

**Village of Crestwood, Illinois**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**APRIL 30, 2017**

Prepared By:

**HEARNE & ASSOCIATES, P.C.**  
Certified Public Accountants &  
Business Consultants

# 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, 2017, 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, 2017, 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.

## Change in Accounting Principle

The Village adopted GASB Statement No. 72 *Fair Value Measurement and Application* in 2017, which addresses accounting and financial reporting issues related to fair value measurements. The statement modifies certain disclosures in the notes to the financial statements. Our opinion is not modified with respect to this matter.

## 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.

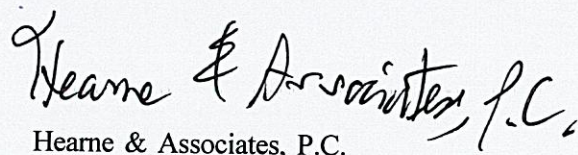
### *Other Information*

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.

October 10, 2017  
Mokena, IL

  
Heame & Associates, P.C.  
Certified Public Accountants

Village of Crestwood, Illinois  
Management's Discussion and Analysis  
April 30, 2017

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 11).

**Financial Highlights**

- **Net Position** The Village's total Net Position at fiscal year-end was \$40.1 million, an increase of \$3.9 million (10.8%) during the current fiscal year. The Net Position for governmental activities at fiscal year-end was \$21.1 million, an increase of \$3.8 million during the current fiscal year. The Net Position for business-type activities was \$19.0 million, an increase of \$0.1 million. The increase in net position is mainly attributable to initial non-home-rule sales tax collections and increased charges for services. Additional water fund revenue has been offset by water costs.
- **General Fund summary** The Village's General Fund reported an increase of \$2.1 million in fund balance for the current fiscal year primarily due to non-home rule sales tax collections and increased charges for services.
- **Budget summary** The Village's General Fund actual revenues were less than budgeted amounts by \$0.02 million while actual expenditures were less than budgeted amounts by \$2.0 million.
- **Debt outstanding** The Village issued general obligation bonds during the current year in the amount of \$35.3 million to repay earlier bond issuances in the amount of \$27.0 million. The balance of this debt as of April 30, 2017 is \$34.5 million. Additionally, the Village has a general obligation bond outstanding for \$8.6 million. All outstanding notes payable at April 30, 2016 have been repaid.
- **Fiduciary Fund summary** The Village's Police and Fire Pension Funds reported increases of \$179,313 and \$9,661, respectively in fund balance for the current fiscal year. The most recent actuarial valuation at April 30, 2017 reported a 52.607% and 35.60% funding ratio 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 11 and 12) 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 13. 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.

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**Government -Wide**

The government-wide financial statements (pages 11 and 12) 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 12) 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 13-21 and 49-53). 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, 135<sup>th</sup> and Cicero TIF Fund, Route 83 and Cicero TIF Fund, and the Capital Projects 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 64 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 fund* – 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.

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**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 22.

**Other Information**

In addition to the Basic Financial Statements and accompanying notes, this report also presents certain required supplementary information beginning on page 49. 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 64. 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 Primary Government	
	2017	2016	2017	2016	2017	2016
Current & Other Assets	\$20.2	\$27.1	\$ 1.8	\$ 2.0	\$22.0	\$29.1
Capital Assets	52.9	48.4	17.5	17.1	70.4	65.5
Deferred Outflows	-	-	-	-	-	-
<b>Total Assets</b>	<b>73.1</b>	<b>75.5</b>	<b>19.3</b>	<b>19.1</b>	<b>92.4</b>	<b>94.6</b>
Long-term Liabilities	47.1	36.3	0.0	0.0	47.1	36.3
Other Liabilities	3.2	20.3	0.3	0.2	3.5	20.5
Deferred Outflows	1.7	1.6	0.0	0.0	1.7	1.6
<b>Total Liabilities</b>	<b>52.0</b>	<b>58.2</b>	<b>0.3</b>	<b>0.2</b>	<b>52.3</b>	<b>58.4</b>
Net Position						
Net Investment in Capital Assets	46.7	46.2	17.4	17.1	64.1	63.3
Restricted	8.8	6.3	0.0	0.0	8.8	6.3
Unrestricted	-34.4	-35.2	1.6	1.8	-32.8	-33.4
<b>Total Net Position</b>	<b>\$21.1</b>	<b>\$ 17.3</b>	<b>\$19.0</b>	<b>\$18.9</b>	<b>\$40.1</b>	<b>\$36.2</b>

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.

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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 \$3.9 million from \$36.2 million to \$40.1 million. Net Position of the Village's governmental activities increased \$3.8 million to \$21.1 million. Net Position of the Village's business-type activities increased by \$0.1 million to \$19.0 million. The Village's unrestricted Net Position for governmental activities, the part of Net Position that can be used to finance daily operations, increased by \$0.8 million. The Village's unrestricted Net Position of the business-type activities, available to finance the continuing operation of the Water and Sewer Fund, increased by \$0.2 million.

Major governmental capital activity for the year included the Route 83 site development in the amount of \$3,437,394. Other capital projects and additions totaled \$3,210,082.

The Village paid off the line of credit for capital projects and issued \$35.3 million in general obligation bonds, part of which was used to refund \$28.7 million in prior general obligation bonds.

**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	
	2017	2016	2017	2016	2017	2016
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 3.9	\$ 1.7	\$ 3.5	\$ 3.3	\$ 7.4	\$ 5.0
Operating grants	-	-	-	-	-	-
Capital grants	-	0.3	-	-	-	0.3
General revenues						
Property taxes	3.3	3.3	-	-	3.3	3.3
Sales tax	7.5	7.3	-	-	7.5	7.3
Other	3.2	9.8	-	-	3.2	9.8
<b>Total revenues</b>	<b>17.9</b>	<b>22.4</b>	<b>3.5</b>	<b>3.3</b>	<b>21.4</b>	<b>25.7</b>

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	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
EXPENSES						
General government	\$ 4.7	\$ 4.7	\$ -	\$ -	\$4.7	\$ 4.7
Public safety	4.5	3.8	-	-	4.5	3.8
Street and bridge	1.1	0.8	-	-	1.1	0.8
Sanitation	0.8	0.7	-	-	0.8	0.7
Recreation	1.1	1.0	-	-	1.1	1.0
Tax increment financing costs	0.7	0.7	-	-	0.7	0.7
Water and Sewer	-	-	3.4	3.3	3.4	3.3
Interest on long-term debt	1.2	2.8	-	-	1.2	2.8
<b>Total expenses</b>	<b>14.1</b>	<b>14.5</b>	<b>3.4</b>	<b>3.3</b>	<b>17.5</b>	<b>17.8</b>
<b>Changes in Net Position</b>	<b>3.8</b>	<b>7.9</b>	<b>0.1</b>	<b>0.0</b>	<b>3.9</b>	<b>7.9</b>
<b>Net Position, May 1</b>	<b>17.3</b>	<b>9.4</b>	<b>18.9</b>	<b>18.9</b>	<b>36.2</b>	<b>28.3</b>
<b>Net Position, April 30</b>	<b>\$21.1</b>	<b>\$ 17.3</b>	<b>\$19.0</b>	<b>\$18.9</b>	<b>\$40.1</b>	<b>\$36.2</b>

For more detailed information, see the Statement of Activities.

**Normal Impacts – Net Position**

Six basic (normal) transactions will affect the comparability of the Statement of Net Position 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.

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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 \$17.9 million compared to \$22.4 million from the prior year. There were several reasons for the decrease. In the prior year the Village sold land at a gain of \$3.9 million and received water litigation proceeds from the insurance company.

For the current fiscal year, expenditures from Governmental Activities totaled \$14.1 million compared to \$14.5 million from the prior year. The main reason for the decrease is the result of debt being refinanced at a more favorable interest rate and the prior year termination of the swap agreement.

**Current Year Impacts – Net Position (Proprietary Fund)**

For the current fiscal year, revenues from Business-type Activities totaled \$3.5 million, which is an increase of \$0.2 million from the prior year. This was mainly due to increased water rates and capital improvement charges.

For the current fiscal year, expenses from Proprietary Activities totaled \$3.4 million compared to \$3.3 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 13-16, reported a combined total fund balance of \$17.4 million, which is a \$7.9 million increase from the prior year balance of \$9.5 million. This increase is mainly attributable to the items mentioned in the previous section on “current year impacts – Net Position (governmental funds)”. The total fund balance of \$17.4 million is comprised of the following components:

- **Nonspendable Fund Balance** of \$0.5 million represents prepaid expenditures
- **Restricted Fund Balance** of \$8.4 million represents the portion of fund balance that is subject to external enforceable legal restrictions; \$0.4 million for debt service, \$7 million for TIF redevelopment and \$1 million for motor fuel tax projects.
- **Unassigned Fund Balance** of \$8.5 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 an increase of \$2.1 million in fund balance for the current fiscal year. In addition, the fund balance for the General Fund at fiscal-year end was \$8.7 million.

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

General Fund actual revenues and expenditures were \$0.02 million and \$2 million lower than the final budgeted amount resulting in a net positive to the budget.

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The tax increment financing 135<sup>th</sup> and Cicero TIF Fund had \$2.8 million of revenue and \$29.6 million of expenditures for the fiscal year. Included with expenditures was \$28.7 million for the payment of debt. Additionally, this fund had revenue from bond proceeds of \$39.1 million and transfers of \$6.8 million to the Rt. 83 TIF fund.

The Rt. 83 TIF Fund had \$0.3million in revenue, \$3.4 million in expenditures (mainly for capital outlays), received \$6.8 million in transfers from the 135<sup>th</sup> Street TIF and transferred out \$3.7 million to the Capital Projects fund.

The Water and Sewer Fund had revenue of \$3.5 million and expenditures of \$3.4 million. Although the Village had a whole year in collecting the capital improvements charge to users and 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 19, the Village had a positive cash flow from operating activities of \$720,584.

Capital Assets

At the end of fiscal year 2017, the Village had \$70.4 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 \$4.9 million, or 7 percent, over last year. Please refer to Note D of the report for the capital asset activity for the year. The Village had budgeted approximately \$4.9 million for capital expenditures in fiscal year 2017, predominantly for the development of the Route 83 site. The actual expenditure for the Route 83 TIF in Note D was \$3,437,394.

Debt Administration

At the end of fiscal year 2017, the Village had \$48.3 million in long-term obligations outstanding. This is \$7.7 million more outstanding than the prior. Of this amount, \$34.5 million is debt from the tax increment financing (TIF) district, namely the Alternate Revenue Source Bonds, Series 2016 B & C. The Village repaid \$28.7 million of TIF bonds in fiscal year 2017.

The Village has a line of credit outstanding for capital projects. The line of credit is \$3 million of which \$0 million is outstanding as of April 30, 2017.

Please refer to Note E of the report for changes in long-term debt this year.

Note E calculates the legal debt limit of the Village at April 30, 2017, which is \$24.7 million.

Economic Factors and Next Year's Budget

The fiscal 2018 budget passed by the Village Board indicates total budget revenues and expenditures/expenses of \$33.2 million and \$37.3 million, respectively. Fiscal 2017 budgeted revenues and expenditures/expenses were \$28.8 million and \$24.6 million, respectively. Of the \$4.4 million increase in revenues, \$0.8 million is attributable to the General Fund. This increase is mainly due to the sale of assets less a reduction in loan proceeds needed for the current fiscal year. \$4.0 million decrease is attributable to the Capital Projects Fund for less loan proceeds to develop the property. \$8.3 million increase is attributable to the Water and Sewer Fund for a potential EPA loan to rehabilitate the Playfield Park area water and sewer infrastructure.

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The fiscal 2018 budget shows a \$12.7 million increase in expenditures. Of this amount, \$0.3 million is attributable to the General Fund for various capital expenditures (firehouse building, municipal building, police/EMA garage and Playfield Park and Walker Park field rehabilitations), \$0.3 million for equipment and ambulance purchase in the fire department. \$3.2 million is attributable to the Tax Increment Financing Fund for the Cal Sag Road commercial development. \$0.7 million is attributable to the Motor Fuel Tax Fund for various road projects. Finally, \$8.2 million is attributable to the Water and Sewer Fund for above Playfield Park infrastructure.

The Village's current economic development plans are 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 will develop the infrastructure to build new stores, restaurant and hotel on the west side of Cicero Avenue with an anticipated date to break ground in the spring of 2018 and completion date in 2018. The east side is in the process of removing excess dirt and stone and grading the area with a completion date of fall 2018. To date, approximately ninety percent of the dirt and stone have been removed with the possibility of developing part of this area in 2018 or spring of 2019.

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 is working on low cost loans and grants to minimize the cost to its residents. Second, a 135th and Central dyke is being contemplated which would divert storm water and lessen flooding problems. The engineering for this project has been completed and the Village is working on grants for the project. Third, plans include construction of sidewalks and bike lanes on 135th Street/Midlothian Turnpike from Pulaski to Central Avenue. The Village will receive funds from Cook County to help pay for this project with the "Invest in Cook" grant that was secured. Fourth, remodeling of the new administrative building purchased in fiscal 2017 and expansion of the current administrative and fire house building which will be entirely taken over by the fire department. Fifth, various projects related to the final development along Route 83 including a Cal-Sag water main, culvert, lake/retention area, structures for the Deep Tunnel on the site and a Playfield/Cal Sag relief sewer.

#### Subsequent Events

In August 2017 the Village approved an Ordinance declaring surplus funds in the General Fund in an amount equal to the Village's portion of 2016 property tax bills. It is estimated that \$600,000 will be refunded in accordance with 35 ILCS 200/30-20 by December 31, 2017.

#### 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. Question 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, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Investments	\$ 9,695,224	\$ 1,049,694	\$ 10,744,918
Restricted Cash and Investments	5,792,025	-	5,792,025
Prepaid Bond Insurance	458,623	-	458,623
Receivables			
Property Taxes	1,616,215	-	1,616,215
Sales Tax	1,246,366	-	1,246,366
Income Tax	313,678	-	313,678
Intergovernmental	261,327	-	261,327
Ambulance Service	106,265	-	106,265
Accounts	-	282,869	282,869
Unbilled Water and Sewer	-	423,521	423,521
Safe Speed	607,763	-	607,763
Other	36,182	-	36,182
Due from Other Local Governments	128,519	-	128,519
Internal Balances	(92,922)	92,922	-
Capital Assets	52,948,319	17,449,509	70,397,828
Total Assets	<u>73,117,584</u>	<u>19,298,515</u>	<u>92,416,099</u>
<b><u>Liabilities</u></b>			
Accounts Payable	748,699	263,937	1,012,636
Accrued Salaries	159,131	9,689	168,820
Accrued Pension	17,678	-	17,678
Accrued Interest Payable	954,401	-	954,401
Deposits	17,905	-	17,905
Due to Other Funds	14,591	-	14,591
Due to Other Governments	56,917	-	56,917
Long-term Obligations, Due Within One Year			
General Obligation Bonds	1,175,000	-	1,175,000
Compensated Absences	64,360	-	64,360
Long-term Obligations, Due in More Than One Year			
General Obligation Bonds	8,877,969	-	8,877,969
Net Pension Liability	798,900	-	798,900
Revenue Bonds	37,435,834	-	37,435,834
Total Liabilities	<u>50,321,385</u>	<u>273,626</u>	<u>50,595,011</u>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred Revenue			
Property Tax	1,677,571	-	1,677,571
Rent	1,700	-	1,700
	<u>1,679,271</u>	<u>-</u>	<u>1,679,271</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	46,740,344	17,449,509	64,189,853
Restricted for Debt Service	429,134	-	429,134
Restricted for Street Improvements	1,055,072	-	1,055,072
Restricted for TIF Redevelopment	7,355,858	-	7,355,858
Unrestricted	(34,463,480)	1,575,380	(32,888,100)
Total Net Position	<u>\$ 21,116,928</u>	<u>\$ 19,024,889</u>	<u>\$ 40,141,817</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Statement of Activities  
Year Ended April 30, 2017

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business Type Activities	Totals
<b>Governmental Activities:</b>						
General Government	\$ 4,706,743	\$ 36,879	\$ -	\$ (4,104,130)	\$ -	\$ (4,104,130)
Public Safety	4,507,507	-	-	(1,634,353)	-	(1,634,353)
Street and Bridge	1,115,526	-	-	(1,115,526)	-	(1,115,526)
Sanitation	771,350	-	-	(771,350)	-	(771,350)
Recreation	1,086,502	-	-	(672,612)	-	(672,612)
Tax increment financing costs	699,882	-	-	(699,882)	-	(699,882)
Interest on long-term debt	1,211,602	-	-	(1,211,602)	-	(1,211,602)
Total Government Activities	14,099,112	36,879	-	(10,209,455)	-	(10,209,455)
<b>Business Type Activities:</b>						
Water and Sewer	3,321,642	-	-	-	144,392	144,392
Total Primary Government	17,420,754	36,879	-	(10,209,455)	144,392	(10,065,063)
General Revenues, Special Items and Transfers						
Taxes						
Property				3,278,114	-	3,278,114
Sales				7,521,843	-	7,521,843
Income				1,032,451	-	1,032,451
Motor Fuel				483,841	-	483,841
Other Taxes				763,299	-	763,299
Unrestricted investment income				7,702	154	7,856
Other General Revenues				1,105,760	-	1,105,760
Gain on Sale of Assets				3,074	-	3,074
Transfer to Fiduciary Pension Funds				(158,183)	-	(158,183)
Total General Revenues, Special Items and Transfers				14,037,901	154	14,038,055
Change in Net Position				3,828,446	144,546	3,972,992
Net Position						
Beginning of the Year				17,288,482	18,880,343	36,168,825
End of the Year				21,116,928	19,024,889	40,141,817

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Balance Sheet  
Governmental Funds  
April 30, 2017

	Major Governmental Funds					Total
	General	135th & Cicero Tax Increment Financing	Rt. 83 & Cicero Tax Increment Financing	Capital Projects	Other Governmental	
<b>Assets</b>						
Cash and Investments	\$ 6,984,278	\$ 1,382,888	\$ 7,940	\$ -	\$ 1,320,118	\$ 9,695,224
Restricted Cash and Investments	-	5,792,025	-	-	-	5,792,025
Prepaid Bond Insurance	-	458,623	-	-	-	458,623
Receivables						
Property Taxes	815,498	795,738	4,979	-	-	1,616,215
Sales Tax	933,017	182,787	-	-	130,562	1,246,366
Income Tax	313,678	-	-	-	-	313,678
Intergovernmental	213,957	-	-	-	47,370	261,327
Due from Insurance	106,265	-	-	-	-	106,265
Safe Speed	607,763	-	-	-	-	607,763
Other	36,182	-	-	-	-	36,182
Due from Other Funds	56,087	9,210	469,675	-	-	534,972
Total Assets	<u>\$ 10,066,725</u>	<u>\$ 8,621,271</u>	<u>\$ 482,594</u>	<u>\$ -</u>	<u>\$ 1,498,050</u>	<u>\$ 20,668,640</u>
<b>Liabilities</b>						
Accounts Payable	\$ 258,356	\$ -	\$ 469,675	\$ -	\$ 20,668	\$ 748,699
Accrued Salaries	148,258	-	-	-	10,873	159,131
Accrued Pension	17,678	-	-	-	-	17,678
Deposits	17,905	-	-	-	-	17,905
Due to Other Funds	23,801	469,675	149,009	-	-	642,485
Total Liabilities	<u>465,998</u>	<u>469,675</u>	<u>618,684</u>	<u>-</u>	<u>31,541</u>	<u>1,585,898</u>
<b>Deferred Inflows of Resources</b>						
Unearned Property Taxes	876,854	795,738	4,979	-	-	1,677,571
Unearned Rent	1,700	-	-	-	-	1,700
Total Deferred Inflows of Resources	<u>878,554</u>	<u>795,738</u>	<u>4,979</u>	<u>-</u>	<u>-</u>	<u>1,679,271</u>
<b>Fund Balances (Deficit)</b>						
Nonspendable						
Prepaid Items	-	458,623	-	-	-	458,623
Restricted						
Debt Service	-	-	-	-	429,134	429,134
TIF Redevelopment	-	6,897,235	-	-	-	6,897,235
Motor Fuel	-	-	-	-	1,055,072	1,055,072
Unassigned	8,722,173	-	(141,069)	-	(17,697)	8,563,407
Total Fund Balances (Deficit)	<u>8,722,173</u>	<u>7,355,858</u>	<u>(141,069)</u>	<u>-</u>	<u>1,466,509</u>	<u>17,403,471</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 10,066,725</u>	<u>\$ 8,621,271</u>	<u>\$ 482,594</u>	<u>\$ -</u>	<u>\$ 1,498,050</u>	<u>\$ 20,668,640</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, 2017

Total Fund Balance of Governmental Funds	\$17,403,471
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.	52,948,319
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	128,519
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:	
General Obligation Bonds Payable	(47,488,803)
Real Estate Tax Reimbursements Owed	(56,917)
Compensated Absences	(64,360)
Net Pension Liability	(798,900)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	<u>(954,401)</u>
Net Position of Governmental Activities	<u>\$21,116,928</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, 2017

	Major Governmental Funds					Total
	General	135th & Cicero Tax Increment Financing	Rt. 83 & Cicero Tax Increment Financing	Capital Projects	Other Governmental Funds	
<b>Revenues</b>						
Property Tax	\$ 1,408,016	\$ 1,686,213	\$ 6,685	\$ -	\$ 177,200	\$ 3,278,114
Sales Tax	5,688,445	1,070,720	-	-	762,678	7,521,843
State Income Tax	1,032,451	-	-	-	-	1,032,451
Motor Fuel Tax	-	-	-	-	483,841	483,841
Other Taxes	763,299	-	-	-	-	763,299
Intergovernmental	36,879	-	-	-	-	36,879
Licenses and Permits	565,734	-	-	-	-	565,734
Fines and Penalties	2,255,065	-	-	-	-	2,255,065
Charges for Services	-	-	-	-	413,890	413,890
Advanced Life Support	618,089	-	-	-	-	618,089
Miscellaneous	713,685	-	293,191	118,743	-	1,125,619
Interest	670	5,309	5	-	172	6,156
Total Revenues	<u>13,082,333</u>	<u>2,762,242</u>	<u>299,881</u>	<u>118,743</u>	<u>1,837,781</u>	<u>18,100,980</u>
<b>Expenditures</b>						
Current						
General Government	2,705,254	231,705	41,941	-	157	2,979,057
Public Safety	4,220,979	-	-	-	-	4,220,979
Parks and Recreation	350,021	-	-	-	595,151	945,172
Street and Bridge	709,109	-	-	-	303,867	1,012,976
Garbage Disposal	771,350	-	-	-	-	771,350
Surplus Fund Expenditures	494,658	-	-	-	-	494,658
Tax Increment Financing	-	678,298	-	-	-	678,298
Debt Service						
Principal	-	28,690,000	-	2,870,842	410,000	31,970,842
Interest and Fees	-	57,954	1,037	28,478	351,000	438,469
Capital Outlay	<u>1,529,316</u>	<u>-</u>	<u>3,437,394</u>	<u>1,269,421</u>	<u>99,976</u>	<u>6,336,107</u>
Total Expenditures	<u>10,780,687</u>	<u>29,657,957</u>	<u>3,480,372</u>	<u>4,168,741</u>	<u>1,760,151</u>	<u>49,847,908</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>2,301,646</u>	<u>(26,895,715)</u>	<u>(3,180,491)</u>	<u>(4,049,998)</u>	<u>77,630</u>	<u>(31,746,928)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	12,000	-	-	-	-	12,000
Bond Proceeds	-	39,080,975	-	-	-	39,080,975
Investment Income	-	-	-	-	1,546	1,546
Proceeds from Note Payable	-	-	-	714,121	-	714,121
Transfers In	-	-	6,782,998	3,744,826	46,969	10,574,793
Transfers Out	<u>(205,152)</u>	<u>(6,782,998)</u>	<u>(3,744,826)</u>	<u>-</u>	<u>-</u>	<u>(10,732,976)</u>
Total Other Financing Sources (Uses)	<u>(193,152)</u>	<u>32,297,977</u>	<u>3,038,172</u>	<u>4,458,947</u>	<u>48,515</u>	<u>39,650,459</u>
Net Change in Fund Balance	2,108,494	5,402,262	(142,319)	408,949	126,145	7,903,531
Fund Balance, Beginning of Year	<u>6,613,679</u>	<u>1,953,596</u>	<u>1,250</u>	<u>(408,949)</u>	<u>1,340,364</u>	<u>9,499,940</u>
Fund Balance (Deficit), End of Year	<u>\$ 8,722,173</u>	<u>\$ 7,355,858</u>	<u>\$ (141,069)</u>	<u>\$ -</u>	<u>\$ 1,466,509</u>	<u>\$ 17,403,471</u>

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, 2017

Net Change in Fund Balances of Governmental Activities	\$ 7,903,531
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.	6,633,899
This is the amount of depreciation recorded in the current period.	(2,097,128)
Governmental funds only report the disposal of assets to the extent proceeds are received. In the Statement of Activities, a gain or loss is reported for each disposal.	
This is the basis in the capital assets that were disposed.	(8,937)
The issuance of long-term debt is reported as other financing sources in the governmental funds, but increases long-term debt in the Statement of Net Position.	
	(36,029,121)
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.	
	32,409,311
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	(1,211,602)
Change in Pension Obligation	19,598
Change in Compensated Absences	(10,271)
Premium on Bond Issuance	(3,760,834)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	
Reimbursements from Local Governments	<u>(20,000)</u>
Change in Net Position of Governmental Activities	<u>\$ 3,828,446</u>

See accompanying notes to the financial statements.

Proprietary Fund

Village of Crestwood, Illinois

Proprietary Fund  
Statement of Net Position  
April 30, 2017

	<u>Enterprise Fund</u> <u>Water &amp;</u> <u>Sewer Fund</u>
<b><u>Assets</u></b>	
Current Assets	
Cash and Investments	\$ 1,049,694
Due from TIF Route 83 Fund	147,672
Receivables:	
Accounts	282,869
Unbilled Water and Sewer Charges	<u>423,521</u>
Total Current Assets	<u>1,903,756</u>
Noncurrent Assets	
Water and Sewer System	27,105,121
Equipment	<u>188,676</u>
Subtotal	27,293,797
Less: Accumulated Depreciation	<u>(9,844,288)</u>
Total Noncurrent Assets	<u>17,449,509</u>
 Total Assets	 <u>19,353,265</u>
 <b><u>Liabilities</u></b>	
Current Liabilities	
Accounts Payable	263,937
Accrued Salaries	9,689
Due to General Fund	<u>54,750</u>
 Total Liabilities	 <u>328,376</u>
 <b><u>Net Position</u></b>	
Net Investment in Capital Assets	17,449,509
Unrestricted	<u>1,575,380</u>
 Total Net Position	 <u>\$ 19,024,889</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, 2017

	<u>Water &amp; Sewer Fund</u>
<b><u>Operating Revenues</u></b>	
Charges for Services	
Water and Sewer	\$ 2,860,800
Penalties	47,982
Tap-In and Connection Fees	21,400
Capital Improvements	514,928
Miscellaneous	20,924
Total Revenues	<u>3,466,034</u>
<b><u>Operating Expenses</u></b>	
Operations	2,652,408
Depreciation	669,237
Total Operating Expenses	<u>3,321,645</u>
Operating Income (Loss)	<u>144,389</u>
<b><u>Nonoperating Revenues</u></b>	
Interest Income	<u>154</u>
Change in Net Position	144,543
Net Position, Beginning of the Year	<u>18,880,346</u>
Net Position, End of the Year	<u>\$ 19,024,889</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended April 30, 2017

	<u>Enterprise Fund</u> <u>Water &amp;</u> <u>Sewer Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 3,385,713
Cash Payments for Goods and Services	(2,448,958)
Cash Payments to Employees for Services	(216,171)
Net Cash Provided by Operating Activities	<u>720,584</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Disposition of Capital Assets	28,344
Purchase of Capital Assets	(1,031,193)
Net Cash Provided by Financing Activities	<u>(1,002,849)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest	<u>156</u>
Net Increase (Decrease) in Cash	(282,109)
Cash, Beginning of Year	<u>1,331,803</u>
Cash, End of Year	<u>\$ 1,049,694</u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (Loss)	\$ 144,389
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities	
Depreciation	669,237
Changes in Assets/Liabilities	
Accounts/Unbilled Receivables	(80,321)
Interfund Accounts	(92,922)
Accrued Salaries	2,502
Accounts Payable	77,699
Net Cash Provided by Operating Activities	<u>\$ 720,584</u>

See accompanying notes to the financial statements.

Fiduciary Fund

Village of Crestwood, Illinois

Fiduciary Fund  
Statement of Fiduciary Net Position  
April 30, 2017

	<u>Pension Trust Funds</u>		
	<u>Fire Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash in Bank	\$ 9,852	\$ 572,087	\$ 581,939
Certificates of Deposit	-	120,285	120,285
Property Tax Receivable	-	54,037	54,037
Accrued Interest	-	550	550
Due from General Fund	-	14,591	14,591
Total Assets	<u>9,852</u>	<u>761,550</u>	<u>771,402</u>
<b><u>Liabilities</u></b>			
Due To Participants	191	-	191
<b><u>Deferred Inflows of Resources and Net Position</u></b>			
Deferred Property Taxes	<u>-</u>	<u>53,667</u>	<u>53,667</u>
Net Position Restricted for Pension Benefits	<u>\$ 9,661</u>	<u>\$ 707,883</u>	<u>\$ 717,544</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, 2017

	Pension Trust Funds		
	Fire Pension Fund	Police Pension Fund	Total
<b>Additions</b>			
Employer Contributions			
Property Tax	\$ -	\$ 84,496	\$ 84,496
Plan Member Contributions	4,837	37,629	42,466
Net Investment Income	-	637	637
Total Additions	4,837	122,762	127,599
<b>Deductions</b>			
Filing and Miscellaneous fees	176	6,016	6,192
Pension Benefits	-	90,616	90,616
Total Deductions	176	96,632	96,808
Excess of Additions over Deductions	4,661	26,130	30,791
<b>Other Financing Source</b>			
Transfers In	5,000	153,183	158,183
Net Increase in Net Position	9,661	179,313	188,974
Net Position Restricted for Pension Benefits Beginning of the Year	-	528,570	528,570
End of the Year	\$ 9,661	\$ 707,883	\$ 717,544

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**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 Funds 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, 2017

**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 to 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, 2017

**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 135<sup>th</sup> and Cicero TIF Bonds and provide funds for the Rt. 83 and Cicero Avenue capital activity. The Capital Projects Fund is used to account for the acquisition and construction of capital facilities or other capital assets.

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.

*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, 2017

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Village reports deferred and/or unearned revenue on its financial statements. Deferred/une arned 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 and 2016C.

*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.

*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

Village of Crestwood, Illinois  
Notes to the Financial Statements  
April 30, 2017

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

government-wide and fund financial statements. 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.

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.

Village of Crestwood, Illinois  
Notes to the Financial Statements  
April 30, 2017

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Fund Balance/Net Position*

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, 2017

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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, 2017, the Village and the Police 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 Police and Fire Pension Funds has a high percentage of its investments invested in one type of investment. Neither the Village nor the pension trust fund has significant investments.

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.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**B. DEPOSITS AND INVESTMENTS (continued)**

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, 2017, 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 2016 attach as an enforceable lien on January 1, 2017, 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, 2017 and July 1, 2017, and are payable in two installments, on or about March 1, 2017 and August 1, 2017. 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 2016 levy is intended to partially fund expenditures for fiscal year 2017 to the extent of collections through April 30, 2017, and 60 days subsequent to that date. The remainder of the 2016 levy is deferred as of April 30, 2017.

The 2017 tax levy, which attached as an enforceable lien on property as of January 1, 2017, has not been recorded as a receivable as of April 30, 2017, as the tax has not yet been levied by the Village and will not be levied until December 2017, and, therefore, the levy is not measurable at April 30, 2017.

**D. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2017 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	\$ 7,868,426	\$ 295,730	\$ -	\$ 8,164,156
Construction in Progress	<u>2,949,898</u>	<u>4,706,814</u>	<u>13,576</u>	<u>7,643,136</u>
Total Capital Assets				
Not Being Depreciated	<u>10,818,324</u>	<u>5,002,544</u>	<u>13,576</u>	<u>15,807,292</u>

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**D. CAPITAL ASSETS (continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being Depreciated				
Infrastructure	40,032,720	-	-	40,032,720
Buildings	13,834,362	946,135	-	14,780,497
Buildings Improvements	961,850	13,293	-	975,143
Equipment, Furniture and Fixures	1,783,055	328,712	-	2,111,767
Vehicles	3,196,105	356,792	53,335	3,499,562
Capital Assets being Depreciated	59,808,092	1,644,932	53,335	61,399,689
Less Accumulated Depreciation	22,205,943	2,097,128	44,409	24,258,662
Capital Assets being Depreciated, Net of Depreciation	37,602,149	(452,196)	8,926	37,141,027
Total Governmental Activities, Capital Assets, Net of depreciation	<u>\$ 48,420,473</u>	<u>\$ 4,550,348</u>	<u>\$ 22,502</u>	<u>\$ 52,948,319</u>
<i>Business-type Activities:</i>				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 28,344	\$ 436,922	\$ -	\$ 465,266
Capital Assets being Depreciated				
Water & Sewer System	\$ 26,104,855	\$ 535,000	\$ -	\$ 26,639,855
Equipment	157,749	30,927	-	188,676
Capital Assets, Gross	26,262,604	565,927	-	26,828,531
Less accumulated depreciation	9,175,052	669,236	-	9,844,288
Capital Assets being Depreciated, Net of Depreciation	17,087,552	(103,309)	-	16,984,243
Total Business-Type Activities, Capital Assets, Net of Depreciation	<u>\$ 17,115,896</u>	<u>\$ 333,613</u>	<u>\$ -</u>	<u>\$ 17,449,509</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 1,566,720
Public Safety	286,528
Street and Bridge	102,550
Recreation	141,330
Total Governmental Activities Depreciation Expense	<u>\$ 2,097,128</u>

Business-type Activities:

Water and Sewer	<u>\$ 669,236</u>
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Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**E. LONG-TERM DEBT**

Changes in long-term liabilities: During the year ended April 30, 2017, the following changes occurred in liabilities reported in the Statement of Net Position:

	<u>5/1/2016</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>4/30/2017</u> <u>Balances</u>	<u>Within</u> <u>One year</u>
Governmental activities:					
Bonds					
TIF Bonds	\$27,825,000	\$35,315,000	\$28,690,000	\$ 34,450,000	775,000
GO Bonds	<u>9,000,000</u>	<u>-</u>	<u>410,000</u>	<u>8,590,000</u>	<u>400,000</u>
Subtotal Bonds	36,825,000	35,315,000	29,100,000	43,040,000	1,175,000
Add Unamortized Premium	<u>757,512</u>	<u>3,760,834</u>	<u>69,543</u>	<u>4,448,803</u>	<u>-</u>
Total Bonds	37,582,512	39,075,834	29,169,543	47,488,803	1,175,000
Notes payable	2,156,721	714,121	2,870,842	-	-
Net Pension Liability	818,498	67,076	86,674	798,900	-
Compensated absences	<u>54,089</u>	<u>10,271</u>	<u>-</u>	<u>64,360</u>	<u>64,360</u>
Total Long-Term Debt	<u>\$40,611,820</u>	<u>\$39,867,302</u>	<u>\$32,127,059</u>	<u>\$ 48,352,063</u>	<u>\$ 1,239,360</u>

The following is a summary of long-term debt of the Village at April 30, 2017:

*Tax Increment Financing Bonds*

On April 29, 2004, the Village issued \$34,740,000 in variable rate tax increment financing revenue bonds, Series 2004, to finance the development of the 135<sup>th</sup> and Cicero Redevelopment Project Area. The bonds were due in semiannual installments of \$845,000 with the balance due in 2023. The bonds were supported by a Direct Pay letter of credit. This 2004 bond issue balance of \$26,980,000 was fully refunded in August 2016.

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 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 135<sup>th</sup> 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, 2017 are \$33,675,000.

On August 24, 2016, the Village issued \$1,640,000 taxable General Obligation Bonds (Alternate Revenue), Series 2016C. Net proceeds of \$1,600,000, (after net payment of \$40,000 in bond insurance

Village of Crestwood, Illinois  
Notes to the Financial Statements  
April 30, 2017

**E. LONG-TERM DEBT (continued)**

premium, underwriting fees and issuance costs) were deposited with the Village as project revenue to be used in the development of the Rt. 83 and Cicero Redevelopment Project Area. \$865,000 serial bonds have an interest rate of 1.50% with a maturity date of December 15, 2016; \$775,000 serial bonds have a rate of 1.75% with a maturity date of December 15, 2017 with interest paid semi-annually on June 15 and December 15. 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 135<sup>th</sup> 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, 2017 are \$775,000.

*General Obligation Bonds*

On January 28, 2016, the Village issued \$9,000,000 tax-exempt General Obligation Bonds (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 judgements 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, 2017 are \$8,590,000.

*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. 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 2017, the rate was 3.00%. Principal on the line of credit is due on August 20, 2020. As the line of credit can be called due at any time, the entire balance is considered to be due within one year. There is no line of credit balance outstanding as of April 30, 2017.

Village of Crestwood, Illinois

Notes to the Financial Statements  
April 30, 2017

**E. LONG-TERM DEBT (continued)**

*Debt Service to Maturity*

The annual debt service requirements to retire all outstanding bonds at April 30, 2017 are estimated as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,665,731	\$ 2,425,699	\$ 4,091,430
2019	2,091,345	1,913,550	4,004,895
2020	2,141,936	1,868,800	4,010,736
2021	2,681,739	1,821,750	4,503,489
2022	2,261,201	1,726,525	3,987,726
2023-2027	12,759,618	7,299,400	20,059,018
2028-2032	13,672,814	4,307,000	17,979,814
2033-2036	10,214,419	1,277,250	11,491,669
	<u>\$ 47,488,803</u>	<u>\$ 22,639,974</u>	<u>\$ 70,128,777</u>

The Village's legal debt margin at April 30, 2017 is as follows:

Equalized Assessed Valuation (EAV)	\$ 286,035,964
Maximum Rate (65 ILCS 5/8-5-1)	<u>8.625%</u>
Legal Debt Limit	<u>\$ 24,670,602</u>

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

Total Outstanding Debt	\$ 48,352,063
Less: TIF Bonds	<u>(38,210,834)</u>
Net Debt Outstanding	<u>\$ 10,141,229</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.

**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.

The college used the bonds to refund prior debt and finance, refinance or reimburse itself for all or a

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**G. CONDUIT DEBT OBLIGATION (continued)**

portion of the costs of the acquisition, construction, renovation, improvement, remodeling and equipping of certain educational facilities. RBS Citizens Bank 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.

**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.

**J. INDIVIDUAL FUND DISCLOSURES**

*Transfers*

The General Fund made a routine transfer of \$153,183 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 39.24% as of April 30, 2016.

The General Fund made a transfer of \$46,969 to the Recreation Fund for additional working capital.

The General Fund made a transfer of \$5,000 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 \$5,000 to the Fire Pension Fund for an estimate of the Village's pension contribution prior to the actuarial report.

The 135<sup>th</sup> and Cicero TIF Fund transferred \$6,782,998 to the Route 83 and Cicero TIF fund to pay for development costs.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**J. INDIVIDUAL FUND DISCLOSURES (continued)**

The Route 83 and Cicero TIF Fund transferred \$3,744,826 to the Capital Projects Fund to reimburse the Capital Projects Fund for the TIF capital expenditures advanced by the Capital Projects Fund prior to receiving the 2016B and 2016C TIF Bond funding.

Internal (interfund) balances at April 30, 2017 were as follows:

<u>Fund</u>	<u>Internal Balances</u>	
	<u>Receivable</u>	<u>Payable</u>
<b>General Fund</b>		
Water & Sewer	\$ 54,750	\$ -
Rt. 83 & Cicero TIF	1,337	-
135th & Cicero TIF	-	9,210
Police Pension	-	14,591
Total General Fund	<u>56,087</u>	<u>23,801</u>
<b>135th &amp; Cicero TIF Fund</b>		
General Fund	9,210	-
Rt. 83 & Cicero TIF	-	469,675
<b>Police Pension</b>		
General Fund	14,591	-
<b>Rt. 83 &amp; Cicero TIF Fund</b>		
135th & Cicero TIF	469,675	-
General Fund	-	1,337
Water & Sewer	-	147,672
Total Rt. 83 & Cicero	<u>469,675</u>	<u>149,009</u>
<b>Water &amp; Sewer</b>		
Rt. 83 & Cicero TIF	147,672	-
General Fund	-	54,750
Grand Total	<u>\$ 697,235</u>	<u>\$ 697,235</u>

The Village's Route 83 & Cicero TIF Fund reported a deficit fund balance of \$141,069, and the Recreation Fund reported a deficit balance of \$17,697 at April 30, 2017.

**K. EMPLOYEE RETIREMENT PLANS**

**POLICE PENSION**

*Plan Description*

The Village contributes to one defined benefit pension plan, the Police Pension Plan, which is a single-employer pension plan. The benefit levels, employee contributions and employer contributions are

Village of Crestwood, Illinois

Notes to the Financial Statements  
April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**POLICE PENSION (continued)**

governed by Illinois Compiled Statutes (40 ILCS 5/3) and can only be amended by the Illinois General Assembly. The Village accounts for the Plan as a pension trust fund. The plan does not issue a separate stand-alone report.

*Plan Membership*

At April 30, 2017, the measurement date, membership consisted of:

Inactive Plan Members:	
Currently Receiving Benefits	4
Entitled to, but not yet Receiving Benefits	-
Active Plan Members	<u>7</u>
Total	<u>11</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 least 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% 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.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**POLICE PENSION (continued)**

Noncompounding 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, 2017, the Village's contribution was 46.23% 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.

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	40%	1.10%
Domestic Equities	32%	5.60%
International Equities	16%	5.90%
Real Estate	7%	5.40%
Blended	5%	3.80%
Cash and Cash Equivalents	0%	0.00%

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**POLICE PENSION (continued)**

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, 2017 are listed in the table above.

*Investment Valuations*

The Police Pension Fund has the following recurring fair value measurement as of April 30, 2107. The negotiable Certificate of Deposit in the amount of \$120,285 with a maturity of less than one year is valued using Level 2 inputs.

*Investment Concentrations*

There are no significant investments in any one organization that represent 5.0% or more of the Fund's investments.

*Investment Rate of Return*

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments was less than one-tenth of one percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the change in amounts 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 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. The Police Pension 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, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**POLICE PENSION (continued)**

*Credit Risk*

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Police Pension Fund has no debt securities.

*Net Pension Liability*

The components of the net pension liability of the Police Pension Plan as of April 30, 2017 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$ 1,439,707
Plan Fiduciary Net Position	707,883
Village's Net Pension Liability	731,824
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	49.17%

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.

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2017 using the following actuarial methods and assumptions.

Actuarial valuation date	4/30/17
Actuarial cost method	Entry-age, normal
Amortization period	Level percentage of pay
Remaining amortization period	24 years
Asset valuation period	Market Value
Inflation	2.50%
Significant actuarial investment rate of return	5.00%
Projected salary increases	5.00%
Cost-of-living adjustments	Tier 1 - 3% per year, compounded Tier 2 - 2% per year, simple

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**POLICE PENSION (continued)**

*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	\$ 929,283	\$ 731,824	\$ 572,138

**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.

Plan Membership.

Membership in the plan consisted of the following as of April 30, 2017:

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

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**FIREFIGHTERS' PENSION (continued)**

*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 least 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 percent 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 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.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**FIREFIGHTERS' PENSION (continued)**

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, 2017. 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, 2017, there was no annual money-weighted rate of return on pension plan investments, net of pension plan investment expense. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changes amounts actually 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.

*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, 2016, 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.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**FIREFIGHTERS' PENSION (continued)**

*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.

*Net Pension Liability*

The components of the net pension liability of the Firefighters' Pension Plan as of April 30, 2017 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$	27,691
Plan Fiduciary Net Position		9,661
Village's Net Pension Liability		18,030
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		34.9%

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.

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2017 using the following actuarial methods and assumptions.

Actuarial valuation date	4/30/17
Actuarial cost method	Entry-age, normal
Amortization period	Level percentage of pay
Remaining amortization period	30 years
Asset valuation period	Market Value
Inflation	2.50%
Significant actuarial investment rate of return	5.00%
Projected salary increases	4.00%
Cost-of-living adjustments	Tier 1 - 3% per year, compounded Tier 2 - 2% per year, simple

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**FIREFIGHTERS' PENSION (continued)**

Mortality rates are based on rates developed in the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

*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 (5.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net Pension Liability	\$ 21,447	\$ 18,030	\$ 15,143

**ILLINOIS MUNICIPAL RETIREMENT FUND**

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. 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

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**ILLINOIS MUNICIPAL RETIREMENT FUND (continued)**

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) ½ the increase in the Consumer Price Index of the original pension amount.

*Employees Covered by Benefit Terms*

As of December 31, 2016, 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	-
Active Plan Members	<u>35</u>
Total	<u>35</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 2016 was 11.04%. For the fiscal year ended April 30, 2017, the Village contributed \$104,070 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, 2016. 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 at December 31, 2016:

- 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 2.75%.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**ILLINOIS MUNICIPAL RETIREMENT FUND (continued)**

- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- 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-2014 (base year 2014). 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-2014 (base year 2014). 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:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38.00%	7.60%
International Equity	17.00%	7.80%
Fixed Income	27.00%	3.00%
Real Estate	8.00%	6.15%
Alternative Investments	9.00%	5.25-8.50%
Cash Equivalents	<u>1.00%</u>	2.25%
	<u>100.00%</u>	

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2017

**K. EMPLOYEE RETIREMENT PLANS (continued)**

**ILLINOIS MUNICIPAL RETIREMENT FUND (continued)**

*Single Discount Rate*

Single Discount Rate of 7.50% 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. 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 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

*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, presented as required supplemental information (RSI) following the Notes to the Financial Statements, presents current period changes in the total pension liability and plan net position.

*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 7.50%, 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 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 146,501	\$ 120,870	\$ 100,357

**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, but, by statute extended through 2035 to correspond with repayment of the General Obligation Bonds, Series 2016B.

Village of Crestwood, Illinois  
Notes to the Financial Statements  
April 30, 2017

**L. TAX INCREMENT FINANCING DISTRICT (continued)**

April 1, 2004 between the Village and BNY Midwest Trust Company, as trustee. These bonds were paid off during the current fiscal year.

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 are being used to develop the area with retail businesses. As of the date of this report the west section is expected to be developed by fall, 2018. The east section is expected to be developed by the fall of 2019.

**M. SUBSEQUENT EVENTS**

In August 2017 the Village approved an Ordinance declaring surplus funds in the General Fund in an amount equal to the Village's portion of 2016 property tax bills. It is estimated that \$600,000 will be refunded in accordance with 35 ILCS 200/30-20 by December 31, 2017.

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, 2017

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<b><u>Revenues</u></b>	<u>\$ 13,104,200</u>	<u>\$ 13,082,333</u>	<u>\$ (21,867)</u>
<b><u>Expenditures</u></b>			
Current			
General Government			
General and Administrative	904,630	904,970	340
Legal and Litigation	432,200	399,508	(32,692)
Audit	28,000	24,094	(3,906)
Buildings & Grounds	309,100	372,185	63,085
Public Transportation	88,510	76,544	(11,966)
Insurance	525,000	459,094	(65,906)
Payroll Tax	324,000	310,934	(13,066)
Other	222,500	157,925	(64,575)
Total General Government	<u>2,833,940</u>	<u>2,705,254</u>	<u>(128,686)</u>
Public Safety			
Police	2,023,940	1,993,982	(29,958)
Fire	1,785,200	2,012,712	227,512
Health and Safety	90,020	81,395	(8,625)
School Crossing Guards	28,500	27,313	(1,187)
Advanced Life Support	65,000	65,427	427
Emergency Services	41,900	40,150	(1,750)
Total Public Safety	<u>4,034,560</u>	<u>4,220,979</u>	<u>186,419</u>
Other Current Expenditures			
Parks and Recreation	444,470	350,021	(94,449)
Streets and Bridge	803,000	709,109	(93,891)
Garbage Disposal	800,000	771,350	(28,650)
Real Estate Tax Reimbursement	57,000	494,658	437,658
Contingencies	873,100	-	(873,100)
Total Other Current Expenditure	<u>2,977,570</u>	<u>2,325,138</u>	<u>(652,432)</u>
Total Current Expenditures	<u>9,846,070</u>	<u>9,251,371</u>	<u>(594,699)</u>
Debt Service			
Principal	352,000	-	(352,000)
Total Debt Service	<u>352,000</u>	<u>-</u>	<u>(352,000)</u>
Capital Outlay			
General Government			
Buildings and Grounds	2,225,000	1,203,923	(1,021,077)

(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, 2017

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Public Safety			
Police	\$ 100,000	\$ 106,504	\$ 6,504
Street and Bridge	<u>250,000</u>	<u>218,889</u>	<u>(31,111)</u>
Total Capital Outlay	<u>2,575,000</u>	<u>1,529,316</u>	<u>(1,045,684)</u>
Total Expenditures	<u>12,773,070</u>	<u>10,780,687</u>	<u>(1,992,383)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>331,130</u>	<u>2,301,646</u>	<u>1,970,516</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Sale of Capital Assets	550,000	12,000	(538,000)
Bank Loan Proceeds	1,500,000	-	(1,500,000)
Transfers Out	<u>(280,000)</u>	<u>(205,152)</u>	<u>74,848</u>
Total Other Financing Sources (Uses)	<u>1,770,000</u>	<u>(193,152)</u>	<u>(1,963,152)</u>
<b><u>Special Items</u></b>			
Insurance Recovery - Lawsuit	3,000,000	-	(3,000,000)
Legal Settlement	<u>(15,000,000)</u>	-	<u>15,000,000</u>
Total Special Items	<u>(12,000,000)</u>	-	<u>12,000,000</u>
Net Changes in Fund Balance	<u>\$ (9,898,870)</u>	2,108,494	<u>\$ 12,007,364</u>
Fund Balance (Deficit), Beginning of the Year		<u>6,613,679</u>	
Fund Balance, End of the Year		<u>\$ 8,722,173</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, 2017

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Taxes</u></b>			
Property Tax	\$ 1,444,000	\$ 1,408,016	\$ (35,984)
Sales Tax	5,950,000	5,688,445	(261,555)
State Income Tax	1,200,000	1,032,451	(167,549)
Off-Track Betting Tax	200,000	244,966	44,966
Video Poker Tax	275,000	317,327	42,327
Miscellaneous Taxes:			
Replacement Taxes	36,000	35,055	(945)
Hotel-Motel Tax	100,000	104,799	4,799
Lease Rental Tax	46,000	47,000	1,000
Foreign Fire Insurance Tax	14,000	14,152	152
	<u>9,265,000</u>	<u>8,892,211</u>	<u>(372,789)</u>
<b><u>Intergovernmental</u></b>			
Regional Transportation Authority	20,000	17,385	(2,615)
Grants	72,000	19,494	(52,506)
	<u>92,000</u>	<u>36,879</u>	<u>(55,121)</u>
<b><u>Licenses and Permits</u></b>			
Vehicle Stickers	90,000	87,642	(2,358)
Building Permits & Subcontractor Fee	125,000	127,671	2,671
Business and Liquor Licenses	160,000	167,383	7,383
Franchise Fees	170,000	170,769	769
Miscellaneous	47,000	12,269	(34,731)
	<u>592,000</u>	<u>565,734</u>	<u>(26,266)</u>
<b><u>Fines and Penalties</u></b>			
Police Fines	<u>1,600,000</u>	<u>2,255,065</u>	<u>655,065</u>
<b><u>Miscellaneous</u></b>			
Theater Rental Fee	300,000	274,004	(25,996)
Municipal Events	10,000	7,686	(2,314)
Rental Income	365,000	27,904	(337,096)
Recreational	52,000	49,886	(2,114)
Advanced Life Support	480,000	618,089	138,089
Miscellaneous	343,200	354,205	11,005
	<u>1,550,200</u>	<u>1,331,774</u>	<u>(218,426)</u>
<b>Interest</b>	<u>5,000</u>	<u>670</u>	<u>(4,330)</u>
<b>Total Revenues</b>	<u>\$ 13,104,200</u>	<u>\$ 13,082,333</u>	<u>\$ (21,867)</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, 2017

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Taxes			
Property	\$ 1,375,000	\$ 1,686,213	\$ 311,213
Sales	1,125,000	1,070,720	(54,280)
Interest	<u>3,000</u>	<u>5,309</u>	<u>2,309</u>
Total Revenues	<u>2,503,000</u>	<u>2,762,242</u>	<u>259,242</u>
<b><u>Expenditures</u></b>			
Current			
General Government			
General and Administrative	276,500	231,705	(44,795)
Tax Increment Financing Costs	984,700	678,298	(306,402)
Debt Service	<u>28,904,884</u>	<u>28,747,954</u>	<u>(156,930)</u>
Total Expenditures	<u>30,166,084</u>	<u>29,657,957</u>	<u>(508,127)</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	(27,663,084)	(26,895,715)	767,369
<b><u>Other Financing Sources (Uses)</u></b>			
Bond Proceeds	39,080,975	39,080,975	-
Transfers Out	<u>(10,150,000)</u>	<u>(6,782,998)</u>	<u>3,367,002</u>
Total Other Financing Sources	<u>28,930,975</u>	<u>32,297,977</u>	<u>3,367,002</u>
Net Changes in Fund Balance	<u>\$ 1,267,891</u>	5,402,262	<u>\$ 4,134,371</u>
Fund Balance, Beginning of the Year		<u>1,953,596</u>	
Fund Balance, End of the Year		<u>\$ 7,355,858</u>	

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Route 83 Tax Increment Financing Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended April 30, 2017

<u>Revenues</u>	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Taxes			
Property	\$ -	\$ 6,685	\$ 6,685
Sale of Stone	-	293,191	293,191
Interest	-	5	5
Total Revenues	<u>-</u>	<u>299,881</u>	<u>299,881</u>
 <u>Expenditures</u>			
Current			
General and Administrative	4,000	41,941	37,941
Debt Service	-	1,037	1,037
Capital Outlay	<u>6,774,000</u>	<u>3,437,394</u>	<u>(3,336,606)</u>
Total Expenditures	<u>6,778,000</u>	<u>3,480,372</u>	<u>(3,297,628)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,778,000)</u>	<u>(3,180,491)</u>	<u>3,597,509</u>
 <u>Other Financing Sources (Uses)</u>			
Transfer to Capital Projects Fund	(3,750,000)	(3,744,826)	5,174
Transfer from 135th TIF Fund	<u>10,150,000</u>	<u>6,782,998</u>	<u>(3,367,002)</u>
Total Other Financing Sources (Uses)	<u>6,400,000</u>	<u>3,038,172</u>	<u>(3,361,828)</u>
Net Changes in Fund Balance	<u>\$ (378,000)</u>	(142,319)	<u>\$ 235,681</u>
 Fund Balance, Beginning of the Year		<u>1,250</u>	
Fund Balance, End of the Year		<u>\$ (141,069)</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</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>
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%

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.

See the accompanying notes 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, 2017

(schedule to be built prospectively from 2016)

	<u>2017</u>	<u>2016</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 110,686	\$ 93,048
Interest	65,088	49,495
Differences Between Expected and Actual Experience	69,632	99,980
Changes of Assumptions	(62,151)	159,421
Benefit Payments, Including Refunds of Member Contributions	<u>(90,616)</u>	<u>(89,565)</u>
Net Change in Total Pension Liability	92,639	312,379
 Total Pension Liability - Beginning	 <u>1,347,068</u>	 <u>1,034,689</u>
Total Pension Liability - Ending	<u>\$ 1,439,707</u>	<u>\$ 1,347,068</u>
 <b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 237,680	\$ 201,573
Contributions - Member	37,629	29,822
Net Investment Income	637	96
Benefit Payments, Including Refunds of Member Contributions	(90,616)	(89,565)
Administrative Expense	(6,017)	(5,483)
Other	<u>0</u>	<u>(40,281)</u>
Net Change in Plan Fiduciary Net Position	179,313	96,162
 Plan Net Position - Beginning	 <u>528,570</u>	 <u>432,408</u>
Plan Net Position - Ending	<u>\$ 707,883</u>	<u>\$ 528,570</u>
 <b>Employer's Net Pension Liability</b>	 <u>\$ 731,824</u>	 <u>\$ 818,498</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 49.17%	 39.24%
 Covered-Employee Payroll	 \$ 514,125	 \$ 325,840
 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	 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, 2017

	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.08%	0.20%

See the accompanying notes to the required supplementary information.

Village of Crestwood

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	\$ NA	\$ 5,000	\$ (5,000)	\$ 51,158	9.77%

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.

See the accompanying notes 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, 2017

(schedule to be built prospectively from 2017)

	<u>April 30, 2017</u>
<b>Total Pension Liability</b>	
Service Cost	NA
Interest	NA
Changes of Benefit Terms	NA
Differences Between Expected and Actual Experience	NA
Changes of Assumptions	NA
Benefit Payments, Including Refunds of Member Contributions	NA
Net Change in Total Pension Liability	<u>NA</u>
Total Pension Liability - Beginning	-
Total Pension Liability - Ending	<u>\$ 27,691</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 5,000
Contributions - Member	4,837
Net Investment Income	0
Benefit Payments, Including Refunds of Member Contributions	
Administrative Expense	<u>(176)</u>
Net Change in Plan Fiduciary Net Position	9,661
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending	<u>\$ 9,661</u>
<b>Employer's Net Pension Liability</b>	<u>\$ 18,030</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	34.89%
Covered-Valuation Payroll	\$ 51,158
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	35.24%

See accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Fire Pension Fund  
Schedule of Investment Returns  
April 30, 2017

	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	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)

<u>Calendar Year Ending December 31,</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 % of Covered Valuation Payroll</u>
2016	\$ -	\$ 54,570	\$ (54,570)	\$ 494,287	11.04%

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, 2017

(schedule to be built prospectively from 2017)

	<u>December 31, 2016</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 113,529
Interest	4,257
Differences Between Expected and Actual Experience	<u>3,084</u>
Net Change in Total Pension Liability	120,870
Total Pension Liability - Ending	<u>\$ 120,870</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 54,570
Contributions - Member	22,243
Net Other	<u>(4,989)</u>
Net Change in Plan Fiduciary Net Position	71,824
Plan Fiduciary Net Position - Beginning	<u>-</u>
Plan Fiduciary Net Position - Ending	<u>\$ 71,824</u>
<b>Employer's Net Pension Liability</b>	<u>\$ 49,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.42%
Covered-Valuation Payroll	\$ 494,287
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	9.92%

See accompanying notes to the required supplementary information.

Notes to the Required Supplementary Information  
April 30, 2017

**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 do 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, 2017. In addition, appropriations for debt service are established by bond ordinance.

There are no funds having expenditures/deductions in excess of budgeted appropriations and related excess amounts.

**B. ACTUARIAL ASSUMPTIONS**

For the Police Pension Plan, the actuarial assumptions used for determining the contribution rate for 2017 are as follows.

Valuation Date:	April 30, 2017
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level percentage of pay
Remaining Amort. Period:	24-years
Asset Valuation Method:	Market Value
Investment Return:	5.0% net of expenses
Projected Salary Increases:	5.0%
Inflation:	2.50%
Mortality:	RP 2014 projected to 2017*

\*Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Notes to the Required Supplementary Information  
April 30, 2017

**B. ACTUARIAL ASSUMPTIONS (continued)**

For the Fire Pension Plan, the actuarial assumptions used for determining the contribution rate for 2017 are as follows.

Valuation Date:	April 30, 2017
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level percentage of pay
Remaining Amort. Period:	30-years
Asset Valuation Method:	Market Value
Investment Return:	5.0%
Projected Salary Increases:	4.0%
Inflation:	2.50%
Mortality:	RP 2014 projected to 2017*

\*Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

For the IMRF Pension Plan, the actuarial assumptions used for determining the contribution rate for 2016 are as follows.

Valuation Date:	April 30, 2017
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level percentage of pay
Remaining Amort. Period:	27- year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Investment Return:	7.5% net of expenses
Projected Salary Increases:	3.75% to 14.50% including inflation
Inflation:	2.75%
Mortality:	RP 2014 projected to 2016*

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

Combining and Individual Fund  
Statements and Schedules

Village of Crestwood, Illinois

Combining Balance Sheet  
Nonmajor Governmental Funds  
April 30, 2017

	<u>Special Revenue Fund Type</u>				
	<u>Recreation</u>	<u>Motor Fuel</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>	
<u>Assets</u>					
Cash and Investments	\$ 11,684	\$ 1,009,862	\$ 298,572	\$ 1,320,118	
Receivables	-	-	130,562	130,562	
Sales Tax	-	47,370	-	47,370	
Motor Fuel Tax	-	-	-	-	
Total Assets	<u>\$ 11,684</u>	<u>\$ 1,057,232</u>	<u>\$ 429,134</u>	<u>\$ 1,498,050</u>	
<u>Liabilities and Fund Balance</u>					
Accounts Payable	\$ 18,508	\$ 2,160	\$ -	\$ 20,668	
Accrued Salaries	10,873	-	-	10,873	
Total Liabilities	<u>29,381</u>	<u>2,160</u>	<u>-</u>	<u>31,541</u>	
<u>Deferred Inflows of Resources</u>					
<u>Fund Balance</u>					
Restricted					
Debt Service	-	-	429,134	429,134	
Motor Fuel	-	1,055,072	-	1,055,072	
Unassigned	(17,697)	-	-	(17,697)	
Total Fund Balance	<u>(17,697)</u>	<u>1,055,072</u>	<u>429,134</u>	<u>1,466,509</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,684</u>	<u>\$ 1,057,232</u>	<u>\$ 429,134</u>	<u>\$ 1,498,050</u>	

Village of Crestwood, Illinois

Combining Statement of Revenues, Expenditures and Change in Fund Balance - Nonmajor Governmental Funds For the Year Ended April 30, 2017

	<u>Special Revenue Fund Type</u>			
	<u>Recreation</u>	<u>Motor Fuel</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Revenues</u>				
Taxes				
Property				
Motor Fuel	\$ 177,200	\$ -	\$ -	\$ 177,200
Sales	-	483,841	-	483,841
Charges for Services	-	-	762,678	762,678
Interest	413,890	-	-	413,890
Total Revenues	-	172	-	172
<u>Expenditures</u>	<u>591,090</u>	<u>484,013</u>	<u>762,678</u>	<u>1,837,781</u>
Current				
Street & Sidewalk Maintenance				
Wellness Center				
Miscellaneous	595,151	303,867	-	303,867
Debt Service	-	-	-	595,151
Capital Outlay	-	-	157	157
Total Expenditures	99,976	-	761,000	761,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>695,127</u>	<u>303,867</u>	<u>761,157</u>	<u>99,976</u>
<u>Other Financing Sources (Uses)</u>	<u>(104,037)</u>	<u>180,146</u>	<u>1,521</u>	<u>77,630</u>
Transfers In				
Investment Income	46,969	-	-	46,969
Total Other Financing Sources (Uses)	<u>46,969</u>	<u>-</u>	<u>1,546</u>	<u>1,546</u>
Net Change in Fund Balance	<u>(57,068)</u>	<u>180,146</u>	<u>3,067</u>	<u>48,515</u>
Fund Balance, Beginning of the Year	39,371	874,926	426,067	126,145
Fund Balance, End of the Year	<u><u>(17,697)</u></u>	<u><u>1,055,072</u></u>	<u><u>429,134</u></u>	<u><u>1,340,364</u></u>
				<u><u>\$ 1,466,509</u></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, 2017

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Property Tax	\$ 177,200	\$ 177,200	\$ -
Charges for Services			
Program Revenue and Dues	462,500	394,098	(68,402)
Facility Rental	25,000	17,602	(7,398)
Miscellaneous	1,000	2,190	1,190
	<u>665,700</u>	<u>591,090</u>	<u>(74,610)</u>
Total Revenues			
<b><u>Expenditures</u></b>			
Current			
Recreation			
Wellness Center	721,720	595,151	(126,569)
Capital Outlay			
Recreation			
Wellness Center	85,000	99,976	14,976
	<u>806,720</u>	<u>695,127</u>	<u>(111,593)</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(141,020)</u>	<u>(104,037)</u>	<u>36,983</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfer from General Fund	100,000	46,969	(53,031)
Net Change in Fund Balance	<u>\$ (41,020)</u>	<u>\$ (57,068)</u>	<u>(16,048)</u>
Fund Balance, Beginning of the Year		<u>39,371</u>	
Fund Balance, End of the Year		<u>\$ (17,697)</u>	

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, 2017

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Motor Fuel Tax	\$ 280,000	\$ 483,841	\$ 203,841
Interest	<u>109,000</u>	<u>172</u>	<u>(108,828)</u>
Total Revenues	<u>389,000</u>	<u>484,013</u>	<u>95,013</u>
<b><u>Expenditures</u></b>			
Current			
Street & Sidewalk Maintenance	<u>389,000</u>	<u>303,867</u>	<u>(85,133)</u>
Net Change in Fund Balance	<u>\$ -</u>	180,146	<u>\$ 180,146</u>
Fund Balance, Beginning of the Year		<u>874,926</u>	
Fund Balance, End of the Year		<u>\$ 1,055,072</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, 2017

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Sales Tax	\$ 856,000	\$ 762,678	\$ (93,322)
<b><u>Expenditures</u></b>			
Current			
Miscellaneous	43,000	157	(42,843)
Debt Service	<u>761,000</u>	<u>761,000</u>	<u>-</u>
Total Expenditures	<u>804,000</u>	<u>761,157</u>	<u>(42,843)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>52,000</u>	<u>1,521</u>	<u>(50,479)</u>
<b><u>Other Financing Sources</u></b>			
Investment Income	<u>1,000</u>	<u>1,546</u>	<u>546</u>
Net Change in Fund Balance	<u>\$ 53,000</u>	<u>3,067</u>	<u>\$ (49,933)</u>
Fund Balance, Beginning of the Year		<u>426,067</u>	
Fund Balance, End of the Year		<u>\$ 429,134</u>	

Village of Crestwood, Illinois

Capital Projects Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance (Deficit) - Budget and Actual  
For the Year Ended April 30, 2017

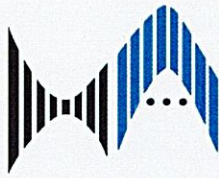
	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Sale of Materials	\$ -	\$ 118,743	\$ 118,743
<b><u>Expenditures</u></b>			
Current			
Debt Service	2,400,000	2,899,320	499,320
Capital Outlay	-	1,269,421	1,269,421
Total Expenditures	<u>2,400,000</u>	<u>4,168,741</u>	<u>1,768,741</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,400,000)</u>	<u>(4,049,998)</u>	<u>(1,649,998)</u>
<b><u>Other Financing Sources</u></b>			
Transfer from Other Funds	3,600,000	3,744,826	144,826
Proceeds from Loan	-	714,121	714,121
Total Other Financing Sources	<u>3,600,000</u>	<u>4,458,947</u>	<u>858,947</u>
Net Change in Fund Balance	<u>\$ 1,200,000</u>	408,949	<u>\$ (791,051)</u>
Fund Balance, Beginning of the Year		<u>(408,949)</u>	
Fund Balance (Deficit), End of the Year		<u>\$ -</u>	

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, 2017

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Operating Revenues</u></b>			
Charges for Services			
Water and Sewer	\$ 2,900,000	\$ 2,860,800	\$ (39,200)
Penalties	60,000	47,982	(12,018)
Tap-In and Connection Fees	12,500	21,400	8,900
Capital Improvements	525,000	514,928	(10,072)
Miscellaneous	25,000	20,924	(4,076)
Total Revenues	<u>3,522,500</u>	<u>3,466,034</u>	<u>(56,466)</u>
<b><u>Operating Expenses</u></b>			
Operations	4,282,885	2,652,408	(1,630,477)
Depreciation	-	669,237	669,237
Total Operating Expenses	<u>4,282,885</u>	<u>3,321,645</u>	<u>(961,240)</u>
Operating Income (Loss)	<u>(760,385)</u>	<u>144,389</u>	<u>904,774</u>
<b><u>Nonoperating Revenues</u></b>			
Interest Income	-	154	154
Total Nonoperating Revenues	<u>-</u>	<u>154</u>	<u>154</u>
Change in Net Position	<u>\$ (760,385)</u>	144,543	<u>\$ 904,928</u>
Net Position, Beginning of the Year		<u>18,880,346</u>	
Net Position, End of the Year		<u>\$19,024,889</u>	

Supplementary Information



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.  
Jessica L. Leonard, Acct.

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

October 10, 2017

Honorable Mayor and  
Board of Trustees  
Village of Crestwood, Illinois

We have examined management's assertion, included in its representation letter dated October 10, 2017 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, 2017. 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, 2017 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>2016</u>	<u>2015</u>	<u>2014</u>
<u>Equalized Assessed Valuations</u>	\$ 286,035,964	\$ 273,986,987	\$ 283,193,761
<u>Tax Rates</u>			
General Fund	.5252	.5116	.4895
Recreation Fund	<u>.0638</u>	<u>.0668</u>	<u>.0651</u>
	.5890	.5784	.5546
<u>Tax Extensions</u>	\$ 1,684,173	\$ 1,583,645	\$ 1,568,894
<u>Taxes Collections</u>	\$ 805,762	\$ 1,552,649	\$ 1,535,755
<u>Taxes Receivable at 4-30-2017</u>	\$ 815,498	\$ 0	\$ 0
<u>Percentage of Extension Collected</u>	49.4%	98.04%	97.9%

Statistical Section

Village of Crestwood  
Direct and Overlapping Debt  
As of April 30, 2017

	(1) 2015 Equalized Assessed Valuation	(2) General Obligation Debt Outstanding	Percentage Applicable To Village	Amount Applicable to Village
<b><u>Overlapping Debt</u></b>				
Cook County	143,483,256,019	\$ 3,213,141,750	0.20%	\$ 6,405,445
South Cook County Mosquito Abatement	16,875,201,081	0	1.70%	0
Metropolitan Water Reclamation District	140,752,201,171	2,605,365,000	0.20%	5,294,611
Crestwood Public Library	264,741,141	0	100.00%	0
Moraine Valley Comm Coll Dist 524	9,059,427,914	61,410,000	3.16%	1,938,916
Community High School Dist 218	2,053,296,683	29,293,171 (4)	13.93%	4,080,706
School District 130	467,008,188	13,151,807	61.25%	8,055,297
Town of Worth	2,879,852,601	0	9.93%	0
Town of Bremen	1,509,872,779	0 (5)	18.94%	0
Cook County Forest Preserve	143,483,256,019	105,185,000 (4)	0.20%	209,688
Subtotal, overlapping debt		<u>6,027,546,728</u>		<u>25,984,663</u>
<b><u>Direct Debt</u></b>				
Village of Crestwood	286,035,964	8,590,000	100.00%	8,590,000
<b><u>Total Direct and Overlapping Debt</u></b>		<u>\$ 6,036,136,728</u>		<u>\$ 34,574,663</u>
		Population of Village (3)		<u>11,029</u>
		Per Capita Debt		<u>\$ 3,135</u>

- (1) Source: Cook County Clerk - Agency equalized valuation report for tax year 2016
- (2) Source: Cook County Treasurer - Taxing district financial statements - Most recent audit reports on file with 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