penalties	2,840,648	-	-	-	2,840,648
Charges for Services	-	-	-	375,742	375,742
Advanced Life Support	601,418	-	-	-	601,418
Miscellaneous	800,194	-	98,588	-	898,782
Interest	88,732	433	6,063	21,903	117,131
Total Revenues	13,745,322	3,136,510	120,107	2,465,962	19,467,901
<u>Expenditures</u>					
Current					
General Government	4,640,873	20,313	970,467	-	5,631,653
Public Safety	5,404,041	-	-	-	5,404,041
Parks and Recreation	715,299	-	-	662,107	1,377,406
Street and Bridge	794,255	-	-	262,634	1,056,889
Sanitation	902,609	-	-	-	902,609
Surplus Fund Expenditures	485,000	-	-	-	485,000
Debt Service					
Principal	-	1,295,000	4,576,661	955,000	6,826,661
Interest and Fees	-	1,519,600	-	519,700	2,039,300
Cost of Issuance of Bonds	-	-	91,891	-	91,891
Capital Outlay	2,921,526	-	3,642,379	134	6,564,039
Total Expenditures	15,863,603	2,834,913	9,281,398	2,399,575	30,379,489
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(2,118,281)	301,597	(9,161,291)	66,387	(10,911,588)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	144,647	-	-	-	144,647
Bond Proceeds	-	-	10,341,547	-	10,341,547
Premium on Bonds	-	-	368,552	-	368,552
Proceeds from Note Payable	1,500,000	-	-	-	1,500,000
Transfers In	-	-	9,832,584	60,000	9,892,584
Transfers Out	(10,101,432)	-	-	-	(10,101,432)
Total Other Financing					
Sources (Uses)	(8,456,785)	-	20,542,683	60,000	12,145,898
Net Change in Fund Balance	(10,575,066)	301,597	11,381,392	126,387	1,234,310
Fund Balance (Deficit), Beginning of Year	17,614,810	2,069,626	(5,490,046)	2,303,805	16,498,195
Fund Balance, End of Year	\$ 7,039,744	\$ 2,371,223	\$ 5,891,346	\$ 2,430,192	\$ 17,732,505

See accompanying notes to the financial statements.

Village of Crestwood, 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, 2020

Net Change in Fund Balances of Governmental Activities	\$ 1,234,310
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives as depreciation expense.

This is the amount of expenditures capitalized in the current period.	6,564,039
This is the amount of depreciation recorded in the current period.	(2,240,309)

The issuance of debt is reported as other financing sources in the governmental funds, but increases debt in the Statement of Net Position.	(12,298,666)
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Repayment of long-term debt is treated as an expenditure in the governmental funds, but the repayment reduces principal outstanding in the Statement of Net Position.	8,759,265
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Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds.	
Accrual of interest is reported as interest expense on the Statement of Activities	(1,520,344)
Change in Pension Obligation	(91,275)
Change in Compensated Absences	<u>(20,281)</u>

Change in Net Position of Governmental Activities	<u>\$ 386,739</u>
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See accompanying notes to the financial statements.

Proprietary Fund

Village of Crestwood, Illinois

Proprietary Fund
Statement of Net Position
April 30, 2020

	<u>Enterprise Fund</u> <u>Water &</u> <u>Sewer Fund</u>
<u>Assets</u>	
Current Assets	
Cash and Investments	\$ 1,951,372
Due from TIF Route 83 Fund	142,887
Receivables:	
Accounts	324,465
Unbilled Water and Sewer Charges	431,017
Total Current Assets	<u>2,849,741</u>
Noncurrent Assets	
Construction in Progress	8,958,304
Water and Sewer System	26,639,855
Equipment	272,491
Subtotal	<u>35,870,650</u>
Less: Accumulated Depreciation	<u>(11,895,227)</u>
Total Noncurrent Assets	<u>23,975,423</u>
 Total Assets	 <u>26,825,164</u>
<u>Liabilities</u>	
Current Liabilities	
Accounts Payable	495,426
Accrued Salaries	8,536
Loan Payable - Current Portion	264,075
Due to General Fund	1,953,582
Total Current Liabilities	<u>2,721,619</u>
Long-term Liabilities	
Loan Payable	4,879,995
Total Long-term Liabilities	<u>4,879,995</u>
 Total Liabilities	 <u>7,601,614</u>
<u>Net Position</u>	
Net Investment in Capital Assets	18,831,353
Unrestricted	392,197
 Total Net Position	 <u><u>\$ 19,223,550</u></u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Proprietary Fund

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended April 30, 2020

	<u>Enterprise Fund Water & Sewer Fund</u>
<u>Operating Revenues</u>	
Charges for Services	
Water and Sewer	\$ 3,149,114
Penalties	55,798
Tap-In and Connection Fees	26,030
Capital Improvements	643,417
Miscellaneous	15,613
Total Revenues	<u>3,889,972</u>
<u>Operating Expenses</u>	
Operations	3,253,987
Depreciation	689,154
Total Operating Expenses	<u>3,943,141</u>
Operating Income (Loss)	<u>(53,169)</u>
<u>Nonoperating Revenues</u>	
Interest Income	<u>583</u>
Change in Net Position	(52,586)
Net Position, Beginning of the Year	<u>19,276,136</u>
Net Position, End of the Year	<u>\$ 19,223,550</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Proprietary Funds
Statement of Cash Flows
For the Year Ended April 30, 2020

	<u>Enterprise Fund Water & Sewer Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 3,878,793
Cash Payments for Goods and Services	(1,552,318)
Cash Payments to Employees for Services	(427,986)
Net Cash Provided by Operating Activities	<u>1,898,489</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	(6,747,600)
Loan Proceeds	5,144,070
Net Cash Provided by Financing Activities	<u>(1,603,530)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest	<u>583</u>
Net Increase (Decrease) in Cash	295,542
Cash, Beginning of Year	<u>1,655,830</u>
Cash, End of Year	<u>\$ 1,951,372</u>
 Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (Loss)	\$ (53,169)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities	
Depreciation	689,154
Changes in Assets/Liabilities	
Accounts/Unbilled Receivables	(11,178)
Interfund Accounts	1,130,246
Accrued Salaries	(12,318)
Accounts Payable	<u>155,754</u>
Net Cash Provided by Operating Activities	<u>\$ 1,898,489</u>

See accompanying notes to the financial statements.

Fiduciary Funds

Village of Crestwood, Illinois

Fiduciary Funds
Statement of Fiduciary Net Position
April 30, 2020

	Pension Trust Funds		
	Fire Pension Fund	Police Pension Fund	Total
<u>Assets</u>			
Cash in Bank	\$ 92,722	\$ 163,869	\$ 256,591
Investments	-	1,408,583	1,408,583
Property Tax Receivable	-	42,082	42,082
Accrued Interest	-	2,569	2,569
Due from Participants	-	696	696
Due from General Fund	-	5,535	5,535
Total Assets	<u>92,722</u>	<u>1,623,334</u>	<u>1,716,056</u>
<u>Liabilities</u>			
Accounts Payable	-	5,613	5,613
Total Liabilities	<u>-</u>	<u>5,613</u>	<u>5,613</u>
<u>Deferred Inflows of Resources and Net Position</u>			
Deferred Property Taxes	<u>-</u>	<u>41,194</u>	<u>41,194</u>
Net Position Restricted for Pension Benefits	<u>\$ 92,722</u>	<u>\$ 1,576,527</u>	<u>\$ 1,669,249</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended April 30, 2020

	Pension Trust Funds		
	Fire Pension Fund	Police Pension Fund	Total
<u>Additions</u>			
Employer Contributions			
Property Tax	\$ -	\$ 62,277	\$ 62,277
Plan Member Contributions	5,872	61,900	67,772
Net Investment Income (Loss)	1,080	59,449	60,529
Total Additions	<u>6,952</u>	<u>183,626</u>	<u>190,578</u>
<u>Deductions</u>			
Filing and Miscellaneous fees	5,748	11,259	17,007
Pension Benefits	-	71,389	71,389
Total Deductions	<u>5,748</u>	<u>82,648</u>	<u>88,396</u>
Excess of Additions over Deductions	1,204	100,978	102,182
<u>Other Financing Source</u>			
Transfers In	<u>31,181</u>	<u>177,667</u>	<u>208,848</u>
Net Increase in Net Position	32,385	278,645	311,030
Net Position Restricted for Pension Benefits Beginning of the Year	<u>60,337</u>	<u>1,297,882</u>	<u>1,358,219</u>
End of the Year	<u>\$ 92,722</u>	<u>\$ 1,576,527</u>	<u>\$ 1,669,249</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Crestwood, Illinois (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the Village's more significant accounting policies:

Reporting Entity

The Village has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 61, under which these basic financial statements include all organizations, activities, functions, and component units for which the Village is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the Village's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden with the Village.

In conformity with GAAP, the Village's Police Pension Fund and the Firefighters' Pension Fund have been included as component units in the Village's basic financial statements. Although they are separate legal entities, these funds provide pension benefits for the Village's police officers and firefighters. Thus, their financial information has been blended within the Village's basic financial statements as fiduciary funds.

Fund Accounting

The Village uses funds to report on its financial position and changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), the acquisition or construction of general capital assets (capital project funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes pension trust funds which are generally used to account for assets that the Village holds in a fiduciary capacity or on behalf of others as their agent.

Government -Wide Financial Statements

The Village's basic financial statements consist of both the government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and the fund financial statements which provide a more detailed level of financial information.

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities of the Village at year end. The Statement of Net Position includes all current assets and current liabilities and all capital assets, net of accumulated depreciation, and long-term debt associated with the operation of the Village.

The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the Village's governmental activities. Direct expenditures are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include both charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Village.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports the following major governmental funds:

The General Fund is the Village'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 Tax Increment Financing Funds are used to account for bond proceeds, incremental property tax, all non-home rule sales tax distributed to the Village and ad valorem taxes if needed, levied against property in the Village sufficient to retire the 135th and Cicero TIF Bonds and provide funds for the Route 83 and Cicero Avenue capital activity.

The Village reports the following major enterprise fund:

The Water and Sewer Fund is used to account for the activities of the water and sewer operations.

Additionally, the Village reports the following fiduciary funds:

The Pension Funds are used to account for the police and firefighters pension activity. Fiduciary funds are excluded from the government-wide financial statements.

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 fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Operating revenues/expenses include all revenues/expenses directly related to providing water and sewer services. Incidental revenues/expenses related to these services are reported as non-operating.

Government fund financial statements 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 collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except as noted hereinafter. Some State of Illinois tax payments to the Village, such as income tax, have been delayed due to a lack of sufficient or timely state revenues. The Village considers this a highly unusual circumstance, and, to not artificially distort revenue patterns, has in these cases recognized revenue beyond the 60-day period. Expenditures generally are when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, income taxes, off-track betting taxes, motor fuel taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports deferred and/or unearned revenue on its financial statements. Deferred/unearned revenue arises when potential revenue does not meet both the “measurable” and “available” or “earned” criteria for recognition in the current period. Deferred/unearned revenues also arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred/unearned revenue is removed and revenue is recognized.

Differences between the government-wide financial statements and the fund financial statements are briefly explained in reconciliations included in the fund financial statements.

Cash and Investments

For purposes of the Statement of Cash Flows, the Village’s proprietary fund considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Investments with a maturity of one year or less when purchased are stated at cost or amortized cost. Investments with a maturity greater than one year and all investments of the pension trust fund are stated at fair value except for non-negotiable certificates of deposit which are recorded at cost.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer is reported at a \$1 per share value, which equals the fair value in the pool.

Restricted cash and investments consist of amounts held at First Midwest Bank, as required, under General Obligation Bond Series 2016B.

Interfund Activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “Internal Balances”.

Interfund services are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories and Prepaid Items

The Village does not maintain inventory material to the financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than purchased. Also, bond insurance premiums noted under "Long-Term Obligations" below are reported as a prepaid item and amortized over the life of the bonds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, storm sewers and similar items on a prospective basis effective April 1, 2005) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital Assets are defined by the Village as assets with an initial, individual cost of more than \$2,500 for equipment, \$10,000 for buildings and improvements and \$50,000 for infrastructure assets and estimated useful lives in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs, including street overlays that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Infrastructure	30-40 years
Improvements Other than Buildings	5-25 years
Machinery, Furniture and Equipment	3-20 years
Vehicles	7-15 years

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the government fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current year. The face amount of debt issued is reported as other financing sources. Premiums received 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 expenditures.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent 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.

The Village of Crestwood has one item that qualifies for reporting in this category. It is deferred amounts related to pensions - differences between estimated and actual investment earnings, changes in actuarial assumptions and other pension related charges.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent 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. The Village of Crestwood has two items that qualify for reporting in this category. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Village of Crestwood reports deferred amounts related to pensions.

Net Position

For government-wide reporting as well as in proprietary funds the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made, about the order in which the resources are considered to be applied. It is in the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

The Village's fund balances are required to be reported using five separate classifications as listed below. The Village may not necessarily utilize each classification in a given fiscal year.

Non-Spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or laws or regulations or other governments.

Committed – amounts that can be used only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or laws or regulations or other governments.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Village's adopted policy, only the Village may assign amounts for specific purposes.

Unassigned – all other spendable amounts; positive amounts are reported only in the general fund.

When an expenditure is incurred for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village's Board of Trustees has provided otherwise in its commitment or assignment actions.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Fire and Police Pension Plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as it is reported by those plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation benefits. Upon the employee's separation from the Village, unused vacation days are paid out to the employees. All eligible unused days are accrued in the government-wide financial statements. A liability for these days is reported in the governmental funds only if they are payable and due to the employee.

Use of Estimates

The preparation of 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. DEPOSITS AND INVESTMENTS

Cash and investments are separately held by each of the Village's funds, including the pension trust fund.

Investment policies of the Village and the pension trust fund are limited by Illinois Compiled Statutes. In that regard, deposits/investments are limited to deposits/investments in insured commercial banks, obligations of the U.S. Treasury and U.S. agencies, certificates of deposit issued by commercial banks that are FDIC insured or collateralized, commercial paper that has the highest rating classifications by at least one of the standard rating agencies and has one of the two highest rating classifications by at least two of the standard rating agencies, the Illinois Public Treasurer's Investment Pool and any money market mutual fund permissible under State law. Repurchase agreements are not permissible under the investment policy.

As of April 30, 2020, the Village and Fire Pension Funds had no investments other than money market funds and certificates of deposit with financial institutions covered by FDIC. None of these investments have maturities greater than one year.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village has limited its exposure to interest rate risk by structuring the portfolios to provide liquidity for cash requirements for ongoing operations in money market funds and Illinois Funds.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Village limits its exposure to credit risk with investments to Illinois Funds. The Illinois Funds Money Market has earned Standard & Poor's highest rating (AAAm).

Concentration of credit risk is the risk that the Village or Fire Pension Funds has a high percentage of its investments invested in one type of investment. Neither the Village nor the fire pension trust fund has significant investments.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

B. DEPOSITS AND INVESTMENTS (continued)

The policy is to maintain most funds in FDIC insured money market funds and certificates of deposit maturing in one year or less to ensure that proper liquidity is maintained in order to meet ongoing obligations.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 102% of the market value of principal and interest accrued. As of April 30, 2020, the deposits of the Village are either insured by the FDIC or fully collateralized.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments that are in the possession of the outside party. The Village has not maintained a high percentage of its investments in one type of investment.

C. PROPERTY TAX

Property taxes for 2019 attach as an enforceable lien on January 1, 2020, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2020 and July 1, 2020, and are payable in two installments, on or about March 1, 2020 and August 1, 2020. Tax increment financing (TIF) property tax receipts are received in two installments similar to levied taxes described above. TIF property taxes are not levied but are paid by the County from incremental property tax receipts of all taxing bodies within the TIF District. The County collects such taxes and remits them periodically. The 2019 levy is intended to partially fund expenditures for fiscal year 2020 to the extent of collections through April 30, 2020, and 60 days subsequent to that date. The remainder of the 2019 levy is deferred as of April 30, 2020.

The 2020 tax levy, which attached as an enforceable lien on property as of January 1, 2020, has not been recorded as a receivable as of April 30, 2020, as the tax has not yet been levied by the Village and will not be levied until December 2020, and, therefore, the levy is not measurable as of April 30, 2020.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

D. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated				
Land	\$ 8,720,714	\$ 1,632,836	\$ -	\$ 10,353,550
Construction in Progress	<u>19,376,231</u>	<u>4,034,762</u>	<u>-</u>	<u>23,410,993</u>
Total Capital Assets				
Not Being Depreciated	<u>28,096,945</u>	<u>5,667,598</u>	<u>-</u>	<u>33,764,543</u>
Capital Assets being Depreciated				
Infrastructure	40,997,674	-	-	40,997,674
Buildings	15,327,253	-	-	15,327,253
Buildings Improvements	1,050,848	-	-	1,050,848
Equipment, Furniture and Fixtures	2,371,378	631,630	-	3,003,008
Vehicles	<u>3,729,815</u>	<u>264,811</u>	<u>-</u>	<u>3,994,625</u>
Capital Assets being Depreciated	63,476,968	896,441	-	64,373,409
Less: Accumulated Depreciation	<u>28,378,494</u>	<u>2,240,309</u>	<u>-</u>	<u>30,618,803</u>
Capital Assets being Depreciated, Net of Depreciation	<u>35,098,474</u>	<u>(1,343,868)</u>	<u>-</u>	<u>33,754,606</u>
Total Governmental Activities, Capital Assets, Net of depreciation	<u>\$ 63,195,419</u>	<u>\$ 4,323,730</u>	<u>\$ -</u>	<u>\$ 67,519,149</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-type Activities:</i>				
Capital Assets, Not Being Depreciated				
Construction in Progress	<u>\$ 2,210,704</u>	<u>\$ 6,747,600</u>	<u>\$ -</u>	<u>\$ 8,958,304</u>
Capital Assets being Depreciated				
Water & Sewer System	26,639,855	-	-	26,639,855
Equipment	<u>272,491</u>	<u>-</u>	<u>-</u>	<u>272,491</u>
Capital Assets, Gross	26,912,346	-	-	26,912,346
Less: Accumulated Depreciation	<u>11,206,073</u>	<u>689,154</u>	<u>-</u>	<u>11,895,227</u>
Capital Assets being Depreciated, Net of Depreciation	<u>15,706,273</u>	<u>(689,154)</u>	<u>-</u>	<u>15,017,119</u>
Total Business-Type Activities, Capital Assets, Net of Depreciation	<u>\$ 17,916,977</u>	<u>\$ 6,058,446</u>	<u>\$ -</u>	<u>\$ 23,975,423</u>

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 1,764,439
Public Safety	296,407
Street and Bridge	104,182
Recreation	75,281
Total Governmental Activities Depreciation Expense	<u>\$ 2,240,309</u>
Business-type Activities:	
Water and Sewer	<u>\$ 689,154</u>

E. LONG-TERM DEBT

Changes in long-term liabilities: During the year ended April 30, 2020, the following changes occurred in liabilities reported in the Statement of Net Position:

	<u>5/1/2019</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>4/30/2020</u> <u>Balances</u>	<u>Within</u> <u>One year</u>
<i>Governmental Activities:</i>					
Bonds					
TIF Bonds	\$ 37,405,000	\$ -	\$ 6,295,000	\$ 31,110,000	\$ 1,835,000
GO Bonds	7,760,000	10,300,000	470,000	17,590,000	980,000
Subtotal Bonds	45,165,000	10,300,000	6,765,000	48,700,000	2,815,000
Add Unamortized Premium	3,566,726	498,666	376,939	3,688,453	416,481
Total Bonds	48,731,726	10,798,666	7,141,939	52,388,453	3,231,481
Line of Credit	-	1,500,000	-	1,500,000	1,500,000
Net Pension Liability	1,190,164	-	60,904	1,129,260	-
Compensated absences	111,531	20,281	-	131,812	131,812
Total Long-Term Debt	<u>\$ 50,033,421</u>	<u>\$ 12,318,947</u>	<u>\$ 7,202,843</u>	<u>\$ 55,149,525</u>	<u>\$ 4,863,293</u>
<i>Business-Type Activities:</i>					
IEPA Loan	\$ -	\$ 5,144,070	\$ -	\$ 5,144,070	\$ 264,075
Total Long-Term Debt	<u>\$ -</u>	<u>\$ 5,144,070</u>	<u>\$ -</u>	<u>\$ 5,144,070</u>	<u>\$ 264,075</u>

The following is a summary of long-term debt of the Village as of April 30, 2020:

Governmental Activities:

Tax Increment Financing Bonds

On August 24, 2016, the Village issued \$33,675,000 tax-exempt General Obligation Bonds (Alternate Revenue), Series 2016B at a premium of \$3,760,834. Net proceeds of \$26,100,000, and an additional \$880,000 cash in the above Series 2004 project fund, (after net payment of \$925,834 in bond insurance

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

E. LONG-TERM DEBT (continued)

premium, underwriting fees, issuance costs and interest) were remitted by the Series 2016B trustee to the above Series 2004 trustee for the redemption of the \$26,980,000 refunded bonds. The remaining \$10,400,000 was deposited with the Village as project revenue to be used in the development of the Route 83 and Cicero Redevelopment Project Area. \$2,565,000 serial bonds have an interest rate of 2.00%; \$6,180,000 serial bonds have a rate of 4.00%; \$24,930,000 serial bonds have a rate of 5.00% with interest paid semi-annually on June 15 and December 15. Principal is paid annually with a final maturity date of December 15, 2035. These bonds, together with interest, are limited obligations of the Village, payable solely from the collection of “tax receipts” (i.e., incremental property taxes distributed to the Village within the 135th and Cicero TIF District, all collections distributed to the Village from Non-Home Rule sales taxes and *ad valorem* taxes, if needed, levied against all of the taxable property in the Village). Bonds outstanding as of April 30, 2020 are \$31,110,000.

On August 20, 2018, the Village issued \$5,000,000 tax-exempt General Obligation Bonds (Alternate Revenue Source), Series 2018. The bonds are dated August 20, 2018 and have an interest rate of 3.41% with interest payable semi-annually on June 15 and December 15. Principal is paid annually with a final maturity date of December 15, 2027. The proceeds from these bonds are for the purpose of paying for redevelopment project costs in the Route 83 Redevelopment Project Area. These bonds, together with interest, are limited obligations of the Village, payable solely from the collection of pledged revenues and pledged taxes. “Bonds outstanding as of April 30, 2020 are \$0. These bonds were fully refunded in the fiscal year ending April 30, 2020 with the issuance of the 2020A bonds listed below.

General Obligation Bonds

On January 28, 2016, the Village issued \$9,000,000 tax-exempt General Obligation Bond (Alternate Revenue), Series 2016A at a premium of \$757,512. Net proceeds of \$8,710,461 (after payment of \$289,539 in underwriting fees and issuance costs) were deposited with the Village for the purpose of paying tort judgments and settlements. The bonds are dated February 3, 2016 and have an interest rate of 4.5% with interest payable semi-annually on June 15 and December 15. Principal is paid annually with a final maturity date of December 15, 2029. These bonds, together with interest, are limited obligations of the Village, payable solely from the collection of “tax receipts” (i.e., all collections distributed to the Village from Non-Home Rule sales taxes and *ad valorem* taxes, if needed, levied against all of the taxable property in the Village). Bonds outstanding as of April 30, 2020 are \$7,290,000 and carries an AA rating by Standard and Poor’s.

On January 16, 2020, the Village issued \$4,300,000 tax-exempt General Obligation Bond (Alternate Revenue), Series 2020A at a premium of \$368,552. Net proceeds of \$4,627,702 (after payment of \$91,891 in underwriting fees and issuance costs) were deposited with the Village for the purpose of the current refunding of the 2018 issuance of debt. The bonds are dated February 20, 2020 and have a variable interest rate with interest payable semi-annually on June 15 and December 15. Principal is paid annually with a final maturity date of December 15, 2034. These bonds, together with interest, are limited obligations of the Village, payable solely from the collection of pledged revenues and pledged taxes. Bonds outstanding as of April 30, 2020 are \$4,300,000 and carries an AA rating by Standard and Poor’s.

On January 16, 2020, the Village issued \$6,000,000 tax-exempt General Obligation Bonds (Alternate Revenue), Series 2020B at a premium of \$130,114. Net proceeds of \$6,000,000 (after payment of

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

E. LONG-TERM DEBT (continued)

\$130,114 in underwriting fees and issuance costs) were deposited with the Village for the purpose of paying for Village planned construction projects. The bonds are dated February 20, 2020 and have an interest rate of 4% with interest payable semi-annually on June 15 and December 15. Principal is paid annually with a final maturity date of December 15, 2034. These bonds, together with interest, are limited obligations of the Village, payable solely from the collection of pledged revenues and pledged taxes. Bonds outstanding as of April 30, 2020 are \$6,000,000 and carries an AA rating by Standard and Poor's.

Loans Payable

On August 31, 2015, the Village obtained a line of credit from First Midwest Bank in the amount of \$3,000,000 to acquire, construct and install certain public improvements. On June 17, 2019, the Village took a draw on the line of credit in the amount of \$1,500,000. Interest on the loan is paid on a monthly basis at a variable rate 0.25 percentage points below the Prime Rate. For the fiscal year ended 2020, the rate was 4.75%. Principal on the line of credit is due on January 10, 2023. As the line of credit can be called due at any time, the entire balance is considered to be due within one year. The balance of the line of credit as of April 30, 2020 is \$1,500,000.

Subsequent to the balance sheet date, this line of credit has been extended on November 1, 2020 until January 10, 2023 with the same terms as the prior outstanding debt.

Business-Type Activities:

IEPA Loans

During the current year, the village was approved for two loans from the Illinois Environmental Protection Agency (IEPA). The notes were dated March 29, 2019 and June 24, 2019 in the amounts of \$4,027,000 and \$1,452,737, respectively, with outstanding balances in total as of April 30, 2020 of \$5,144,070. These loans are to be paid with principal and interest payments semi-annually and are due March 19th and October 19th at an interest rate of 1.38%. Final payment is due March 19, 2040. The balance of the loans as of April 30, 2020 were \$5,144,070.

In accordance with the procedures for issuing loans from the Public Water Supply Loan Program, a portion of the loans will be forgiven by the State of Illinois pursuant to principal forgiveness provisions contained in the Loan Rules. This forgiveness amount will be calculated upon completion of the project and was originally estimated at a total for both loans of \$1,717,911. Since the project has not yet been completed and the final determination of the forgiveness of loan amount has not been determined, the Village has disclosed this loan at its full amount (not net of the forgiveness). The forgiveness of debt will be recorded as an-other source of revenue at the time of completion of the project.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2020

E. LONG-TERM DEBT (continued)

Debt Service to Maturity

The annual debt service requirements to retire all outstanding bonds as of April 30, 2020 are estimated as follows:

Governmental Activities:

Fiscal Year	Principal	Interest	Total
2021	\$ 3,220,644	\$ 2,125,113	\$ 5,345,757
2022	3,202,693	2,076,870	5,279,563
2023	3,312,810	1,963,820	5,276,630
2024	3,420,872	1,844,920	5,265,792
2025	3,531,721	1,720,170	5,251,891
2026-2030	18,459,126	6,307,205	24,766,331
2031-2035	14,535,436	2,704,945	17,240,381
2036-2040	2,705,151	134,000	2,839,151
	<u>\$ 52,388,453</u>	<u>\$ 18,877,043</u>	<u>\$ 71,265,496</u>

Business-Type Activities:

Fiscal Year	Principal	Interest	Total
2021	\$ 95,857	\$ 35,423	\$ 131,280
2022	233,636	68,724	302,360
2023	236,871	65,489	302,360
2024	240,151	62,209	302,360
2025	243,476	58,883	302,359
2026-2030	1,268,899	242,900	1,511,799
2031-2035	1,359,222	152,577	1,511,799
2036-2040	1,465,958	55,824	1,521,782
	<u>\$ 5,144,070</u>	<u>\$ 742,029</u>	<u>\$ 5,886,099</u>

The Village's legal debt margin as of April 30, 2020 is as follows:

Equalized Assessed Valuation (EAV)	\$ 327,193,249
Maximum Rate (65 ILCS 5/8-5-1)	<u>8.625%</u>
Legal Debt Limit	<u>\$ 28,220,418</u>

Since the TIF and Alternate Revenue bonds are neither general obligation bonds nor the subject of a tax levy they are not included in the legal debt limit calculation.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

E. LONG-TERM DEBT (continued)

Total Outstanding Debt	\$ 52,388,453
Less: TIF Bonds	(33,838,729)
Less: Alternate Revenue Bonds	<u>(18,549,725)</u>
Net Debt Outstanding	<u>\$ -</u>

F. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. These risks, along with medical claims for employees, are provided for through private insurance coverage. There were no significant changes in insurance coverage from the prior year and settlements did not exceed coverage for the current year and prior three years.

G. CONDUIT DEBT OBLIGATION

In December 2010, the Village issued \$24,025,000 Adjustable-Rate Demand Revenue Bonds (Trinity Christian College Association, Series 2010). The proceeds from the sale of the bonds were lent by the Village to Trinity Christian College through a promissory note in the above principal amount. This loan has been supplemented and amended by a first supplemental bond and loan agreement dated as of November 18, 2015.

The college used the bonds to refund prior debt and finance, refinance or reimburse itself for all or a portion of the costs of the acquisition, construction, renovation, improvement, remodeling and equipping of certain educational facilities. RBS Citizens Bank (now U. S. Bank National Association) has issued, on behalf of the owners of the bonds, an irrevocable transferable direct pay letter of credit securing the bonds. Neither the Village, nor the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

H. COMMITMENTS AND CONTINGENCIES

General Litigation

The Village monitors all claims and lawsuits on a case-by-case basis. If a claim is asserted and a probable loss is reasonably estimable, the Village recognizes a liability in the financial statements. The Village is currently a defendant in multiple cases. Although the outcome of these cases is not presently determinable, in the opinion of the Village, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

Commitments

In August 2020, the Village approved an Ordinance declaring surplus funds in the General Fund in an amount equal to the Village's portion of 2018 property tax bills. It is estimated that \$485,000 will be refunded in accordance with 35 ILCS 200/30-20 by November 2020.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

H. COMMITMENTS AND CONTINGENCIES (continued)

As of April 30, 2020, the Village has contractual obligations for the Playfield Subdivision Phase I Main Water Main Replacement Project in the amount of \$1,207,152 and the Village's Software Implementation Project in the amount of \$58,725.

Subsequent to the fiscal year ending April 30, 2020, the Village has requested and been granted a loan \$4,000,000 from the Illinois Environmental Protection Agency for the Playfield Subdivision Phase I Main Water Main Replacement Project. Additionally, the Village has contracted to purchase various apparatus and equipment for the Fire Department in the amount of \$1,292,000.

Lease Liabilities

The Village has three leases outstanding for property it rents from the Metropolitan Water Reclamation District as follows:

Lease 1 – The term of this lease is sixty years beginning on September 15, 2017 and ending on September 14, 2077. During the ten-year period from September 15, 2017 through September 15, 2027, the annual rental shall be \$158,000 payable in annual installments due on the annual commencement date of this lease. Thereafter, on each periodic ten-year anniversary following the effective date of this lease, and every ten-year periodic anniversary thereafter, the fixed annual rental to be paid shall be adjusted and predetermined per a fair market valuation. The amount of the annual rent payment will be based on the fair market value determined times 6.077%.

Lease 2 – The term of this lease is sixty years beginning on January 1, 2019 and ending on December 31, 2079. During the ten-year period from January 1, 2019 through January 31, 2029, the annual rental shall be \$169,000 payable in annual installments due on the annual commencement date of this lease. Thereafter, on each periodic ten-year anniversary following the effective date of this lease, and every ten-year periodic anniversary thereafter, the fixed annual rental to be paid shall be adjusted and predetermined per a fair market valuation. The amount of the annual rent payment will be based on the fair market value determined times 6.0%.

Lease 3 - The term of this lease is ninety-nine years beginning on October 15, 2019 and ending on October 14, 2118. During the ten-year period from October 15, 2019 through October 15, 2029, the annual rental shall be \$820,626 payable in annual installments due on the annual commencement date of this lease. Thereafter, on each periodic ten-year anniversary following the effective date of this lease, and every ten-year periodic anniversary thereafter, the fixed annual rental to be paid shall be adjusted and predetermined per a fair market valuation. The amount of the annual rent payment will be based on the fair market value determined times 6.0%.

I. GRANTS

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

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

J. INDIVIDUAL FUND DISCLOSURES

Account Deficits

The Recreation fund has a deficit fund balance of \$1,533, as of April 30, 2020. Future fund transfers and/or tax levies are expected to fund this deficit.

Transfers

The General Fund made a routine transfer of \$177,667 to the Police Pension Fund which represents fifty percent of the proceeds from the video gaming revenues. The purpose of the transfer is to increase the funding ratio of the Police Pension Fund which was 78.16% as of April 30, 2020.

The General Fund made a transfer of \$60,000 to the Recreation Fund for additional working capital.

The General Fund made a transfer of \$31,181 to the Fire Pension Fund for an estimate of the Village's pension contribution prior to the actuarial report.

The General Fund made a transfer of \$9,832,584 to the Route 83 and Cicero TIF fund to pay for development costs.

Internal (interfund) balances as of April 30, 2020 were as follows:

Fund	Internal Balances	
	Receivable	Payable
General Fund		
Water & Sewer	\$ 1,953,582	\$ -
Route 83 Debt Service	13,201	-
Recreation Fund	11,814	-
Police Pension	-	5,535
Total General Fund	1,978,597	5,535
135th & Cicero TIF Fund		
Debt Service	950	-
Recreation Fund		
General Fund	-	11,814
Police Pension		
General Fund	5,535	-
Route 83 & Cicero TIF Fund		
Water & Sewer	-	142,887
Debt Service		
135th & Cicero	-	950
Route 83 Debt Service Fund		
135th & Cicero	-	13,201
Water & Sewer		
Route 83 & Cicero TIF	142,887	-
General Fund	-	1,953,582
Grand Total	\$ 2,127,969	\$ 2,127,969

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS

The Village contributes to three defined benefit pension plans - the Police Pension Plan, Fire Pension Plan, and the Illinois Municipal Retirement Plan.

POLICE PENSION

Plan Description

The Police Pension Plan 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 contribution levels are governed by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The plan provides retirement benefits as well as death and disability benefits. The plan does not issue a separate stand-alone report.

Plan Membership

As of April 30, 2020, the measurement date, membership consisted of:

Inactive Plan Members:	
Currently Receiving Benefits	3
Entitle to, but not yet Receiving Benefits	1
Active Plan Members	10
Total	<u>14</u>

Benefits Provided

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater.

The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of 1/2 of the annual change in the Consumer Price Index or 3.00%

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later.

Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS 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 Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2020, the Village's contribution was 29.20% of covered payroll.

Investment Policy

Illinois Compiled Statutes (ILCS) limit the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

The Fund's investment policy, in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Certificates of Deposit	0%	0.50%
State, Local and Corporate Obligations	25%	2.50%
U.S. Government and Agency Obligations	45%	2.50%
Mutual Funds	10%	5.50%
Cash and Cash Equivalents	20%	0.50%
Total	100%	

ILCS limit the 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 blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in September 2013 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, 2020 are listed in the table above.

Investment Valuations

The Police Pension Fund has the following recurring fair value measurement as of April 30, 2020. The Mutual Funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The Corporate Bonds, Certificates of Deposit are valued using quoted pricing models (Level 2 inputs).

Investment Concentrations

Investments (other than United States Government guaranteed obligations) in any one organization represent 5% or more of the Fund's investments as of April 30, 2020 are as follow:

<u>Investment Description</u>	<u>Investment Amount</u>	<u>% of Assets</u>
Apple, Inc. Bond	\$ 243,506	15.5%

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments was 3.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the change in amounts invested.

Custodial Credit Risk

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

Interest Rate Risk

The Police Pension Fund has limited its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in money market funds. This Fund does not have any debt investments or other investments that are highly sensitive to changes in interest rates.

The following table presents the investments and maturities of the Police Pension Fund's cash and investments as of April 30, 2020.

Cash and Investment Type	Fair Value	Investment Maturities		
		Less Than One Year	One to Five Years	Five to Ten Years
Cash & Cash Equivalents	\$ 163,869	\$ 163,869	\$ -	\$ -
U.S. Treasury Notes	954,286	-	954,286	-
Corporate Bonds	328,621	328,621	-	-
Mutual Funds	125,676	125,676	-	-
Total Cash and Investments	<u>\$ 1,572,452</u>	<u>\$ 618,166</u>	<u>\$ 954,286</u>	<u>\$ -</u>

Credit Risk

The 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 primarily 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 Standard and Poor's, Baa3 by Moody's, and BBB- by Fitch by at least two of the three rating agencies. As of April 30, 2020, the Plan's investments in U.S. Government agencies were rated AAA by Standard and Poor's and Aaa by Moody's Investors Service. The Bond Credit ratings are listed in the following table.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

Type of Investment	Rating	Amount
Corporate Bonds	Aa1	\$ 252,376
	A1	76,245
		<u>\$ 328,621</u>

Net Pension Liability

Changes in the Net Pension Liability are derived from the changes in the total pension liability and changes in the plan net position as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances Beginning at 5/1/2019	<u>\$ 1,660,217</u>	<u>\$ 1,297,693</u>	<u>\$ 362,524</u>
Charges for the year:			
Service Cost	203,800	-	203,800
Interest	91,475	-	91,475
Changes of Benefit Terms	1,009	-	1,009
Actuarial Experience	(19,501)	-	(19,501)
Assumptions Changes	(9,470)	-	(9,470)
Plan Changes	-	-	-
Contributions - Employer	-	239,944	(239,944)
Contributions - Employee	-	61,457	(61,457)
Contributions - Other	-	-	-
Net Investment Income	-	53,361	(53,361)
Benefit Payments from Trust	(69,034)	(69,034)	-
Administrative Expenses	-	(8,409)	8,409
Other (Net Transfer)	-	-	-
Net Changes	<u>198,279</u>	<u>277,319</u>	<u>(79,040)</u>
Balances Ending at 4/30/2020	<u>\$ 1,858,496</u>	<u>\$ 1,575,012</u>	<u>\$ 283,484</u>

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2020 using the following actuarial methods and assumptions.

Actuarial valuation date	4/30/20
Actuarial cost method	Entry-age, normal
Amortization period	Level percentage of pay

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

Remaining amortization period	20 years
Asset valuation period	Market Value
Inflation	2.50%
Significant actuarial investment rate of return	5.00%
Projected salary increases	3.5% - 11.00%
Cost-of-living adjustments	Tier 1 - 3% per year Tier 2 – 1.25% per year

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2020 using improvement scale MP-2018.

Discount Rate

The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 5.00% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00%) and 1 percentage point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net Pension Liability	\$ 629,141	\$ 283,484	\$ 15,097

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Police Pension

For the year ended April 30, 2020, the Village recognized Police Pension benefit expense of \$67,802. As of April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 128,661
Assumption Changes	37,883	8,418
Net difference between the projected and actual earnings on pension plan investments	39,706	-
Total	<u>\$ 77,589</u>	<u>\$ 137,079</u>
Pension Contributions made subsequent to the Measurement Date	-	-
Total Calculated Deferred Amounts Related to Pensions	<u>\$ 77,589</u>	<u>\$ 137,079</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Police Pension will be recognized in pension expense (benefit) in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Inflows of Resources</u>
2021	\$ (610)
2022	(609)
2023	(9,664)
2024	(12,299)
2025	(15,722)
Thereafter	(20,586)
Total	<u>\$ (59,490)</u>

FIREFIGHTERS' PENSION

The Firefighters' Pension Plan 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 governed by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The plan provides retirement benefits as well as death and disability benefits. The plan does not issue a separate stand-alone report.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

Plan Membership

Membership in the plan consisted of the following as of April 30, 2020:

Inactive Plan Members:	
Currently Receiving Benefits	-
Entitle to, but not yet Receiving Benefits	-
Active Plan Members	<u>1</u>
Total	<u><u>1</u></u>

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Employees attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years not to exceed 75.00% of such salary.

The monthly benefit of a Firefighters' officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement, and be increased annually, following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Contributions

Costs of administering the plan are financed through employee and employer contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan.

The member rate is determined by state statute. The Village is required to contribute at an actuarially determined rate. The employer contribution is funded by property taxes. Administrative costs are funded by investment earnings. Contributions and benefits are recognized when due and payable. Refunds are recognized as paid.

Investment Policy

Illinois Compiled Statutes (ILCS) limit the Firefighters' Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

U.S. Treasury and U.S. agencies insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts.

ILCS limit the 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 assets shown here is from the State of Illinois Department of Insurance Actuarial Experience Study dated September 26, 2012. The best estimate of future real rates of return are developed for each of the major asset classes. Expected inflation is added back in. Adjustment is made to reflect geometric returns.

Investment Valuations

The firefighters' pension does not have any investments as of April 30, 2020. Valuations for investments in the future will be determined by the applicable Level 1, 2 or 3 inputs as deemed applicable.

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 1.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the change in amount invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

Interest Rate Risk

The Firefighters' Pension Fund has limited its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in money market funds. The Firefighters' Pension Fund does not have any debt investments or other investments that are highly sensitive to changes in interest rates.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

The following table presents the investments and maturities of the Firefighters' Pension Fund's cash and investments as of April 30, 2020.

Cash and Investment Type	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Five to Ten Years</u>
Cash & Cash Equivalents	<u>\$ 92,722</u>	<u>\$ 92,722</u>	<u>\$ -</u>	<u>\$ -</u>
Total Cash and Investments - Firefighters' Pension Trust Fund	<u>\$ 92,722</u>			

Credit Risk

The 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 primarily 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 Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. As of April 30, 2020, the Plan's investments in U.S. Government agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Plan's investments in the Illinois Funds were rated AAA by Standard & Poor's. The Money Market Mutual Funds, Insurance Contracts and Equities were not rated.

Custodial Credit Risk

For an investment, this is the risk, that in the event of failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The U.S. Treasury Notes, U.S. agency securities, and insurance contracts are held by the Fund's agent in the Fund's name. The Illinois Funds Investment Pool, Money Market Mutual Funds, and Equity Mutual Funds are not subject to custodial credit risk.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

Net Pension Liability

Changes in the Net Pension Liability are derived from the changes in the total pension liability and changes in the plan net position as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances Beginning at 5/1/2019	<u>\$ 50,244</u>	<u>\$ 60,337</u>	<u>\$ (10,093)</u>
Charges for the year:			
Service Cost	27,703	-	27,703
Interest	3,897	-	3,897
Change in Benefit Terms	6,818	-	6,818
Actuarial Experience	(13,861)	-	(13,861)
Assumptions Changes	(202)	-	(202)
Plan Changes	-	-	-
Contributions - Employer	-	31,181	(31,181)
Contributions - Employee	-	5,872	(5,872)
Contributions - Other	-	-	-
Net Investment Income	-	1,081	(1,081)
Benefit Payments from Trust	-	-	-
Administrative Expenses	-	(5,749)	5,749
Other (Net Transfer)	-	-	-
Net Changes	<u>24,355</u>	<u>32,385</u>	<u>(8,030)</u>
Balances Ending at 4/30/2020	<u>\$ 74,599</u>	<u>\$ 92,722</u>	<u>\$ (18,123)</u>

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2020 using the following actuarial methods and assumptions.

Actuarial valuation date	4/30/20
Actuarial cost method	Entry-age, normal
Amortization period	Level percentage of pay
Remaining amortization period	20 years
Asset valuation period	Market Value
Inflation	2.50%
Significant actuarial investment rate of return	5.00%
Projected salary increases	3.50% - 12.50%
Cost-of-living adjustments	Tier 1 - 3% per year Tier 2 - 1.25% per year

Mortality rates are based on rates developed in the RP 2014 Mortality Table (BCHA) projected to 2020 using improvement scale MP-2018.

Discount Rate

The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 5.00% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.00%) of 1 percentage point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net Pension Liability	\$ (8,134)	\$ (18,123)	\$ (26,568)

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Firefighters' Pension

For the year ended April 30, 2020, the Village recognized Firefighters' Pension benefit of \$2,481. As of April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 25,487
Assumption Changes	1,061	8,114
Net difference between the projected and actual	-	-
earnings on pension plan investments	3,997	-
Total	<u>\$ 5,058</u>	<u>\$ 33,601</u>
Pension Contributions made subsequent to the		
Measurement Date	-	-
Total Calculated Deferred Amounts Related to Pensions	<u>\$ 5,058</u>	<u>\$ 33,601</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Police Pension will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Inflows of Resources</u>
2021	\$ (5,796)
2022	(5,794)
2023	(6,009)
2024	(6,245)
2025	(4,699)
Thereafter	<u>-</u>
Total	<u>\$ (28,543)</u>

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF Plan Description

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the cost-sharing defined benefit multiple-district public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years of service credit, and 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of (a) 3% of the original pension amount, or (b) 1/2 the increase in the Consumer Price Index of the original pension amount.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	-
Inactive Plan Members entitled to but not yet receiving benefits	7
Active Plan Members	<u>59</u>
Total	<u>66</u>

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2019 was 7.77%. For the year ended December 31, 2019, the Village contributed \$202,574 to the plan. The Village 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Village's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability as of December 31, 2019:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was 5-year smoothed market; 20% corridor.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.35% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

- The IMRF-specific rates for Mortality (for non-disabled retirees) 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-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37.00%	5.75%
International Equity	18.00%	6.50%
Fixed Income	28.00%	3.25%
Real Estate	9.00%	5.20%
Alternative Investments	7.00%	3.60%-7.60%
Cash Equivalents	1.00%	1.85%
	<u>100.00%</u>	

Single Discount Rate

Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The 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 contributions for use with the long-term rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

Changes in the Net Pension Liability are derived from the changes in total pension liability and changes in the plan net position. The Schedule of Changes in Net Pension Liability and Related Ratios, presents as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances Beginning at 1/1/2019	<u>\$ 1,598,168</u>	<u>\$ 760,435</u>	<u>\$ 837,733</u>
Charges for the year:			
Service Cost	232,116	-	232,116
Interest	124,001	-	124,001
Actuarial Experience	64,560	-	64,560
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	202,574	(202,574)
Contributions - Employee	-	117,321	(117,321)
Contributions - Other	-	-	-
Net Investment Income	-	101,939	(101,939)
Benefit Payments from Trust	(7,744)	(7,744)	-
Other (Net Transfer)	-	(27,323)	27,323
Net Changes	<u>412,933</u>	<u>386,767</u>	<u>26,166</u>
Balances Ending at 12/31/2019	<u>\$ 2,011,101</u>	<u>\$ 1,147,202</u>	<u>\$ 863,899</u>

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 1,203,030	\$ 863,899	\$ 588,430

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

For the year ended April 30, 2020, the Village recognized pension expense of \$161,558. As of April 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 872,851	\$ -
Assumption Changes	44,751	31,281
Net difference between the projected and actual earnings on pension plan investments	30,951	29,186
Total	\$ 948,553	\$ 60,467
Pension Contributions made subsequent to the Measurement Date	108,438	-
Total Calculated Deferred Amounts Related to Pensions	<u>\$ 1,056,991</u>	<u>\$ 60,467</u>

Village of Crestwood, Illinois

Notes to the Financial Statements
April 30, 2020

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ 177,445
2021	176,909
2022	175,026
2023	166,141
2024	127,435
Thereafter	65,130
Total	<u>\$ 888,086</u>

L. TAX INCREMENT FINANCING DISTRICT

On May 2, 2002, the Village adopted ordinances establishing the 135th and Cicero Tax Increment Financing Redevelopment Project Area. This area is located within a parcel of property bounded by 135th Street, Cicero Avenue and Cal Sag Road and developed with retail stores. The TIF was set to expire in 2023. However, by statute it has been extended through 2035 to correspond with repayment of the General Obligation Bonds, Series 2016B.

On August 24, 2014, the Village adopted ordinances establishing the Route 83 and Cicero Tax Increment Financing Redevelopment Project Area. This area is located within the parcels of property north of Route 83, divided by Cicero Avenue into a west section and east section. Currently, the bond proceeds of \$12,000,000 (Series 2016B and 2016C) are being used to develop the area with retail businesses.

M. SUBSEQUENT EVENTS

On September 5, 2019, the Village approved an Ordinance declaring surplus funds in the General Fund in an amount equal to the Village's portion of 2019 property tax bills. It is estimated that \$485,000 will be refunded in accordance with 35 ILCS 200/30-20 by November 2020.

On May 16, 2019, the Village of Crestwood finalized a grant agreement with the Department of the Army for design and construction assistance for the Village of Crestwood's water main replacement project. The grant agreement totals \$35 million dollars and as of April 30, 2020, the Village has not received any funding.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2020

N. UNCERTAINTY

The Village's operations may be affected by the recent and ongoing outbreak of coronavirus disease 2019 (COVID-2019) which was declared a pandemic by the World Health Organization in March of 2020. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. The ultimate disruption to the Village is uncertain at this time.

Required Supplementary Information

Village of Crestwood, Illinois

General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2020

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Revenues</u>	\$ 14,952,500	\$ 13,745,322	\$ (1,207,178)
<u>Expenditures</u>			
Current			
General Government			
General and Administrative	1,435,500	1,769,212	333,712
Legal and Litigation	303,200	608,179	304,979
Audit	25,000	28,655	3,655
Buildings & Grounds	236,400	534,014	297,614
Public Transportation	95,950	113,471	17,521
Insurance	692,000	819,403	127,403
Information Technology	230,000	263,318	33,318
Payroll Tax	378,000	405,407	27,407
Other	321,500	99,214	(222,286)
Total General Government	3,717,550	4,640,873	923,323
Public Safety			
Police	2,905,700	2,788,361	(117,339)
Fire	2,378,900	2,487,233	108,333
Health and Safety	3,600	2,709	(891)
School Crossing Guards	37,000	21,214	(15,786)
Advanced Life Support	63,000	45,654	(17,346)
Emergency Services	72,000	58,870	(13,130)
Total Public Safety	5,460,200	5,404,041	(56,159)
Other Current Expenditures			
Parks and Recreation	786,400	715,299	(71,101)
Streets and Bridge	907,600	794,255	(113,345)
Garbage Disposal	857,000	902,609	45,609
Surplus Fund Expenditures	500,000	485,000	(15,000)
Contingencies	660,000	-	(660,000)
Total Other Current Expenditures	3,711,000	2,897,163	(813,837)
Total Current Expenditures	12,888,750	12,942,077	53,327
Debt Service			
Principal	70,000	-	(70,000)
Total Debt Service	70,000	-	(70,000)

(Continued)

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2020

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
Capital Outlay			
General Government			
Buildings and Grounds	\$ 1,368,600	\$ 2,507,296	\$ 1,138,696
Information Technology	-	-	-
Other	241,000	386,393	145,393
Public Safety			
Police	241,000	-	(241,000)
Other			
Street and Bridge	180,000	27,837	(152,163)
Total Capital Outlay	<u>2,030,600</u>	<u>2,921,526</u>	<u>890,926</u>
Total Expenditures	<u>14,989,350</u>	<u>15,863,603</u>	<u>874,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,850)</u>	<u>(2,118,281)</u>	<u>(2,081,431)</u>
<u>Other Financing Sources (Uses)</u>			
Sale of Capital Assets	2,500,000	144,647	(2,355,353)
Bank Loan Proceeds	250,000	1,500,000	1,250,000
Transfers Out	<u>(3,312,000)</u>	<u>(10,101,432)</u>	<u>(6,789,432)</u>
Total Other Financing Sources (Uses)	<u>(562,000)</u>	<u>(8,456,785)</u>	<u>(7,894,785)</u>
Net Changes in Fund Balance	<u><u>\$ (598,850)</u></u>	(10,575,066)	<u><u>\$ (9,976,216)</u></u>
Fund Balance, Beginning of the Year		<u>17,614,810</u>	
Fund Balance, End of the Year		<u><u>\$ 7,039,744</u></u>	

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

General Fund
Schedule of Revenues
Budget and Actual
For the Year Ended April 30, 2020

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Taxes</u>			
Property Tax	\$ 1,400,000	\$ 1,530,826	\$ 130,826
Sales Tax	6,547,000	5,909,360	(637,640)
State Income Tax	570,000	595,531	25,531
Off-Track Betting Tax	225,000	160,727	(64,273)
Video Poker Tax	450,000	470,753	20,753
Miscellaneous Taxes:			
Replacement Taxes	40,000	37,828	(2,172)
Hotel-Motel Tax	110,000	103,284	(6,716)
Lease Rental Tax	-	14,150	14,150
Foreign Fire Insurance Tax	17,000	17,291	291
	<u>9,359,000</u>	<u>8,839,750</u>	<u>(519,250)</u>
<u>Intergovernmental</u>			
Regional Transportation Authority	16,000	10,231	(5,769)
Grants	250,000	-	(250,000)
	<u>266,000</u>	<u>10,231</u>	<u>(255,769)</u>
<u>Licenses and Permits</u>			
Vehicle Stickers	80,000	78,523	(1,477)
Building Permits & Subcontractor Fee	130,000	156,411	26,411
Business and Liquor Licenses	175,000	158,380	(16,620)
Franchise Fees	120,000	170,747	50,747
Miscellaneous	65,000	288	(64,712)
	<u>570,000</u>	<u>564,349</u>	<u>(5,651)</u>
<u>Fines and Penalties</u>			
Police Fines	3,200,000	2,840,648	(359,352)
<u>Miscellaneous</u>			
Theater Rental Fee	320,000	270,937	(49,063)
Municipal Events	2,500	-	(2,500)
Rental Income	5,000	(150)	(5,150)
Recreational	40,000	43,866	3,866
Advanced Life Support	600,000	601,418	1,418
Miscellaneous	410,000	485,541	75,541
	<u>1,377,500</u>	<u>1,401,612</u>	<u>24,112</u>
<u>Interest</u>	<u>180,000</u>	<u>88,732</u>	<u>(91,268)</u>
Total Revenues	<u>\$ 14,952,500</u>	<u>\$ 13,745,322</u>	<u>\$ (1,207,178)</u>

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

135th and Cicero Tax Increment Financing Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2020

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Revenues</u>			
Taxes			
Property	\$ 1,680,000	\$ 1,604,198	\$ (75,802)
Sales	1,320,000	1,531,879	211,879
Interest	<u>1,000</u>	<u>433</u>	<u>(567)</u>
Total Revenues	<u>3,001,000</u>	<u>3,136,510</u>	<u>135,510</u>
<u>Expenditures</u>			
Current			
General Government			
General and Administrative	32,650	20,313	(12,337)
Debt Service	<u>2,814,600</u>	<u>2,814,600</u>	<u>-</u>
Total Expenditures	<u>2,847,250</u>	<u>2,834,913</u>	<u>(12,337)</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	153,750	301,597	147,847
<u>Other Financing Sources (Uses)</u>			
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	<u>\$ 153,750</u>	301,597	<u>\$ 147,847</u>
Fund Balance, Beginning of the Year		<u>2,069,626</u>	
Fund Balance, End of the Year		<u>\$ 2,371,223</u>	

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Route 83 and Cicero Tax Increment Financing Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2020

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Revenues</u>			
Taxes			
Property	\$ 14,000	\$ 15,456	\$ 1,456
Sale of Stone	75,000	15,952	(59,048)
Rental Income	160,000	82,636	(77,364)
Interest	100	6,063	5,963
	<u>249,100</u>	<u>120,107</u>	<u>(128,993)</u>
Total Revenues			
<u>Expenditures</u>			
Current			
General and Administrative	187,500	970,467	782,967
Debt Service	-	4,668,552	4,668,552
Capital Outlay	3,100,000	3,642,379	542,379
	<u>3,287,500</u>	<u>9,281,398</u>	<u>5,993,898</u>
Total Expenditures			
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(3,038,400)</u>	<u>(9,161,291)</u>	<u>(6,122,891)</u>
<u>Other Financing Sources (Uses)</u>			
Bond Proceeds	3,038,400	10,341,547	7,303,147
Bond Premiums	-	368,552	368,552
Transfer from 135th TIF Fund	-	-	-
Transfer from General Fund	-	9,832,584	9,832,584
Total Other Financing Sources (Uses)	<u>3,038,400</u>	<u>20,542,683</u>	<u>17,504,283</u>
Net Changes in Fund Balance	<u>\$ -</u>	11,381,392	<u>\$ 11,381,392</u>
Fund Balance, Beginning of the Year		<u>(5,490,046)</u>	
Fund Balance, End of the Year		<u>\$ 5,891,346</u>	

See the accompanying notes to the required supplementary information

Village of Crestwood
Police Pension Fund
Schedule of Employer Contributions
Last Ten Fiscal Years

<u>Fiscal Year Ended April 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2015	\$ 48,281	\$ 164,611	\$ (116,330)	\$ 286,120	57.53%
2016	86,310	201,573	(115,263)	325,840	61.86%
2017	109,485	237,680	(128,195)	514,125	46.23%
2018	140,938	308,936	(167,998)	557,710	55.39%
2019	169,463	293,671	(124,208)	548,642	53.53%
2020	177,667	239,944	(62,277)	821,642	29.20%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Village of Crestwood, Illinois

Police Pension Fund

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

April 30, 2020

(schedule to be built prospectively from 2016)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Total Pension Liability</u>					
Service Cost	\$ 203,800	\$ 169,927	\$ 164,562	\$ 110,686	\$ 93,048
Interest	91,475	79,445	69,953	65,088	49,495
Changes of Benefit Terms	1,009	-	-	-	-
Differences Between Expected and Actual Experience	(19,501)	(23,902)	(140,894)	69,632	99,980
Changes of Assumptions	(9,470)	49,709	908	(62,151)	159,421
Benefit Payments, Including Refunds of Member Contributions	<u>(69,034)</u>	<u>(67,886)</u>	<u>(81,312)</u>	<u>(90,616)</u>	<u>(89,565)</u>
Net Change in Total Pension Liability	198,279	207,293	13,217	92,639	312,379
 Total Pension Liability - Beginning	<u>1,660,217</u>	<u>1,452,924</u>	<u>1,439,707</u>	<u>1,347,068</u>	<u>1,034,689</u>
 Total Pension Liability - Ending	<u><u>\$ 1,858,496</u></u>	<u><u>\$ 1,660,217</u></u>	<u><u>\$ 1,452,924</u></u>	<u><u>\$ 1,439,707</u></u>	<u><u>\$ 1,347,068</u></u>
 <u>Plan Fiduciary Net Position</u>					
Contributions - Employer	\$ 239,944	\$ 293,671	\$ 308,936	\$ 237,680	\$ 201,573
Contributions - Member	61,457	55,122	51,338	37,629	29,822
Net Investment Income	53,361	42,661	(3,066)	637	96
Benefit Payments, Including Refunds of Member Contributions	(69,034)	(67,886)	(81,312)	(90,616)	(89,565)
Administrative Expense	(8,409)	(3,554)	(6,100)	(6,017)	(5,483)
Other	-	-	-	-	(40,281)
Net Change in Plan Fiduciary Net Position	<u>277,319</u>	<u>320,014</u>	<u>269,796</u>	<u>179,313</u>	<u>96,162</u>
 Plan Net Position - Beginning	<u>1,297,693</u>	<u>977,679</u>	<u>707,883</u>	<u>528,570</u>	<u>432,408</u>
 Plan Net Position - Ending	<u><u>\$ 1,575,012</u></u>	<u><u>\$ 1,297,693</u></u>	<u><u>\$ 977,679</u></u>	<u><u>\$ 707,883</u></u>	<u><u>\$ 528,570</u></u>

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Police Pension Fund

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

April 30, 2020

(schedule to be built prospectively from 2016)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Employer's Net Pension Liability</u>	<u>\$ 283,484</u>	<u>\$ 362,524</u>	<u>\$ 475,245</u>	<u>\$ 731,824</u>	<u>\$ 818,498</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.75%	78.16%	67.29%	49.17%	39.24%
Covered-Employee Payroll	\$ 821,642	\$ 548,642	\$ 557,710	\$ 514,125	\$ 325,840
Employer's Net Pension Liability as a Percentage of Covered Payroll	34.50%	66.08%	85.21%	142.34%	251.20%

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Police Pension Fund
Schedule of Investment Returns
April 30, 2020

	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	3.80%	3.38%	(0.35)%	0.10%	0.08%	0.20%

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Fire Pension Fund
Schedule of Employer Contributions
Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ended April 30,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Valuation</u> <u>Payroll</u>	<u>Actual Contribution</u> <u>as a Percentage</u> <u>of Covered</u> <u>Valuation Payroll</u>
2017	\$ -	\$ 5,000	\$ (5,000)	\$ 51,158	9.77%
2018	23,536	18,515	5,021	54,000	34.29%
2019	27,160	27,160	-	59,500	45.65%
2020	31,181	31,181	-	61,285	50.88%

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Village of Crestwood, Illinois

Fire Pension Fund

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

Year Ended April 30, 2020

(schedule to be built prospectively from 2017)

	<u>April 30, 2020</u>	<u>April 30, 2019</u>	<u>April 30, 2018</u>	<u>April 30, 2017</u>
<u>Total Pension Liability</u>				
Service Cost	\$ 27,703	\$ 22,599	\$ 27,879	\$ -
Interest	3,897	3,178	1,385	-
Changes of Benefit Terms	6,818	-	-	-
Differences Between Expected and Actual Experience	(13,861)	(17,971)	(1,945)	-
Changes of Assumptions	(202)	1,485	(14,057)	-
Benefit Payments, Including Refunds of Member Contributions	-	-	-	-
Net Change in Total Pension Liability	<u>24,355</u>	<u>9,291</u>	<u>13,262</u>	<u>-</u>
Total Pension Liability - Beginning	<u>50,244</u>	<u>40,953</u>	<u>27,691</u>	<u>-</u>
Total Pension Liability - Ending	<u><u>\$ 74,599</u></u>	<u><u>\$ 50,244</u></u>	<u><u>\$ 40,953</u></u>	<u><u>\$ 27,691</u></u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	\$ 31,181	\$ 27,160	\$ 18,515	\$ 5,000
Contributions - Member	5,872	5,868	5,015	4,837
Net Investment Income	1,081	-	-	-
Benefit Payments, Including Refunds of Member Contributions	-	-	-	-
Administrative Expense	<u>(5,749)</u>	<u>(5,508)</u>	<u>(374)</u>	<u>(176)</u>
Net Change in Plan Fiduciary Net Position	<u>32,385</u>	<u>27,520</u>	<u>23,156</u>	<u>9,661</u>
Plan Fiduciary Net Position - Beginning	<u>60,337</u>	<u>32,817</u>	<u>9,661</u>	<u>-</u>
Plan Fiduciary Net Position - Ending	<u><u>\$ 92,722</u></u>	<u><u>\$ 60,337</u></u>	<u><u>\$ 32,817</u></u>	<u><u>\$ 9,661</u></u>

See accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Fire Pension Fund

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

Year Ended April 30, 2020

(schedule to be built prospectively from 2017)

	<u>April 30, 2020</u>	<u>April 30, 2019</u>	<u>April 30, 2018</u>	<u>April 30, 2017</u>
<u>Employer's Net Pension Liability</u>	<u>\$ (18,123)</u>	<u>\$ (10,093)</u>	<u>\$ 8,136</u>	<u>\$ 18,030</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	124.29%	120.09%	80.13%	34.89%
Covered-Valuation Payroll	\$ 61,285	\$ 59,500	\$ 54,000	\$ 51,158
Employer's Net Pension Liability as a Percentage of Covered Payroll	(29.57)%	(16.96)%	15.07%	35.24%

See accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Fire Pension Fund

Schedule of Investment Returns

April 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	1.48%	0.00%	0.00%	0.00%

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Schedule of Employer Contributions - Illinois Municipal Retirement Fund
Last Ten Calendar Years

(schedule to be built prospectively from 2016)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ -	\$ 54,570	\$ (54,570)	\$ 494,287	11.04%
2017	-	183,673	(183,673)	1,663,716	11.04%
2018	137,236	144,543	(7,307)	2,220,653	6.51%
2019	202,574 *	202,574	-	2,607,127	7.77%

* Estimated based on contribution rate of 7.77% and covered valuation payroll of \$ 2,607,127.

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Illinois Municipal Retirement Fund
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
Year Ended April 30, 2020
(schedule to be built prospectively from 2016)

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
<u>Total Pension Liability</u>				
Service Cost	\$ 232,116	\$ 173,378	\$ 125,671	\$ 113,529
Interest	124,001	78,859	13,778	4,257
Differences Between Expected and Actual Experience	64,560	409,776	845,043	3,084
Changes of Assumptions	-	60,153	(51,837)	-
Benefit Payments, Including Refunds of Member Contribution	(7,744)	(177,523)	-	-
Net Change in Total Pension Liability	412,933	544,643	932,655	120,870
Total Pension Liability - Beginning	1,598,168	1,053,525	120,870	-
Total Pension Liability - Ending	<u>\$ 2,011,101</u>	<u>\$ 1,598,168</u>	<u>\$ 1,053,525</u>	<u>\$ 120,870</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	\$ 202,574	\$ 144,543	\$ 183,673	\$ 54,570
Contributions - Member	117,321	273,560	251,931	22,243
Net Investment Income	101,939	2,773	11,639	0
Benefit Payments, Including Refunds of Member Contribution	(7,744)	(177,523)		
Net Other	(27,323)	16,188	(18,173)	(4,989)
Net Change in Plan Fiduciary Net Position	386,767	259,541	429,070	71,824
Plan Fiduciary Net Position - Beginning	760,435	500,894	71,824	-
Plan Fiduciary Net Position - Ending	<u>\$ 1,147,202</u>	<u>\$ 760,435</u>	<u>\$ 500,894</u>	<u>\$ 71,824</u>

See accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

Year Ended April 30, 2020

(schedule to be built prospectively from 2016)

	December 31, 2018	December 31, 2018	December 31, 2017	December 31, 2016
<u>Employer's Net Pension Liability</u>	<u>\$ 863,899</u>	<u>\$ 837,733</u>	<u>\$ 552,631</u>	<u>\$ 49,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.04%	47.58%	47.54%	59.42%
Covered-Valuation Payroll	\$ 2,607,127	\$ 2,220,653	\$ 1,663,716	\$ 494,287
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	33.14%	37.72%	33.22%	9.92%

See accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Notes to the Required Supplementary Information
April 30, 2020

A. BUDGETS/APPROPRIATIONS

Annual budgets and appropriations are adopted for all governmental, proprietary and fiduciary funds. Budgets and appropriations are adopted on a basis consistent with generally accepted accounting principles. The budget and appropriation ordinances are the same except for additional contingency amounts that are included in the appropriation which does not exceed the budgeted amounts by 10%.

All departments of the Village submit requests for appropriations to the Village Manager so that the budget and appropriations may be prepared. The budget is prepared by fund, department and account, and includes information on the past year and current year estimates. As noted, the appropriations are then prepared based on the budget. All annual appropriations lapse at fiscal year-end.

The proposed budget and appropriations are presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change the budget and appropriation amounts, but may not change the form of the budget. The budget may be amended throughout the year by the governing body. The appropriation may be amended in accordance with Illinois Statutes.

Expenditures may not legally exceed budgeted appropriations at the fund level. There were no budget or appropriation amendments adopted during the year ended April 30, 2020. In addition, appropriations for debt service are established by bond ordinance.

The following funds have expenditures/deductions in excess of budgeted appropriations and related excess amounts.

Fund	Amount in Excess of		
	Budget	Actual	Excess Over Budget
General	\$ 14,989,350	\$ 15,863,603	\$ 874,253
Route 83 TIF	3,287,500	9,281,398	5,993,898

B. ACTUARIAL ASSUMPTIONS

For the Police Pension Plan, the actuarial assumptions used for determining the contribution rate for 2020 are as follows.

Valuation Date:	April 30, 2020
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level percentage of pay
Remaining Amort. Period:	20-years
Asset Valuation Method:	Market Value
Investment Return:	5.0% net of expenses
Projected Salary Increases:	3.50% - 11.00%
Inflation:	2.50%
Mortality:	RP 2014 projected to 2019*

*Mortality Table with a blue color adjustment, with improvement scale MP-2019 applied generationally from 2013.

Village of Crestwood, Illinois

Notes to the Required Supplementary Information
April 30, 2020

B. ACTUARIAL ASSUMPTIONS (continued)

For the Fire Pension Plan, the actuarial assumptions used for determining the contribution rate for 2020 are as follows.

Valuation Date:	April 30, 2020
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level percentage of pay
Remaining Amort. Period:	20-years
Asset Valuation Method:	5-Year Smoothing
Investment Return:	5.0%
Projected Salary Increases:	3.50% - 12.50%
Inflation:	2.50%
Mortality:	RP 2014 *

*See Police Pension on prior page.

For the IMRF Pension Plan, the actuarial assumptions used for determining the contribution rate for 2019 are as follows.

Valuation Date:	December 31, 2019
Actuarial Cost Method:	Aggregate Entry-age, normal
Amortization Period:	Level percentage of payroll
Remaining Amort. Period:	24- year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Investment Return:	7.5% net of expenses
Projected Salary Increases:	3.35% to 14.25% including inflation
Inflation:	2.50%
Mortality:	RP 2014*

*Employee Mortality Table with adjustments to match current IMRF experience.

Combining and Individual Fund Statements and Schedules

Village of Crestwood, Illinois

Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2020

	<u>Special Revenue Fund Type</u>				Total Nonmajor Governmental Funds
	<u>Recreation</u>	<u>Motor Fuel</u>	<u>Debt Service</u>	<u>Route 83 Debt Service</u>	
<u>Assets</u>					
Cash and Investments	\$ 7,581	\$ 1,490,354	\$ 453,606	\$ 234,785	\$ 2,186,326
Receivables					
State Income Tax	-	-	-	55,199	55,199
Sales Tax	-	-	127,416	-	127,416
Motor Fuel Tax	-	93,476	-	-	93,476
Other Receivables	5,440	-	-	-	5,440
Total Assets	<u>\$ 13,021</u>	<u>\$ 1,583,830</u>	<u>\$ 581,022</u>	<u>\$ 289,984</u>	<u>\$ 2,467,857</u>
<u>Liabilities and Fund Balance</u>					
Accounts Payable	\$ -	\$ 8,960	\$ -	\$ -	\$ 8,960
Due To Other Funds	11,814	-	950	13,201	25,965
Accrued Salaries	2,740	-	-	-	2,740
Total Liabilities	<u>14,554</u>	<u>8,960</u>	<u>950</u>	<u>13,201</u>	<u>37,665</u>
<u>Deferred Inflows of Resources</u>					
<u>Fund Balance</u>					
Restricted					
Debt Service	-	-	580,072	276,783	856,855
Motor Fuel	-	1,574,870	-	-	1,574,870
Unassigned	(1,533)	-	-	-	(1,533)
Total Fund Balance	<u>(1,533)</u>	<u>1,574,870</u>	<u>580,072</u>	<u>276,783</u>	<u>2,430,192</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,021</u>	<u>\$ 1,583,830</u>	<u>\$ 581,022</u>	<u>\$ 289,984</u>	<u>\$ 2,467,857</u>

Village of Crestwood, Illinois

Combining Statement of Revenues, Expenditures and Change in
Fund Balance - Nonmajor Governmental Funds
For the Year Ended April 30, 2020

	<u>Special Revenue Fund Type</u>				Total Nonmajor Governmental Funds
	<u>Recreation</u>	<u>Motor Fuel</u>	<u>Debt Service</u>	<u>Route 83 Debt Service</u>	
<u>Revenues</u>					
Taxes					
Property	\$ 235,000	\$ -	\$ -	\$ -	\$ 235,000
Motor Fuel	-	481,838	-	-	481,838
Sales	-	-	869,199	482,280	1,351,479
Charges for Services	375,742	-	-	-	375,742
Interest	-	21,903	-	-	21,903
Total Revenues	<u>610,742</u>	<u>503,741</u>	<u>869,199</u>	<u>482,280</u>	<u>2,465,962</u>
<u>Expenditures</u>					
Current					
Street & Sidewalk Maintenance	-	262,634	-	-	262,634
Wellness Center	662,107	-	-	-	662,107
Debt Service	-	-	819,200	655,500	1,474,700
Capital Outlay	134	-	-	-	134
Total Expenditures	<u>662,241</u>	<u>262,634</u>	<u>819,200</u>	<u>655,500</u>	<u>2,399,575</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,499)	241,107	49,999	(173,220)	66,387
<u>Other Financing Sources (Uses)</u>					
Transfers In	60,000	-	-	-	60,000
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Net Change in Fund Balance	8,501	241,107	49,999	(173,220)	126,387
Fund Balance, Beginning of the Year	(10,034)	1,333,763	530,073	450,003	2,303,805
Fund Balance, End of the Year	<u>\$ (1,533)</u>	<u>\$ 1,574,870</u>	<u>\$ 580,072</u>	<u>\$ 276,783</u>	<u>\$ 2,430,192</u>

Village of Crestwood, Illinois

Recreation Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2020

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Revenues</u>			
Property Tax	\$ 235,000	\$ 235,000	\$ -
Charges for Services			
Program Revenue and Dues	252,000	358,769	106,769
Facility Rental	16,000	16,223	223
Miscellaneous	136,000	750	(135,250)
Total Revenues	639,000	610,742	(28,258)
<u>Expenditures</u>			
Current			
Recreation			
Wellness Center	787,600	662,241	(125,359)
Total Expenditures	787,600	662,241	(125,359)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,600)	(51,499)	97,101
<u>Other Financing Sources (Uses)</u>			
Transfer from General Fund	148,600	60,000	(88,600)
Net Change in Fund Balance	\$ -	\$ 8,501	8,501
Fund Balance, Beginning of the Year		(10,034)	
Fund Balance, End of the Year		\$ (1,533)	

Village of Crestwood, Illinois

Motor Fuel Tax Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2020

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Revenues</u>			
Motor Fuel Tax	\$ 350,000	\$ 481,838	\$ 131,838
Interest	-	21,903	21,903
Total Revenues	350,000	503,741	153,741
<u>Expenditures</u>			
Current			
Street & Sidewalk Maintenance	913,000	262,634	(650,366)
Net Change in Fund Balance	<u>\$ (563,000)</u>	241,107	<u>\$ 804,107</u>
Fund Balance, Beginning of the Year		<u>1,333,763</u>	
Fund Balance, End of the Year		<u>\$ 1,574,870</u>	

Village of Crestwood, Illinois

Debt Service Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2020

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Revenues</u>			
Sales Tax	\$ 943,000	\$ 869,199	\$ (73,801)
<u>Expenditures</u>			
Current			
Miscellaneous	1,450	-	(1,450)
Debt Service	819,200	819,200	-
Total Expenditures	820,650	819,200	(1,450)
Excess (Deficiency) of Revenues Over (Under) Expenditures	122,350	49,999	(72,351)
<u>Other Financing Sources</u>			
Net Change in Fund Balance	\$ 122,350	49,999	\$ (72,351)
Fund Balance, Beginning of the Year		530,073	
Fund Balance, End of the Year		\$ 580,072	

Village of Crestwood, Illinois

Route 83 Debt Service Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2020

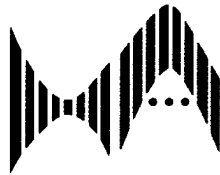
	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Revenues</u>			
Income Tax	\$ 570,000	\$ 482,280	\$ (87,720)
<u>Expenditures</u>			
Current			
Miscellaneous	1,000	-	(1,000)
Debt Service	655,500	655,500	-
Total Expenditures	656,500	655,500	(1,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,500)	(173,220)	(86,720)
<u>Other Financing Sources</u>			
Net Change in Fund Balance	\$ (86,500)	(173,220)	\$ (86,720)
Fund Balance, Beginning of the Year		450,003	
Fund Balance, End of the Year		\$ 276,783	

Village of Crestwood, Illinois

Water and Sewer Fund
Schedule of Revenues, Expenditures, and Changes in
Net Position - Budget and Actual
For the Year Ended April 30, 2020

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Operating Revenues</u>			
Charges for Services			
Water and Sewer	\$ 3,600,001	\$ 3,149,115	\$ (450,886)
Penalties	52,000	55,798	3,798
Tap-In and Connection Fees	24,000	26,030	2,030
Capital Improvements	750,000	643,417	(106,583)
Miscellaneous	28,499	15,612	(12,887)
Total Revenues	<u>4,454,500</u>	<u>3,889,972</u>	<u>(564,528)</u>
<u>Operating Expenses</u>			
Operations	11,095,400	3,253,987	(7,841,413)
Depreciation	-	689,154	689,154
Total Operating Expenses	<u>11,095,400</u>	<u>3,943,141</u>	<u>(7,152,259)</u>
Operating Income (Loss)	<u>(6,640,900)</u>	<u>(53,169)</u>	<u>6,587,731</u>
<u>Nonoperating Revenues</u>			
Interest Income	<u>100</u>	<u>583</u>	<u>483</u>
Total Nonoperating Revenues	<u>100</u>	<u>583</u>	<u>483</u>
Change in Net Position	<u>\$ (6,640,800)</u>	<u>(52,586)</u>	<u>\$ 6,588,214</u>
Net Position, Beginning of the Year		<u>19,276,136</u>	
Net Position, End of the Year		<u>\$19,223,550</u>	

Supplementary Information



HEARNE & ASSOCIATES, P.C.

.....
Certified Public Accountants & Business Consultants

David J. Hearne, Jr., CPA (1928-2014) Founder
Phillip M. Hearne, CPA
Anthony M. Scott, CPA
John C. Williams, CPA, MST

Matthew R. Truschka, Acct.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS
APPLICABLE TO TAX INCREMENT FINANCING DISTRICTS

January 14, 2021

Honorable Mayor and
Board of Trustees
Village of Crestwood, Illinois

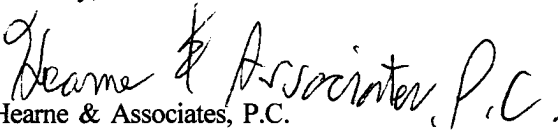
We have examined management's assertion, included in its representation letter dated January 14, 2021 that the Village of Crestwood, Illinois (Crestwood) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2020. Management is responsible for the Village's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with statutory requirements.

In our opinion, management's assertion that the Village of Crestwood, Illinois complied with the aforementioned requirements for the year ended April 30, 2020 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Mayor, the Board of Trustees, management of the Village, the Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


Hearne & Associates, P.C.
Certified Public Accountants

Village of Crestwood, Illinois

Schedule of Assessed Valuations, Tax Rates, Tax Extensions,
Tax Collections and Taxes Receivable
Tax Levies for Last Three Levy Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Equalized Assessed Valuations</u>	\$ 327,193,249	\$ 313,550,663	\$ 319,083,225
<u>Tax Rates</u>			
General Fund	.4997	.4898	.4707
Recreation Fund	<u>.0778</u>	<u>.0772</u>	<u>.0703</u>
	.5775	.5670	.5410
<u>Tax Extensions</u>	\$ 1,794,254	\$ 1,777,832	\$ 1,726,240
<u>Taxes Collections</u>	\$ 858,764	\$ 1,670,338	\$ 1,627,060
<u>Taxes Receivable at 4-30-2020</u>	\$ 935,490	\$ -	\$ -
<u>Percentage of Extension Collected</u>	47.86%	93.95%	94.25%

Statistical Section

Village of Crestwood, Illinois
Schedule of Direct and Overlapping Debt
As of April 30, 2020

	(1) 2019 Equalized Assessed Valuation	(2) General Obligation Debt Outstanding		Percentage Applicable To Village	Amount Applicable to Village
<u>Overlapping Debt</u>					
Cook County	\$ 166,917,611,547	\$ 2,887,585,000		0.20%	\$ 5,660,267
South Cook County Mosquito Abatement	18,139,637,384	-		1.80%	-
Metropolitan Water Reclamation District	164,054,703,895	1,799,425,000		0.20%	3,588,801
Crestwood Public Library	305,182,428	-		100.00%	-
Moraine Valley Community College District 524	10,144,602,038	52,635,000 (5)		3.23%	1,697,634
 Oak Lawn Community High School District 218	 2,324,837,483	 42,405,000 (4)		 14.07%	 5,968,000
School District 130	536,884,054	20,080,978		60.94%	12,237,950
Town of Worth	3,254,522,187	-		0.00%	-
Town of Bremen	1,640,287,556	- (5)		0.00%	-
Cook County Forest Preserve	166,917,611,547	94,055,000 (4)		0.23%	215,198
Subtotal, overlapping debt		4,896,185,978			29,367,850
 <u>Direct Debt</u>					
Village of Crestwood	327,193,249	- (6)		100.00%	-
<u>Total Direct and Overlapping Debt</u>		<u>\$ 4,896,185,978</u>			<u>\$ 29,367,850</u>
		Population of Village (3)			<u>\$ 10,950</u>
		Per Capita Debt			<u>\$ 2,682</u>

(1) Source: Cook County Clerk - Agency equalized valuation report for tax year 2019

(2) Source: Cook County Treasurer - Taxing district financial statements - Most recent audit report on file for that agency

(3) Current estimate based on the 2010 Census

(4) Excludes principal amounts of outstanding General Obligation (Alternative Revenue Source) Bonds which are expected to be paid from sources other than general taxation. Excludes self-supporting bonds. Excludes debt certificates and TIF bonds. Includes original principal amounts of outstanding Capital Appreciation Bonds.

(5) Excludes General Obligation limited tax debt bonds paid from sources other than general taxation

(6) Pursuant to the Debt Reform Act, bonds issued as alternative revenue bonds do not count against a governmental entity's statutory debt limit so long as the debt service is abated annually. With respect to the Village of Crestwood all bonds issued are alternative revenue bonds.