

**Village of Crestwood, Illinois**  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
APRIL 30, 2016

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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note A, the Village adopted the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* in 2016. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

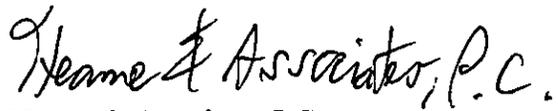
### *Other Information*

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

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

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

October 7, 2016  
Mokena, IL

  
Heame & Associates, P.C.  
Certified Public Accountants

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

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

**Financial Highlights**

- **Net Position** The Village's total Net Position at fiscal year-end was \$36.2 million, an increase of \$7.9 million (27.9%) during the current fiscal year. The Net Position for governmental activities at fiscal year-end was \$17.3 million, an increase of \$7.9 million during the current fiscal year. The Net Position for business-type activities was \$18.9 million, resulting in no change during the current fiscal year. The increase in net position is mainly attributable to initial non-home-rule sales tax collections, sale of Village property, insurance proceeds from water litigation less the payoff of the 135<sup>th</sup> Street TIF swap agreement. Additional water fund revenue has been offset by water costs.
- **General Fund summary** The Village's General Fund reported an increase of \$18.4 million in fund balance for the current fiscal year primarily due to non-home rule sales tax collections, the issuance of bonds and the sale of Village Property.
- **Budget summary** The Village's General Fund actual revenues were greater than budgeted by \$0.7 million while actual expenditures were more than budgeted by \$0.3 million. However, actual expenditures did not exceed the appropriation.
- **Debt outstanding** The Village issued general obligation bonds during the current year in the amount of \$9,000,000 for tort judgements. In addition, the Village has a line of credit for dirt removal in the 135<sup>th</sup> Street TIF District with an outstanding balance of \$2.2 million. The line of credit will be repaid with proceeds from the sale of the General Obligation Bonds Series 2016B and 2016C issued in fiscal year 2017. All outstanding notes payable at April 30, 2015 have been repaid.
- **Fiduciary Fund summary** The Village's Police Pension Fund reported an increase of \$136,444 (34.7%) in fund balance for the current fiscal year. The most recent actuarial valuation at April 30, 2016 reported a 39.2% funding ratio.

**Using This Annual Report**

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

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significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of government.

**Government -Wide**

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

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

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

**Fund Financial Statements**

Traditional users of government financial statements will find the Fund Financial Statements presentation more familiar (pages 14-22 and 42-47). 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 seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, 135<sup>th</sup> and Cicero TIF Fund, and the Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of Combining and Individual Fund Statements and Schedules beginning on page 50 of this report.
- *Proprietary fund* – The Village maintains one proprietary fund, i.e., the Water and Sewer Fund. This fund is used to report the same functions presented in business-type activities in the government-wide financial statements. The Water and Sewer Fund is considered a major fund of the Village.
- *Fiduciary fund* – The Village maintains one fiduciary fund, (i.e., the Police Pension Fund). While this fund represents trust responsibilities of the government, these assets are restricted in purpose,

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and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

**Notes to the Financial Statements**

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

**Other Information**

In addition to the Basic Financial Statements and accompanying notes, this report also presents certain required supplementary information beginning on page 42. This includes the funding progress for the Police Pension 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 50. 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:**

Table1  
CONDENSED STATEMENT OF NET POSITION  
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current & Other Assets	\$27.1	\$10.6	\$ 2.0	\$ 1.4	\$29.1	\$12.0
Capital Assets	48.4	47.0	17.1	17.7	65.5	64.7
Deferred Outflows	-	2.1	-	-	-	2.1
<b>Total Assets</b>	<b>75.5</b>	<b>59.7</b>	<b>19.1</b>	<b>19.1</b>	<b>94.6</b>	<b>78.8</b>
Long-term Liabilities	36.3	30.8	0.0	0.0	36.3	30.8
Other Liabilities	20.3	15.6	0.2	0.2	20.5	15.8
Deferred Outflows	1.6	3.9	0.0	0.0	1.6	3.9
<b>Total Liabilities</b>	<b>58.2</b>	<b>50.3</b>	<b>0.2</b>	<b>0.2</b>	<b>58.4</b>	<b>50.5</b>
Net Position						
Net Investment in Capital Assets	46.2	46.6	17.1	17.7	63.3	64.3
Restricted	6.3	4.8	0.0	0.0	6.3	4.8
Unrestricted	-35.2	-42.0	1.8	1.2	-33.4	-40.8
<b>Total Net Position</b>	<b>\$17.3</b>	<b>\$ 9.4</b>	<b>\$18.9</b>	<b>\$18.9</b>	<b>\$36.2</b>	<b>\$28.3</b>

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.

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- ***Borrowing for Capital*** – Increases current assets and long-term debt.
- ***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 \$7.9 million from \$28.3 million to \$36.2 million. Net Position of the Village's governmental activities increased \$7.9 million to \$17.3 million. Net Position of the Village's business-type activities remained unchanged. The Village's unrestricted Net Position for governmental activities, the part of Net Position that can be used to finance daily operations, increased by \$6.8 million. The Village's unrestricted Net Position of the business-type activities, available to finance the continuing operation of the Water and Sewer Fund, increased by \$0.6 million.

Major capital activity for the year was the start of the Route 83 site development in the amount of \$2,936,321 (once reimbursed, this will be an expenditure of the Route 83 TIF). Other capital projects and vehicles totaled \$582,670.

The Village opened a line of credit for capital projects and issued \$9 million in general obligation bonds. The Village paid off the swap agreement and the outstanding notes payable with First Midwest Bank.

**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	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1.7	\$ 1.5	\$ 3.3	\$ 2.9	\$ 5.0	\$ 4.4
Operating grants	-	0.1	-	-	-	0.1
Capital grants	0.3	-	-	-	0.3	-
General revenues						
Property taxes	3.3	2.7	-	-	3.3	2.7
Sales tax	7.2	4.3	-	-	7.2	4.3
Other	9.9	-11.8	-	-	9.9	-11.8
<b>Total revenues</b>	<b>22.4</b>	<b>-3.2</b>	<b>3.3</b>	<b>2.9</b>	<b>25.7</b>	<b>-0.3</b>

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	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>EXPENSES</b>						
General government	\$ 4.7	\$ 4.6	\$ -	\$ -	\$4.7	\$ 4.6
Public safety	3.8	3.5	-	-	3.8	3.5
Street and bridge	0.8	0.9	-	-	0.8	0.9
Sanitation	0.7	0.8	-	-	0.7	0.8
Recreation	1.0	0.8	-	-	1.0	0.8
Tax increment financing costs	0.7	0.6	-	-	0.7	0.6
Water and Sewer	-	-	3.3	3.2	3.3	3.2
Interest on long-term debt	2.8	0.8	-	-	2.8	0.8
<b>Total expenses</b>	<b>14.5</b>	<b>12.0</b>	<b>3.3</b>	<b>3.2</b>	<b>17.8</b>	<b>15.2</b>
<b>Changes in Net Position</b>	<b>7.9</b>	<b>-15.2</b>	<b>0.0</b>	<b>-0.3</b>	<b>7.9</b>	<b>-15.5</b>
<b>Net Position, May 1, as restated</b>	<b>9.4</b>	<b>24.6</b>	<b>18.9</b>	<b>19.2</b>	<b>28.3</b>	<b>43.8</b>
<b>Net Position, April 30</b>	<b>\$17.3</b>	<b>\$ 9.4</b>	<b>\$18.9</b>	<b>\$18.9</b>	<b>\$36.2</b>	<b>\$28.3</b>

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 \$22.4 million compared to \$-3.2 million from the prior year. There were several reasons for the increase. An estimation of the water litigation settlement in the amount of \$15 million has offset the prior year revenue. In addition, in the current year the Village received non-home-rule sales tax revenues of \$2.7 million, sold land with a gain of \$3.9 million and received water litigation proceeds from the insurance company.

For the current fiscal year, expenditures from Governmental Activities totaled \$14.5 million compared to \$12.0 million from the prior year. The main reason for the increase is the result of additional costs associated with the termination of the swap agreement by payment of the negative fair value.

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

For the current fiscal year, revenues from Business-type Activities totaled \$3.3 million, which is an increase of \$0.4 million from the prior year. This was mainly due to increased water rates and capital improvement charges.

For the current fiscal year, expenses from Proprietary Activities totaled \$3.3 million compared to \$3.2 million from the prior year. This is due to increased water costs from the Village of Alsip and indirectly the City of Chicago.

**Financial Analysis of the Village's Funds**

The Governmental Funds, as presented on pages 14-17, reported a combined total fund balance of \$9.5 million, which is a \$16.4 million increase from the prior year balance of -\$6.9 million. This increase is mainly attributable to the items mentioned in the previous section on “current year impacts – Net Position (governmental funds)”. The total fund balance of \$9.5 million is comprised of the following components:

- **Nonspendable Fund Balance** of \$0.3 million represents prepaid expenditures
- **Restricted Fund Balance** of \$6.0 million represents the portion of fund balance that is subject to external enforceable legal restrictions; \$3.0 million for settlement of the water litigation from insurance proceeds, \$0.4 million for debt service, \$1.7 million for TIF redevelopment and \$0.9 million for motor fuel tax projects.
- **Assigned Fund Balance** of \$0.04 million represents the portion of fund balance denoted for all remaining fund balance in non-general funds (Recreation Fund) that cannot be categorized above.
- **Unassigned Fund Balance** of \$3.2 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 \$18.4 million in fund balance for the current fiscal year. In addition, the fund balance for the General Fund at fiscal-year end was \$6.6 million.

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

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General Fund actual revenues and expenditures were \$0.8 million and \$0.3 million higher than the final budgeted amount resulting in a net positive to the budget.

The tax increment financing 135<sup>th</sup> and Cicero TIF Fund had \$2.8 million of revenue and \$4.7 million of expenditures for the fiscal year. A significant portion of the excess expenditures over revenues was the result of the termination of the swap agreement and payment of the negative fair value.

The Water and Sewer Fund had no change in Net Position. Although the Village had a whole year in collecting the capital improvements charge to users and an increase in water rates, the cost of water from the City of Chicago and Village of Alsip also increased. However, as noted in the Statement of Cash Flows on page 20, the Village had a positive cash flow from operating activities of \$585,173.

Capital Assets

At the end of fiscal year 2016, the Village had \$65.5 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 \$0.8 million, or 1.2 percent, over last year. Please refer to Note D of the report for the capital asset activity for the year. The Village had budgeted approximately \$3.3 million for capital expenditures in fiscal year 2016, predominantly for the development of the Route 83 site. The actual expenditure for the Route 83 TIF in Note D was \$2,949,848. This amount will be reimbursed by the Route 83 TIF Fund from future proceeds of the General Obligation Bonds, Series B and C.

Debt Administration

At the end of fiscal year 2016, the Village had \$40.6 million in long-term obligations outstanding. This is \$9.8 million more outstanding than the prior. Of this amount, \$27.8 million is debt from the tax increment financing (TIF) district, namely the Variable Rate Tax Increment Revenue Bonds, Series 2004. The Village repaid \$1.7 million of TIF bonds in fiscal year 2016.

The Village issued a line of credit in the current year for capital projects. The line of credit is \$3 million of which \$2.2 million is outstanding.

The Village also issued \$9 million in general obligation, alternate revenue, bonds for the water litigation settlement. The bonds have an interest rate of 4.5%.

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, 2016, which is \$23.6 million.

Economic Factors and Next Year's Budget

The fiscal 2017 budget passed by the Village Board indicates total budget revenues and expenditures/expenses of \$28.8 million and \$24.6 million, respectively. For comparative purposes these amounts exclude the water litigation settlement of \$3 million insurance revenue and the \$15 million settlement. Fiscal 2016 amended budgeted revenues and expenditures/expenses were \$25.4 million and \$21.0 million, respectively. Of the \$3.4 million increase in revenues, \$1.1 million is attributable to the General Fund. This increase is mainly due to additional sales tax as a result of passing the non-home rule sales tax effective July 1, 2015. \$1.4 million is attributable to the Capital Projects Fund for development of the Cal Sag Road commercial development noted

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hereafter. The increase is mainly due to loan proceeds to develop the property. \$0.9 million is attributable to the Debt Service Fund as a result of the aforementioned sales tax increase applied to this fund which will be used for the repayment of the \$9.0 million General Obligation Bonds Series 2016A.

The fiscal 2016 budget shows a \$3.6 million increase in expenditures. Of this amount, \$2.0 million is attributable to the General Fund for various capital expenditures (firehouse, civic center, Rivercrest building and Playfield Park additions/remodeling). \$1.1 million is attributable to the Capital Projects Fund for the aforementioned Cal Sag Road commercial development. Finally, \$0.8 million is attributable to the Debt Service Fund for repayment of the \$9.0 million General Obligation Bonds Series 2016A.

The Village received an extension of the 135th Street tax increment financing district. The extension was approved by the Illinois General Assembly with an extension through 2037. In August, 2016 the Village issued \$34,545,000 General Obligation Bonds Series 2016B and 2016C. The proceeds of the bonds were used to defease the Variable Rate Tax Revenue Bonds, Series 2004 and provide additional funds for the Route 83 TIF Redevelopment Area. The refinancing allowed the Village to take advantage of favorable interest rates and extend the debt service through 2035 from 2023.

The Village's current economic development plans continue to be concentrated in two areas, i.e., the development of the east and west sides of the Cal Sag Road for commercial development, and the commercial development at the corner of Midlothian Turnpike and Cicero Avenue. 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 is in discussions with a developer to build new stores, restaurant and a hotel on the west side of Cicero Avenue with an anticipated date to break ground in 2017 and completion date in 2018. The east side is in the process of removing excess dirt and stone and grading the area with a completion date of 2017. To date, approximately seventy percent of the dirt and stone have been removed with the possibility of developing part of this area in 2017.

The Village's current and long-term capital project plans involve various projects as noted below. First, a \$23 million project in the Playfield Park area to rehabilitate and replace water lines and sanitary and storm sewers. In addition streets, sidewalks and curbs would be upgraded. This project would give the area a much needed improvement. Currently, the Village is working on low cost loans and grants to minimize the cost to its residents. Second, a 135th and Central dyke is being contemplated which would divert storm water and lessen flooding problems. The engineering for this project has been completed. Third, plans include construction of sidewalks and bike lanes on 135th Street/Midlothian Turnpike from Pulaski to Central Avenue. Eighty percent of this project is to be paid from Federal grants. Fourth, plans include widening and stabilizing the Tinley Park Creek from Central Avenue to Route 83, which would bring flood relief to the Village and in turn take 175 residents out of the flood plain. This project is expected to be completed in November, 2016 with 100% of the cost paid by the Metropolitan Water Reclamation District. Fifth, an indoor dome by the current baseball stadium is in the works. This is a long-range project which is intended to develop an indoor sports facility, outdoor water park and upgraded parking. The Village would seek grant money for the development and also an

Village of Crestwood, Illinois  
Management's Discussion and Analysis  
April 30, 2016

outside partner to fund the facility. Sixth, expansion of the current administrative and fire house building and purchase or construction of a building for a new civic center.

The Village reached a settlement agreement on the water litigation. This agreement was finalized for \$15 million. Of this amount, \$12 million was paid by the Village and \$3 million was paid by insurance. The Village used current funds of \$3 million and financed the remaining \$9 million with proceeds from the General Obligation Bonds Series 2016A issued in January, 2016.

Requests for Information

The financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village at 13840 South Cicero Avenue, Crestwood, Illinois 60430.

# Basic Financial Statements

Village of Crestwood, Illinois

Statement of Net Position  
April 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Investments	\$ 19,754,976	\$ 1,331,803	\$ 21,086,779
Restricted Cash and Investments	33,313	-	33,313
Prepaid Expenditures	271,204	-	271,204
Receivables			
Property Taxes	1,638,331	-	1,638,331
Sales Tax	1,482,242	-	1,482,242
Income Tax	323,807	-	323,807
Intergovernmental	269,065	-	269,065
Insurance	3,115,978	-	3,115,978
Accounts	-	216,321	216,321
Unbilled Water and Sewer	-	409,748	409,748
Other	21,689	-	21,689
Due from Other Local Governments	148,519	-	148,519
Capital Assets	<u>48,420,473</u>	<u>17,115,896</u>	<u>65,536,369</u>
Total Assets	<u>75,479,597</u>	<u>19,073,768</u>	<u>94,553,365</u>
<b><u>Liabilities</u></b>			
Accounts Payable	634,069	186,238	820,307
Accrued Salaries	144,925	7,187	152,112
Accrued Interest Payable	111,724	-	111,724
Deposits	1,000	-	1,000
Settlement of Water Litigation	15,000,000	-	15,000,000
Due to Other Governments	56,917	-	56,917
Long-term Obligations, Due Within One Year			
General Obligation Bonds	410,000	-	410,000
Revenue Bonds	1,690,000	-	1,690,000
Line of Credit	2,156,721	-	2,156,721
Compensated Absences	54,089	-	54,089
Long-term Obligations, Due in More Than One Year			
General Obligation Bonds	9,347,512	-	9,347,512
Net Pension Liability	818,498	-	818,498
Revenue Bonds	<u>26,135,000</u>	<u>-</u>	<u>26,135,000</u>
Total Liabilities	<u>56,560,455</u>	<u>193,425</u>	<u>56,753,880</u>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred Revenue			
Property Tax	<u>1,630,660</u>	<u>-</u>	<u>1,630,660</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	46,263,752	17,115,896	63,379,648
Restricted for Settlement	3,000,000	-	3,000,000
Restricted for Debt Service	426,067	-	426,067
Restricted for Street Improvements	874,925	-	874,925
Restricted for TIF Redevelopment	1,954,848	-	1,954,848
Unrestricted	<u>(35,231,110)</u>	<u>1,764,447</u>	<u>(33,466,663)</u>
Total Net Position	<u>\$ 17,288,482</u>	<u>\$ 18,880,343</u>	<u>\$ 36,168,825</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Statement of Activities  
Year Ended April 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business Type Activities	Totals
<b>Governmental Activities:</b>							
General Government	\$ 4,689,363	\$ 575,176	\$ 16,071	\$ -	\$ (4,098,116)	\$ -	\$ (4,098,116)
Public Safety	3,753,961	664,992	-	-	(3,088,969)	-	(3,088,969)
Street and Bridge	826,751	-	-	268,280	(558,471)	-	(558,471)
Sanitation	736,032	-	-	-	(736,032)	-	(736,032)
Recreation	1,007,170	469,174	-	-	(537,996)	-	(537,996)
Tax increment financing costs	649,653	-	-	-	(649,653)	-	(649,653)
Interest on long-term debt	2,842,470	-	-	-	(2,842,470)	-	(2,842,470)
Total Government Activities	<u>14,505,400</u>	<u>1,709,342</u>	<u>16,071</u>	<u>268,280</u>	<u>(12,511,707)</u>	<u>-</u>	<u>(12,511,707)</u>
<b>Business Type Activities:</b>							
Water and Sewer	<u>3,255,048</u>	<u>3,237,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,052)</u>	<u>(17,052)</u>
Total Primary Government	<u>\$ 17,760,448</u>	<u>\$ 4,947,338</u>	<u>\$ 16,071</u>	<u>\$ 268,280</u>	<u>(12,511,707)</u>	<u>(17,052)</u>	<u>(12,528,759)</u>
General Revenues, Special Items and Transfers							
Taxes							
Property					3,295,519	-	3,295,519
Sales					7,195,705	-	7,195,705
Income					1,120,040	-	1,120,040
Motor Fuel					280,089	-	280,089
Other Taxes					621,389	-	621,389
Unrestricted investment income					1,058	161	1,219
Other General Revenues					3,744,718	-	3,744,718
Gain on Sale of Assets					4,337,281	-	4,337,281
Transfer to Fiduciary Pension Fund					(123,301)	-	(123,301)
Total General Revenues, Special Items and Transfers					<u>20,472,498</u>	<u>161</u>	<u>20,472,659</u>
Change in Net Position					7,960,791	(16,891)	7,943,900
Net Position							
Beginning of the Year, as restated					<u>9,327,691</u>	<u>18,897,234</u>	<u>28,224,925</u>
End of the Year					<u>\$ 17,288,482</u>	<u>\$ 18,880,343</u>	<u>\$ 36,168,825</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Balance Sheet  
Governmental Funds  
April 30, 2016

	Major Governmental Funds				
	General	135th & Cicero Tax Increment Financing	Capital Projects	Other Governmental	Total
<b><u>Assets</u></b>					
Cash and Investments	\$ 17,237,480	\$ 1,509,421	\$ -	\$ 1,008,075	\$ 19,754,976
Restricted Cash and Investments	33,313	-	-	-	33,313
Prepaid Expenditures	-	271,204	-	-	271,204
Receivables					
Property Taxes	817,148	817,090	-	4,093	1,638,331
Sales Tax	1,116,597	173,000	-	192,645	1,482,242
Income Tax	323,807	-	-	-	323,807
Intergovernmental	244,145	-	-	24,920	269,065
Due from Insurance	3,115,978	-	-	-	3,115,978
Other	21,689	-	-	-	21,689
Due from Other Funds	408,948	5,542	-	163,442	577,932
Total Assets	<u>\$ 23,319,105</u>	<u>\$ 2,776,257</u>	<u>\$ -</u>	<u>\$ 1,393,175</u>	<u>\$ 27,488,537</u>
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 591,670	\$ 5,569	\$ -	\$ 36,830	\$ 634,069
Accrued Salaries	134,291	-	-	10,634	144,925
Deposits	1,000	-	-	-	1,000
Settlement of Water Litigation	15,000,000	-	-	-	15,000,000
Due to Other Funds	168,984	-	408,948	-	577,932
Total Liabilities	<u>15,895,945</u>	<u>5,569</u>	<u>408,948</u>	<u>47,464</u>	<u>16,357,926</u>
<b><u>Deferred Inflows of Resources</u></b>					
Unearned Property Taxes	809,477	817,090	-	4,093	1,630,660
<b><u>Fund Balances (Deficit)</u></b>					
Nonspendable					
Prepaid Items	-	271,204	-	-	271,204
Restricted					
Settlement	3,000,000	-	-	-	3,000,000
Debt Service	-	-	-	426,067	426,067
TIF Redevelopment	-	1,682,394	-	1,250	1,683,644
Motor Fuel	-	-	-	874,925	874,925
Assigned					
Recreation	-	-	-	39,376	39,376
Unassigned	3,613,683	-	(408,948)	-	3,204,735
Total Fund Balances (Deficit)	<u>6,613,683</u>	<u>1,953,598</u>	<u>(408,948)</u>	<u>1,341,618</u>	<u>9,499,951</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 23,319,105</u>	<u>\$ 2,776,257</u>	<u>\$ -</u>	<u>\$ 1,393,175</u>	<u>\$ 27,488,537</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, 2016

Total Fund Balance of Governmental Funds	\$ 9,499,951
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.	48,420,473
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	148,519
Some liabilities reported in the Statement of Activities do not require the use of current financial resources; and therefore, are not reported in governmental funds. These activities consist of:	
General Obligation Bonds Payable	(9,757,512)
Line of Credit Payable	(2,156,721)
Notes Payable	(27,825,000)
Real Estate Tax Reimbursements Owed	(56,917)
Compensated Absences	(54,089)
Net Pension Liability	(818,498)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	<u>(111,724)</u>
Net Position of Governmental Activities	<u>\$ 17,288,482</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, 2016

	Major Governmental Funds				Total
	General	135th & Cicero Tax Increment Financing	Capital Projects	Other Governmental Funds	
<b><u>Revenues</u></b>					
Property Tax	\$ 1,398,679	\$ 1,718,790	\$ -	\$ 178,050	\$ 3,295,519
Sales Tax	5,669,677	1,112,230	-	413,798	7,195,705
State Income Tax	1,120,040	-	-	-	1,120,040
Motor Fuel Tax	-	-	-	280,089	280,089
Other Taxes	621,389	-	-	-	621,389
Intergovernmental	284,351	-	-	-	284,351
Licenses and Permits	575,176	-	-	-	575,176
Fines and Penalties	228,513	-	-	-	228,513
Charges for Services	-	-	-	469,174	469,174
Advanced Life Support	436,479	-	-	-	436,479
Miscellaneous	757,876	1,842	-	-	759,718
Sale of Materials	-	-	389,145	-	389,145
Interest	933	-	-	125	1,058
Total Revenues	11,093,113	2,832,862	389,145	1,341,236	15,656,356
<b><u>Expenditures</u></b>					
Current					
General Government	2,905,200	223,717	300	-	3,129,217
Public Safety	3,499,564	-	-	-	3,499,564
Parks and Recreation	244,818	-	-	621,276	866,094
Street and Bridge	570,106	-	-	176,982	747,088
Garbage Disposal	736,032	-	-	-	736,032
Tax Increment Financing	-	425,936	-	-	425,936
Debt Service					
Principal	732,107	1,690,000	-	-	2,422,107
Interest and Fees	298,959	2,418,469	18,193	-	2,735,621
Capital Outlay	556,271	-	2,936,321	26,399	3,518,991
Total Expenditures	9,543,057	4,758,122	2,954,814	824,657	18,080,650
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,550,056	(1,925,260)	(2,565,669)	516,579	(2,424,294)
<b><u>Other Financing Sources (Uses)</u></b>					
Sale of Capital Assets	3,994,662	-	-	-	3,994,662
Insurance - Water Litigation	3,000,000	-	-	-	3,000,000
Bond Proceeds	9,000,000	-	-	-	9,000,000
Premium on Bonds	757,512	-	-	-	757,512
Proceeds from Note Payable	52,852	-	2,156,721	-	2,209,573
Transfers In	150,000	-	-	12,269	162,269
Transfers Out	(135,570)	(150,000)	-	-	(285,570)
Total Other Financing Sources (Uses)	16,819,456	(150,000)	2,156,721	12,269	18,838,446
Net Change in Fund Balance	18,369,512	(2,075,260)	(408,948)	528,848	16,414,152
Fund Balance, Beginning of Year	(11,755,829)	4,028,858	-	812,770	(6,914,201)
Fund Balance (Deficit), End of Year	\$ 6,613,683	\$ 1,953,598	\$ (408,948)	\$ 1,341,618	\$ 9,499,951

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, 2016

Net Change in Fund Balances of Governmental Activities	\$ 16,414,152
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.	3,518,991
This is the amount of depreciation recorded in the current period.	(2,020,575)
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.	(46,526)
The issuance of long-term debt is reported as other financing sources in the governmental funds, but increases long-term debt in the Statement of Net Position.	
	(11,967,085)
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.	
	2,422,108
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	(106,850)
Change in Pension Obligation	(216,217)
Change in Compensated Absences	(22,207)
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	(15,000)
Change in Net Position of Governmental Activities	\$ 7,960,791

See accompanying notes to the financial statements.

# Proprietary Fund

Village of Crestwood, Illinois

Proprietary Fund  
Statement of Net Position  
April 30, 2016

	<u>Enterprise Fund</u> <u>Water &amp;</u> <u>Sewer Fund</u>
<b><u>Assets</u></b>	
Current Assets	
Cash and Investments	\$ 1,331,803
Receivables:	
Accounts	216,321
Unbilled Water and Sewer Charges	<u>409,748</u>
Total Current Assets	<u>1,957,872</u>
Noncurrent Assets	
Construction in Progress	28,344
Water and Sewer System	26,104,855
Equipment	<u>157,748</u>
Subtotal	<u>26,290,947</u>
Less: Accumulated Depreciation	<u>(9,175,051)</u>
Total Noncurrent Assets	<u>17,115,896</u>
 Total Assets	 <u>19,073,768</u>
<b><u>Liabilities</u></b>	
Current Liabilities	
Accounts Payable	186,238
Accrued Salaries	<u>7,187</u>
 Total Liabilities	 <u>193,425</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	17,115,896
Unrestricted	<u>1,764,447</u>
 Total Net Position	 <u>\$ 18,880,343</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, 2016

	<u>Water &amp; Sewer Fund</u>
<b><u>Operating Revenues</u></b>	
Charges for Services	
Water and Sewer	\$ 2,632,718
Penalties	51,424
Tap-In and Connection Fees	8,500
Capital Improvements	523,421
Miscellaneous	21,933
Total Revenues	<u>3,237,996</u>
<b><u>Operating Expenses</u></b>	
Operations	2,597,158
Depreciation	657,890
Total Operating Expenses	<u>3,255,048</u>
Operating Income (Loss)	<u>(17,052)</u>
<b><u>Nonoperating Revenues</u></b>	
Interest Income	<u>161</u>
Change in Net Position	(16,891)
Net Position, Beginning of the Year	<u>18,897,234</u>
Net Position, End of the Year	<u><u>\$ 18,880,343</u></u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended April 30, 2016

	<u>Enterprise Fund Water &amp; Sewer Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 3,193,468
Cash Payments for Goods and Services	(2,439,874)
Cash Payments to Employees for Services	(168,421)
Net Cash Provided by Operating Activities	<u>585,173</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	<u>(46,065)</u>
 <u>Cash Flows from Investing Activities:</u>	
Interest	<u>161</u>
 Net Increase in Cash	539,269
 Cash, Beginning of Year	<u>792,534</u>
 Cash, End of Year	<u>\$ 1,331,803</u>
  Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
 Operating (Loss)	\$ (17,052)
 Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities	
Depreciation	657,890
Changes in Assets/Liabilities	
Accounts/Unbilled Receivables	(44,528)
Accrued Salaries	5,894
Accounts Payable	(17,031)
 Net Cash Provided by Operating Activities	<u>\$ 585,173</u>

See accompanying notes to the financial statements.

# Fiduciary Fund

Village of Crestwood, Illinois

Fiduciary Fund  
Statement of Fiduciary Net Position  
April 30, 2016

	<u>Pension Trust Fund Police Pension Fund</u>
<b><u>Assets</u></b>	
Cash in Bank	\$ 528,199
Property Tax Receivable	<u>44,433</u>
Total Assets	<u>572,632</u>
<b><u>Deferred Inflows of Resources and Net Position</u></b>	
Deferred Property Taxes	<u>44,061</u>
Net Position Restricted for Pension Benefits	<u><u>\$ 528,571</u></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, 2016

	<u>Pension Trust Fund Police Pension Fund</u>
<b>Additions</b>	
Employer Contributions	
Property Tax	\$ 78,273
Plan Member Contributions	29,822
Net Investment Income	96
Total Additions	<u>108,191</u>
<b>Deductions</b>	
Filing and Miscellaneous fees	5,483
Pension Benefits	89,565
Total Deductions	<u>95,048</u>
Excess of Additions over Deductions	13,143
<b>Other Financing Source</b>	
Transfers In	<u>123,301</u>
Net Increase in Net Position	136,444
Net Position Restricted for Pension Benefits Beginning of the Year	<u>392,127</u>
End of the Year	<u>\$ 528,571</u>

See accompanying notes to the financial statements.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

**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.

The Village's financial statements include the Police Pension Fund as a pension trust fund. The Village's sworn full-time police officers participate in this fund, which is governed by a five-member pension board. Two members appointed by the Mayor, the Village Treasurer and two elected police officers constitute the pension board. The Village and the police pension fund participants are obligated to fund all the pension costs based upon actuarial valuations, including administrative costs. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of the contribution levels. The Police Pension Fund is reported as a pension trust fund because of the Village's fiduciary responsibility.

*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, 2016

**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, 2016

**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 Fund is used to account for the incremental property tax and sales taxes generated in the Tax Increment Financing District to be used to retire the 135th and Cicero Tax Increment Financing Bonds. The Capital Projects Fund is used to account for the acquisition and construction of capital facilities or other capital assets.

The Village reports the following major enterprise fund:

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

Additionally, the Village reports the following fiduciary fund:

The Pension Fund is used to account for the police 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 collectible 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, 2016

**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 Fifth Third Bank, as required, under the bond indenture agreement for the Village’s Variable Rate Tax Increment Revenue Bonds, Series 2004.

*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 government-wide and fund financial statements.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

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

*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. 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, 2016

**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.

As part of the Village's agreement with Fifth Third Bank with respect to the 135th and Cicero tax increment financing district, as hereinafter noted, amounts deposited in accounts with the bank are shown on the Governmental Fund statements and the Statement of Net Position as restricted cash and investments.

*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 the Police Pension Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as it is reported by that plan. 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, 2016

**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.

*New Governmental Accounting Standards*

The Village adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during its year ended April 30, 2016. These statements required the Village to recognize a long-term obligation for pension benefits as a liability for the first time for its defined benefit pensions. These statements also required revised and new note disclosures and required supplementary information (RSI). See Note M.

**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, 2016, the Village and the Police Pension Fund had no investments other than money market funds and certificates of deposit with financial institutions covered by FDIC. None of these investments have maturities greater than one year.

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

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

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

Village of Crestwood, Illinois

Notes to the Financial Statements  
April 30, 2016

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

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

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 102% of the market value of principal and interest accrued. As of April 30, 2016, 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 2015 attach as an enforceable lien on January 1, 2015, 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, 2016 and July 1, 2016, and are payable in two installments, on or about March 1, 2016 and August 1, 2016. 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 2015 levy is intended to partially fund expenditures for fiscal year 2016 to the extent of collections through April 30, 2016, and 60 days subsequent to that date. The remainder of the 2015 levy is deferred as of April 30, 2016.

The 2016 tax levy, which attached as an enforceable lien on property as of January 1, 2016, has not been recorded as a receivable as of April 30, 2016, as the tax has not yet been levied by the Village and will not be levied until December 2016, and, therefore, the levy is not measurable at April 30, 2016.

**D. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2016 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated				
Land	\$ 7,868,426	\$ -	\$ -	\$ 7,868,426
Construction in Progress	<u>-</u>	<u>2,949,898</u>	<u>-</u>	<u>2,949,898</u>
Total Capital Assets				
Not Being Depreciated	<u>7,868,426</u>	<u>2,949,898</u>	<u>-</u>	<u>10,818,324</u>

Village of Crestwood, Illinois

Notes to the Financial Statements  
April 30, 2016

**D. CAPITAL ASSETS (continued)**

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Capital Assets being Depreciated				
Infrastructure	40,032,720	-	-	40,032,720
Buildings	13,834,361	-	-	13,834,361
Buildings Improvements	848,083	113,768	-	961,851
Equipment, Furniture and Fixures	1,654,936	128,119	-	1,783,055
Vehicles	2,953,968	327,206	85,069	3,196,105
Capital Assets being Depreciated	59,324,068	569,093	85,069	59,808,092
Less Accumulated Depreciation	20,223,911	2,020,575	38,543	22,205,943
Capital Assets being Depreciated, Net of Depreciation	39,100,157	(1,451,482)	46,526	37,602,149
Total Governmental Activities, Capital Assets, Net of depreciation	<u>\$ 46,968,583</u>	<u>\$ 1,498,416</u>	<u>\$ 46,526</u>	<u>\$ 48,420,473</u>
<i>Business-type Activities:</i>				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ -	\$ 28,344	\$ -	\$ 28,344
Capital Assets being Depreciated				
Water & Sewer System	\$ 26,087,134	\$ 17,721	\$ -	\$ 26,104,855
Equipment	157,749	-	-	157,749
Capital Assets, Gross	26,244,883	17,721	-	26,262,604
Less accumulated depreciation	8,517,162	657,890	-	9,175,052
Capital Assets being Depreciated, Net of Depreciation	17,727,721	(640,169)	-	17,087,552
Total Business-Type Activities, Capital Assets, Net of Depreciation	<u>\$ 17,727,721</u>	<u>\$ (611,825)</u>	<u>\$ -</u>	<u>\$ 17,115,896</u>
Depreciation expense was charged to functions as follows:				
Governmental Activities:				
General Government				\$ 1,545,439
Public Safety				254,397
Street and Bridge				79,663
Recreation				141,076
Total Governmental Activities Depreciation Expense				<u>\$ 2,020,575</u>
Business-type Activities:				
Water and Sewer				<u>\$ 657,890</u>

Village of Crestwood, Illinois

Notes to the Financial Statements  
April 30, 2016

**E. LONG-TERM DEBT**

Changes in long-term liabilities: During the year ended April 30, 2016, the following changes occurred in liabilities reported in the Statement of Net Position:

	<u>5/1/2015</u> <u>Balances,</u> <u>as restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>4/30/2016</u> <u>Balances</u>	<u>Within</u> <u>One year</u>
Governmental activities:					
Bonds					
TIF Bonds	\$ 29,515,000	\$ -	\$ 1,690,000	\$ 27,825,000	1,690,000
GO Bonds	-	9,000,000	-	9,000,000	410,000
Subtotal Bonds	29,515,000	9,000,000	1,690,000	36,825,000	2,100,000
Add Unamortized Premium	-	757,512	-	757,512	-
Total Bonds	29,515,000	9,757,512	1,690,000	37,582,512	2,100,000
Notes payable	679,256	2,209,572	732,107	2,156,721	2,156,721
Net Pension Liability	602,281	216,217	-	818,498	-
Compensated absences	31,882	22,207	-	54,089	54,089
Total Long-Term Debt	<u>\$ 30,828,419</u>	<u>\$ 12,205,508</u>	<u>\$ 2,422,107</u>	<u>\$ 40,611,820</u>	<u>\$ 4,310,810</u>

The following is a summary of long-term debt of the Village at April 30, 2016:

*Tax Increment Financing Bonds*

On April 29, 2004, the Village issued \$34,740,000 in variable rate tax increment financing revenue bonds series 2004 with interest paid in weekly mode. (The Village has retired \$6,915,000 of the original bond issuance – remaining balance of \$27,825,000). The proceeds are being used in the 135th and Cicero Redevelopment Project Area. Bonds payable in the weekly mode are subject to redemption prior to maturity. These bonds, together with interest, are limited obligations of the Village, payable solely and only from the collection of "tax receipts" (i.e. incremental property taxes collected with respect to taxable real property in the redevelopment area and sales tax on transactions at places of business located within the boundaries of the Village), bond proceeds and earnings thereon. The bonds do not constitute an indebtedness of the Village or line of credit thereof within the meaning of any statutory or constitutional provision. As of April 1, 2012, the Village amended the reimbursement agreement between the Village and Fifth Third Bank. Per this agreement, the Village has agreed to redeem \$845,000 principal semi-annually beginning December 1, 2012 with a final payout of \$15,995,000 at the maturity date of December 1, 2023. During the fiscal year 2016, the Village paid off the related SWAP agreement associated with the TIF Bonds.

*General Obligation Bonds*

On January 28, 2016, the Village issued \$9,000,000 in General Obligation Bonds (Alternate Revenue), Series 2016, for the purpose of paying tort judgements and settlements. The bonds are dated February 3, 2016 and have an interest rate of 4.5%. Interest is payable semi-annually on June 15 and December 15. Principal is repaid annually on December 15. The final maturity date is December 15, 2029.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

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

*Loans Payable*

On August 13, 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 0.250 percentage points below the Prime Rate. For the fiscal year ended 2016, 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.

*Debt Service to Maturity*

The annual debt service requirements to retire all outstanding bonds at April 30, 2016 are estimated as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,857,512	\$ 432,461	\$ 3,289,973
2018	2,090,000	441,568	2,531,568
2019	2,120,000	419,850	2,539,850
2020	2,160,000	396,782	2,556,782
2021	2,175,000	371,914	2,546,914
2022-2026	22,545,000	1,366,071	23,911,071
2027-2030	3,635,000	424,575	4,059,575
	<u>\$ 37,582,512</u>	<u>\$ 3,853,221</u>	<u>\$ 41,435,733</u>

The Village's legal debt margin at April 30, 2016 is as follows:

Equalized Assessed Valuation (EAV)	\$ 273,986,987
Maximum Rate (65 ILCS 5/8-5-1)	<u>8.625%</u>
Legal Debt Limit	<u>\$ 23,631,378</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	\$ 40,611,820
Less: TIF Bonds	<u>(27,825,000)</u>
Net Debt Outstanding	<u>\$ 12,786,820</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.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

**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.

**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 \$123,301 to the Police Pension Fund which represents fifty percent of the proceeds from the video gaming revenues.

The General Fund made a transfer of \$12,269 to the Debt Service Fund which represents Non-Home Rule sales tax revenues that were pledged to pay bonds.

The 135<sup>th</sup> and Cicero TIF Fund transferred \$150,000 to the General Fund as a reimbursement of TIF rebates paid to other governments.

Village of Crestwood, Illinois

Notes to the Financial Statements  
April 30, 2016

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

Internal (interfund) balances at April 30, 2016 were as follows:

Fund	Internal Balances	
	Receivable	Payable
<b>General Fund</b>		
135th & Cicero TIF	\$ -	\$ 5,542
Capital Projects	408,948	-
Motor Fuel Tax	-	163,442
Total General Fund	408,948	168,984
<b>135th &amp; Cicero TIF Fund</b>		
General Fund	5,542	-
<b>Capital Projects Fund</b>		
General Fund	-	408,948
<b>Motor Fuel Tax Fund</b>		
General Fund	163,442	-
Grand Total	\$ 577,932	\$ 577,932

The State of Illinois was behind on remitting payments for an approved grant. The amount due from the General Fund to the MFT Fund represents funds used to pay for projects until the grant payments are received from the state.

The Village's Capital Projects Fund reported a deficit fund balance at April 30, 2016 of \$408,948.

**K. DEFINED CONTRIBUTION PLAN – POLICE PENSION FUND**

*Plan Description*

The Village contributes to one defined benefit pension plan, the Police Pension Plan, which is a single-employer pension plan. The benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes (40 ILCS 5/3) and can only be amended by the Illinois General Assembly. The Village accounts for the Plan as a pension trust fund.

*Plan Membership*

At April 30, 2016, the measurement date, membership consisted of:

Inactive Plan Members:	
Currently Receiving Benefits	4
Entitle to, but not yet Receiving Benefits	-
Active Plan Members	5
Total	9

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

**K. DEFINED CONTRIBUTION PLAN – POLICE PENSION FUND (continued)**

*Benefits Provided*

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

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

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of 1/2 of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. 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, 2016, the Village's contribution was 61.86% of covered payroll.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

**K. DEFINED CONTRIBUTION PLAN – POLICE PENSION FUND (continued)**

*Investment Policy*

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

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

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

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 assets 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, 2016 are listed in the table above.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

**K. DEFINED CONTRIBUTION PLAN – POLICE PENSION FUND (continued)**

*Investment Valuations*

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

*Investment Concentrations*

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

*Investment Rate of Return*

For the year ended April 30, 2016, 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 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 Police Pension Fund has limited its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in money market funds. The Police Pension does not have any debt investments or other investments that are highly sensitive to changes in interest rates.

*Credit Risk*

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

*Net Pension Liability*

The components of the net pension liability of the Police Pension Plan as of April 30, 2016 calculated in accordance with GASB Statement No. 67 were as follows:

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

**K. DEFINED CONTRIBUTION PLAN – POLICE PENSION FUND (continued)**

Total Pension Liability	\$	1,347,068
Plan Fiduciary Net Position		528,570
Village's Net Pension Liability		818,498
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		39.24%

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, 2016 using the following actuarial methods and assumptions.

Actuarial valuation date	4/30/2016
Actuarial cost method	Entry-age, normal
Amortization period	Level percentage of pay, closed
Remaining amortization period	25 years
Asset valuation period	Market
Inflation	2.50%
Significant actuarial investment rate of return	5.00%
Projected salary increase	5.00%
Cost-of-living adjustments	Tier 1 - 3% per year, compounded Tier 2 - 2% per year, simple

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2016 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

Village of Crestwood, Illinois

Notes to the Financial Statements  
April 30, 2016

**K. DEFINED CONTRIBUTION PLAN – POLICE PENSION FUND (continued)**

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	\$ 990,685	\$ 818,498	\$ 678,410

**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.

In April 2004, the Village issued Variable Rate Tax Increment Revenue Bonds, Series 2004 in the aggregate principal amount of \$34,740,000. The bonds were issued pursuant to a trust indenture dated April 1, 2004 between the Village and BNY Midwest Trust Company, as trustee. The current outstanding balance for these bonds is \$27,825,000.

From the date of issuance of the bonds and through April 30, 2016 (and subsequently extended), the bonds will be payable from funds drawn under an irrevocable direct-pay letter of credit issued by Fifth Third Bank.

The letter of credit permits the trustee to draw there-under in accordance with its terms to pay; (i) the principal of the bonds when due at maturity, or upon earlier redemption or acceleration, (ii) the principal portion of the purchase price of bonds tendered for purchase and not remarketed and, (iii) up to 45 days of interest at 10% per annum. The letter of credit is issued to the trustee for the benefit of bondholders and for the account of the Village and is an irrevocable obligation of Fifth Third Bank to pay a total amount not to exceed \$34,168,302, which includes the \$33,740,000 principal and \$428,302 interest for the above stated 45 days.

The bonds are limited obligations of the Village payable solely from revenues and amounts pledged therefore under the indenture, which includes certain tax receipts of the Village constituting sales tax receipts generated from taxable transactions at places of business located within the municipal boundaries of the Village and distributed by the State of Illinois and incremental property taxes with respect to the redevelopment area and which have been pledged to the bank on a subordinate basis. The bonds do not constitute general obligations of the Village and neither the full faith and credit nor the general taxing power of the Village is pledged to the payment of the principal of or interest on the bonds.

The Village is required to disclose "annual financial information" with respect to sales tax collected by the Village and real estate tax collected within the tax increment-financing district. This information is disclosed in the statistical section of the report.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

**M. PRIOR PERIOD ADJUSTMENTS**

The Village implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in 2016. As such, the Village must recognize Deferred Inflows and Outflows of Resources relating to the pension plan as a liability in the Village’s Statement of Net Position. The Village added the net of the net pension asset, deferred outflows and the net pension liability to the Statement of Net Position resulting in a decrease of the beginning of the year net position of \$665,417. In addition, the Village noted certain expenditures in the prior year actually pertained to the current year’s activity. This resulted in an increase to the 135<sup>th</sup> and Cicero TIF Fund Balance and the Governmental Activities’ Net Position in the amount of \$33,894. As a result, net position of governmental activities as of January 1, 2015 is \$9,327,691 and the beginning fund balance of the 135<sup>th</sup> and Cicero TIF Fund is \$4,028,858.

Net Position as of 4/30/15	\$ 9,959,214
TIF Expenditures Adjustment	33,894
Beginning Net Pension Liability for the Police Pension Fund	<u>(665,417)</u>
Net Position as of 5/1/15, as restated	<u>\$ 9,327,691</u>
135th and Cicero TIF Fund Balance as of 4/30/15	\$ 3,994,964
TIF Expenditures Adjustment	<u>33,894</u>
135th and Cicero TIF Fund Balance as of 5/1/15, as restated	<u>\$ 4,028,858</u>

**M. SUBSEQUENT EVENTS**

In March, 2016 the Village approved an Ordinance establishing a firefighter’s pension fund with the State of Illinois under 40 ILCS5/4-101 *et al* for all full-time paid firefighters. As of the date of this report there is one individual eligible for the plan as of May 1, 2016.

In July, 2016 the Village settled the water litigation class action suit for \$15 million. The \$15 million settlement was recorded at April 30, 2015 as a liability of the Village. The settlement was paid as noted above with the \$3 million insurance proceeds recorded as a receivable as of April 30, 2016.

In August, 2016 the Village approved an Ordinance declaring surplus funds in the General Fund in an amount equal to the Village’s portion of 2015 property tax bills. It is estimated that \$1.3 million will be refunded in accordance with 35 ILCS 200/30-20 by December 31, 2016.

Village of Crestwood, Illinois

Notes to the Financial Statements

April 30, 2016

Also in August, 2016 the Village approved an Ordinance electing to participate in the Illinois Municipal Retirement Fund. Any employee of the Village performing 600 hours or more per year is eligible to participate. The annual cost to the Village has not as yet been determined.

In August, 2016 the Village issued \$34,545,000 General Obligation Bonds Series 2016B and 2016C. The proceeds of the bonds were used to defease the Variable Rate Tax Revenue Bonds, Series 2004 and provide additional funds for the Route 83 TIF Redevelopment Area. The refinancing allowed the Village to take advantage of favorable interest rates and extend the debt service through 2035 from 2023.

## 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, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>	\$ 10,316,200	\$ 11,093,113	\$ 776,913
<b><u>Expenditures</u></b>			
Current			
General Government			
General and Administrative	747,890	689,954	(57,936)
Legal and Litigation	642,800	557,107	(85,693)
Audit	24,000	27,420	3,420
Buildings & Grounds	273,500	286,599	13,099
Public Transportation	91,250	75,462	(15,788)
Insurance	471,000	602,305	131,305
Payroll Tax	284,000	274,579	(9,421)
Other	140,500	391,774	251,274
Total General Government	<u>2,674,940</u>	<u>2,905,200</u>	<u>230,260</u>
Public Safety			
Police	1,996,900	1,743,569	(253,331)
Fire	1,544,900	1,565,021	20,121
Health and Safety	87,920	82,424	(5,496)
School Crossing Guards	16,000	16,076	76
Advanced Life Support	30,000	52,440	22,440
Emergency Services	38,000	40,034	2,034
Total Public Safety	<u>3,713,720</u>	<u>3,499,564</u>	<u>(214,156)</u>
Other Current Expenditures			
Parks and Recreation	311,270	244,818	(66,452)
Streets and Bridge	864,100	570,106	(293,994)
Garbage Disposal	760,000	736,032	(23,968)
Total Other Current Expenditure	<u>1,935,370</u>	<u>1,550,956</u>	<u>(384,414)</u>
Total Current Expenditures	<u>8,324,030</u>	<u>7,955,720</u>	<u>(368,310)</u>
Debt Service			
Principal	379,900	732,107	352,207
Interest	-	9,420	9,420
Cost of Issuance	-	289,539	289,539
Total Debt Service	<u>379,900</u>	<u>1,031,066</u>	<u>651,166</u>
Capital Outlay			
General Government			
Administration	-	11,280	11,280
Buildings and Grounds	145,000	31,186	(113,814)

(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, 2016

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
Public Safety			
Police	\$ 110,000	\$ 149,193	\$ 39,193
Fire	-	19,305	19,305
Parks and Recreation	85,000	96,159	11,159
Street and Bridge	214,000	249,148	35,148
Total Capital Outlay	<u>554,000</u>	<u>556,271</u>	<u>2,271</u>
Total Expenditures	<u>9,257,930</u>	<u>9,543,057</u>	<u>285,127</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,058,270</u>	<u>1,550,056</u>	<u>491,786</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Sale of Capital Assets	4,000,000	3,994,662	(5,338)
Insurance - Water Litigation	-	3,000,000	3,000,000
Bond Proceeds	-	9,000,000	9,000,000
Premium on Bonds	-	757,512	757,512
Bank Loan Proceeds	290,000	52,852	(237,148)
Transfers In	-	150,000	150,000
Transfers Out	<u>(125,000)</u>	<u>(135,570)</u>	<u>(10,570)</u>
Total Other Financing Sources (Uses)	<u>4,165,000</u>	<u>16,819,456</u>	<u>12,654,456</u>
<b><u>Special Items</u></b>			
Net Changes in Fund Balance	<u>\$ 5,223,270</u>	18,369,512	<u>\$ 13,146,242</u>
Fund Balance (Deficit), Beginning of the Year		<u>(11,755,829)</u>	
Fund Balance, End of the Year		<u>\$ 6,613,683</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, 2016

	Original & Final Budget	Actual	Variance From Final Budget Over (Under)
<b><u>Taxes</u></b>			
Property Tax	\$ 1,408,200	\$ 1,398,679	\$ (9,521)
Sales Tax	4,650,000	5,669,677	1,019,677
State Income Tax	1,100,000	1,120,040	20,040
Off-Track Betting Tax	200,000	221,018	21,018
Video Poker Tax	250,000	249,573	(427)
Miscellaneous Taxes:			
Replacement Taxes	35,000	33,331	(1,669)
Hotel-Motel Tax	75,000	103,976	28,976
911 Tax	1,000	-	(1,000)
Foreign Fire Insurance Tax	-	13,491	13,491
	<u>7,719,200</u>	<u>8,809,785</u>	<u>1,090,585</u>
<b><u>Intergovernmental</u></b>			
Regional Transportation Authority	22,000	16,071	(5,929)
Grants	90,000	268,280	178,280
	<u>112,000</u>	<u>284,351</u>	<u>172,351</u>
<b><u>Licenses and Permits</u></b>			
Vehicle Stickers	90,000	82,538	(7,462)
Building Permits & Subcontractor Fee	105,000	107,186	2,186
Business and Liquor Licenses	145,000	162,159	17,159
Franchise Fees	160,000	164,110	4,110
Miscellaneous	15,000	59,183	44,183
	<u>515,000</u>	<u>575,176</u>	<u>60,176</u>
<b><u>Fines and Penalties</u></b>			
Police Fines	780,000	228,513	(551,487)
<b><u>Miscellaneous</u></b>			
Theater Rental Fee	275,000	290,032	15,032
Municipal Events	25,000	-	(25,000)
Rental Income	65,000	124,661	59,661
Recreational	55,000	50,853	(4,147)
Advanced Life Support	480,000	436,479	(43,521)
Miscellaneous	285,000	3,292,330	3,007,330
	<u>1,185,000</u>	<u>4,194,355</u>	<u>3,009,355</u>
<b>Interest</b>	<u>5,000</u>	<u>933</u>	<u>(4,067)</u>
Total Revenues	<u>\$ 10,316,200</u>	<u>\$ 14,093,113</u>	<u>\$ 3,776,913</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, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Taxes			
Property	\$ 1,150,000	\$ 1,718,790	\$ 568,790
Sales	1,600,000	1,112,230	(487,770)
Settlement	-	1,842	1,842
Interest	10,000	-	(10,000)
	<u>2,760,000</u>	<u>2,832,862</u>	<u>72,862</u>
<b><u>Expenditures</u></b>			
Current			
General Government			
General and Administrative	180,000	223,717	43,717
Tax Increment Financing Costs	410,000	425,936	15,936
Debt Service	<u>2,460,000</u>	<u>4,108,469</u>	<u>1,648,469</u>
	<u>3,050,000</u>	<u>4,758,122</u>	<u>1,708,122</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	(290,000)	(1,925,260)	(1,635,260)
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers Out	-	<u>(150,000)</u>	<u>(150,000)</u>
Net Changes in Fund Balance	<u>\$ (290,000)</u>	(2,075,260)	<u>\$ (1,785,260)</u>
Fund Balance, Beginning of the Year, as restated		<u>4,028,858</u>	
Fund Balance, End of the Year		<u>\$ 1,953,598</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%

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

Fiduciary Fund

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

April 30, 2016

<b>Total Pension Liability</b>	
Service Cost	\$ 93,048
Interest	49,495
Differences Between Expected and Actual Experience	99,980
Changes of Assumptions	159,421
Benefit Payments, Including Refunds of Member Contributions	<u>(89,565)</u>
Net Change in Total Pension Liability	312,379
Total Pension Liability - Beginning	<u>1,034,689</u>
Total Pension Liability - Ending	<u><u>\$ 1,347,068</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 201,573
Contributions - Member	29,822
Net Investment Income	96
Benefit Payments, Including Refunds of Member Contributions	(89,565)
Administrative Expense	(5,483)
Other	<u>(40,281)</u>
Net Change in Plan Fiduciary Net Position	96,162
Plan Net Position - Beginning	<u>432,408</u>
Plan Net Position - Ending	<u><u>\$ 528,570</u></u>
<b>Employer's Net Pension Liability</b>	<u><u>\$ 818,498</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	39.24%
Covered-Employee Payroll	\$ 325,840
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	251.20%

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Police Pension Fund  
Schedule of Investment Returns  
April 30, 2016

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

See the accompanying notes to the required supplementary information.

Village of Crestwood, Illinois

Notes to the Required Supplementary Information  
April 30, 2016

**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 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, 2016.

The following funds having expenditures/deductions in excess of budgeted appropriations and related excess amounts are as follows:

<u>Fund</u>	<u>Amount in Excess of</u>	
	<u>Budget</u>	<u>Appropriation</u>
General	\$ 285,127	\$ -
135th and Cicero TIF	1,708,122	-

**B. ACTUARIAL ASSUMPTIONS**

The actuarial assumptions used for determining the contribution rate for 2016 are as follows.

Valuation Date:	April 30, 2016
Actuarial Cost Method:	Entry-age, normal
Amortization Period:	Level percentage of pay
Remaining Amort. Period:	25 years
Asset Valuation Method:	Market Value
Investment Return:	5.00% net of expenses
Projected Salary Increases:	5.00%
Inflation:	2.5%
Mortality:	RP 2014 projected to 2016*

\*Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 20, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

# Combining and Individual Fund Statements and Schedules

Village of Crestwood, Illinois

Combining Balance Sheet  
Nonmajor Governmental Funds

April 30, 2016

	Special Revenue Fund Type				Total Nonmajor Governmental Funds
	Recreation	Motor Fuel	Route 83 Tax Increment Financing District	Debt Service	
<b><u>Assets</u></b>					
Cash and Investments	\$ 67,697	\$ 705,706	\$ 1,250	\$ 233,422	\$ 1,008,075
Receivables					
Property Tax	-	-	4,093	-	4,093
Sales Tax	-	-	-	192,645	192,645
Motor Fuel Tax	-	24,920	-	-	24,920
Due from Other Funds	-	163,442	-	-	163,442
Total Assets	\$ 67,697	\$ 894,068	\$ 5,343	\$ 426,067	\$ 1,393,175
<b><u>Liabilities and Fund Balance</u></b>					
Accounts Payable	\$ 17,687	\$ 19,143	\$ -	\$ -	\$ 36,830
Accrued Salaries	10,634	-	-	-	10,634
Total Liabilities	28,321	19,143	-	-	47,464
<b><u>Deferred Inflows of Resources</u></b>					
Property Taxes	-	-	4,093	-	4,093
<b><u>Fund Balance</u></b>					
Restricted					
Debt Service	-	-	-	426,067	426,067
Motor Fuel	-	874,925	-	-	874,925
Tax Increment Financing Projects	-	-	1,250	-	1,250
Assigned					
Recreation	39,376	-	-	-	39,376
Total Fund Balance	39,376	874,925	1,250	426,067	1,341,618
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 67,697	\$ 894,068	\$ 5,343	\$ 426,067	\$ 1,393,175

Village of Crestwood, Illinois

Combining Statement of Revenues, Expenditures and Change in  
Fund Balance - Nonmajor Governmental Funds  
For the Year Ended April 30, 2016

	<u>Special Revenue Fund Type</u>				Total Nonmajor Governmental Funds
	<u>Recreation</u>	<u>Motor Fuel</u>	<u>Route 83 Tax Increment Financing District</u>	<u>Debt Service</u>	
<b><u>Revenues</u></b>					
Taxes					
Property	\$ 176,800	\$ -	\$ 1,250	\$ -	\$ 178,050
Motor Fuel	-	280,089	-	-	280,089
Sales	-	-	-	413,798	413,798
Charges for Services	469,174	-	-	-	469,174
Interest	-	125	-	-	125
Total Revenues	<u>645,974</u>	<u>280,214</u>	<u>1,250</u>	<u>413,798</u>	<u>1,341,236</u>
<b><u>Expenditures</u></b>					
Current					
Street & Sidewalk Maintenance	-	176,982	-	-	176,982
Wellness Center	621,276	-	-	-	621,276
Capital Outlay	26,399	-	-	-	26,399
Total Expenditures	<u>647,675</u>	<u>176,982</u>	<u>-</u>	<u>-</u>	<u>824,657</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,701)	103,232	1,250	413,798	516,579
<b><u>Other Financing Sources</u></b>					
Transfers In	-	-	-	12,269	12,269
Net Change in Fund Balance	(1,701)	103,232	1,250	426,067	528,848
Fund Balance, Beginning of the Year	<u>41,077</u>	<u>771,693</u>	<u>-</u>	<u>-</u>	<u>812,770</u>
Fund Balance, End of the Year	<u>\$ 39,376</u>	<u>\$ 874,925</u>	<u>\$ 1,250</u>	<u>\$ 426,067</u>	<u>\$ 1,341,618</u>

Village of Crestwood, Illinois

Recreation Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended April 30, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Property Tax	\$ 176,800	\$ 176,800	\$ -
Grant Revenue	40,000	-	(40,000)
Charges for Services			
Program Revenue and Dues	472,000	443,331	(28,669)
Facility Rental	-	21,634	21,634
Miscellaneous	1,000	4,209	3,209
	<u>689,800</u>	<u>645,974</u>	<u>(43,826)</u>
Total Revenues			
<b><u>Expenditures</u></b>			
Current			
Recreation			
Wellness Center	604,800	621,276	16,476
Capital Outlay			
Recreation			
Wellness Center	85,000	26,399	(58,601)
	<u>689,800</u>	<u>647,675</u>	<u>(42,125)</u>
Total Expenditures			
Net Change in Fund Balance	<u>\$ -</u>	(1,701)	<u>\$ (1,701)</u>
Fund Balance, Beginning of the Year		<u>41,077</u>	
Fund Balance, End of the Year		<u>\$ 39,376</u>	

Village of Crestwood, Illinois

Motor Fuel Tax Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended April 30, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Motor Fuel Tax	\$ 275,000	\$ 280,089	\$ 5,089
Interest	<u>1,000</u>	<u>125</u>	<u>(875)</u>
Total Revenues	<u>276,000</u>	<u>280,214</u>	<u>4,214</u>
<b><u>Expenditures</u></b>			
Current			
Street & Sidewalk Maintenance	<u>341,000</u>	<u>176,982</u>	<u>(164,018)</u>
Net Change in Fund Balance	<u>\$ (65,000)</u>	103,232	<u>\$ 168,232</u>
Fund Balance, Beginning of the Year		<u>771,693</u>	
Fund Balance, End of the Year		<u>\$ 874,925</u>	

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, 2016

<u>Revenues</u>	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Taxes			
Property	\$ -	\$ 1,250	\$ 1,250
Net Changes in Fund Balance	<u>\$ -</u>	1,250	<u>\$ 1,250</u>
Fund Balance, Beginning of the Year		-	
Fund Balance, End of the Year		<u>\$ 1,250</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, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Sales Tax	\$ -	\$ 413,798	\$ 413,798
<b><u>Other Financing Sources</u></b>			
Transfers In	-	12,269	12,269
Net Change in Fund Balance	\$ -	426,067	\$ 426,067
Fund Balance, Beginning of the Year		-	
Fund Balance, End of the Year		<u>\$ 426,067</u>	

Village of Crestwood, Illinois

Capital Projects Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance (Deficit) - Budget and Actual  
For the Year Ended April 30, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Revenues</u></b>			
Grants	\$ 270,000	\$ -	\$ (270,000)
<b><u>Expenditures</u></b>			
Current			
Miscellaneous	-	300	300
Debt Service	-	18,193	18,193
Capital Outlay	3,330,000	2,936,321	(393,679)
Total Expenditures	<u>3,330,000</u>	<u>2,954,814</u>	<u>(375,186)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,060,000)</u>	<u>(2,954,814)</u>	<u>105,186</u>
<b><u>Other Financing Sources</u></b>			
Sale of Materials	1,000,000	389,145	(610,855)
Proceeds from Loan	2,000,000	2,156,721	156,721
Total Other Financing Sources	<u>3,000,000</u>	<u>2,545,866</u>	<u>(454,134)</u>
Net Change in Fund Balance	<u>\$ (60,000)</u>	(408,948)	<u>\$ (348,948)</u>
Fund Balance, Beginning of the Year		-	
Fund Balance (Deficit), End of the Year		<u>\$ (408,948)</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, 2016

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
<b><u>Operating Revenues</u></b>			
Charges for Services			
Water and Sewer	\$ 2,900,000	\$ 2,632,718	\$ (267,282)
Penalties	55,000	51,424	(3,576)
Tap-In and Connection Fees	12,500	8,500	(4,000)
Capital Improvements	500,000	523,421	23,421
Miscellaneous	18,000	21,933	3,933
Total Revenues	<u>3,485,500</u>	<u>3,237,996</u>	<u>(247,504)</u>
<b><u>Operating Expenses</u></b>			
Operations	3,693,865	2,597,158	(1,096,707)
Depreciation	-	657,890	657,890
Total Operating Expenses	<u>3,693,865</u>	<u>3,255,048</u>	<u>(438,817)</u>
Operating Income (Loss)	<u>(208,365)</u>	<u>(17,052)</u>	<u>191,313</u>
<b><u>Nonoperating Revenues</u></b>			
Interest Income	-	161	161
Total Nonoperating Revenues	<u>-</u>	<u>161</u>	<u>161</u>
Change in Net Position	<u>\$ (208,365)</u>	<u>(16,891)</u>	<u>\$ 191,474</u>
Net Position, Beginning of the Year		<u>18,897,234</u>	
Net Position, End of the Year		<u>\$18,880,343</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

Elizabeth R. Shields, CPA, MBA  
Matthew R. Truschka  
Jessica L. Leonard

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

October 7, 2016

Honorable Mayor and  
Board of Trustees  
Village of Crestwood, Illinois

We have examined management's assertion, included in its representation letter dated October xx, 2016 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, 2016. 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, 2016 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.*  
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>2015</u>	<u>2014</u>	<u>2013</u>
<u>Equalized Assessed Valuations</u>	\$ 273,986,987	\$ 283,193,761	\$ 301,150,151
<u>Tax Rates</u>			
General Fund	.5116	.4895	.5625
Recreation Fund	<u>.0668</u>	<u>.0651</u>	<u>.0613</u>
	.5784	.5546	.5127
<u>Tax Extensions</u>	\$ 1,583,645	\$ 1,568,894	\$ 1,541,889
<u>Taxes Collections</u>	\$ 801,383	\$ 1,535,755	\$ 1,535,970
<u>Taxes Receivable at 4-30-2016</u>	\$ 817,148	\$ 0	\$ 0
<u>Percentage of Extension Collected</u>	50.6%	97.9%	99.6%

# Statistical Section

Village of Crestwood, Illinois  
Annual Financial Information on Tax Receipts  
April 30, 2016

TIF Year	Collection Year Ended 04/30	Total Incremental Property Tax Collected in 135th Street Redevelopment Project Area	Total Incremental Property Tax Collected in Route 83 Redevelopment Project Area	Total Local Sales Tax Collected in 135th Street Redevelopment Project Area	Total Tax Receipts from Redevelopment Project Area	Sales Tax Collected from Retailers Other Than the Redevelopment Project Areas	Total Tax Receipts as Defined by Bond Indenture
1	2004	\$ 181,578	\$ -	\$ -	\$ 181,578	\$ 3,773,893	\$ 3,955,471
2	2005	141,456	-	-	141,456	3,827,492	3,968,948
3	2006	101,937	-	-	101,937	3,816,625	3,918,562
4	2007	-	-	523,197	523,197	3,698,773	4,221,970
5	2008	722,853	-	909,976	1,632,829	3,200,554	4,833,383
6	2009	1,637,225	-	918,409	2,555,634	3,064,617	5,620,251
7	2010	1,689,951	-	926,566	2,616,517	2,685,552	5,302,069
8	2011	962,063	-	920,369	1,882,432	2,816,771	4,699,203
9	2012	1,134,371	-	1,051,584	2,185,955	2,772,044	4,957,999
10	2013	1,064,548	-	1,082,072	2,146,620	3,057,380	5,204,000
11	2014	1,405,201 (1)	-	1,097,322 (2)	2,502,523	3,156,957 (2)	5,659,480
12	2015	1,078,506	-	1,071,317	2,149,823	3,257,606	5,407,429
13	2016	1,718,790	1,250 (3)	1,112,230	2,832,270	5,830,705 (3)	8,662,975
Totals		<u>\$ 11,838,479</u>	<u>\$ 1,250</u>	<u>\$ 9,613,042</u>	<u>\$ 21,452,771</u>	<u>\$ 44,958,969</u>	<u>\$ 66,411,740</u>

(1) Includes settlement with Menards on property taxes due for prior years for \$345,000.

(2) Sales tax was adjusted by \$30,814 to reflect additional sales tax collected in the TIF District for fiscal years 2011 through 2013.

(3) Fiscal year 2016 marked the first year of the Route 83 TIF collections and the first year of the Non Home Rule Sales Tax.

Village of Crestwood  
Direct and Overlapping Debt  
As of April 30, 2016

	(1) 2015 Equalized Assessed Valuation	(2) General Obligation Debt Outstanding	Percentage Applicable To Village	Amount Applicable to Village
<b><u>Overlapping Debt</u></b>				
Cook County	132,714,850,419	\$ 3,362,051,750	0.21%	\$ 6,940,884
South Cook County Mosquito Abatement	16,176,435,822	0	1.69%	0
Metropolitan Water Reclamation District	130,304,803,798	2,605,365,000	0.21%	5,478,203
Crestwood Public Library	253,369,849	0	100.00%	0
Moraine Valley Comm Coll Dist 524	8,661,463,263	148,905,000	3.16%	4,710,293
Community High School Dist 218	1,969,231,160	36,904,525	13.91%	5,134,674
School District 130	445,235,885	13,151,807	61.54%	8,093,292
Town of Worth	2,751,589,158	0	9.96%	0
Town of Bremen	1,453,945,264	440,000	18.84%	82,915
Cook County Forest Preserve	132,714,850,419	168,670,000	0.21%	348,216
Subtotal, overlapping debt		<u>6,335,488,082</u>		<u>30,788,477</u>
<b><u>Direct Debt</u></b>				
Village of Crestwood	273,986,987	<u>9,000,000</u>	100.00%	<u>9,000,000</u>
<b><u>Total Direct and Overlapping Debt</u></b>		<u>\$ 6,344,488,082</u>		<u>\$ 39,788,477</u>
		Population of Village (3)		<u>11,029</u>
		Per Capita Debt		<u>\$ 3,608</u>

(1) Source: Cook County Clerk - Agency equalized valuation report for tax year 2015

(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