

Village of Crestwood, Illinois

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2018**

Prepared By:

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

Village of Crestwood, Illinois

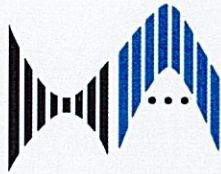
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Independent Auditors' Report

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension related schedules and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

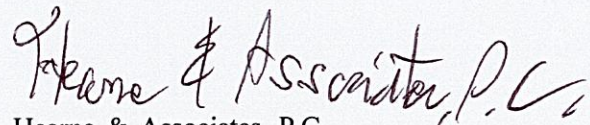
Other Information

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

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

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance thereon.

October 24, 2018
Mokena, IL


Hearne & Associates, P.C.
Certified Public Accountants

Village of Crestwood, Illinois
Management's Discussion and Analysis
April 30, 2018

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 \$45.4 million, an increase of \$5.3 million (13.2%) during the current fiscal year. The Net Position for governmental activities at fiscal year-end was \$26.2 million, an increase of \$5.1 million during the current fiscal year. The Net Position for business-type activities was \$19.2 million, an increase of \$0.2 million. The increase in net position is mainly attributable a net \$4.2 million investment in infrastructure and a \$1.4 million reduction in Long-Term Debt.
- **General Fund summary** The Village's General Fund reported an increase of \$3.3 million in fund balance for the current fiscal year which continues the increase from the prior year of \$2.1 million. The General Fund's cash and investment position increased to \$10.8 million from last year's \$7.0 million. The Village's continued focus with the increased fund balance and cash position will be infrastructure improvements, debt reduction and rebate of surplus funds to its residents.
- **Budget summary** The Village's General Fund actual revenues were less than budgeted amounts by \$1.4 million while actual expenditures were less than budgeted amounts by \$2.3 million. Revenues were less than budgeted due to a delay in the sale of Village property. Expenditures were less than budgeted due to a delay in construction and remodeling of Village properties.
- **Debt outstanding** The balance of TIF bond debt as of April 30, 2018 is \$33.7 million (plus the unamortized bond premium of \$3.3 million). Additionally, the Village has a general obligation bond outstanding for \$8.2 million (plus the unamortized bond premium of \$0.6 million). The open line of credit balance at April 30, 2018 is \$0.24 million.
- **Fiduciary Fund summary** The Village's Police and Fire Pension Funds reported increases of \$269,795 and \$23,156, respectively in fund balance funded by the Village for the current fiscal year. The most recent actuarial valuation at April 30, 2018 reported a 67.29% and 80.13% ratio of the net pension as a percentage of the total pension liability for the Police and Fire Pension Funds, respectively.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 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

Village of Crestwood, Illinois
Management's Discussion and Analysis
April 30, 2018

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.

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 52-56). A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance therewith. All of the funds of the Village can be divided into three categories: governmental, proprietary and fiduciary.

- *Governmental funds* – The governmental major fund presentation is presented on a sources and uses of liquid resources basis. The financial plan (the budget) is typically developed in this manner. The flow and availability of liquid assets is a clear and appropriate focus of any analysis of government. The focus of the governmental funds is narrower than that of the government-wide financial statements. The Village maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, 135th and Cicero TIF Fund, Route 83 and the Cicero TIF Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of Combining and Individual Fund Statements and Schedules beginning on page 67 of this report.
- *Proprietary fund* – The Village maintains one proprietary fund, i.e., the Water and Sewer Fund. This fund is used to report the same functions presented in business-type activities in the government-wide financial statements. The Water and Sewer Fund is considered a major fund of the Village.
- *Fiduciary funds* – The Village maintains two fiduciary funds, (i.e., the Police Pension Fund and the Fire Pension Fund). While these funds represent trust responsibilities of the government, these assets are restricted in purpose, and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government -wide financial statements.

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Management's Discussion and Analysis
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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 52. 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 67. 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	
	2018	2017	2018	2017	2018	2017
Current & Other Assets	\$18.8	\$20.2	\$ 2.2	\$ 1.8	\$21.0	\$22.0
Capital Assets	57.3	52.9	17.3	17.5	74.6	70.4
Deferred Outflows	.9	-	-	-	.9	-
Total Assets	77.0	73.1	19.5	19.3	96.5	92.4
Long-term Liabilities	44.8	47.1	0.0	0.0	44.8	47.1
Other Liabilities	4.1	3.2	0.3	0.3	4.4	3.5
Deferred Outflows	1.9	1.7	0.0	0.0	1.9	1.7
Total Liabilities	50.8	52.0	0.3	0.3	51.1	52.3
Net Position						
Net Investment in Capital Assets	46.2	46.7	17.3	17.4	63.5	64.1
Restricted	3.9	8.8	0.0	0.0	3.9	8.8
Unrestricted	-23.9	-34.4	1.9	1.6	-22.0	-32.8
Total Net Position	\$26.2	\$ 21.1	\$19.2	\$19.0	\$45.4	\$40.1

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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Management's Discussion and Analysis
April 30, 2018

- **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 \$5.3 million from \$40.1 million to \$45.4 million. Net Position of the Village's governmental activities increased \$5.1 million to \$26.2 million. Net Position of the Village's business-type activities increased by \$0.2 million to \$19.2 million. The Village's unrestricted Net Position for governmental activities, the part of Net Position that can be used to finance daily operations, increased by \$10.6 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 \$0.4 million.

Major governmental capital activity for the year included the Route 83 site development in the amount of \$5,082,513. Other capital projects and additions totaled \$1,495,766.

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	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenues:						
Charges for services	\$ 4.8	\$ 3.9	\$ 3.7	\$ 3.5	\$ 8.5	\$ 7.4
Operating grants	.4	-	-	-	.4	-
Capital grants	-	-	-	-	-	-
General revenues						
Property taxes	3.2	3.3	-	-	3.2	3.3
Sales tax	7.8	7.5	-	-	7.8	7.5
Other	3.3	3.2	-	-	3.3	3.2
Total revenues	19.5	17.9	3.7	3.5	23.2	21.4

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Management's Discussion and Analysis
April 30, 2018

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
EXPENSES						
General government	\$ 4.7	\$ 4.7	\$ -	\$ -	\$4.7	\$ 4.7
Public safety	4.7	4.5	-	-	4.7	4.5
Street and bridge	1.3	1.1	-	-	1.3	1.1
Sanitation	0.8	0.8	-	-	0.8	0.8
Recreation	1.2	1.1	-	-	1.2	1.1
Tax increment financing costs	0.2	0.7	-	-	0.2	0.7
Water and Sewer	-	-	3.5	3.4	3.5	3.4
Interest on long-term debt	1.5	1.2	-	-	1.5	1.2
Total expenses	14.4	14.1	3.5	3.4	17.9	17.5
Changes in Net Position	5.1	3.8	0.2	0.1	5.3	3.9
Net Position, May 1	21.1	17.3	19.0	18.9	40.1	36.2
Net Position, April 30	\$26.2	\$ 21.1	\$19.2	\$19.0	\$45.4	\$40.1

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 \$19.5 million compared to \$17.9 million from the prior year. There were several reasons for the increase. Charges for services increased by \$0.9 million and sale tax revenue increased by \$0.3 million.

For the current fiscal year, expenditures from Governmental Activities totaled \$14.4 million compared to \$14.1 million from the prior year. The main reason for the increase is increased public safety, street and bridge, and interest costs.

Current Year Impacts – Net Position (Proprietary Fund)

For the current fiscal year, revenues from Business-type Activities totaled \$3.7 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 Business-type Activities totaled \$3.5 million compared to \$3.4 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 \$15.9 million, which is a \$1.5 million decrease from the prior year balance of \$17.4 million. This decrease is mainly attributable to the items mentioned in the previous section on “current year impacts – Net Position (governmental funds)” and capital activity for the Route 83 site development. The total fund balance of \$15.9 million is comprised of the following components:

- **Nonspendable Fund Balance** of \$0.5 million represents prepaid expenditures.
- **Restricted Fund Balance** of \$3.4 million represents the portion of fund balance that is subject to external enforceable legal restrictions; \$0.5 million for debt service, \$1.8 million for TIF redevelopment and \$1.1 million for motor fuel tax projects.
- **Unassigned Fund Balance** of \$12.0 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 \$3.3 million in fund balance for the current fiscal year. In addition, the fund balance for the General Fund at fiscal-year end was \$12.0 million.

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

General Fund actual revenues were \$1.4 million less than budgeted amounts and actual expenditures were \$2.3 million lower than budgeted amounts resulting in a net positive to the budget of \$0.9 million.

Village of Crestwood, Illinois
Management's Discussion and Analysis
April 30, 2018

The tax increment financing 135th and Cicero TIF Fund had \$2.8 million of revenue and \$2.9 million of expenditures for the fiscal year. Additionally, this fund transferred \$5.1 million to the Rt. 83 TIF fund.

The Rt. 83 TIF Fund had \$0.3 million in revenue, \$5.2 million in expenditures (mainly for capital outlays), and received \$5.1 million in transfers from the 135th Street TIF fund.

The Water and Sewer Fund had revenue of \$3.7 million and expenditures of \$3.4 million. Although the Village continues to collect the capital improvements charge to users and there was an increase in water rates, the cost of water from the City of Chicago and Village of Alsip also increased. However, as noted in the Statement of Cash Flows on page 19, the Village had a positive cash flow from operating activities of \$854,671.

Capital Assets

At the end of fiscal year 2018, the Village had \$74.6 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 \$4.2 million, or 6 percent, over last year. Please refer to Note D of the report for the capital asset activity for the year. In the General Fund the Village had budgeted approximately \$2.9 million for capital expenditures in fiscal year 2018, predominantly for Building and Grounds expenditures. Actual expenditures for Building and Grounds capital assets was \$1.5 million. Additionally, the Village expended \$5.1 million for the Route 83 site development.

Debt Administration

At the end of fiscal year 2018, the Village had \$45.8 million in long-term obligations outstanding, which includes the unamortized bond premiums. This is \$1.7 million less outstanding than the prior year end. Of this amount, \$37.0 million is debt from the tax increment financing (TIF) district, namely the Alternate Revenue Source Bonds, Series 2016 B. \$8.8 million is debt from the General Fund, namely Alternate Revenue Source Bonds, Series 2016 A.

The Village has a line of credit outstanding for capital projects. The line of credit is \$0.24 million of which \$0.24 million is outstanding as of April 30, 2018.

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, 2018, which is \$27.5 million.

Economic Factors and Next Year's Budget

The fiscal 2019 budget passed by the Village Board indicates total budget revenues and expenditures/expenses of \$40.8 million and \$38.1 million, respectively. Fiscal 2018 budgeted revenues and expenditures/expenses were \$33.2 million and \$37.3 million, respectively. Of the \$7.6 million increase in revenues, \$2.3 million is attributable to the General Fund. This increase is mainly due to various tax revenues, police fines and loans. \$5.0 million increase is attributable to the sale of general obligation bonds (alternate revenue source) for the payment of certain redevelopment costs in the Route 83 Redevelopment Project Area. \$0.3 million is attributable to the Water and Sewer Fund for increased water usage.

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The fiscal 2019 budget shows a \$0.8 million increase in expenditures. Of this amount, \$1.0 million is attributable to the General Fund for various additional capital expenditures (firehouse building, municipal building, police/EMA garage, Civic Center and Playfield Park and Walker Park field rehabilitations), playground equipment in the parks and increases in employee compensation. A \$0.8 million decrease is attributable to reduced expenditures in the Tax Increment Financing Fund for the Cal Sag Road commercial development, and \$0.6 million is attributable to the Water and Sewer Fund for increased water usage costs, maintenance of the water tanks and additional employee compensation.

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 fall of 2018 and completion date in the spring of 2019. Early spring, the new building for the stores and restaurants will begin their construction. The east side is in the process of removing excess dirt and stone and grading the area with a completion date of spring 2019. To date, approximately sixty-five percent of the dirt and stone have been removed with the possibility of developing part of this area in 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 in the final stages of approval which would divert storm water and lessen flooding problems. The engineering for this project has been completed and the Village is finalizing grants from the Metropolitan Water Reclamation District, State of Illinois and Federal governments totaling \$18.5 million with the Village's estimated cost to be \$0.5 million. The project is expected to begin in the spring of 2020. 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, plans include remodeling of a new administrative building to be purchased in fiscal 2019 and adjacent civic center 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.

Subsequent Events

In August, 2018 the Village approved an Ordinance declaring surplus funds in the General Fund in an amount equal to the Village's portion of 2017 property tax bills. It is estimated that \$500,000 will be refunded in accordance with 35 ILCS 200/30-20 by November, 2018.

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, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Investments	\$ 13,680,844	\$ 1,382,548	\$ 15,063,392
Restricted Cash and Investments	846,772	-	846,772
Prepaid Bond Insurance	451,948	-	451,948
Security Deposit	26,333	-	26,333
Receivables			
Property Taxes	1,612,576	-	1,612,576
Sales Tax	1,233,046	-	1,233,046
Income Tax	150,180	-	150,180
Intergovernmental	268,739	-	268,739
Ambulance Service	104,887	-	104,887
Accounts	-	336,280	336,280
Unbilled Water and Sewer	-	434,200	434,200
Safe Speed	349,609	-	349,609
Other	48,300	-	48,300
Due from Other Local Governments	118,519	-	118,519
Internal Balances	(122,312)	122,312	-
Capital Assets	57,306,755	17,295,121	74,601,876
Total Assets	<u>76,076,196</u>	<u>19,570,461</u>	<u>95,646,657</u>
<u>Deferred Outflows of Resources</u>			
Related to Pensions	<u>857,428</u>	<u>-</u>	<u>857,428</u>
<u>Liabilities</u>			
Accounts Payable	851,293	306,525	1,157,818
Accrued Salaries	212,448	16,292	228,740
Due to Employees	4,550	-	4,550
Accrued Pension	2,026	-	2,026
Accrued Interest Payable	569,271	-	569,271
Deposits	13,000	-	13,000
Due to Other Funds	485	-	485
Due to Other Governments	56,917	-	56,917
Long-term Obligations, Due Within One Year			
General Obligation Bonds	2,091,345	-	2,091,345
Line of Credit	241,352	-	241,352
Compensated Absences	79,836	-	79,836
Long-term Obligations, Due in More Than One Year			
General Obligation Bonds	8,294,328	-	8,294,328
Net Pension Liability	1,036,012	-	1,036,012
Revenue Bonds	35,437,398	-	35,437,398
Total Liabilities	<u>48,890,261</u>	<u>322,817</u>	<u>49,213,078</u>
<u>Deferred Inflows of Resources</u>			
Deferred Revenue			
Property Tax	1,604,861	-	1,604,861
Pension Related	201,881	-	201,881
State Grants	56,057	-	56,057
	<u>1,862,799</u>	<u>-</u>	<u>1,862,799</u>
<u>Net Position</u>			
Net Investment in Capital Assets	46,153,527	17,295,121	63,448,648
Restricted for Debt Service	466,796	-	466,796
Restricted for Street Improvements	1,160,419	-	1,160,419
Restricted for TIF Redevelopment	2,242,467	-	2,242,467
Unrestricted	(23,842,645)	1,952,523	(21,890,122)
Total Net Position	<u>\$ 26,180,564</u>	<u>\$ 19,247,644</u>	<u>\$ 45,428,208</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Statement of Activities
Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants	Governmental Activities	Business Type Activities
Governmental Activities:				
General Government	\$ 4,704,736	\$ 403,486	\$ (3,760,786)	\$ (3,760,786)
Public Safety	4,656,964	-	(844,629)	(844,629)
Street and Bridge	1,265,141	-	(1,265,141)	(1,265,141)
Sanitation	802,709	-	(802,709)	(802,709)
Recreation	1,178,430	-	(754,562)	(754,562)
Tax increment financing costs	209,638	-	(209,638)	(209,638)
Interest on long-term debt	1,553,304	-	(1,553,304)	(1,553,304)
Total Government Activities	14,370,922	403,486	(9,190,769)	(9,190,769)
Business Type Activities:				
Water and Sewer	3,446,101	-	-	222,654
Total Primary Government	17,817,023	403,486	(9,190,769)	(8,968,115)
General Revenues, Special Items and Transfers				
Taxes				
Property			3,242,203	3,242,203
Sales			7,764,610	7,764,610
Income			996,385	996,385
Motor Fuel			327,871	327,871
Other Taxes			796,973	796,973
Unrestricted investment income			3,285	3,386
Other General Revenues			1,047,248	1,047,248
Gain on Sale of Assets			284,896	284,896
Transfer to Fiduciary Pension Funds			(209,066)	(209,066)
Total General Revenues, Special Items and Transfers			14,254,405	14,254,506
Change in Net Position			5,063,636	5,286,391
Net Position				
Beginning of the Year			21,116,928	19,024,889
End of the Year			26,180,564	19,247,644
			\$	\$
			45,428,208	45,428,208

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Balance Sheet
Governmental Funds
April 30, 2018

	Major Governmental Funds				Total
	General	135th & Cicero Tax Increment Financing	Rt. 83 & Cicero Tax Increment Financing	Other Governmental	
<u>Assets</u>					
Cash and Investments	\$ 10,780,749	\$ 1,353,274	\$ 1,574	\$ 1,545,247	\$ 13,680,844
Restricted Cash and Investments	-	846,772	-	-	846,772
Prepaid Bond Insurance	-	451,948	-	-	451,948
Security Deposit	-	-	26,333	-	26,333
Receivables					
Property Taxes	838,098	774,478	-	-	1,612,576
Sales Tax	923,250	180,714	-	129,082	1,233,046
Income Tax	150,180	-	-	-	150,180
Intergovernmental	243,672	-	-	25,067	268,739
Due from Insurance	104,887	-	-	-	104,887
Safe Speed	349,609	-	-	-	349,609
Other	48,300	-	-	-	48,300
Due from Other Funds	5,700	475	638,360	-	644,535
Total Assets	<u>\$ 13,444,445</u>	<u>\$ 3,607,661</u>	<u>\$ 666,267</u>	<u>\$ 1,699,396</u>	<u>\$ 19,417,769</u>
<u>Liabilities</u>					
Accounts Payable	\$ 284,294	\$ 1,226	\$ 500,338	\$ 65,435	\$ 851,293
Accrued Salaries	197,998	-	-	14,450	212,448
Due to Employees	4,550	-	-	-	4,550
Accrued Pension	2,026	-	-	-	2,026
Deposits	13,000	-	-	-	13,000
Due to Other Funds	11,438	627,407	128,012	475	767,332
Total Liabilities	<u>513,306</u>	<u>628,633</u>	<u>628,350</u>	<u>80,360</u>	<u>1,850,649</u>
<u>Deferred Inflows of Resources</u>					
Unearned Property Taxes	830,383	774,478	-	-	1,604,861
Grant Income	56,057	-	-	-	56,057
Total Deferred Inflows of Resources	<u>886,440</u>	<u>774,478</u>	<u>-</u>	<u>-</u>	<u>1,660,918</u>
<u>Fund Balances (Deficit)</u>					
Nonspendable					
Prepaid Items	-	451,948	-	-	451,948
Restricted					
Debt Service	-	-	-	466,796	466,796
TIF Redevelopment	-	1,752,602	37,917	-	1,790,519
Motor Fuel	-	-	-	1,160,419	1,160,419
Unassigned	12,044,699	-	-	(8,179)	12,036,520
Total Fund Balances (Deficit)	<u>12,044,699</u>	<u>2,204,550</u>	<u>37,917</u>	<u>1,619,036</u>	<u>15,906,202</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 13,444,445</u>	<u>\$ 3,607,661</u>	<u>\$ 666,267</u>	<u>\$ 1,699,396</u>	<u>\$ 19,417,769</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, 2018

Total Fund Balance of Governmental Funds	\$15,906,202
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.	57,306,755
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	118,519
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:	
Deferred Outflows of Resources Related to Pensions	857,428
Deferred Inflows of Resources Related to Pensions	(201,881)
General Obligation Bonds Payable	(45,823,071)
Line of Credit Payable	(241,352)
Real Estate Tax Reimbursements Owed	(56,917)
Compensated Absences	(79,836)
Net Pension Liability	(1,036,012)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	<u>(569,271)</u>
Net Position of Governmental Activities	<u>\$26,180,564</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, 2018

	Major Governmental Funds				Total
	General	135th & Cicero Tax Increment Financing	Rt. 83 & Cicero Tax Increment Financing	Other Governmental Funds	
<u>Revenues</u>					
Property Tax	\$ 1,338,814	\$ 1,664,309	\$ 9,080	\$ 230,000	\$ 3,242,203
Sales Tax	5,785,364	1,154,560	-	824,686	7,764,610
State Income Tax	996,385	-	-	-	996,385
Motor Fuel Tax	-	-	-	327,871	327,871
Other Taxes	796,973	-	-	-	796,973
Intergovernmental	403,486	-	-	-	403,486
Licenses and Permits	540,464	-	-	-	540,464
Fines and Penalties	3,199,266	-	-	-	3,199,266
Charges for Services	-	-	-	423,868	423,868
Advanced Life Support	613,069	-	-	-	613,069
Miscellaneous	771,205	-	304,558	-	1,075,763
Interest	1,620	1,439	2	224	3,285
Total Revenues	<u>14,446,646</u>	<u>2,820,308</u>	<u>313,640</u>	<u>1,806,649</u>	<u>19,387,243</u>
<u>Expenditures</u>					
Current					
General Government	2,936,715	46,856	162,782	475	3,146,828
Public Safety	4,507,340	-	-	-	4,507,340
Parks and Recreation	375,005	-	-	664,958	1,039,963
Street and Bridge	939,601	-	-	222,746	1,162,347
Garbage Disposal	802,709	-	-	-	802,709
Surplus Fund Expenditures	421,030	-	-	-	421,030
Debt Service					
Principal	3,496	775,000	-	400,000	1,178,496
Interest and Fees	-	2,039,119	-	386,550	2,425,669
Capital Outlay	<u>1,488,930</u>	<u>-</u>	<u>5,082,513</u>	<u>6,835</u>	<u>6,578,278</u>
Total Expenditures	<u>11,474,826</u>	<u>2,860,975</u>	<u>5,245,295</u>	<u>1,681,564</u>	<u>21,262,660</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>2,971,820</u>	<u>(40,667)</u>	<u>(4,931,655)</u>	<u>125,085</u>	<u>(1,875,417)</u>
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	364,375	-	-	-	364,375
Proceeds from Note Payable	241,352	-	-	-	241,352
Transfers In	-	-	5,110,642	27,440	5,138,082
Transfers Out	<u>(255,021)</u>	<u>(5,110,642)</u>	<u>-</u>	<u>-</u>	<u>(5,365,663)</u>
Total Other Financing Sources (Uses)	<u>350,706</u>	<u>(5,110,642)</u>	<u>5,110,642</u>	<u>27,440</u>	<u>378,146</u>
Net Change in Fund Balance	3,322,526	(5,151,309)	178,987	152,525	(1,497,271)
Fund Balance, Beginning of Year	<u>8,722,173</u>	<u>7,355,859</u>	<u>(141,070)</u>	<u>1,466,511</u>	<u>17,403,473</u>
Fund Balance (Deficit), End of Year	<u>\$ 12,044,699</u>	<u>\$ 2,204,550</u>	<u>\$ 37,917</u>	<u>\$ 1,619,036</u>	<u>\$ 15,906,202</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, 2018

Net Change in Fund Balances of Governmental Activities	\$ (1,497,271)
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.	6,578,278
This is the amount of depreciation recorded in the current period.	(2,140,365)
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.	(79,474)
The issuance of debt is reported as other financing sources in the governmental funds, but increases debt in the Statement of Net Position.	
	(241,352)
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.	
	3,604,166
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	(1,553,305)
Change in Pension Obligation	418,435
Change in Compensated Absences	(15,476)
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>(10,000)</u>
Change in Net Position of Governmental Activities	<u>\$ 5,063,636</u>

See accompanying notes to the financial statements.

Proprietary Fund

Village of Crestwood, Illinois

Proprietary Fund
Statement of Net Position
April 30, 2018

	<u>Enterprise Fund</u> <u>Water &</u> <u>Sewer Fund</u>
<u>Assets</u>	
Current Assets	
Cash and Investments	\$ 1,382,548
Due from TIF Route 83 Fund	128,012
Receivables:	
Accounts	336,280
Unbilled Water and Sewer Charges	434,200
Total Current Assets	<u>2,281,040</u>
Noncurrent Assets	
Construction in Progress	950,645
Water and Sewer System	26,639,855
Equipment	225,217
Subtotal	<u>27,815,717</u>
Less: Accumulated Depreciation	<u>(10,520,596)</u>
Total Noncurrent Assets	<u>17,295,121</u>
 Total Assets	 <u>19,576,161</u>
<u>Liabilities</u>	
Current Liabilities	
Accounts Payable	306,525
Accrued Salaries	16,292
Due to General Fund	5,700
 Total Liabilities	 <u>328,517</u>
<u>Net Position</u>	
Net Investment in Capital Assets	17,295,121
Unrestricted	<u>1,952,523</u>
 Total Net Position	 <u>\$ 19,247,644</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, 2018

	<u>Enterprise Fund</u> <u>Water &</u> <u>Sewer Fund</u>
<u>Operating Revenues</u>	
Charges for Services	
Water and Sewer	\$ 3,033,815
Penalties	48,367
Tap-In and Connection Fees	24,750
Capital Improvements	533,034
Miscellaneous	28,789
Total Revenues	<u>3,668,755</u>
<u>Operating Expenses</u>	
Operations	2,769,795
Depreciation	676,308
Total Operating Expenses	<u>3,446,103</u>
Operating Income (Loss)	<u>222,652</u>
<u>Nonoperating Revenues</u>	
Interest Income	<u>101</u>
Change in Net Position	222,753
Net Position, Beginning of the Year	<u>19,024,891</u>
Net Position, End of the Year	<u>\$ 19,247,644</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Proprietary Funds
Statement of Cash Flows
For the Year Ended April 30, 2018

	<u>Enterprise Fund</u> <u>Water &</u> <u>Sewer Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 3,604,665
Cash Payments for Goods and Services	(2,441,534)
Cash Payments to Employees for Services	(308,460)
Net Cash Provided by Operating Activities	<u>854,671</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Disposition of Capital Assets	465,265
Purchase of Capital Assets	(987,186)
Net Cash Provided by Financing Activities	<u>(521,921)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest	<u>104</u>
Net Increase (Decrease) in Cash	332,854
Cash, Beginning of Year	<u>1,049,694</u>
Cash, End of Year	<u>\$ 1,382,548</u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (Loss)	\$ 222,655
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities	
Depreciation	676,308
Changes in Assets/Liabilities	
Accounts/Unbilled Receivables	(64,090)
Interfund Accounts	(29,390)
Accrued Salaries	6,603
Accounts Payable	<u>42,585</u>
Net Cash Provided by Operating Activities	<u>\$ 854,671</u>

See accompanying notes to the financial statements.

Fiduciary Funds

Village of Crestwood, Illinois

Fiduciary Funds
Statement of Fiduciary Net Position
April 30, 2018

	<u>Pension Trust Funds</u>		
	<u>Fire Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash in Bank	\$ 32,523	\$ 463,171	\$ 495,694
Investments	-	509,287	509,287
Property Tax Receivable	-	25,809	25,809
Accrued Interest	-	2,895	2,895
Due from Participants	-	2,026	2,026
Due from General Fund	485	-	485
Total Assets	<u>33,008</u>	<u>1,003,188</u>	<u>1,036,196</u>
<u>Liabilities</u>			
Due To Participants	<u>191</u>	<u>-</u>	<u>191</u>
Total Liabilities	<u>191</u>	<u>-</u>	<u>191</u>
<u>Deferred Inflows of Resources and Net Position</u>			
Deferred Property Taxes	<u>-</u>	<u>25,509</u>	<u>25,509</u>
Net Position Restricted for Pension Benefits	<u>\$ 32,817</u>	<u>\$ 977,679</u>	<u>\$ 1,010,496</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, 2018

	Pension Trust Funds		
	Fire Pension Fund	Police Pension Fund	Total
Additions			
Employer Contributions			
Property Tax	\$ -	\$ 99,870	\$ 99,870
Plan Member Contributions	5,015	51,338	56,353
Net Investment Income (Loss)	-	(2,807)	(2,807)
Total Additions	5,015	148,401	153,416
Deductions			
Filing and Miscellaneous fees	374	6,360	6,734
Pension Benefits	-	81,312	81,312
Total Deductions	374	87,672	88,046
Excess of Additions over Deductions	4,641	60,729	65,370
Other Financing Source			
Transfers In	18,515	209,066	227,581
Net Increase in Net Position	23,156	269,795	292,951
Net Position Restricted for Pension Benefits Beginning of the Year	9,661	707,884	717,545
End of the Year	\$ 32,817	\$ 977,679	\$ 1,010,496

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

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, 2018

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, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Increment Financing Funds are used to account for bond proceeds, incremental property tax, all non-home rule sales tax distributed to the Village and ad valorem taxes if needed, levied against property in the Village sufficient to retire the 135th and Cicero TIF Bonds and provide funds for the Rt. 83 and Cicero Avenue capital activity.

The Village reports the following major enterprise fund:

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

Additionally, the Village reports the following fiduciary funds:

The Pension Funds are used to account for the police and firefighters pension activity.

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, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Cash and Investments

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

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

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

Restricted cash and investments consist of amounts held at First Midwest Bank, as required, under General Obligation Bond Series 2016B 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, 2018

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, 2018

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, 2018

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, 2018, the Village and Fire Pension Funds had no investments other than money market funds and certificates of deposit with financial institutions covered by FDIC. None of these investments have maturities greater than one year.

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

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

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

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, 2018

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, 2018, 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 2017 attach as an enforceable lien on January 1, 2018, 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, 2018 and July 1, 2018, and are payable in two installments, on or about March 1, 2018 and August 1, 2018. 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 2017 levy is intended to partially fund expenditures for fiscal year 2018 to the extent of collections through April 30, 2018, and 60 days subsequent to that date. The remainder of the 2017 levy is deferred as of April 30, 2018.

The 2018 tax levy, which attached as an enforceable lien on property as of January 1, 2018, has not been recorded as a receivable as of April 30, 2018, as the tax has not yet been levied by the Village and will not be levied until December 2018, and, therefore, the levy is not measurable at April 30, 2018.

D. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated				
Land	\$ 8,164,156	\$ -	\$ -	\$ 8,164,156
Construction in Progress	7,643,136	5,082,513	-	12,725,649
Total Capital Assets				
Not Being Depreciated	<u>15,807,292</u>	<u>5,082,513</u>	<u>-</u>	<u>20,889,805</u>

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

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	964,953	-	40,997,673
Buildings	14,780,497	-	-	14,780,497
Buildings Improvements	975,143	29,206	-	1,004,349
Equipment, Furniture and Fixures	2,111,767	118,519	-	2,230,286
Vehicles	3,499,562	383,088	239,910	3,642,740
Capital Assets being Depreciated	<u>61,399,689</u>	<u>1,495,766</u>	<u>239,910</u>	<u>62,655,545</u>
Less Accumulated Depreciation	<u>24,258,662</u>	<u>2,140,365</u>	<u>160,432</u>	<u>26,238,595</u>
Capital Assets being Depreciated, Net of Depreciation	<u>37,141,027</u>	<u>(644,599)</u>	<u>79,478</u>	<u>36,416,950</u>
Total Governmental Activities, Capital Assets, Net of depreciation	<u>\$ 52,948,319</u>	<u>\$ 4,437,914</u>	<u>\$ 79,478</u>	<u>\$ 57,306,755</u>
<i>Business-type Activities:</i>				
Capital Assets, Not Being Depreciated				
Construction in Progress	<u>\$ 465,266</u>	<u>\$ 485,379</u>	<u>\$ -</u>	<u>\$ 950,645</u>
Capital Assets being Depreciated				
Water & Sewer System	\$ 26,639,855		\$ -	\$ 26,639,855
Equipment	<u>188,676</u>	<u>36,541</u>	<u>-</u>	<u>225,217</u>
Capital Assets, Gross	26,828,531	36,541	-	26,865,072
Less accumulated depreciation	<u>9,844,288</u>	<u>676,308</u>	<u>-</u>	<u>10,520,596</u>
Capital Assets being Depreciated, Net of Depreciation	<u>16,984,243</u>	<u>(639,767)</u>	<u>-</u>	<u>16,344,476</u>
Total Business-Type Activities, Capital Assets, Net of Depreciation	<u>\$ 17,449,509</u>	<u>\$ (154,388)</u>	<u>\$ -</u>	<u>\$ 17,295,121</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 1,592,653
Public Safety	306,452
Street and Bridge	102,794
Recreation	<u>138,466</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,140,365</u>
Business-type Activities:	
Water and Sewer	<u>\$ 676,308</u>

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

E. LONG-TERM DEBT

Changes in long-term liabilities: During the year ended April 30, 2018, the following changes occurred in liabilities reported in the Statement of Net Position:

	<u>5/1/2017</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>4/30/2018</u> <u>Balances</u>	<u>Within</u> <u>One year</u>
Governmental activities:					
Bonds					
TIF Bonds	\$ 34,450,000	\$ -	\$ 775,000	\$ 33,675,000	1,270,000
GO Bonds	<u>8,590,000</u>	<u>-</u>	<u>400,000</u>	<u>8,190,000</u>	<u>430,000</u>
Subtotal Bonds	43,040,000	-	1,175,000	41,865,000	1,700,000
Add Unamortized Premium	<u>4,448,803</u>	<u>-</u>	<u>490,732</u>	<u>3,958,071</u>	<u>391,345</u>
Total Bonds	47,488,803	-	1,665,732	45,823,071	2,091,345
Notes payable	-	241,352		241,352	241,352
Net Pension Liability	798,900	237,112		1,036,012	-
Compensated absences	<u>64,360</u>	<u>15,476</u>	<u>-</u>	<u>79,836</u>	<u>79,836</u>
Total Long-Term Debt	<u>\$ 48,352,063</u>	<u>\$ 493,940</u>	<u>\$ 1,665,732</u>	<u>\$ 47,180,271</u>	<u>\$ 2,412,533</u>

The following is a summary of long-term debt of the Village at April 30, 2018:

Tax Increment Financing Bonds

On August 24, 2016, the Village issued \$33,675,000 tax-exempt General Obligation Bonds (Alternate Revenue), Series 2016B at a premium of \$3,760,834. Net proceeds of \$26,100,000, and an additional \$880,000 cash in the above Series 2004 project fund, (after net payment of \$925,834 in bond insurance premium, underwriting fees, issuance costs and interest) were remitted by the Series 2016B trustee to the above Series 2004 trustee for the redemption of the \$26,980,000 refunded bonds. The remaining \$10,400,000 was deposited with the Village as project revenue to be used in the development of the Route 83 and Cicero Redevelopment Project Area. \$2,565,000 serial bonds have an interest rate of 2.00%; \$6,180,000 serial bonds have a rate of 4.00%; \$24,930,000 serial bonds have a rate of 5.00% with interest paid semi-annually on June 15 and December 15. Principal is paid annually with a final maturity date of December 15, 2035. These bonds, together with interest, are limited obligations of the Village, payable solely from the collection of "tax receipts" (i.e. incremental property taxes distributed to the Village within the 135th and Cicero TIF District, all collections distributed to the Village from Non-Home Rule sales taxes and *ad valorem* taxes, if needed, levied against all of the taxable property in the Village). Bonds outstanding as of April 30, 2018 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 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

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

E. LONG-TERM DEBT (continued)

135th and Cicero TIF District, all collections distributed to the Village from Non-Home Rule sales taxes and *ad valorem* taxes, if needed, levied against all of the taxable property in the Village). This issue of bonds was paid off during the fiscal year ending April 30, 2018.

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, 2018 are \$8,190,000.

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 2018, 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. The balance of the line of credit as of April 30, 2018 is \$241,352.

Debt Service to Maturity

The annual debt service requirements to retire all outstanding bonds at April 30, 2018 are estimated as follows:

Fiscal Year	Principal	Interest	Total
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	2,354,191	1,647,075	4,001,266
2024-2028	13,308,903	6,779,425	20,088,328
2029-2033	13,177,814	3,678,650	16,856,464
2034-2036	7,805,942	778,500	8,584,442
	<u>\$ 45,823,071</u>	<u>\$ 20,214,275</u>	<u>\$ 66,037,346</u>

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

E. LONG-TERM DEBT (continued)

The Village's legal debt margin at April 30, 2018 is as follows:

Equalized Assessed Valuation (EAV)	\$ 319,083,225
Maximum Rate (65 ILCS 5/8-5-1)	<u>8.625%</u>
Legal Debt Limit	<u>\$ 27,520,928</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	\$ 46,064,423
Less: TIF Bonds	<u>(37,022,965)</u>
Net Debt Outstanding	<u>\$ 9,041,458</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 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.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

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 \$209,066 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 67.29% as of April 30, 2018.

The General Fund made a transfer of \$27,440 to the Recreation Fund for additional working capital.

The General Fund made a transfer of \$18,515 to the Fire Pension Fund for an estimate of the Village's pension contribution prior to the actuarial report.

The 135th and Cicero TIF Fund transferred \$5,110,642 to the Route 83 and Cicero TIF fund to pay for development costs.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

J. INDIVIDUAL FUND DISCLOSURES (continued)

Internal (interfund) balances at April 30, 2018 were as follows:

<u>Fund</u>	<u>Internal Balances</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund		
Water & Sewer	\$ 5,700	\$ -
Rt. 83 & Cicero TIF	-	10,953
135th & Cicero TIF	-	-
Fire Pension	-	485
Total General Fund	<u>5,700</u>	<u>11,438</u>
135th & Cicero TIF Fund		
General Fund	-	-
Rt. 83 & Cicero TIF	-	627,407
Debt Service	475	-
Total 135th & Cicero	<u>475</u>	<u>627,407</u>
Fire Pension		
General Fund	485	-
Rt. 83 & Cicero TIF Fund		
135th & Cicero TIF	627,407	-
General Fund	10,953	-
Water & Sewer	-	128,012
Total Rt. 83 & Cicero	<u>638,360</u>	<u>128,012</u>
Debt Service		
135th & Cicero	-	475
Water & Sewer		
Rt. 83 & Cicero TIF	128,012	-
General Fund	-	5,700
Grand Total	<u>\$ 773,032</u>	<u>\$ 773,032</u>

K. EMPLOYEE RETIREMENT PLANS

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

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION

Plan Description

The Police Pension Plan is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer 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

At April 30, 2018, the measurement date, membership consisted of:

Inactive Plan Members:	
Currently Receiving Benefits	3
Entitled to, but not yet Receiving Benefits	-
Active Plan Members	<u>7</u>
Total	<u>10</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).

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

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.

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, 2018, the Village's contribution was 55.39% 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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37.00%	6.85%
International Equity	18.00%	6.75%
Fixed Income	28.00%	3.00%
Real Estate	9.00%	5.75%
Alternative Investments	7.00%	2.65-7.35%
Cash Equivalents	<u>1.00%</u>	2.25%
	<u>100.00%</u>	

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

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, 2018 are listed in the table above.

Investment Valuations

The Police Pension Fund has the following recurring fair value measurement as of April 30, 2018. The Mutual Funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The Corporate Bonds, Certificates of Deposit are valued using quoted pricing models (Level 2 inputs).

Investment Concentrations

Investments (other than United States Government guaranteed obligations) in any one organization represent 5% or more of the Fund's investments as of April 30, 2018 are as follow:

<u>Investment Description</u>	<u>Investment Amount</u>	<u>% of Assets</u>
Apple, Inc. Bond	\$ 238,731	24.5%
Cysco Systems Bond	72,095	7.4%

Investment Rate of Return

For the year ended April 30, 2018, 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.

Custodial Credit Risk

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

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

Interest Rate Risk

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

The following table presents the investments and maturities of the Police Pension Fund's cash and investments at April 30, 2018.

Cash and Investment Type	Fair Value	Investment Maturities		
		Less Than One Year	One to Five Years	Five to Ten Years
Cash & Cash Equivalents	\$ 463,171	\$ 463,171	\$ -	\$ -
U.S. Treasury Notes	138,877	-	67,452	71,425
Corporate Bonds	317,797	-	317,797	-
Mutual Funds	52,613	52,613	-	-
Total Cash and Investments	<u>\$ 972,458</u>	<u>\$ 515,784</u>	<u>\$ 385,249</u>	<u>\$ 71,425</u>

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's, and BBB- by Fitch by at least two of the three rating agencies. As of April 30, 2018, the Plan's investments in U.S. Government agencies were rated AAA by Standard and Poor's and Aaa by Moody's Investors Service. The Bond Credit ratings are listed in the following table.

Type of Investment	Rating	Amount
Corporate Bonds	AA+	\$ 238,731
	AA-	72,095
Other - Sweep Account		<u>6,971</u>
		<u>\$ 317,797</u>

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

Net Pension Liability

The components of the net pension liability of the Police Pension Plan as of April 30, 2018 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$ 1,452,924
Plan Fiduciary Net Position	977,679
Village's Net Pension Liability	475,245
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.29%

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, 2018 using the following actuarial methods and assumptions.

Actuarial valuation date	4/30/18
Actuarial cost method	Entry-age, normal
Amortization period	Level percentage of pay
Remaining amortization period	23 years
Asset valuation period	Market Value
Inflation	2.50%
Significant actuarial investment rate of return	5.00%
Projected salary increases	3.5% - 11.00%
Cost-of-living adjustments	Tier 1 - 3% per year, compounded Tier 2 - 2% per year, simple

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2018 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2018 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

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

POLICE PENSION (continued)

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	\$ 716,762	\$ 475,245	\$ 283,412

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

For the year ended April 30, 2018, the Village recognized Police Pension (benefit) / expense of \$161,874. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 140,894
Assumption Changes	908	-
Net difference between the projected and actual earnings on pension plan investments	45,281	-
Total	<u>\$ 46,189</u>	<u>\$ 140,894</u>

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

<u>Year Ending December 31,</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ (6,673)
2019	(6,673)
2020	(6,673)
2021	(6,673)
2022	(6,672)
Thereafter	(61,341)
Total	<u>\$ (94,705)</u>

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

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, 2018:

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

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Employees attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the 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

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

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.

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, 2018. 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, 2018, 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.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

The following table presents the investments and maturities of the Firefighters Pension Fund's cash and investments as of April 30, 2018.

Cash and Investment Type	Fair Value	Investment Maturities		
		Less Than One Year	One to Five Years	Five to Ten Years
Cash & Cash Equivalents	\$ 32,523	\$ 32,523	\$ -	\$ -
Total Cash and Investments - Firefighters' Pension Trust Fund	\$ 32,523			

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, 2018, the Plan's investments in U.S. Government agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Plan's investments in the Illinois Funds were rated AAA by Standard & Poor's. The Money Market Mutual Funds, Insurance Contracts and Equities were not rated.

Custodial Credit Risk

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

Net Pension Liability

The components of the net pension liability of the Firefighters' Pension Plan as of April 30, 2018 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$ 40,953
Plan Fiduciary Net Position	32,817
Village's Net Pension Liability	8,136
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.1%

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

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, 2018 using the following actuarial methods and assumptions.

Actuarial valuation date	4/30/18
Actuarial cost method	Entry-age, normal
Amortization period	Level percentage of pay
Remaining amortization period	29 years
Asset valuation period	Market Value
Inflation	2.50%
Significant actuarial investment rate of return	5.00%
Projected salary increases	3.50% - 12.50%
Cost-of-living adjustments	Tier 1 - 3% per year, compounded Tier 2 - 2% per year, simple

Mortality rates are based on rates developed in the RP 2014 Mortality Table (BCHA) projected to 2018 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2018 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:

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

FIREFIGHTERS' PENSION (continued)

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net Pension Liability	\$ 13,512	\$ 8,136	\$ 3,611

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

For the year ended April 30, 2018, the Village recognized Firefighters' Pension expense of \$5,046. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,945
Assumption Changes		14,057
Net difference between the projected and actual earnings on pension plan investments	1,062	-
Total	<u>\$ 1,062</u>	<u>\$ 16,002</u>

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

<u>Year Ending December 31,</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ (2,107)
2019	(2,107)
2020	(2,107)
2021	(2,107)
2022	(2,105)
Thereafter	(4,407)
Total	<u>\$ (14,940)</u>

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

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

Employees Covered by Benefit Terms

As of December 31, 2017, 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	3
Active Plan Members	<u>43</u>
Total	<u>46</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 2017 was 11.04%. For the year ended December 31, 2017, the Village contributed \$183,673 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

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

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, 2017. 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, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was 5-year smoothed market; 20% corridor
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, 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 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

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	37.00%	6.85%
International Equity	18.00%	6.75%
Fixed Income	28.00%	3.00%
Real Estate	9.00%	5.75%
Alternative Investments	7.00%	2.65-7.35%
Cash Equivalents	<u>1.00%</u>	2.25%
	<u>100.00%</u>	

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 3.31%, 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.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, 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	\$ 1,235,602	\$ 1,053,525	\$ 905,446

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

For the year ended April 30, 2018, the Village recognized pension expense (benefit) of \$ 261,607. At April 30, 2018 the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 735,654	\$ -
Assumption Changes	-	44,985
Net difference between the projected and actual earnings on pension plan investments	<u>9,136</u>	<u>-</u>
Total	\$ 744,790	\$ 44,985
Pension Contributions made subsequent to the Measurement Date	65,387	-
Total Calculated Deferred Amounts Related to Pensions	<u>\$ 810,177</u>	<u>\$ 44,985</u>

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2018

K. EMPLOYEE RETIREMENT PLANS (continued)

ILLINOIS MUNICIPAL RETIREMENT FUND (continued)

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 173,045
2019	107,658
2020	107,656
2021	107,120
2022	105,239
Thereafter	164,474
Total	<u>\$ 765,192</u>

L. TAX INCREMENT FINANCING DISTRICT

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

On August 24, 2014 the Village adopted ordinances establishing the Route 83 and Cicero Tax Increment Financing Redevelopment Project Area. This area is located within the parcels of property north of Route 83, divided by Cicero Avenue into a west section and east section. Currently, the bond proceeds of \$12,000,000 (Series 2016B and 2016C) are being used to develop the area with retail businesses. As of the date of this report, the anticipated date to break ground in the west section will be the fall of 2018 with completion in the spring of 2019. The east side will complete grading by the spring of 2019.

M. SUBSEQUENT EVENTS

In August 2018 the Village approved an Ordinance declaring surplus funds in the General Fund in an amount equal to the Village's portion of 2017 property tax bills. It is estimated that \$500,000 will be refunded in accordance with 35 ILCS 200/30-20 by November 2018.

In accordance with the provisions of an Ordinance passed on June 21, 2018, the Village has authorized the issuance of General Obligation Bonds (Alternative Revenue Source) in the amount not to exceed \$5 million for the purpose of paying for redevelopment project costs in the Route 83 Redevelopment Project Area. On August 20, 2018 the bond proceeds of \$5 million were disbursed. The terms of the bond are principal is to be paid annually through the maturity date of December 15, 2027 at the rate of 3.410%.

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, 2018

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Revenues</u>	<u>\$ 12,812,450</u>	<u>\$ 14,446,646</u>	<u>\$ 1,634,196</u>
<u>Expenditures</u>			
Current			
General Government			
General and Administrative	922,690	1,162,987	240,297
Legal and Litigation	248,200	316,322	68,122
Audit	25,000	21,015	(3,985)
Buildings & Grounds	529,000	272,208	(256,792)
Public Transportation	87,110	75,943	(11,167)
Insurance	530,000	595,329	65,329
Payroll Tax	316,000	315,625	(375)
Other	194,500	177,286	(17,214)
Total General Government	<u>2,852,500</u>	<u>2,936,715</u>	<u>84,215</u>
Public Safety			
Police	2,092,300	2,446,026	353,726
Fire	1,878,300	1,950,892	72,592
Health and Safety	97,520	24,409	(73,111)
School Crossing Guards	27,500	27,495	(5)
Advanced Life Support	42,000	17,509	(24,491)
Emergency Services	58,400	41,009	(17,391)
Total Public Safety	<u>4,196,020</u>	<u>4,507,340</u>	<u>311,320</u>
Other Current Expenditures			
Parks and Recreation	464,470	375,005	(89,465)
Streets and Bridge	1,738,000	939,601	(798,399)
Garbage Disposal	820,000	802,709	(17,291)
Real Estate Tax Reimbursement	57,000	-	(57,000)
Surplus Fund Expenditures	700,000	421,030	(278,970)
Total Other Current Expenditures	<u>3,779,470</u>	<u>2,538,345</u>	<u>(1,241,125)</u>
Total Current Expenditures	<u>10,827,990</u>	<u>9,982,400</u>	<u>(845,590)</u>
Debt Service			
Principal	-	3,496	3,496
Total Debt Service	<u>-</u>	<u>3,496</u>	<u>3,496</u>
Capital Outlay			
General Government			
Buildings and Grounds	2,277,100	1,136,914	(1,140,186)

(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, 2018

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
Public Safety			
Police & Fire	\$ 353,000	\$ 349,457	\$ (3,543)
Street and Bridge	270,000	2,559	(267,441)
Total Capital Outlay	<u>2,900,100</u>	<u>1,488,930</u>	<u>(1,411,170)</u>
Total Expenditures	<u>13,728,090</u>	<u>11,474,826</u>	<u>(2,253,264)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(915,640)</u>	<u>2,971,820</u>	<u>3,887,460</u>
<u>Other Financing Sources (Uses)</u>			
Sale of Capital Assets	3,625,000	364,375	(3,260,625)
Bank Loan Proceeds	20,000	241,352	221,352
Transfers Out	<u>(275,000)</u>	<u>(255,021)</u>	<u>19,979</u>
Total Other Financing Sources (Uses)	<u>3,370,000</u>	<u>350,706</u>	<u>(3,019,294)</u>
<u>Special Items</u>			
Net Changes in Fund Balance	<u>\$ 2,454,360</u>	3,322,526	<u>\$ 868,166</u>
Fund Balance (Deficit), Beginning of the Year		<u>8,722,173</u>	
Fund Balance, End of the Year		<u>\$ 12,044,699</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, 2018

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Taxes</u>			
Property Tax	\$ 1,385,000	\$ 1,338,814	\$ (46,186)
Sales Tax	5,527,450	5,785,364	257,914
State Income Tax	1,150,000	996,385	(153,615)
Off-Track Betting Tax	250,000	231,504	(18,496)
Video Poker Tax	360,000	428,025	68,025
Miscellaneous Taxes:			
Replacement Taxes	35,000	29,149	(5,851)
Hotel-Motel Tax	110,000	103,666	(6,334)
Lease Rental Tax	46,000	1,500	(44,500)
Foreign Fire Insurance Tax	15,000	3,129	(11,871)
	<u>8,878,450</u>	<u>8,917,536</u>	<u>39,086</u>
<u>Intergovernmental</u>			
Regional Transportation Authority Grants	18,000	13,364	(4,636)
	<u>126,000</u>	<u>390,122</u>	<u>264,122</u>
	<u>144,000</u>	<u>403,486</u>	<u>259,486</u>
<u>Licenses and Permits</u>			
Vehicle Stickers	85,000	75,407	(9,593)
Building Permits & Subcontractor Fee	125,000	127,879	2,879
Business and Liquor Licenses	180,000	161,394	(18,606)
Franchise Fees	180,000	173,421	(6,579)
Miscellaneous	47,000	2,363	(44,637)
	<u>617,000</u>	<u>540,464</u>	<u>(76,536)</u>
<u>Fines and Penalties</u>			
Police Fines	1,750,000	3,199,266	1,449,266
<u>Miscellaneous</u>			
Theater Rental Fee	290,000	288,215	(1,785)
Municipal Events	1,000	-	(1,000)
Rental Income	-	6,638	6,638
Recreational	52,000	40,699	(11,301)
Advanced Life Support	600,000	613,069	13,069
Miscellaneous	475,000	435,653	(39,347)
	<u>1,418,000</u>	<u>1,384,274</u>	<u>(33,726)</u>
Interest	<u>5,000</u>	<u>1,620</u>	<u>(3,380)</u>
Total Revenues	<u>\$ 12,812,450</u>	<u>\$ 14,446,646</u>	<u>\$ 1,634,196</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, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<u>Revenues</u>			
Taxes			
Property	\$ 1,650,000	\$ 1,664,309	\$ 14,309
Sales	1,355,000	1,154,560	(200,440)
Interest	-	1,439	1,439
	<u>3,005,000</u>	<u>2,820,308</u>	<u>(184,692)</u>
<u>Expenditures</u>			
Current			
General Government			
General and Administrative	213,000	46,856	(166,144)
Debt Service	<u>2,814,200</u>	<u>2,814,119</u>	<u>(81)</u>
	<u>3,027,200</u>	<u>2,860,975</u>	<u>(166,225)</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	(22,200)	(40,667)	(18,467)
<u>Other Financing Sources (Uses)</u>			
Transfers Out	<u>(5,773,900)</u>	<u>(5,110,642)</u>	<u>663,258</u>
	<u>(5,773,900)</u>	<u>(5,110,642)</u>	<u>663,258</u>
Net Changes in Fund Balance	<u>\$ (5,796,100)</u>	(5,151,309)	<u>\$ 644,791</u>
Fund Balance, Beginning of the Year		<u>7,355,859</u>	
Fund Balance, End of the Year		<u>\$ 2,204,550</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, 2018

<u>Revenues</u>	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Taxes			
Property	\$ 7,000	\$ 9,080	\$ 2,080
Sale of Stone	115,000	304,558	189,558
Interest	100	2	(98)
	<u>122,100</u>	<u>313,640</u>	<u>191,540</u>
Total Revenues	<u>122,100</u>	<u>313,640</u>	<u>191,540</u>
 <u>Expenditures</u>			
Current			
General and Administrative	102,000	162,782	60,782
Capital Outlay	5,800,000	5,082,513	(717,487)
	<u>5,902,000</u>	<u>5,245,295</u>	<u>(656,705)</u>
Total Expenditures	<u>5,902,000</u>	<u>5,245,295</u>	<u>(656,705)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(5,779,900)</u>	 <u>(4,931,655)</u>	 <u>848,245</u>
 <u>Other Financing Sources (Uses)</u>			
Transfer from 135th TIF Fund	5,773,900	5,110,642	(663,258)
Total Other Financing Sources (Uses)	5,773,900	5,110,642	(663,258)
	<u>5,773,900</u>	<u>5,110,642</u>	<u>(663,258)</u>
 Net Changes in Fund Balance	 <u>\$ (6,000)</u>	 178,987	 <u>\$ 184,987</u>
 Fund Balance, Beginning of the Year		 <u>(141,070)</u>	
 Fund Balance, End of the Year		 <u>\$ 37,917</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%
2018	140,938	308,936	(167,998)	557,710	55.39%

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

Village of Crestwood, Illinois

Police Pension Fund

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

April 30, 2018

(schedule to be built prospectively from 2016)

	2018	2017	2016
Total Pension Liability			
Service Cost	\$ 164,562	\$ 110,686	\$ 93,048
Interest	69,953	65,088	49,495
Differences Between Expected and Actual Experience	(140,894)	69,632	99,980
Changes of Assumptions	908	(62,151)	159,421
Benefit Payments, Including Refunds of Member Contributions	<u>(81,312)</u>	<u>(90,616)</u>	<u>(89,565)</u>
Net Change in Total Pension Liability	13,217	92,639	312,379
 Total Pension Liability - Beginning	<u>1,439,707</u>	<u>1,347,068</u>	<u>1,034,689</u>
Total Pension Liability - Ending	<u>\$ 1,452,924</u>	<u>\$ 1,439,707</u>	<u>\$ 1,347,068</u>
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 308,936	\$ 237,680	\$ 201,573
Contributions - Member	51,338	37,629	29,822
Net Investment Income	(3,066)	637	96
Benefit Payments, Including Refunds of Member Contributions	(81,312)	(90,616)	(89,565)
Administrative Expense	(6,100)	(6,017)	(5,483)
Other	<u>0</u>	<u>0</u>	<u>(40,281)</u>
Net Change in Plan Fiduciary Net Position	269,796	179,313	96,162
 Plan Net Position - Beginning	<u>707,883</u>	<u>528,570</u>	<u>432,408</u>
Plan Net Position - Ending	<u>\$ 977,679</u>	<u>\$ 707,883</u>	<u>\$ 528,570</u>
 Employer's Net Pension Liability	<u>\$ 475,245</u>	<u>\$ 731,824</u>	<u>\$ 818,498</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.29%	49.17%	39.24%
 Covered-Employee Payroll	\$ 557,710	\$ 514,125	\$ 325,840
 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	85.21%	142.34%	251.20%

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Police Pension Fund
Schedule of Investment Returns
April 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	(0.35)%	0.10%	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%
2018	\$ 23,536	\$ 18,515	\$ 5,021	\$ 54,000	34.29%

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, 2018

(schedule to be built prospectively from 2017)

	<u>April 30, 2018</u>	<u>April 30, 2017</u>
Total Pension Liability		
Service Cost	\$ 27,879	NA
Interest	1,385	NA
Changes of Benefit Terms	-	NA
Differences Between Expected and Actual Experience	(1,945)	NA
Changes of Assumptions	(14,057)	NA
Benefit Payments, Including Refunds of Member Contributions	-	NA
Net Change in Total Pension Liability	<u>13,262</u>	<u>NA</u>
Total Pension Liability - Beginning	<u>27,691</u>	<u>-</u>
Total Pension Liability - Ending	<u>\$ 40,953</u>	<u>\$ 27,691</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 18,515	\$ 5,000
Contributions - Member	5,015	4,837
Net Investment Income	-	-
Benefit Payments, Including Refunds of Member Contributions	-	-
Administrative Expense	(374)	(176)
Net Change in Plan Fiduciary Net Position	<u>23,156</u>	<u>9,661</u>
Plan Fiduciary Net Position - Beginning	<u>9,661</u>	<u>-</u>
Plan Fiduciary Net Position - Ending	<u>\$ 32,817</u>	<u>\$ 9,661</u>
Employer's Net Pension Liability	<u>\$ 8,136</u>	<u>\$ 18,030</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.13%	34.89%
Covered-Valuation Payroll	\$ 54,000	\$ 51,158
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	15.07%	35.24%

See accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Fire Pension Fund
Schedule of Investment Returns
April 30, 2018

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

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

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

(schedule to be built prospectively from 2016)

<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%
2017	- *	183,673	(183,673)	1,663,716	11.04%

* Estimated based on contribution rate of 0.00% and covered valuation payroll of \$ 1,663,716.

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, 2018

(schedule to be built prospectively from 2017)

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Total Pension Liability		
Service Cost	\$ 125,671	\$ 113,529
Interest	13,778	4,257
Differences Between Expected and Actual Experience	845,043	3,084
Changes of Assumptions	<u>(51,837)</u>	<u>-</u>
Net Change in Total Pension Liability	932,655	120,870
 Total Pension Liability - Beginning	 <u>120,870</u>	 <u>-</u>
 Total Pension Liability - Ending	 <u><u>\$ 1,053,525</u></u>	 <u><u>\$ 120,870</u></u>
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 183,673	\$ 54,570
Contributions - Member	251,931	22,243
Net Investment Income	11,639	0
Net Other	<u>(18,173)</u>	<u>(4,989)</u>
Net Change in Plan Fiduciary Net Position	429,070	71,824
 Plan Fiduciary Net Position - Beginning	 <u>71,824</u>	 <u>-</u>
 Plan Fiduciary Net Position - Ending	 <u><u>\$ 500,894</u></u>	 <u><u>\$ 71,824</u></u>
 Employer's Net Pension Liability	 <u><u>\$ 552,631</u></u>	 <u><u>\$ 49,046</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 47.54%	 59.42%
 Covered-Valuation Payroll	 \$ 1,663,716	 \$ 494,287
 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	 33.22%	 9.92%

See accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Notes to the Required Supplementary Information
April 30, 2018

A. BUDGETS/APPROPRIATIONS

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

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

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

Expenditures may not legally exceed budgeted appropriations at the fund level. There were no budget or appropriation amendments adopted during the year ended April 30, 2018. 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 2018 are as follows.

Valuation Date:	April 30, 2018
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level percentage of pay
Remaining Amort. Period:	23-years
Asset Valuation Method:	Market Value
Investment Return:	5.0% net of expenses
Projected Salary Increases:	3.50% - 11.00%
Inflation:	2.50%
Mortality:	RP 2014 projected to 2018*

*Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2018 using improvement scale MP-2017. The other non-economic actuarial assumptions used in the April 30, 2018 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance (GRS) in 2017.

Village of Crestwood, Illinois

Notes to the Required Supplementary Information
April 30, 2018

B. ACTUARIAL ASSUMPTIONS (continued)

For the Fire Pension Plan, the actuarial assumptions used for determining the contribution rate for 2018 are as follows.

Valuation Date:	April 30, 2018
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level percentage of pay
Remaining Amort. Period:	29-years
Asset Valuation Method:	Market Value
Investment Return:	5.0%
Projected Salary Increases:	3.50% - 12.50%
Inflation:	2.50%
Mortality:	RP 2014 projected to 2018*

*Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2018 using improvement scale MP-2017. The other non-economic actuarial assumptions used in the April 30, 2018 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance (GRS) in 2017.

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

Valuation Date:	April 30, 2018
Actuarial Cost Method:	Aggregate Entry-age, normal
Amortization Period:	Level percentage of payroll
Remaining Amort. Period:	26- 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 2017*

*Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2017.

Combining and Individual Fund
Statements and Schedules

Village of Crestwood, Illinois

Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2018

	<u>Special Revenue Fund Type</u>				Total Nonmajor Governmental Funds
	<u>Recreation</u>	<u>Motor Fuel</u>	<u>Debt Service</u>		
<u>Assets</u>					
Cash and Investments	\$ 23,029	\$ 1,184,029	\$ 338,189	\$	\$ 1,545,247
Receivables	-	-	129,082		129,082
Sales Tax	-	25,067	-		25,067
Motor Fuel Tax	-	-	-		-
Total Assets	<u>\$ 23,029</u>	<u>\$ 1,209,096</u>	<u>\$ 467,271</u>		<u>\$ 1,699,396</u>
<u>Liabilities and Fund Balance</u>					
Accounts Payable	\$ 16,758	\$ 48,677	\$ -	\$	\$ 65,435
Due To Other Funds	-	-	475		475
Accrued Salaries	14,450	-	-		14,450
Total Liabilities	<u>31,208</u>	<u>48,677</u>	<u>475</u>		<u>80,360</u>
<u>Deferred Inflows of Resources</u>					
<u>Fund Balance</u>					
Restricted	-	-	466,796		466,796
Debt Service	-	1,160,419	-		1,160,419
Motor Fuel	(8,179)	-	-		(8,179)
Unassigned	(8,179)	1,160,419	466,796		1,619,036
Total Fund Balance	<u>(8,179)</u>	<u>1,160,419</u>	<u>466,796</u>		<u>1,619,036</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,029</u>	<u>\$ 1,209,096</u>	<u>\$ 467,271</u>		<u>\$ 1,699,396</u>

Village of Crestwood, Illinois

Combining Statement of Revenues, Expenditures and Change in
Fund Balance - Nonmajor Governmental Funds
For the Year Ended April 30, 2018

	Special Revenue Fund Type				Total Nonmajor Governmental Funds
	Recreation	Motor Fuel	Debt Service		
Revenues					
Taxes					
Property	\$ 230,000	\$ -	\$ -	\$ -	\$ 230,000
Motor Fuel	-	327,871	-	-	327,871
Sales	-	-	824,686	-	824,686
Charges for Services	423,868	-	-	-	423,868
Interest	-	224	-	-	224
Total Revenues	653,868	328,095	824,686		1,806,649
Expenditures					
Current					
Street & Sidewalk Maintenance	-	222,746	-	-	222,746
Wellness Center	664,958	-	-	-	664,958
Miscellaneous	-	-	475	-	475
Debt Service	-	-	786,550	-	786,550
Capital Outlay	6,835	-	-	-	6,835
Total Expenditures	671,793	222,746	787,025		1,681,564
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,925)	105,349	37,661		125,085
Other Financing Sources (Uses)					
Transfers In	27,440	-	-	-	27,440
Total Other Financing Sources (Uses)	27,440	-	-		27,440
Net Change in Fund Balance	9,515	105,349	37,661		152,525
Fund Balance, Beginning of the Year	(17,694)	1,055,070	429,135		1,466,511
Fund Balance, End of the Year	\$ (8,179)	\$ 1,160,419	\$ 466,796		\$ 1,619,036

Village of Crestwood, Illinois

Recreation Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2018

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<u>Revenues</u>			
Property Tax	\$ 230,000	\$ 230,000	\$ -
Charges for Services			
Program Revenue and Dues	427,500	404,922	(22,578)
Facility Rental	19,000	18,946	(54)
Miscellaneous	2,720	-	(2,720)
Total Revenues	679,220	653,868	(25,352)
<u>Expenditures</u>			
Current			
Recreation			
Wellness Center	741,720	664,958	(76,762)
Recreation			
Wellness Center	27,500	6,835	(20,665)
Total Expenditures	769,220	671,793	(97,427)
Excess (Deficiency) of Revenues Over (Under) Expenditures	679,220	(17,925)	(697,145)
<u>Other Financing Sources (Uses)</u>			
Transfer from General Fund	90,000	27,440	(62,560)
Net Change in Fund Balance	\$ -	\$ 9,515	\$ 9,515
Fund Balance, Beginning of the Year		(17,694)	
Fund Balance, End of the Year		\$ (8,179)	

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, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<u>Revenues</u>			
Motor Fuel Tax	\$ 290,000	\$ 327,871	\$ 37,871
Interest	-	224	224
Total Revenues	<u>290,000</u>	<u>328,095</u>	<u>38,095</u>
<u>Expenditures</u>			
Current			
Street & Sidewalk Maintenance	<u>1,093,000</u>	<u>222,746</u>	<u>(870,254)</u>
Net Change in Fund Balance	<u>\$ (803,000)</u>	105,349	<u>\$ 908,349</u>
Fund Balance, Beginning of the Year		<u>1,055,070</u>	
Fund Balance, End of the Year		<u>\$ 1,160,419</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, 2018

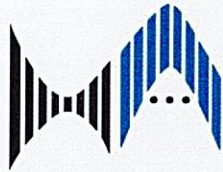
	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<u>Revenues</u>			
Sales Tax	\$ 797,550	\$ 824,686	\$ 27,136
<u>Expenditures</u>			
Current			
Miscellaneous	11,000	475	(10,525)
Debt Service	<u>786,550</u>	<u>786,550</u>	<u>-</u>
Total Expenditures	<u>797,550</u>	<u>787,025</u>	<u>(10,525)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>37,661</u>	<u>37,661</u>
<u>Other Financing Sources</u>			
Net Change in Fund Balance	<u>\$ -</u>	37,661	<u>\$ 37,661</u>
Fund Balance, Beginning of the Year		<u>429,135</u>	
Fund Balance, End of the Year		<u>\$ 466,796</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, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<u>Operating Revenues</u>			
Charges for Services			
Water and Sewer	\$ 3,125,000	\$ 3,033,815	\$ (91,185)
Penalties	50,000	48,367	(1,633)
Tap-In and Connection Fees	20,000	24,750	4,750
Capital Improvements	535,000	533,034	(1,966)
Miscellaneous	25,500	28,789	3,289
Total Revenues	<u>3,755,500</u>	<u>3,668,755</u>	<u>(86,745)</u>
<u>Operating Expenses</u>			
Operations	11,908,585	2,769,793	(9,138,792)
Depreciation	-	676,308	676,308
Total Operating Expenses	<u>11,908,585</u>	<u>3,446,101</u>	<u>(8,462,484)</u>
Operating Income (Loss)	<u>(8,153,085)</u>	<u>222,654</u>	<u>8,375,739</u>
<u>Nonoperating Revenues</u>			
Loan Proceeds	8,000,000	-	(8,000,000)
Interest Income	100	101	1
Total Nonoperating Revenues	<u>8,000,100</u>	<u>101</u>	<u>(7,999,999)</u>
Change in Net Position	<u>\$ (152,985)</u>	<u>222,755</u>	<u>\$ 375,740</u>
Net Position, Beginning of the Year		<u>(19,024,889)</u>	
Net Position, End of the Year		<u>\$19,247,644</u>	

Supplementary Information



HEARNE & ASSOCIATES, P.C.

Certified Public Accountants & Business Consultants

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

Matthew R. Truschka, Acct.
Jessica L. Leonard, Acct.

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

October 24, 2018

Honorable Mayor and
Board of Trustees
Village of Crestwood, Illinois

We have examined management's assertion, included in its representation letter dated October 24, 2018 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, 2018. 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, 2018 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>2017</u>	<u>2016</u>	<u>2015</u>
<u>Equalized Assessed Valuations</u>	\$ 319,083,225	\$ 286,035,964	\$ 273,986,987
<u>Tax Rates</u>			
General Fund	.4707	.5252	.5116
Recreation Fund	<u>.0703</u>	<u>.0638</u>	<u>.0668</u>
	.5410	.5890	.5784
<u>Tax Extensions</u>	\$ 1,726,240	\$ 1,684,173	\$ 1,583,645
<u>Taxes Collections</u>	\$ 819,860	\$ 1,561,239	\$ 1,550,156
<u>Taxes Receivable at 4-30-2018</u>	\$ 838,098	\$ 0	\$ 0
<u>Percentage of Extension Collected</u>	47.49%	92.7%	97.89%

Statistical Section

Village of Crestwood
Direct and Overlapping Debt
As of April 30, 2018

	(1) 2017 Equalized Assessed Valuation	(2) General Obligation Debt Outstanding	Percentage Applicable To Village	Amount Applicable to Village
Overlapping Debt				
Cook County	\$ 150,817,077,698	\$ 3,092,046,750	0.21%	\$ 6,541,834
South Cook County Mosquito Abatement	18,612,152,036	0	1.71%	0
Metropolitan Water Reclamation District	147,945,823,261	2,697,667,000	0.22%	5,818,213
Crestwood Public Library	297,957,324	0	100.00%	0
Moraine Valley Community College District 524	10,443,699,860	107,640,000 (5)	3.06%	3,288,693
Oak Lawn Community High School District 218	2,365,664,233	45,051,241 (4)	13.49%	6,076,558
School District 130	538,434,064	7,079,205	59.26%	4,195,232
Town of Worth	3,341,119,709	0	0.00%	0
Town of Bremen	1,681,718,846	0 (5)	0.00%	0
Cook County Forest Preserve	150,817,077,698	101,200,000 (4)	0.23%	231,546
Subtotal, overlapping debt		6,050,684,196		26,152,076
Direct Debt				
Village of Crestwood	319,083,225	8,190,000	100.00%	8,190,000
Total Direct and Overlapping Debt		\$ 6,058,874,196		\$ 34,342,076
		Population of Village (3)		11,029
		Per Capita Debt		\$ 3,114

(1) Source: Cook County Clerk - Agency equalized valuation report for tax year 2017

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

(3) Current estimate based on the 2010 Census

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

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