

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN INDUSTRIAL PARK ECOMONIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

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INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

October 14, 2016

The Honorable President
Members of the Board of Trustees
Deer Run Industrial Park Economic Development Project Area
Tax Incremental Financing District
Village of Elwood, Illinois

We have audited the accompanying financial statements of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois, as of and for the year ended April 30, 2016, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Village of Elwood's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the Notes to the Financial Statements, the basic financial statements present only the Deer Run Industrial Park Economic Development Area Tax Incremental Financing District of the Village of Elwood, Illinois, and are not intended to present fairly the financial position or results of operations of the entire Village of Elwood, Illinois, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois as of April 30, 2016, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also issued a report dated October 14, 2016 on our consideration of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois' compliance with laws, regulations, contracts and grants.

Lauterbach & Amen LLP

LAUTERBACH & AMEN, LLP

FINANCIAL STATEMENTS

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN PARK ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

Balance Sheet
April 30, 2016

ASSETS

Cash and Investments	\$ 4,976,800
Receivable - Net of Allowances	
Property Taxes	<u>9,273,264</u>
Total Assets	<u>14,250,064</u>

LIABILITIES

Accounts Payable	65,709,848
------------------	------------

DEFERRED INFLOWS OF RESOURCES

Property Taxes	<u>9,273,264</u>
Total Liabilities and Deferred Inflows of Resources	74,983,112

FUND BALANCES

Unassigned	<u>(60,733,048)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>14,250,064</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN PARK ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended April 30, 2016**

	<u>Actual</u>
Revenues	
Taxes	
Property Taxes	\$ 9,358,536
Interest	16,040
Total Revenues	<u>9,374,576</u>
Expenditures	
General Government	
Management Fees	8,021
Debt Service	
Principal Retirement	8,593,001
Interest and Fiscal Charges	<u>14,435,592</u>
Total Expenditures	<u>23,036,614</u>
Net Change in Fund Balance	(13,662,038)
Fund Balance - Beginning	<u>(47,071,010)</u>
Fund Balance - Ending	<u>(60,733,048)</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA TAX INCREMENTAL FINANCING DISTRICT

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Elwood, Illinois, is a municipal corporation governed by an elected president and six-member Board of Trustees. In August of 2000 the Village established the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District, pursuant to the Economic Development Project Area Tax Increment Allocation Act of 1995. Private construction and development within the District is the responsibility of the developer(s). The tax increment allocation financing is intended to entice development of the District by financing a portion of the cost of certain improvements to be made within the District.

REPORTING ENTITY

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No.34,” and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

The operations of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District are accounted for as a debt service fund of the Village.

BASIS OF PRESENTATION

The financial transactions of the Village are reported in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures.

Governmental Funds

The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District Fund of the Village:

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Village maintains one debt service fund, the Deer Run TIF Fund, which accounts for revenues received from incremental property and sales taxes and expenditures for debt service payments related to tax increment financing bonds.

VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA TAX INCREMENTAL FINANCING DISTRICT

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the basic financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes and interest revenue. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA TAX INCREMENTAL FINANCING DISTRICT

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Receivables Property Taxes

In the financial statements, receivables consist of all property tax revenues accrued at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends.

NOTE 3 – DETAIL NOTES ON THE FINANCIAL STATEMENTS

DEPOSITS AND INVESTMENTS

The Village is authorized to make deposits in commercial banks and savings and loan institutions, and to make investments in obligations of the U.S. Treasury and other U.S. agencies, obligations of state and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Cash and investments represent the fund's share of pooled cash and investments of the Village.

TAXES

The incremental taxes consist of the property taxes on real property within the District arising from tax levies by any and all taxing districts or municipal corporations having the power to tax real property in the District. Taxes are attributable to the increase in the then current equalized assessed valuation of each parcel of real property within the District over and above the certified initial equalized assessed value of each such piece of property.

Property taxes for 2015 attach as an enforceable lien on January 1, 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 Will County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

LONG-TERM DEBT

TIF Notes Payable

The Village has issued tax increment financing notes to finance the costs of certain improvements within the District. These notes are limited obligations of the Village payable solely from the pledged revenue of the tax incremental financing district and are reported in the Village's financial statements. The notes do not constitute an indebtedness of the Village for the purpose of any limitation imposed by law.

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

Notes to the Financial Statements

April 30, 2016

LONG-TERM DEBT – Continued

TIF Notes Payable – Continued

Tax increment financing notes currently outstanding are as follows:

Issue	Beginning Balance	Issuances/ Accretion	Retirements	Ending Balance
Tax Increment Financing Note of 2003.	\$ 152,250,310	14,077,551	23,028,593	143,299,268



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GENERALLY
ACCEPTED AUDITING STANDARDS**

October 14, 2016

The Honorable President
Members of the Board of Trustees
Deer Run Industrial Park Economic Development Project Area
Tax Incremental Financing District
Village of Elwood, Illinois

We have audited the basic financial statements of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois, as of and for the year ended April 30, 2016, and have issued our report thereon dated October 14, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

Compliance with laws, regulations, contracts, and grants applicable to the District is the responsibility of the Village of Elwood's management. As part of obtaining reasonable assurance about whether financial statements are free of material misstatement, we performed tests of the Village's compliance with certain provisions of laws, regulations, contracts and grants applicable to the District, including the Village's compliance with subsection (q) of Section 11-74.4-3 of the State of Illinois Public Act 85-1142, *An Act in Relation to Tax Increment Financing*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Deer Run Industrial Park Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois, we considered the Village of Elwood's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the

Deer Run Industrial Park Economic Development Project Area
Tax Incremental Financing District
Village of Elwood, Illinois
October 14, 2016

risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the members of the Board of Trustees and management, and is not intended to be used and should not be used by anyone other than these specified parties.

Lauterbach + Amen LLP

LAUTERBACH & AMEN, LLP

Julie Friebele

From: Ann Vanvooren <avanvooren@lauterbachamen.com>
Sent: Tuesday, December 06, 2016 4:15 PM
To: Marian Gibson
Cc: Julie Friebele; Ashleigh Spacht
Subject: RE: TIF

Hi Marian,

Thanks,

Ann Van Vooren

Lauterbach & Amen, LLP
Certified Public Accountants
27W457 Warrenville Road
Warrenville, IL 60555
630.393.1483 Phone
630.393.2516 Fax

avanvooren@lauterbachamen.com
www.lauterbachamen.com

From: Marian Gibson [mailto:marian.gibson@villageofelwood.com]
Sent: Tuesday, December 06, 2016 4:04 PM
To: Ann Vanvooren <avanvooren@lauterbachamen.com>
Cc: Julie Friebele <julie.friebele@villageofelwood.com>; Ashleigh Spacht <ashleigh.spacht@villageofelwood.com>
Subject: TIF

Ann.

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
marian.gibson@villageofelwood.com
815 424-1094 (Direct)
815 509-2282 (Cell)
815 423-6861 (Fax)

Julie Friebele

From: Ann Vanvooren <avanvooren@lauterbachamen.com>
Sent: Friday, December 02, 2016 6:53 AM
To: 'Marian Gibson'
Cc: 'Ashleigh Spacht'; 'Julie Friebele'
Subject: RE: Joint Review Board - Minutes of Meeting May 13, 2016

Hi Marian,

Thanks!

Ann Van Vooren

From: Marian Gibson [mailto:marian.gibson@villageofelwood.com]
Sent: Thursday, December 01, 2016 9:50 AM
To: Ann Vanvooren
Cc: Ashleigh Spacht; Julie Friebele
Subject: RE: Joint Review Board - Minutes of Meeting May 13, 2016

Ann.

Please let me know if you have questions.

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
marian.gibson@villageofelwood.com
815 424-1094 (Direct)
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815 423-6861 (Fax)

From: Ann Vanvooren [mailto:avanvooren@lauterbachamen.com]
Sent: Tuesday, November 29, 2016 7:53 AM
To: Marian Gibson <marian.gibson@villageofelwood.com>
Subject: RE: Joint Review Board - Minutes of Meeting May 13, 2016

Hi Marian,

Thanks!

Ann Van Vooren

Lauterbach & Amen, LLP
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27W457 Warrenville Road
Warrenville, IL 60555
630.393.1483 Phone
630.393.2516 Fax

avancooren@lauterbachamen.com
www.lauterbachamen.com

From: Marian Gibson [<mailto:marian.gibson@villageofelwood.com>]
Sent: Monday, November 28, 2016 5:05 PM
To: Ann Vanvooren <avancooren@lauterbachamen.com>
Subject: FW: Joint Review Board - Minutes of Meeting May 13, 2016

Ann,

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
marian.gibson@villageofelwood.com
815 424-1094 (Direct)
815 509-2282 (Cell)
815 423-6861 (Fax)

From: Julie Friebele [<mailto:Julie.friebele@villageofelwood.com>]
Sent: Monday, November 28, 2016 5:02 PM
To: avancooren@lauterbachamen.com
Cc: Marian Gibson <marian.gibson@villageofelwood.com>
Subject: Joint Review Board - Minutes of Meeting May 13, 2016

Hi Ann,

Thank you and enjoy your evening,

Julie Friebele
Village Clerk/Executive Assistant
Village of Elwood
401 E Mississippi
Elwood, IL 60421
815-424-1079 fax 815-423-6861

Julie Friebele

From: Ann Vanvooren <avanvooren@lauterbachamen.com>
Sent: Monday, November 28, 2016 4:00 PM
To: Marian Gibson
Cc: Wesley Levy; Ashleigh Spacht
Subject: RE: Elwood Comptroller Report

Hi Marian,

Thanks!

Ann Van Vooren

Lauterbach & Amen, LLP
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27W457 Warrenville Road
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630.393.1483 Phone
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avanvooren@lauterbachamen.com
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From: Marian Gibson [mailto:marian.gibson@villageofelwood.com]
Sent: Monday, November 28, 2016 3:59 PM
To: Ann Vanvooren <avanvooren@lauterbachamen.com>
Cc: Wesley Levy <wlevy@lauterbachamen.com>; Ashleigh Spacht <ashleigh.spacht@villageofelwood.com>
Subject: RE: Elwood Comptroller Report

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
marian.gibson@villageofelwood.com
815 424-1094 (Direct)
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815 423-6861 (Fax)

From: Ann Vanvooren [mailto:avanvooren@lauterbachamen.com]
Sent: Monday, November 28, 2016 3:57 PM
To: Marian Gibson <marian.gibson@villageofelwood.com>
Cc: Wesley Levy <wlevy@lauterbachamen.com>; Ashleigh Spacht <ashleigh.spacht@villageofelwood.com>
Subject: RE: Elwood Comptroller Report

Hi Marian,

Thanks,

Ann Van Vooren

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27W457 Warrenville Road
Warrenville, IL 60555
630.393.1483 Phone
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avanvooren@lauterbachamen.com
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From: Marian Gibson [mailto:marian.gibson@villageofelwood.com]
Sent: Monday, November 28, 2016 3:55 PM
To: Ann Vanvooren <avanvooren@lauterbachamen.com>
Cc: Wesley Levy <wlevy@lauterbachamen.com>; Ashleigh Spacht <ashleigh.spacht@villageofelwood.com>
Subject: RE: Elwood Comptroller Report

Ann,

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
marian.gibson@villageofelwood.com
815 424-1094 (Direct)
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815 423-6861 (Fax)

From: Ann Vanvooren [mailto:avanvooren@lauterbachamen.com]
Sent: Monday, November 28, 2016 2:23 PM
To: Marian Gibson <marian.gibson@villageofelwood.com>

Cc: Wesley Levy <wlevy@lauterbachamen.com>; Ashleigh Spacht <ashleigh.spacht@villageofelwood.com>
Subject: RE: Elwood Comptroller Report

Hi Marian,

Thanks,

Ann Van Vooren

Lauterbach & Amen, LLP
Certified Public Accountants
27W457 Warrenville Road
Warrenville, IL 60555
630.393.1483 Phone
630.393.2516 Fax

avanvooren@lauterbachamen.com
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From: Marian Gibson [mailto:marian.gibson@villageofelwood.com]
Sent: Monday, November 28, 2016 1:29 PM
To: Ann Vanvooren <avanvooren@lauterbachamen.com>
Cc: Wesley Levy <wlevy@lauterbachamen.com>; Ashleigh Spacht <ashleigh.spacht@villageofelwood.com>
Subject: RE: Elwood Comptroller Report

Ann,

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
marian.gibson@villageofelwood.com
815 424-1094 (Direct)
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815 423-6861 (Fax)

From: Ann Vanvooren [mailto:avanvooren@lauterbachamen.com]
Sent: Tuesday, October 25, 2016 2:52 PM
To: Marian Gibson <marian.gibson@villageofelwood.com>
Subject: Elwood Comptroller Report

Hi Marian,

Let me know if you have any questions.

Thanks,

Ann Van Vooren

Lauterbach & Amen, LLP
Certified Public Accountants
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Warrenville, IL 60555
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630.393.2516 Fax

avanvooren@lauterbachamen.com
www.lauterbachamen.com

Julie Friebele

From: Marian Gibson
Sent: Thursday, September 21, 2017 11:27 AM
To: Julie Friebele
Subject: FW: TIF Pass Through Difference

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
mariangibson@villageofelwood.com
815 424-1094 (Direct)
815 509-2282 (Cell)
815 423-6861 (Fax)

From: Ashleigh Spacht [mailto:ashleigh.spacht@villageofelwood.com]
Sent: Monday, February 06, 2017 10:28 AM
To: Wesley Levy <wlevy@lauterbachamen.com>
Cc: accounting . <accounting@villageofelwood.com>; Steve Litko <sllitko@lauterbachamen.com>; Marian Gibson <mariangibson@villageofelwood.com>
Subject: TIF Pass Through Difference

Wes,

Thanks!

Ashleigh Spacht
Assistant Village Administrator

Village of Elwood
401 East Mississippi Avenue
Elwood, IL 60421

Village Hall: (815) 423-5011
Fax: (815) 423-6861

Julie Friebele

From: Marian Gibson
Sent: Thursday, September 21, 2017 11:28 AM
To: Julie Friebele
Attachments: Final PDF of Elwood 2016 TIF Report (883 KB); Elwood 16 Draft (11.4 MB)

Julie Friebele

From: Audit Lauterbach & Amen <auditreport@lauterbachamen.com>
Sent: Tuesday, December 06, 2016 1:42 PM
To: marian.gibson@villageofelwood.com
Subject: Final PDF of Elwood 2016 TIF Report
Attachments: Elwood TIF 0416.pdf

Good afternoon,

Attached please find the final pdf file of the 2016 TIF report.

The bound copies will be brought with the bound copies of the audit and management letter.

Please contact us with any questions. Please confirm receipt of this email.

Thank you,

Roger Connelly
Report Writing Team

Lauterbach & Amen, LLP
Certified Public Accountants
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VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC
DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT
FINANCIAL AND COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN INDUSTRIAL PARK ECOMONIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

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INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

October 14, 2016

The Honorable President
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Deer Run Industrial Park Economic Development Project Area
Tax Incremental Financing District
Village of Elwood, Illinois

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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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the Notes to the Financial Statements, the basic financial statements present only the Deer Run Industrial Park Economic Development Area Tax Incremental Financing District of the Village of Elwood, Illinois, and are not intended to present fairly the financial position or results of operations of the entire Village of Elwood, Illinois, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois as of April 30, 2016, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also issued a report dated October 14, 2016 on our consideration of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois' compliance with laws, regulations, contracts and grants.

Lauterbach & Amen LLP

LAUTERBACH & AMEN, LLP

FINANCIAL STATEMENTS

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN PARK ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

Balance Sheet

April 30, 2016

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VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN PARK ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended April 30, 2016**

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The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA TAX INCREMENTAL FINANCING DISTRICT

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Elwood, Illinois, is a municipal corporation governed by an elected president and six-member Board of Trustees. In August of 2000 the Village established the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District, pursuant to the Economic Development Project Area Tax Increment Allocation Act of 1995. Private construction and development within the District is the responsibility of the developer(s). The tax increment allocation financing is intended to entice development of the District by financing a portion of the cost of certain improvements to be made within the District.

REPORTING ENTITY

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No.34,” and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

The operations of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District are accounted for as a debt service fund of the Village.

BASIS OF PRESENTATION

The financial transactions of the Village are reported in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures.

Governmental Funds

The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District Fund of the Village:

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Village maintains one debt service fund, the Deer Run TIF Fund, which accounts for revenues received from incremental property and sales taxes and expenditures for debt service payments related to tax increment financing bonds.

VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA TAX INCREMENTAL FINANCING DISTRICT

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the basic financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes and interest revenue. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA TAX INCREMENTAL FINANCING DISTRICT

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Receivables Property Taxes

In the financial statements, receivables consist of all property tax revenues accrued at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends.

NOTE 3 – DETAIL NOTES ON THE FINANCIAL STATEMENTS

DEPOSITS AND INVESTMENTS

The Village is authorized to make deposits in commercial banks and savings and loan institutions, and to make investments in obligations of the U.S. Treasury and other U.S. agencies, obligations of state and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Cash and investments represent the fund's share of pooled cash and investments of the Village.

TAXES

The incremental taxes consist of the property taxes on real property within the District arising from tax levies by any and all taxing districts or municipal corporations having the power to tax real property in the District. Taxes are attributable to the increase in the then current equalized assessed valuation of each parcel of real property within the District over and above the certified initial equalized assessed value of each such piece of property.

Property taxes for 2015 attach as an enforceable lien on January 1, 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 Will County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

LONG-TERM DEBT

TIF Notes Payable

The Village has issued tax increment financing notes to finance the costs of certain improvements within the District. These notes are limited obligations of the Village payable solely from the pledged revenue of the tax incremental financing district and are reported in the Village's financial statements. The notes do not constitute an indebtedness of the Village for the purpose of any limitation imposed by law.

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

**Notes to the Financial Statements
April 30, 2016**

LONG-TERM DEBT – Continued

TIF Notes Payable – Continued

Tax increment financing notes currently outstanding are as follows:

Issue	Beginning Balance	Issuances/ Accretion	Retirements	Ending Balance
Tax Increment Financing Note of 2003.	<u>\$ 152,250,310</u>	<u>14,077,551</u>	<u>23,028,593</u>	<u>143,299,268</u>



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GENERALLY
ACCEPTED AUDITING STANDARDS**

October 14, 2016

The Honorable President
Members of the Board of Trustees
Deer Run Industrial Park Economic Development Project Area
Tax Incremental Financing District
Village of Elwood, Illinois

We have audited the basic financial statements of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois, as of and for the year ended April 30, 2016, and have issued our report thereon dated October 14, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

Compliance with laws, regulations, contracts, and grants applicable to the District is the responsibility of the Village of Elwood's management. As part of obtaining reasonable assurance about whether financial statements are free of material misstatement, we performed tests of the Village's compliance with certain provisions of laws, regulations, contracts and grants applicable to the District, including the Village's compliance with subsection (q) of Section 11-74.4-3 of the State of Illinois Public Act 85-1142, *An Act in Relation to Tax Increment Financing*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Deer Run Industrial Park Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois, we considered the Village of Elwood's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the

Deer Run Industrial Park Economic Development Project Area
Tax Incremental Financing District
Village of Elwood, Illinois
October 14, 2016

risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the members of the Board of Trustees and management, and is not intended to be used and should not be used by anyone other than these specified parties.

Lauterbach & Amen LLP

LAUTERBACH & AMEN, LLP

Julie Friebele

From: Audit Lauterbach & Amen <auditreport@lauterbachamen.com>
Sent: Friday, October 21, 2016 1:20 PM
To: marian.gibson@villageofelwood.com
Cc: Wesley Levy; Nathan J. Gaskill
Subject: Elwood 16 Draft
Attachments: 3819_001.pdf; 3818_001.pdf; 3817_001.pdf; Transmittal 15.docx; Elwood 16.xlsx

Hi Marian,

Attached please find the following documents related to the completion of your first draft of the audited financial statements and client communication letters:

- 1) Audited Financial Statements** – included as the first page is the list of open items on the report. Please review the report for the accuracy of the numbers and disclosures.
- 2) Client Communication Letters** – included are the drafts of the client communication letters for your review/approval. A description and purpose of each of the letters is included.
- 3) Journal Entries** – included are the journal entries that were done during the audit, including client proposed and Lauterbach & Amen proposed entries, as applicable. These journal entries are included in the PDF with the client communications.
- 4) Financial** – included is the excel file from which the financials were generated. You will be able to see line item detail from your general ledger in order to tie out balances, etc. The file is separated by different tab colors as follows:
 - Financial Statements – Red
 - Notes to the Financial Statements – Orange
 - Required Supplementary Information – Yellow
 - Supplemental Schedules – Green
 - Statistical Section:
 - L&A to Update pages – Blue
 - Client to Update pages – Purple
- 5) MDA** - included is the final prior year files for the MD&A to ensure you are working from the most recent version. Once you confirm you are ok with the numbers reported in the financial statements L&A will help to drop in the numbers to the charts and graphs in your MD&A. We will highlight anything we cannot updated and send it back to you to make the changes.
- 6) Transmittal** – included is the final prior year file for the Transmittal Letter to ensure you are working from the most recent version.
- 7) Statistical Section** – please update all purple tabs on the included Excel file and email back to us.

Please let us know if you have any questions/changes.

Due to the size of the attached files, please confirm that you are in receipt of this email.

Thank you,

*Melissa Juntunen, Principal
Report Writing Team*

Lauterbach & Amen, LLP
Certified Public Accountants
27W457 Warrenville Road
Warrenville, IL 60555
630.393.1483

630.393.2516 Fax
auditreport@lauterbachamen.com
www.lauterbachamen.com

Client: Village of Elwood

Draft Open Items:
Fiscal Year End: April 30, 2016

Client Open Items

- 1 Pages marked "Client to Update"
- 2 Transmittal Letter
- 3 MD&A
- 4 Check payable to "GFOA" for \$435
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12

Lauterbach & Amen Open Items

- 1 Final Paging (repag stats)
- 2 Table of Contents
- 3 Pages marked "L&A to Update"
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12

Client Communications

1. Management Letter
Draft Given to Client 10/21
Finals Issued to Client
2. SAS 114 Letter
Draft Given to Client 10/21
Finals Issued to Client
3. SAS 115 Letter
Draft Given to Client N/A
Finals Issued to Client
4. Representation Letter
Draft Given to Client 10/21
Finals Received from Client

L&A Administrative

- 1 Client Letterhead - 15 pages
- 2 Signed Transmittal Letter
- 3 Signed COA Application X
- 4 Check for COA - \$435
- 5 COA Responses Completed X
- 6 AJE's to Client 10/21
- 7 IDOI Draft to Client N/A

Final Draft:

Bound Financials to Client by:

Board Meeting Date and Time:

JW Review Date

VILLAGE OF ELWOOD, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Village of Elwood

• *Established 1889* •

Proud of our past, Building our future.

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016

VILLAGE OF ELWOOD, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2016**

Prepared by Finance Department:

Jasen Melahn
Treasurer - Interim

VILLAGE OF ELWOOD, ILLINOIS

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VILLAGE OF ELWOOD, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village of Elwood, Illinois including:

- List of Principal Officials
- Organization Chart
- Transmittal Letter
- Certificate of Achievement for Excellence in Financial Reporting

VILLAGE OF ELWOOD, ILLINOIS

List of Principal Officials
April 30, 2016

April 1, 2016 – April 30, 2016

VILLAGE PRESIDENT

William Offerman

VILLAGE BOARD OF TRUSTEES

Doug Jenco	Mary Matichak
Bud Jones	Dean Lowrance
Don LaPaglia	Jasen Melahn

VILLAGE CLERK

Julie Freibele

DEPARTMENT HEADS

(Interim) Village Administrator	Max Bosso
(Interim) Village Treasurer	Jasen Melahn
Chief of Police	Fred Hayes
Director of Community and Organizational Development	Ashleigh Spacht

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

Village of **Elwood** IL, USA

The People of the Village of Elwood

Village President
Liquor & Police Committee

**Interim Village
Administrator**

**Deputy Village
Administrator**

Engineering
Police Department

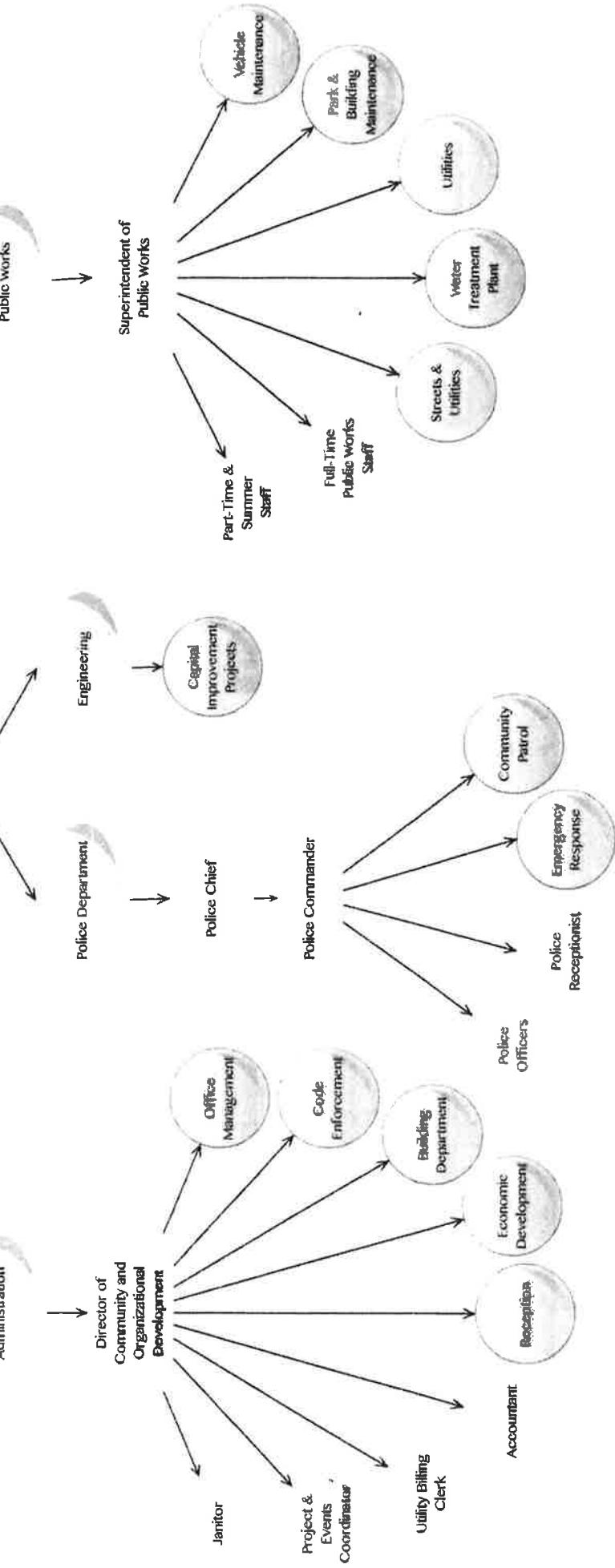
Police Chief

Police Commander

Police
Receptionist

Employee Position

Blue Indicates
Department or
Responsibility



INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Village's independent auditing firm.

MANAGEMENT'S DISCUSSION AND ANALYSIS



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Village of Elwood
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2015

A handwritten signature in black ink that reads "Jeffrey P. Evans". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Evans" on the bottom line.

Executive Director/CEO

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

 Governmental Funds

 Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF ELWOOD, ILLINOIS

Statement of Net Position
April 30, 2016

See Following Page

VILLAGE OF ELWOOD, ILLINOIS

Statement of Net Position
April 30, 2016

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 8,942,496	-	8,942,496
Receivables - Net of Allowances	9,742,135	155,826	9,897,961
Due from Other Governments	5,186	-	5,186
Internal Balances	3,280,604	(3,280,604)	-
Prepays	21,869	3,864	25,733
Total Current Assets	21,992,290	(3,120,914)	18,871,376
Noncurrent Assets			
Capital Assets			
Nondepreciable	3,458,233	1,909,500	5,367,733
Depreciable	156,537,451	24,043,600	180,581,051
Accumulated Depreciation	(37,993,751)	(7,349,400)	(45,343,151)
Total Noncurrent Assets	122,001,933	18,603,700	140,605,633
Total Assets	143,994,223	15,482,786	159,477,009
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	215,985	30,734	246,719
Total Assets and Deferred Outflows of Resources	144,210,208	15,513,520	159,723,728

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 67,655,116	112,213	67,767,329
Accrued Payroll	56,368	6,960	63,328
Deposits Payable	-	47,899	47,899
Accrued Interest Payable	23,745	1,142,744	1,166,489
Current Portion of Long-Term Debt	25,223,302	181,646	25,404,948
Total Current Liabilities	<u>92,958,531</u>	<u>1,491,462</u>	<u>94,449,993</u>
Noncurrent Liabilities			
Compensated Absences Payable	65,050	6,586	71,636
Net Pension Liability - IMRF	245,298	34,906	280,204
Unearned Tap-On Revenues	-	1,872,153	1,872,153
General Obligation Bonds Payable - Net	5,150,000	7,568,005	12,718,005
General Obligation Capital Appreciation Bonds Payable	6,188,552	-	6,188,552
Accretion - General Obligation Capital Appreciation Bonds Payable	4,686,392	-	4,686,392
TIF Notes Payable	80,627,036	-	80,627,036
Accretion - TIF Notes Payable	38,130,192	-	38,130,192
Total Noncurrent Liabilities	<u>135,092,520</u>	<u>9,481,650</u>	<u>144,574,170</u>
Total Liabilities	<u>228,051,051</u>	<u>10,973,112</u>	<u>239,024,163</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>9,557,060</u>	-	<u>9,557,060</u>
Total Liabilities and Deferred Inflows of Resources	<u>237,608,111</u>	<u>10,973,112</u>	<u>248,581,223</u>
NET POSITION			
Net Investment in Capital Assets	18,324,386	10,855,695	29,180,081
Restricted - Highways and Streets	2,047,412	-	2,047,412
Unrestricted (Deficit)	(113,769,701)	(6,315,287)	(120,084,988)
Total Net Position	<u>(93,397,903)</u>	<u>4,540,408</u>	<u>(88,857,495)</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

Statement of Activities
For the Fiscal Year Ended April 30, 2016

	Program Revenues		
	Charges for Services Expenses	Operating Grants/ Contributions	Capital Grants/ Contributions
Primary Government			
Governmental Activities			
General Government	\$ 5,306,224	407,961	-
Public Safety	1,650,714	280,546	8,370
Public Works	740,654	-	58,294
Parks and Recreation	184,749	9,911	-
Interest on Long-Term Debt	14,999,722	-	-
Total Governmental Activities	<u>22,882,063</u>	<u>698,418</u>	<u>-66,664</u>
Business-Type Activities			
Water and Sewer	1,704,404	786,140	-
Garbage	187,187	190,177	-
Total Business-Type Activities	<u>1,891,591</u>	<u>976,317</u>	<u>-</u>
Total Primary Government	<u>24,773,654</u>	<u>1,674,735</u>	<u>66,664</u>

General Revenues
 Taxes
 Property Taxes
 Utility Taxes
 Intergovernmental - Unrestricted
 Sales Taxes
 Income Taxes
 Interest Income
 Miscellaneous

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense)/Revenue		
Governmental Activities	Business-Type Activities	Totals
(4,898,263)	-	(4,898,263)
(1,361,798)	-	(1,361,798)
(682,360)	-	(682,360)
(174,838)	-	(174,838)
<u>(14,999,722)</u>	<u>-</u>	<u>(14,999,722)</u>
<u>(22,116,981)</u>	<u>-</u>	<u>(22,116,981)</u>
-	(918,264)	(918,264)
-	2,990	2,990
<u>-</u>	<u>(915,274)</u>	<u>(915,274)</u>
<u>(22,116,981)</u>	<u>(915,274)</u>	<u>(23,032,255)</u>
10,656,245	-	10,656,245
600,516	-	600,516
266,404	-	266,404
296,548	-	296,548
19,346	16,199	35,545
<u>2,679,568</u>	<u>-</u>	<u>2,679,568</u>
<u>14,518,627</u>	<u>16,199</u>	<u>14,534,826</u>
(7,598,354)	(899,075)	(8,497,429)
<u>(85,799,549)</u>	<u>5,439,483</u>	<u>(80,360,066)</u>
<u>(93,397,903)</u>	<u>4,540,408</u>	<u>(88,857,495)</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

Balance Sheet - Governmental Funds April 30, 2016

General

ASSETS

Cash and Investments	\$ 1,319,046
Receivables - Net of Allowances	
Property Taxes	283,796
Accounts	185,075
Due from Other Governments	-
Due from Other Funds	-
Prepays	<u>15,333</u>
 Total Assets	 <u>1,803,250</u>

LIABILITIES

Accounts Payable	74,878
Accrued Payroll	30,256
Due to Other Funds	-
Total Liabilities	<u>105,134</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes	283,796
Total Liabilities and Deferred Inflows of Resources	<u>388,930</u>

FUND BALANCES

Nonspendable	15,333
Restricted	-
Assigned	-
Unassigned	<u>1,398,987</u>
Total Fund Balances	<u>1,414,320</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>1,803,250</u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Deer Run TIF	Capital Projects			Totals
		Capital Construction Bond	Nonmajor		
-	4,976,800	768,975	1,877,675		8,942,496
-	9,273,264	-	-		9,557,060
-	-	-	-		185,075
-	-	-	5,186		5,186
-	-	3,592,276	191,436		3,783,712
-	-	845	5,691		21,869
-	14,250,064	4,362,096	2,079,988		22,495,398
<hr/>					
-	65,709,848	1,815,737	54,653		67,655,116
-	-	2,843	23,269		56,368
-	-	-	503,108		503,108
-	65,709,848	1,818,580	581,030		68,214,592
<hr/>					
-	9,273,264	-	-		9,557,060
-	74,983,112	1,818,580	581,030		77,771,652
<hr/>					
-	-	-	5,691		21,024
-	-	-	2,047,412		2,047,412
-	-	2,543,516	-		2,543,516
-	(60,733,048)	-	(554,145)		(59,888,206)
-	(60,733,048)	2,543,516	1,498,958		(55,276,254)
<hr/>					
-	14,250,064	4,362,096	2,079,988		22,495,398

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities

April 30, 2016

Total Governmental Fund Balances	\$ (55,276,254)
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 the funds.	122,001,933
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	215,985
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(81,312)
Net Pension Liability - IMRF	(245,298)
General Obligation Bonds Payable	(5,815,000)
General Obligation Capital Appreciation Bonds Payable	(6,188,552)
Accretion - General Obligation Capital Appreciation Bonds Payable	(4,686,392)
TIF Notes Payable	(91,673,995)
Accretion - TIF Notes Payable	(51,625,273)
Accrued Interest Payable	<u>(23,745)</u>
Net Position of Governmental Activities	<u>(93,397,903)</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2016**

See Following Page

VILLAGE OF ELWOOD, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2016

	<u>General</u>
Revenues	
Taxes	\$ 874,051
Intergovernmental	571,322
Charges for Services	330,560
Licenses and Permits	77,401
Fines and Forfeits	280,546
Interest Income	554
Miscellaneous	14,759
Total Revenues	<u>2,149,193</u>
Expenditures	
Current	
General Government	513,917
Public Safety	661,492
Public Works	623,737
Parks and Recreation	-
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>1,799,146</u>
Excess (Deficiency) of Revenues	
Over (Under) Expenditures	<u>350,047</u>
Other Financing Sources (Uses)	
Debt Issuance	-
Payment to Escrow Agent	-
Transfers In	-
Transfers Out	<u>(175,000)</u>
Net Change in Fund Balances	<u>175,047</u>
Fund Balances - Beginning	<u>1,239,273</u>
Fund Balances - Ending	<u>1,414,320</u>

The notes to the financial statements are an integral part of this statement.

Debt Service		Capital Projects			
Debt Service	Deer Run TIF	Capital Construction Bond	Nonmajor	Totals	
-	9,358,536	-	1,024,174	11,256,761	
-	-	-	58,294	629,616	
-	-	-	9,911	340,471	
-	-	-	-	77,401	
-	-	-	-	280,546	
-	16,040	1,825	927	19,346	
-	-	2,664,134	675	2,679,568	
-	9,374,576	2,665,959	1,093,981	15,283,709	
 <hr/>					
-	8,021	4,114,379	-	4,636,317	
-	-	-	927,547	1,589,039	
-	-	-	226,412	850,149	
-	-	-	184,749	184,749	
655,000	8,593,001	-	-	9,248,001	
252,416	14,435,592	-	-	14,688,008	
907,416	23,036,614	4,114,379	1,338,708	31,196,263	
 <hr/>	 <hr/>	 <hr/>	 <hr/>	 <hr/>	
(907,416)	(13,662,038)	(1,448,420)	(244,727)	(15,912,554)	
 <hr/>	 <hr/>	 <hr/>	 <hr/>	 <hr/>	
6,470,000	-	-	-	6,470,000	
(6,329,645)	-	-	-	(6,329,645)	
767,061	-	-	175,000	942,061	
-	-	(767,061)	-	(942,061)	
907,416	-	(767,061)	175,000	140,355	
 <hr/>	 <hr/>	 <hr/>	 <hr/>	 <hr/>	
-	(13,662,038)	(2,215,481)	(69,727)	(15,772,199)	
 <hr/>	 <hr/>	 <hr/>	 <hr/>	 <hr/>	
-	(47,071,010)	4,758,997	1,568,685	(39,504,055)	
 <hr/>	 <hr/>	 <hr/>	 <hr/>	 <hr/>	
-	(60,733,048)	2,543,516	1,498,958	(55,276,254)	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended April 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ (15,772,199)
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Amounts reported for governmental Activities in the Statement of Net Position are different because:

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

Capital Outlays	3,332,099
Depreciation Expense	(3,795,469)

The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	106,647
---------------------------------	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

Decrease to Compensated Absences Payable	6,593
Increase to Net Pension Liability - IMRF	(280,255)
Decrease to Net Other Post-Employment Benefit Obligation Payable	8,298
Issuance of Debt	(6,470,000)
Retirement of Debt	15,473,001
Increase to Accretion - General Obligation Capital Appreciation Bonds	(586,535)
Increase to Accretion - TIF Notes Payable	(14,077,551)
Retirement of Accretion - TIF Notes Payable	14,435,592

Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

21,425

Changes in Net Position of Governmental Activities (7,598,354)

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2016

See Following Page

VILLAGE OF ELWOOD, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2016

<u>Business-Type Activities - Enterprise</u>			
	Water and Sewer	Nonmajor Garbage	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ -	-	-
Receivables - Net of Allowances			
Accounts	124,442	31,384	155,826
Prepays	<u>3,864</u>	-	3,864
Total Current Assets	<u>128,306</u>	31,384	159,690
Noncurrent Assets			
Capital Assets			
Nondepreciable	1,909,500	-	1,909,500
Depreciable	24,043,600	-	24,043,600
Accumulated Depreciation	<u>(7,349,400)</u>	-	<u>(7,349,400)</u>
Total Noncurrent Assets	<u>18,603,700</u>	-	18,603,700
Total Assets	18,732,006	31,384	18,763,390
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	<u>30,734</u>	-	30,734
Total Assets and Deferred Outflows of Resources	<u>18,762,740</u>	31,384	18,794,124

The notes to the financial statements are an integral part of this statement.

<u>Business-Type Activities - Enterprise</u>			
	<u>Water and Sewer</u>	<u>Nonmajor Garbage</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 112,213	-	112,213
Accrued Payroll	6,960	-	6,960
Deposits Payable	47,899	-	47,899
Due to Other Funds	3,270,245	10,359	3,280,604
Accrued Interest Payable	1,142,744	-	1,142,744
Compensated Absences Payable	1,646	-	1,646
General Obligation Bonds Payable	180,000	-	180,000
 Total Current Liabilities	 4,761,707	 10,359	 4,772,066
Noncurrent Liabilities			
Unearned Tap-On Revenues	1,872,153	-	1,872,153
Compensated Absences Payable	6,586	-	6,586
Net Pension Liability - IMRF	34,906	-	34,906
General Obligation Bonds Payable - Net	7,568,005	-	7,568,005
 Total Noncurrent Liabilities	 9,481,650	 -	 9,481,650
 Total Liabilities	 14,243,357	 10,359	 14,253,716
NET POSITION			
Net Investment in Capital Assets	10,855,695	-	10,855,695
Unrestricted (Deficit)	(6,336,312)	21,025	(6,315,287)
 Total Net Position	 4,519,383	 21,025	 4,540,408

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2016**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Nonmajor Garbage	Totals
Operating Revenues			
Charges for Services	\$ 786,140	190,177	976,317
Operating Expenses			
Water Operations	321,170	-	321,170
Sewer Operations	409,610	-	409,610
Garbage Operations	-	187,187	187,187
Depreciation and Amortization	604,449	-	604,449
Total Operating Expenses	1,335,229	187,187	1,522,416
Operating Income (Loss)	(549,089)	2,990	(546,099)
Nonoperating Revenues (Expenses)			
Interest Income	16,197	2	16,199
Interest and Fiscal Charges	(369,175)	-	(369,175)
	(352,978)	2	(352,976)
Change in Net Position	(902,067)	2,992	(899,075)
Net Position - Beginning as Restated	5,421,450	18,033	5,439,483
Net Position - Ending	4,519,383	21,025	4,540,408

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

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

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Nonmajor Garbage</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 751,570	187,174	938,744
Payments to Employees	(203,363)	-	(203,363)
Payments to Suppliers	(259,627)	(202,782)	(462,409)
	<u>288,580</u>	<u>(15,608)</u>	<u>272,972</u>
Cash Flows from Noncapital Financing Activities			
Interfunds	315,625	10,359	325,984
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(76,227)	-	(76,227)
Principal Paid	(175,000)	-	(175,000)
Interest Paid	(369,175)	-	(369,175)
	<u>(620,402)</u>	<u>-</u>	<u>(620,402)</u>
Cash Flows from Investing Activities			
Interest Received	16,197	2	16,199
Net Change in Cash and Cash Equivalents			
	-	(5,247)	(5,247)
Cash and Cash Equivalents - Beginning			
	-	5,247	5,247
Cash and Cash Equivalents - Ending			
	-	-	-
Reconciliation of Operating Income to Net Cash			
Provided (Used) by Operating Activities			
Operating Income (Loss)	(549,089)	2,990	(546,099)
Adjustments to Reconcile Operating Income to			
Net Income to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation and Amortization Expense	604,449	-	604,449
(Increase) Decrease in Current Assets	(34,570)	(3,003)	(37,573)
Increase (Decrease) in Current Liabilities	267,790	(15,595)	252,195
	<u>837,669</u>	<u>(18,598)</u>	<u>819,071</u>
Net Cash Provided by (Used in) Operating Activities	<u>288,580</u>	<u>(15,608)</u>	<u>272,972</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Elwood, Illinois, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, water, sewer and garbage services and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Elwood
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's water, sewer and garbage services are classified as business-type activities.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.) The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) changes to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

General fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains three special revenue funds.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Village maintains two debt service funds. The Debt Service Fund, a major fund, issued to account for the accumulation of resources for, and the payment of, the principal and interest on the 2005 general obligation bonds. The Deer Run TIF Fund, also a major fund, is used to account for revenues received from incremental property taxes and expenditures for debt service payments related to tax increment financing bonds.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains two capital projects funds. The Capital Construction Bond Fund, a major fund, is used to account for revenues received from general obligation bond proceeds and expenditures for road improvements and reconstruction.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Village:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains two enterprise funds. The Water and Sewer Fund, a major fund, is used to account for revenues and expenses relative to the operation of the water and sewer utilities.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements **April 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements **April 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements. Prepays are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepays are recorded as expenditures when consumed rather than when purchased.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report utility charges as their major receivables.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements **April 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Capital Assets – Continued

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	10 - 40 Years
Machinery and Equipment	3 - 10 Years
Infrastructure	25 - 50 Years

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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 Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 debt service expenditures.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow or resources (expense)/inflow of resources (revenue) until that future time.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. Prior to April 30, the Village Clerk submits to the Village Board a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to July 31, the budget is legally enacted through passage of an ordinance. The Village does not budget for the Deer Run TIF Fund and the Brandon/Noel Road Improvements Fund.

The Village’s management is authorized to transfer budgeted amounts between departments within any fund; however, the Village Board must approve revisions that alter the total expenditures of any fund. Formal budgetary integration is employed at a management control device during the year for the General Fund. Budgeted amounts are as originally adopted by the Board of Trustees. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year there were no supplementary appropriations.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	Excess
General	\$ 182,919
Capital Construction Bond	681,437
Park	31,929

DEFICIT FUND BALANCE

The following funds had a deficit fund balance for the fiscal year:

Fund	Deficit
Deer Run TIF	\$ 60,733,048
Park	854
Special Service Area	235,928
Brandon/Noel Road Improvements	311,672

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds.

Illinois Funds is an investment pool managed by the Illinois public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits and Investments. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$8,924,231 and the bank balances totaled \$8,982,019. Also at year-end, the Village has \$18,265 invested in the Illinois Funds.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy limits interest rate risk by attempting to obtain the highest interest rate available while ensuring the maximum safety of principal and maintaining a portfolio that is sufficiently liquid to meet all operating costs which may be reasonably anticipated. The Village's investment in the Illinois Funds has an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village does not have a formal written policy with regards to credit risk. At year-end, the Village's investment in the Illinois Funds is rated AAA by Standard and Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy states that at all times funds on deposit (checking accounts, certificates of deposit, etc.) in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the municipality. At April 30, 2016, the entire amount of the bank balance of deposits were covered by federal depository or equivalent insurance.

For an investment, this 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 or collateral. The Village does not have a formal written policy with regards to custodial credit risk for investments. At April 30, 2016, the Village's investment in the Illinois Funds is not subject to custodial credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village does not have a formal written policy with regards to concentration credit risk for investments. At April 30, 2016, the Village has no investments over 5 percent of the total cash and investment portfolio.

PROPERTY TAXES

Property taxes for 2015 attach as an enforceable lien on January 1, 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 Will County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 3,458,233	-	-	3,458,233
Construction in Progress	456,300	-	456,300	-
	<u>3,914,533</u>	<u>-</u>	<u>456,300</u>	<u>3,458,233</u>
Depreciable Capital Assets				
Buildings and Improvements	6,585,182	391,275	-	6,976,457
Machinery and Equipment	1,504,218	265,680	24,164	1,745,734
Infrastructure	144,683,816	3,131,444	-	147,815,260
	<u>152,773,216</u>	<u>3,788,399</u>	<u>24,164</u>	<u>156,537,451</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,630,395	210,232	-	1,840,627
Machinery and Equipment	1,067,941	122,243	24,164	1,166,020
Infrastructure	31,524,110	3,462,994	-	34,987,104
	<u>34,222,446</u>	<u>3,795,469</u>	<u>24,164</u>	<u>37,993,751</u>
Total Net Depreciable Capital Assets	<u>118,550,770</u>	<u>(7,070)</u>	<u>-</u>	<u>118,543,700</u>
Total Net Capital Assets	<u>122,465,303</u>	<u>(7,070)</u>	<u>456,300</u>	<u>122,001,933</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 3,682,699
Public Safety	61,675
Public Works	<u>51,095</u>
	<u>3,795,469</u>

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,909,500	-	-	1,909,500
Depreciable Capital Assets				
Buildings and Improvements	12,731,090	2,552	-	12,733,642
Machinery and Equipment	414,653	73,675	-	488,328
Infrastructure	10,821,630	-	-	10,821,630
	23,967,373	76,227	-	24,043,600
Less Accumulated Depreciation				
Buildings and Improvements	4,209,961	325,310	-	4,535,271
Machinery and Equipment	215,446	55,523	-	270,969
Infrastructure	2,321,857	221,303	-	2,543,160
	6,747,264	602,136	-	7,349,400
Total Net Depreciable Capital Assets	17,220,109	(525,909)	-	16,694,200
Total Net Capital Assets	19,129,609	(525,909)	-	18,603,700

Depreciation expense was charged to business-type as follows:

Water and Sewer \$ 602,136

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND BALANCES

Interfund balances at year-end consisted of the following:

Receivable Fund	Payable Fund	Amount
Capital Construction Bond	Nonmajor Governmental	\$ 311,672
Capital Construction Bond	Water and Sewer	3,270,245
Capital Construction Bond	Nonmajor Business-Type	10,359
Nonmajor Governmental	Nonmajor Governmental	<u>191,436</u>
		<u>3,783,712</u>

Interfund balances are advances in anticipation of receipts.

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Debt Service	Capital Construction Bond	\$ 767,061 (1)
Nonmajor Governmental	General	<u>175,000</u> (2)
		<u>942,061</u>

Transfers are used to (1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds Payable

Governments issue general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2005, due in annual installments of \$115,000 to \$165,000, plus interest at 4.20% to 4.50% through March 1, 2023.	\$ 6,225,000 *	-	-	-
General Obligation Refunding Bonds of 2010A, due in annual installments of \$165,000 to \$310,000, plus interest at 2.00% to 5.10% through March 1, 2030.	3,455,000	-	175,000	3,280,000
General Obligation Refunding Bonds of 2010B, due in one payment of \$4,500,000, plus interest at 3.99% on September 8, 2020.	4,500,000	-	-	4,500,000
General Obligation Refunding Bonds of 2015, due in annual installments of \$655,000 to \$935,000, plus interest at 2.45% through March 1, 2023.	-	6,470,000	655,000	5,815,000
	<u>14,180,000</u>	<u>6,470,000</u>	<u>7,055,000</u>	<u>13,595,000</u>

*Amount Refunded

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Capital Appreciation Bonds Payable

Governments issue general obligation capital appreciation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation capital appreciation bonds are direct obligations and pledge the full faith and credit of the government. General obligation capital appreciation bonds currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Capital Appreciation Bonds of 2006, due in annual installments of \$729,226 to \$1,052,838 through March 1, 2030.	\$ 6,188,552	-	-	6,188,552

TIF Notes Payable

Tax increment financing notes currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Tax Increment Financing Note of 2003.	\$ 100,266,996	-	8,593,001	91,673,995

Defeased Debt

On June 19, 2015, the Village issued \$6,470,000 par value General Obligation Refunding Bonds of 2015 to refund \$6,225,000 of the General Obligation Bonds of 2005. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the Village reduced its total debt service by \$370,252 and obtained an economic gain of \$340,667.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 87,905	6,593	13,186	81,312	16,262
Net Pension Liability - IMRF	(34,957)	280,255	-	245,298	-
Net Other Post-Employment Benefit Obligation Payable	8,298	-	8,298	-	-
General Obligation Bonds	6,225,000	6,470,000	6,880,000	5,815,000	665,000
General Obligation Capital Appreciation Bonds	6,188,552	-	-	6,188,552	-
Accretion - General Obligation Capital Appreciation Bonds	4,099,857	586,535	-	4,686,392	-
TIF Notes Payable	100,266,996	-	8,593,001	91,673,995	11,046,959
Accretion - TIF Notes Payable	51,983,314	14,077,551	14,435,592	51,625,273	13,495,081
	<u>168,824,965</u>	<u>21,420,934</u>	<u>29,930,077</u>	<u>160,315,822</u>	<u>25,223,302</u>
Business-Type Activities					
Compensated Absences	6,446	3,572	1,786	8,232	1,646
Net Pension Liability - IMRF	(4,976)	39,882	-	34,906	-
General Obligation Bonds	7,955,000	-	175,000	7,780,000	180,000
Unamortized Bond Discount	(34,308)	-	(2,313)	(31,995)	-
	<u>7,922,162</u>	<u>43,454</u>	<u>174,473</u>	<u>7,791,143</u>	<u>181,646</u>

For the governmental activities, the compensated absences, the net pension liability, and net other post-employment benefit obligation are generally liquidated by the General Fund. Payments on the general obligation bonds and general obligation capital appreciation bonds are made by Debt Service Fund. The Deer Run TIF Fund makes payments on TIF notes payable.

For business-type activities, compensated absences and the net pension liability is liquidated by the Water and Sewer Fund. The Water and Sewer Fund makes payments on the general obligation bonds.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities				Business-Type Activities	
	General Obligation Bonds		General Obligation Capital Appreciation Bonds	Tax Increment Notes	General Obligation Bonds	
	Principal	Interest	Principal/Accretion	Principal/Accretion	Principal	Interest
2017	\$ 665,000	142,468	(619,972)	11,507,249	180,000	149,248
2018	735,000	126,176	(655,316)	13,437,941	185,000	143,398
2019	800,000	108,168	(692,675)	15,546,339	190,000	136,922
2020	875,000	88,568	(732,164)	17,852,221	200,000	130,034
2021	890,000	67,130	(773,904)	20,465,946	4,705,000	2,276,981
2022	915,000	45,326	(818,023)	23,403,500	215,000	114,085
2023	935,000	22,908	(864,658)	26,600,961	220,000	105,484
2024	-	-	1,925,584	14,485,111	230,000	96,134
2025	-	-	2,037,571	-	245,000	84,404
2026	-	-	2,153,732	-	255,000	71,910
2027	-	-	2,276,514	-	270,000	58,905
2028	-	-	2,406,296	-	280,000	45,136
2029	-	-	2,543,478	-	295,000	30,856
2030	-	-	2,688,481	-	310,000	15,810
Totals	<u>5,815,000</u>	<u>600,744</u>	<u>10,874,944</u>	<u>143,299,268</u>	<u>7,780,000</u>	<u>3,459,307</u>

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides that the General Assembly may limit the amount and require referenda for approval of debt payable from ad valorem property taxes in excess of one percent of assessed valuation. However, no such statute has been enacted as of this date. Therefore, as a home rule municipality, the Village of Elwood, Illinois has no debt limit.

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

Assigned Fund Balance. The Village's Board, through Board resolution, has given authority to management (Village Administrator) to assigned fund balance in the Brandon/Noel Road Improvements Fund, a nonmajor fund and the Capital Construction Bond Fund, a major fund, to improvement projects and equipment and vehicle purchases based on approved management and Board expenditures as determined through the annual budget process.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Debt Service		Capital Projects		Capital Construction Bond	Nonmajor	Totals
		Debt Service	TIF	Capital	Construction			
Fund Balances								
Nonspendable								
Prepays	\$ 15,333	-	-	-	-	5,691	21,024	
Restricted								
Highways and Streets	-	-	-	-	-	2,047,412	2,047,412	
Assigned								
Capital Projects	-	-	-	-	2,543,516	-	2,543,516	
Unassigned	1,398,987	-	(60,733,048)	-	(554,145)	(59,888,206)		
Total Fund Balances	1,414,320	-	(60,733,048)	2,543,516	1,498,958	(55,276,254)		

NET POSITION RESTATEMENTS

Net position was restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	Increase
Governmental Activities	\$ (85,943,844)	(85,799,549)	144,295
Water and Sewer - Business-Type Activities	5,418,951	5,439,483	20,532

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2016:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 122,465,303
Less Capital Related Debt:	
General Obligation Bonds of 2015	(5,815,000)
General Obligation Capital Appreciation Bonds of 2006	(6,188,552)
Tax Increment Financing Note Payable of 2003	<u>(91,673,995)</u>
Net Investment in Capital Assets	<u>18,787,756</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	18,603,700
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2010A	(3,280,000)
General Obligation Refunding Bonds of 2010B	(4,500,000)
Unamortized Bond Discount	<u>31,995</u>
Net Investment in Capital Assets	<u>10,855,695</u>

NOTE 4 – OTHER INFORMATION

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 are provided for through insurance from private insurance companies. The Village currently reports all its risk management activities in the General Fund and Water and Sewer Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Grants

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

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Litigation

The Village has filed a lawsuit against CenterPoint Intermodal LLC and CenterPoint Realty Service Inc. The lawsuit relates to the Deer Run Industrial Park redevelopment project and is in the very early stages. The Village does not seek any monetary damages, and no claims for damages have been asserted against the Village. The Village seeks only certain information from Centerpoint concerning how TIF funds were used, and clarification from the court as to the Village's obligation on the repayment of the TIF notes.

In addition, the Village is a defendant in other various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Village contributes to one defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements

April 30, 2016

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2015, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	7
Inactive Plan Members Entitled to but not yet Receiving Benefits	8
Active Plan Members	<u>20</u>
Total	<u>35</u>

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2015 was 8.86% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

A Single Discount Rate of 7.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.49%.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
Net Pension Liability/(Asset)	\$ 697,940	280,204	(54,696)

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Balances at December 31, 2014	\$ 2,131,079	2,171,012	(39,933)
Changes for the Year:			
Service Cost	151,367	-	151,367
Interest on the Total Pension Liability	163,745	-	163,745
Difference Between Expected and Actual			
Experience of the Total Pension Liability	100,106	-	100,106
Changes of Assumptions	3,819	-	3,819
Contributions - Employer	-	124,894	(124,894)
Contributions - Employees	-	71,451	(71,451)
Net Investment Income	-	11,228	(11,228)
Benefit Payments, including Refunds			
of Employee Contributions	(46,984)	(46,984)	-
Other (Net Transfer)	-	(108,673)	108,673
Net Changes	372,053	51,916	320,137
Balances at December 31, 2015	2,503,132	2,222,928	280,204

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the fiscal year ended April 30, 2016, the Village recognized pension expense of \$198,312. At April 30, 2016, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 83,822	-	83,822
Change in Assumptions	3,198	-	3,198
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	122,499	-	122,499
Pension Contributions Made Subsequent to the Measurement Date	37,200	-	37,200
Total Deferred Amounts Related to IMRF	<u>246,719</u>	-	<u>246,719</u>

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

Fiscal Year	Net Deferred Outflows of Resources
2016	\$ 84,730
2017	47,530
2018	47,530
2019	47,529
2020	16,905
Thereafter	<u>2,495</u>
Total	<u><u>246,719</u></u>

VILLAGE OF ELWOOD, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The Village has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. There are no employees that have chosen to stay in the Village's health insurance plan. As such, there is no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Therefore, the Village has not recorded a liability as of April 30, 2016.

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2016, was calculated as follows:

Annual Required Contribution	\$ -
Interest on the NOPEBO	-
Adjustment to the ARC	<u>(8,298)</u>
Annual OPEB Cost	(8,298)
Actual Contribution	-
Change in the NOPEBO	(8,298)
NOPEBO - Beginning	<u>8,298</u>
NOPEBO - Ending	<u>-</u>

Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 1,375	\$ -	0.00%	\$ 6,849
2015	1,449	-	0.00%	8,298
2016	(8,298)	-	0.00%	-

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF ELWOOD, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

April 30, 2016

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 124,894	\$ 124,894	\$ -	\$ 1,409,634	8.86%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.40% - 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP 2000 Combined Healthy Mortality Table

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF ELWOOD, ILLINOIS**Illinois Municipal Retirement Fund****Required Supplementary Information****Schedule of Changes in the Employer's Net Pension Liability****April 30, 2016**12/31/15

Total Pension Liability	
Service Cost	\$ 151,367
Interest	163,745
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	100,106
Change of Assumptions	3,819
Benefit Payments, Including Refunds of Member Contributions	<u>(46,984)</u>
Net Change in Total Pension Liability	372,053
Total Pension Liability - Beginning	<u>2,131,079</u>
Total Pension Liability - Ending	<u>2,503,132</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 124,894
Contributions - Members	71,451
Net Investment Income	11,228
Benefit Payments, Including Refunds of Member Contributions	(46,984)
Administrative Expense	<u>(108,673)</u>
Net Change in Plan Fiduciary Net Position	51,916
Plan Net Position - Beginning	<u>2,171,012</u>
Plan Net Position - Ending	<u>2,222,928</u>
Employer's Net Pension Liability	<u>\$ 280,204</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.81%
Covered-Employee Payroll	\$ 1,409,634
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	19.88%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF ELWOOD, ILLINOIS

General Fund

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

	Budget		
	Original	Final	Actual
Revenues			
Taxes	\$ 870,530	870,530	874,051
Intergovernmental	587,204	587,204	571,322
Charges for Services	369,527	369,527	330,560
Licenses and Permits	17,365	17,365	77,401
Fines and Forfeits	300,000	300,000	280,546
Interest Income	4,150	4,150	554
Miscellaneous	4,999	4,999	14,759
Total Revenues	2,153,775	2,153,775	2,149,193
Expenditures			
General Government	341,998	341,998	513,917
Public Safety	661,743	661,743	661,492
Public Works	612,486	612,486	623,737
Total Expenditures	1,616,227	1,616,227	1,799,146
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	537,548	537,548	350,047
Other Financing (Uses)			
Transfers Out	(475,000)	(475,000)	(175,000)
Net Change in Fund Balance	62,548	62,548	175,047
Fund Balance - Beginning			<u>1,239,273</u>
Fund Balance - Ending			<u>1,414,320</u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the revenues received from the Village's allocation of state gasoline taxes and the expenditures for street construction and maintenance, which must be authorized by the Illinois Department of Transportation.

Park Fund

The Park Fund is used to account for revenues received from impact fees and the expenditures for park operations and improvements.

Special Service Area Fund

The Special Service Area Fund is used to account for revenues received from special service area property taxes and expenditures for maintenance within the special service area.

DEBT SERVICE FUNDS

Debt Service Funds are created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, the principal and interest on the 2005 general obligation bonds.

Deer Run Tax Increment Financing (TIF) Fund

The Deer Run Tax Increment Financing Fund is used to account for revenues received from incremental property taxes and expenditures for debt service payments related to tax increment financing bonds.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

Capital Construction Bond Fund

The Capital Construction Bond Fund is used to account for revenues received from general obligation bond proceeds and expenditures for road improvements and reconstruction.

Brandon/Noel Road Improvements Fund

The Brandon/Noel Road Improvements Fund is used to account for revenues and expenditures relative to the construction of road improvements.

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Water and Sewer Fund

The Water and Sewer Fund is used to account for revenues and expenses relative to the operation of the water and sewer utilities.

Garbage Fund

The Garbage Fund is used to account for revenues and expenses relative to the disposal of residential solid waste.

VILLAGE OF ELWOOD, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Taxes			
Property Taxes	\$ 203,530	203,530	202,885
Personal Property Replacement Tax	1,000	1,000	1,099
Road and Bridge Tax	66,000	66,000	69,551
Utility Tax	600,000	600,000	600,516
	870,530	870,530	874,051
Intergovernmental			
Sales Tax	200,000	200,000	144,277
Home Rule Sales Tax	93,000	93,000	122,127
Income Tax	225,621	225,621	233,111
Local Use Tax	60,213	60,213	63,437
Police/Safety Grants	8,370	8,370	8,370
	587,204	587,204	571,322
Charges for Services			
Center Point Administrative Fees	137,277	137,277	134,585
Engineering Fees	10,000	10,000	-
Lease Agreements	30,000	30,000	-
Police Reports	250	250	498
Inspection Fees	-	-	165
Overweight Truck Fee	150,000	150,000	153,098
Cable Franchise Fees	7,000	7,000	8,329
Container Stacking Fee	30,000	30,000	30,000
Nicor Franchise Fees	5,000	5,000	3,885
	369,527	369,527	330,560
Licenses and Permits			
Building Permits	10,000	10,000	55,906
Liquor Licenses	3,690	3,690	4,400
Business Licenses	675	675	3,095
Contractor Registration	3,000	3,000	14,000
	17,365	17,365	77,401
Fines and Forfeits			
Police Fines	300,000	300,000	280,546

VILLAGE OF ELWOOD, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2016

	Budget		
	Original	Final	Actual
Interest Income	\$ 4,150	4,150	554
Miscellaneous			
Miscellaneous	4,999	4,999	14,759
Total Revenues	<u>2,153,775</u>	<u>2,153,775</u>	<u>2,149,193</u>

VILLAGE OF ELWOOD, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2016

	Budget		
	Original	Final	Actual
General Government			
Administration			
Salaries	\$ 154,594	154,594	135,384
Administration Benefits	18,358	18,358	15,450
Employee Group Insurance	5,849	5,849	4,979
Audit	18,400	18,400	48,400
Legal Services	30,000	30,000	107,287
Telephone	5,400	5,400	8,926
Electric/Heating	18,000	18,000	13,163
Travel and Meetings	3,000	3,000	4,766
Insurance - Liability/Workers Compensation	15,000	15,000	21,399
Printing/Binding	5,000	5,000	1,636
Dues and Subscriptions	17,000	17,000	17,287
Office Equipment Maintenance	6,400	6,400	17,234
Office Supplies	11,500	11,500	16,896
Postage	4,000	4,000	8,833
Bank Charges	7,500	7,500	10,264
Donations	2,200	2,200	3,860
Miscellaneous	2,997	2,997	44,038
Events	12,000	12,000	16,169
Equipment	800	800	3,033
Data Processing Equipment	4,000	4,000	14,913
 Total General Government	 341,998	 341,998	 513,917
 Public Safety			
Police			
Salaries	434,947	434,947	449,116
Administration Benefits	66,942	66,942	73,695
Employee Group Insurance	58,964	58,964	63,365
Legal Services	22,000	22,000	1,940
Educational Reimbursement	3,000	3,000	-
Data Processing	400	400	-
Insurance - Liability/Workers Compensation	10,795	10,795	12,995
Printing/Binding	347	347	182
Dues and Subscriptions	2,796	2,796	642
Telephone	2,180	2,180	3,823
Office Equipment Maintenance	3,363	3,363	4,690

VILLAGE OF ELWOOD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Public Safety - Continued			
Police - Continued			
Radio Maintenance	\$ 1,508	1,508	1,038
Vehicle Maintenance	3,616	3,616	1,793
Training	1,029	1,029	1,010
Travel and Meetings	68	68	5
Medical Expenditures	1,600	1,600	409
Animal Control	900	900	496
Rental	246	246	-
Office Supplies	1,800	1,800	1,509
Gas and Oil	5,147	5,147	3,354
Uniforms	3,240	3,240	2,629
Postage	350	350	4
Ammunition	3,376	3,376	3,152
Other Supplies	1,419	1,419	2,482
Agreements	21,931	21,931	22,080
Miscellaneous	640	640	567
Equipment	9,139	9,139	10,516
 Total Public Safety	 661,743	 661,743	 661,492

Public Works

Streets			
Salaries	200,342	200,342	211,244
Administration Benefits	27,114	27,114	27,877
Employee Group Insurance	31,560	31,560	27,054
Professional Services	3,000	3,000	2,302
Data Processing	2,200	2,200	1,522
Insurance	18,000	18,000	26,406
Uniforms	5,100	5,100	2,246
Street Cleaning	2,000	2,000	1,470
Landfill	5,000	5,000	8,365
Travel and Meetings	6,000	6,000	4,727
Tree Removal	10,000	10,000	25,590
Truck Inspections	2,000	2,000	-
Electric	45,000	45,000	33,511
Telephone	2,620	2,620	3,307
Heating	6,300	6,300	5,061

VILLAGE OF ELWOOD, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Public Works - Continued			
Streets - Continued			
Equipment Rentals	\$ 7,500	7,500	11,077
Communication Repairs	4,500	4,500	468
Building Maintenance	56,200	56,200	45,734
Street Light Maintenance	27,000	27,000	7,004
Vehicle Maintenance	22,500	22,500	25,159
Mosquito Abatement	23,250	23,250	23,512
Office Supplies	4,500	4,500	4,431
Vehicle Supplies	9,000	9,000	7,490
Gas and Oil	16,500	16,500	1,292
Gravel	500	500	-
Asphalt and Sealer	1,000	1,000	1,000
Operating Supplies	13,500	13,500	24,553
Restoration Materials	2,500	2,500	2,235
Drainage Materials	1,500	1,500	254
Traffic Signs and Safety Materials	9,500	9,500	10,972
Small Tools and Equipment	6,800	6,800	9,313
Miscellaneous	10,000	10,000	42,226
Equipment	10,000	10,000	780
Village Building Improvements	20,000	20,000	24,613
Data Processing Equipment	-	-	942
 Total Public Works	 612,486	 612,486	 623,737
 Total Expenditures	 1,616,227	 1,616,227	 1,799,146

VILLAGE OF ELWOOD, ILLINOIS

Debt Service Fund

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

	Budget		
	Original	Final	Actual
Revenues			
Taxes	\$ -	- -	- -
Expenditures			
Debt Service			
Principal Retirement	694,498	694,498	655,000
Interest and Fiscal Charges	447,823	447,823	252,416
Total Expenditures	<u>1,142,321</u>	<u>1,142,321</u>	<u>907,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,142,321)</u>	<u>(1,142,321)</u>	<u>(907,416)</u>
Other Financing Sources			
Debt Issuance	- -	- -	6,470,000
Payment to Escrow Agent	- -	- -	(6,329,645)
Transfers In	<u>1,142,321</u>	<u>1,142,321</u>	<u>767,061</u>
	<u>1,142,321</u>	<u>1,142,321</u>	<u>907,416</u>
Net Change in Fund Balance	<u>-----</u>	<u>-----</u>	<u>-----</u>
Fund Balance - Beginning	<u>-----</u>	<u>-----</u>	<u>-----</u>
Fund Balance - Ending	<u>-----</u>	<u>-----</u>	<u>-----</u>

VILLAGE OF ELWOOD, ILLINOIS

Capital Construction Bond - Capital Projects Fund

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

	Budget		
	Original	Final	Actual
Revenues			
Interest Income	\$ 13,015	13,015	1,825
Miscellaneous	2,000,000	2,000,000	2,664,134
Total Revenues	2,013,015	2,013,015	2,665,959
Expenditures			
General Government	3,432,942	3,432,942	4,114,379
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,419,927)	(1,419,927)	(1,448,420)
Other Financing (Uses)			
Transfers Out	(717,321)	(717,321)	(767,061)
Net Change in Fund Balance	(2,137,248)	(2,137,248)	(2,215,481)
Fund Balance - Beginning			4,758,997
Fund Balance - Ending			2,543,516

VILLAGE OF ELWOOD, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2016

	Special Revenue			Capital Projects	
	Motor Fuel Tax	Park	Special Service Area	Brandon/Noel Road Improvements	Totals
ASSETS					
Cash and Investments	\$ 1,850,790	26,885	-	-	1,877,675
Due from Other Governments	5,186	-	-	-	5,186
Due from Other Funds	191,436	-	-	-	191,436
Prepays	-	281	5,410	-	5,691
Total Assets	2,047,412	27,166	5,410	-	2,079,988
LIABILITIES					
Accounts Payable	-	22,356	32,297	-	54,653
Accrued Payroll	-	5,664	17,605	-	23,269
Due to Other Funds	-	-	191,436	311,672	503,108
Total Liabilities	-	28,020	241,338	311,672	581,030
FUND BALANCES					
Nonspendable	-	281	5,410	-	5,691
Restricted	2,047,412	-	-	-	2,047,412
Unassigned	-	(1,135)	(241,338)	(311,672)	(554,145)
Total Fund Balances	2,047,412	(854)	(235,928)	(311,672)	1,498,958
Total Liabilities and Fund Balances	2,047,412	27,166	5,410	-	2,079,988

VILLAGE OF ELWOOD, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2016**

	Special Revenue			Capital Projects	
	Motor Fuel Tax	Park	Special Service Area	Brandon/Noel Road Improvements	Totals
Revenues					
Taxes	\$ -	-	1,024,174	-	1,024,174
Intergovernmental	58,294	-	-	-	58,294
Charges for Services	-	9,911	-	-	9,911
Interest Income	922	-	5	-	927
Miscellaneous	-	675	-	-	675
Total Revenues	59,216	10,586	1,024,179	-	1,093,981
Expenditures					
Public Safety	-	-	927,547	-	927,547
Public Works	8,407	-	218,005	-	226,412
Parks and Recreation	-	184,749	-	-	184,749
Total Expenditures	8,407	184,749	1,145,552	-	1,338,708
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,809	(174,163)	(121,373)	-	(244,727)
Other Financing Sources					
Transfer In	-	175,000	-	-	175,000
Net Change in Fund Balances	50,809	837	(121,373)	-	(69,727)
Fund Balances - Beginning	1,996,603	(1,691)	(114,555)	(311,672)	1,568,685
Fund Balances - Ending	2,047,412	(854)	(235,928)	(311,672)	1,498,958

VILLAGE OF ELWOOD, ILLINOIS**Motor Fuel Tax - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 56,975	56,975	58,294
Interest Income	6,906	6,906	922
Total Revenues	<u>63,881</u>	<u>63,881</u>	<u>59,216</u>
Expenditures			
Public Works			
Contractual Services	<u>38,000</u>	<u>38,000</u>	<u>8,407</u>
Net Change in Fund Balance	<u>25,881</u>	<u>25,881</u>	<u>50,809</u>
Fund Balance - Beginning			<u>1,996,603</u>
Fund Balance - Ending			<u><u>2,047,412</u></u>

VILLAGE OF ELWOOD, ILLINOIS

Park - Special Revenue Fund

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

	Budget		
	Original	Final	Actual
Revenues			
Charges for Services			
Event Fees	\$ 12,115	12,115	3,881
Rental Fees	2,000	2,000	2,540
Registration Fees	6,000	6,000	3,490
Miscellaneous	1,100	1,100	675
Total Revenues	<u>21,215</u>	<u>21,215</u>	<u>10,586</u>
Expenditures			
Parks and Recreation	<u>152,820</u>	<u>152,820</u>	<u>184,749</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(131,605)	(131,605)	(174,163)
Other Financing Sources			
Transfers In	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>
Net Change in Fund Balance	<u>43,395</u>	<u>43,395</u>	<u>837</u>
Fund Balance - Beginning			<u>(1,691)</u>
Fund Balance - Ending			<u>(854)</u>

VILLAGE OF ELWOOD, ILLINOIS

Park - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Parks and Recreation			
Salaries	\$ 55,623	55,623	79,765
Administration Benefits	5,694	5,694	9,295
Employee Group Insurance	3,507	3,507	2,948
Repairs and Maintenance	8,500	8,500	7,052
Referees	1,500	1,500	1,537
Legal	500	500	156
Telephone	1,000	1,000	1,208
Trees/Landscaping	2,500	2,500	2,840
Herbicides	10,500	10,500	5,317
Equipment Maintenance	6,000	6,000	2,209
Vehicle Maintenance	2,000	2,000	1,000
Printing	1,500	1,500	478
Fuel	3,000	3,000	1,164
General Supplies	14,750	14,750	16,062
Maintenance Supplies	19,500	19,500	26,995
Small Tools	1,000	1,000	237
Miscellaneous	998	998	-
Events	-	-	9,745
Children's Garden	14,748	14,748	16,741
 Total Expenditures	 152,820	 152,820	 184,749

VILLAGE OF ELWOOD, ILLINOIS

Special Service Area - Special Revenue Fund

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

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Tax	\$ 1,010,000	1,010,000	1,024,174
Interest Income	100	100	5
Total Revenues	1,010,100	1,010,100	1,024,179
Expenditures			
Public Safety	874,608	874,608	927,547
Public Works	285,178	285,178	218,005
Total Expenditures	1,159,786	1,159,786	1,145,552
Net Change in Fund Balance	(149,686)	(149,686)	(121,373)
Fund Balance - Beginning			(114,555)
Fund Balance - Ending			<u>(235,928)</u>

VILLAGE OF ELWOOD, ILLINOIS

Special Service Area - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Public Safety			
Salaries	\$ 513,726	513,726	498,103
Benefits	135,660	135,660	133,492
Training	11,644	11,644	8,067
Uniforms	4,860	4,860	6,748
Insurance	-	-	92,954
Automotive	80,983	80,983	51,744
Supplies and Materials	1,500	1,500	27
Agreements	124,275	124,275	125,644
Miscellaneous Expenditures	1,960	1,960	282
Purchase Vehicle	-	-	235
Purchase Equipment	-	-	10,251
 Total Public Safety	 874,608	 874,608	 927,547
 Public Works	 	 	
Uniforms	2,000	2,000	693
Fuel - Mowing	10,500	10,500	6,436
Salt	20,000	20,000	18,865
Vehicle Maintenance	13,750	13,750	13,706
Equipment Maintenance	16,300	16,300	17,483
Administrative/Legal	183,878	183,878	139,807
Retention Pond Maintenance	25,750	25,750	19,530
Roadway Maintenance	8,000	8,000	1,485
Landfill	5,000	5,000	-
 Total Public Works	 285,178	 285,178	 218,005
 Total Expenditures	 1,159,786	 1,159,786	 1,145,552

VILLAGE OF ELWOOD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services	\$ 818,618	818,618	786,140
Operating Expenses			
Water Operations	351,071	351,071	321,170
Sewer Operations	448,835	448,835	409,610
Depreciation and Amortization	-	-	604,449
Total Operating Expenses	799,906	799,906	1,335,229
Operating Income (Loss)	18,712	18,712	(549,089)
Nonoperating Revenues (Expenses)			
Interest Income	3,453	3,453	16,197
Interest and Fiscal Charges	-	-	(369,175)
	3,453	3,453	(352,978)
Income (Loss) Before Transfers	22,165	22,165	(902,067)
Transfers Out	(45,000)	(45,000)	-
Change in Net Position	(22,835)	(22,835)	(902,067)
Net Position - Beginning as Restated			<u>5,421,450</u>
Net Position - Ending			<u>4,519,383</u>

VILLAGE OF ELWOOD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Charges for Services			
Water Charges	\$ 437,091	437,091	431,201
Sewer Charges	371,527	371,527	356,530
Meter Sales	-	-	857
Miscellaneous	10,000	10,000	(2,448)
 Total Operating Revenues	 818,618	 818,618	 786,140

VILLAGE OF ELWOOD, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Water Operations			
Salaries	\$ 76,918	76,918	83,448
Administration Benefits	12,099	12,099	12,280
Employee Group Insurance	13,347	13,347	18,039
Insurance - Liability/Workers Compensation	10,000	10,000	12,736
Audit	2,813	2,813	18,900
Data Processing	5,000	5,000	1,928
Legal Services	-	-	4,284
Telephone	6,000	6,000	10,959
Electric	72,000	72,000	51,012
Heating	1,000	1,000	2,221
Printing/Binding	500	500	207
Dues and Subscriptions	7,150	7,150	5,270
Building Maintenance	25,150	25,150	39,378
Equipment Maintenance	17,750	17,750	6,998
System Maintenance	27,500	27,500	29,851
Vehicle Maintenance	1,000	1,000	1,864
Operational Supplies	750	750	2,146
Gas and Oil	500	500	1,255
Small Tools/Equipment	3,500	3,500	2,756
Postage	1,844	1,844	1,128
Water Supplies	2,000	2,000	1,156
Maintenance Supplies	500	500	341
Vehicle Supplies	1,000	1,000	1,007
Chemicals	15,000	15,000	9,787
Restoration Materials	2,750	2,750	1,264
Miscellaneous	42,000	42,000	13
Water Meters	3,000	3,000	-
Data Processing Equipment	-	-	942
Total Water Operations	<u>351,071</u>	<u>351,071</u>	<u>321,170</u>

VILLAGE OF ELWOOD, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2016

	Budget		
	Original	Final	Actual
Sewer Operations			
Salaries	\$ 107,976	107,976	119,915
Administration Benefits	17,080	17,080	42,694
Employee Group Insurance	23,722	23,722	21,983
Insurance - Liability/Workers Compensation	10,000	10,000	10,934
Audit	2,813	2,813	18,900
Data Processing	5,000	5,000	5,150
Telephone	6,000	6,000	10,241
Electric/Heating	73,000	73,000	58,677
Dues and Subscriptions	-	-	10,571
Building Maintenance	54,150	54,150	55,226
Equipment Maintenance	38,750	38,750	1,865
System Maintenance	27,500	27,500	9,215
Vehicle Maintenance	1,000	1,000	1,878
Operational Supplies	750	750	3,043
Gas and Oil	500	500	1,293
Small Tools and Equipment	9,000	9,000	2,203
Postage	1,844	1,844	706
Sewer Supplies	2,000	2,000	610
Maintenance Supplies	1,000	1,000	1,038
Vehicle Supplies	500	500	616
Chemicals	23,000	23,000	30,625
Restoration Materials	2,750	2,750	-
Miscellaneous	40,500	40,500	193
Water Meters	-	-	2,034
 Total Sewer Operations	 448,835	 448,835	 409,610

VILLAGE OF ELWOOD, ILLINOIS

Garbage - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services	<u>\$ 200,819</u>	<u>200,819</u>	<u>190,177</u>
Operating Expenses			
Garbage Operations			
Garbage Collection	189,120	189,120	187,187
Printing/Binding	100	100	-
Postage	1,260	1,260	-
Total Operating Expenses	<u>190,480</u>	<u>190,480</u>	<u>187,187</u>
Operating Income	10,339	10,339	2,990
Nonoperating Revenue			
Interest Income	<u>84</u>	<u>84</u>	<u>2</u>
Change in Net Position	<u>10,423</u>	<u>10,423</u>	<u>2,992</u>
Net Position - Beginning			<u>18,033</u>
Net Position - Ending			<u>21,025</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF ELWOOD, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2010A

April 30, 2016

Date of Issue	August 4, 2010
Date of Maturity	March 1, 2030
Authorized Issue	\$3,805,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 5.10%
Interest Dates	September 1 and March 1
Principal Maturity Date	March 1
Payable at	Bond Trust Services Corp, Roseville, MN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Sep. 1	Amount	Mar. 1	Amount
2017	\$ 180,000	149,248	329,248	2016	74,624	2017	74,624
2018	185,000	143,398	328,398	2017	71,699	2018	71,699
2019	190,000	136,922	326,922	2018	68,461	2019	68,461
2020	200,000	130,034	330,034	2019	65,017	2020	65,017
2021	205,000	122,284	327,284	2020	61,142	2021	61,142
2022	215,000	114,085	329,085	2021	57,042	2022	57,043
2023	220,000	105,484	325,484	2022	52,742	2023	52,742
2024	230,000	96,134	326,134	2023	48,067	2024	48,067
2025	245,000	84,404	329,404	2024	42,202	2025	42,202
2026	255,000	71,910	326,910	2025	35,955	2026	35,955
2027	270,000	58,905	328,905	2026	29,452	2027	29,453
2028	280,000	45,136	325,136	2027	22,568	2028	22,568
2029	295,000	30,856	325,856	2028	15,428	2029	15,428
2030	310,000	15,810	325,810	2029	7,905	2030	7,905
	<u>3,280,000</u>	<u>1,304,610</u>	<u>4,584,610</u>		<u>652,304</u>		<u>652,306</u>

VILLAGE OF ELWOOD, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2010B
April 30, 2016

Date of Issue	July 21, 2010
Date of Maturity	September 8, 2020
Authorized Issue	\$4,500,000
Denomination of Bonds	\$5,000
Interest Rate	3.99%
Interest Date	September 8
Principal Maturity Date	September 8
Payable at	Centerpoint Properties Trust

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2017	\$ -	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	4,500,000	2,154,697	6,654,697
	<u>4,500,000</u>	<u>2,154,697</u>	<u>6,654,697</u>

VILLAGE OF ELWOOD, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Refunding Bonds of 2015

April 30, 2016

Date of Issue	June 19, 2015
Date of Maturity	March 1, 2023
Authorized Issue	\$6,470,000
Denomination of Bonds	\$5,000
Interest Rate	2.45%
Interest Dates	September 1 and March 1
Principal Maturity Date	March 1
Payable at	Bank of New York Mellon, NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Sep. 1	Amount	Mar. 1	Amount
2017	\$ 665,000	142,468	807,468	2016	71,234	2017	71,234
2018	735,000	126,176	861,176	2017	63,088	2018	63,088
2019	800,000	108,168	908,168	2018	54,084	2019	54,084
2020	875,000	88,568	963,568	2019	44,284	2020	44,284
2021	890,000	67,130	957,130	2020	33,565	2021	33,565
2022	915,000	45,326	960,326	2021	22,663	2022	22,663
2023	935,000	22,908	957,908	2022	11,454	2023	11,454
	<u>5,815,000</u>	<u>600,744</u>	<u>6,415,744</u>		<u>300,372</u>		<u>300,372</u>

STATISTICAL SECTION (Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF ELWOOD, ILLINOIS

Net Position by Component - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

See Following Page

VILLAGE OF ELWOOD, ILLINOIS

Net Position by Component - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 10,793,782	27,266,803	37,380,706	45,118,195
Restricted	1,214,702	914,820	1,128,961	284,408
Unrestricted	(31,705,596)	(54,549,541)	(68,569,077)	(85,744,242)
Total Governmental Activities Net Position	<u>(19,697,112)</u>	<u>(26,367,918)</u>	<u>(30,059,410)</u>	<u>(40,341,639)</u>
Business-Type Activities				
Net Investment in Capital Assets	8,777,528	8,037,632	7,676,233	7,135,001
Unrestricted	424,368	320,551	25,064	(379,412)
Total Business-Type Activities Net Position	<u>9,201,896</u>	<u>8,358,183</u>	<u>7,701,297</u>	<u>6,755,589</u>
Primary Government				
Net Investment in Capital Assets	19,571,310	35,304,435	45,056,939	52,253,196
Restricted	1,214,702	914,820	1,128,961	284,408
Unrestricted	(31,281,228)	(54,228,990)	(68,544,013)	(86,123,654)
Total Primary Government Net Position	<u>(10,495,216)</u>	<u>(18,009,735)</u>	<u>(22,358,113)</u>	<u>(33,586,050)</u>

Data Source: Village Records

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2011	2012	2013	2014	2015	2016
55,923,197	69,703,356	3,913,127	5,827,985	9,784,755	-
186,235	228,407	1,934,012	1,969,900	1,996,603	-
(104,473,877)	(127,256,105)	(73,276,070)	(84,399,079)	(97,725,202)	-
<u>(48,364,445)</u>	<u>(57,324,342)</u>	<u>(67,428,931)</u>	<u>(76,601,194)</u>	<u>(85,943,844)</u>	-
12,646,565	12,179,521	11,748,272	11,475,448	11,208,917	-
(3,299,779)	(3,652,969)	(4,124,143)	(5,141,641)	(5,789,966)	-
<u>9,346,786</u>	<u>8,526,552</u>	<u>7,624,129</u>	<u>6,333,807</u>	<u>5,418,951</u>	-
68,569,762	81,882,877	15,661,399	17,303,433	20,993,672	-
186,235	228,407	1,934,012	1,969,900	1,996,603	-
(107,773,656)	(130,909,074)	(77,400,213)	(89,540,720)	(103,515,168)	-
<u>(39,017,659)</u>	<u>(48,797,790)</u>	<u>(59,804,802)</u>	<u>(70,267,387)</u>	<u>(80,524,893)</u>	-

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VILLAGE OF ELWOOD, ILLINOIS
Changes in Net Position - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General Government	\$ 2,697,423	1,816,816	1,040,107	886,566	1,353,265	1,724,469	1,232,453	1,128,996	2,194,352	
Public Safety	769,922	1,317,095	1,130,979	1,187,539	1,319,476	1,486,332	1,319,274	1,621,037	1,618,937	
Public Works	655,478	3,222,603	4,246,091	4,259,360	4,089,740	4,384,492	4,329,154	4,300,726	4,557,730	
Parks and Recreation	2,939,609	68,958	89,537	111,906	119,869	153,868	177,647	144,163	138,880	
Interest on Long-Term Debt	14,065,749	14,751,436	15,374,640	15,857,579	16,205,986	16,653,441	16,415,928	16,176,010	15,670,296	
Total Governmental Activities Expenses	21,128,181	21,176,908	21,881,354	22,302,950	23,088,336	24,402,602	23,474,456	23,370,932	24,180,195	-
Business-Type Activities										
Water and Sewer	1,708,927	1,413,463	1,617,887	1,631,487	1,369,765	1,679,573	1,665,068	1,809,632	1,696,473	
Garbage	124,518	129,659	144,436	148,973	157,912	163,045	173,592	176,382	183,494	
Total Business-Type Activities Net Position	1,833,445	1,543,122	1,762,323	1,780,460	1,527,677	1,842,618	1,838,660	1,986,014	1,879,967	-
Total Primary Government Expenses	22,961,626	22,720,030	23,643,677	24,083,410	24,616,013	26,245,220	25,313,116	25,356,946	26,060,162	-
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	2,107,835	3,720,168	1,285,420	226,094	232,310	372,036	720,534	309,675	292,152	
Public Safety	161,322	300,768	216,364	189,060	232,735	376,178	297,009	146,709	224,971	
Parks and Recreation	42,451	36,267	17,683	20,643	15,989	15,946	17,522	18,375	17,215	
Operating Grants/Contributions	87,161	45,157	42,666	39,638	48,018	60,760	61,304	70,334	62,887	
Capital Grants/Contributions	50,000	50,000	1,456,400	50,000	2,148,100	125,829	51,118	79,824	-	
Total Governmental Activities	2,448,769	4,152,360	3,018,533	525,435	2,677,152	950,749	1,147,487	624,917	597,225	-
Business-Type Activities										
Charges for Services										
Water and Sewer	384,692	451,651	937,735	663,993	728,649	748,583	855,098	770,900	768,299	
Garbage	124,862	135,846	143,171	149,035	156,119	164,742	173,141	174,659	181,314	
Operating Grants/Contributions	19,500	33,750	-	-	-	-	-	-	-	
Capital Grants/Contributions	-	-	-	-	-	-	-	-	-	
Total Business-Type Activities	529,054	621,247	1,080,906	813,028	884,768	913,325	1,028,239	945,559	949,613	-
Total Primary Government	2,977,823	4,773,607	4,099,439	3,338,463	3,561,920	1,864,074	2,175,726	1,570,476	1,546,838	-
Program Revenues										

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue										
Governmental Activities	\$ (18,679,412)	(17,024,548)	(18,862,821)	(21,777,515)	(20,411,184)	(23,451,853)	(22,326,969)	(22,746,015)	(23,582,970)	
Business-Type Activities	(1,304,391)	(921,875)	(681,417)	(967,432)	(642,909)	(929,293)	(810,421)	(1,040,455)	(930,354)	
Total Primary Government										
Net Revenue (Expense)	(19,983,803)	(17,946,423)	(19,544,238)	(22,744,947)	(21,054,093)	(24,381,146)	(23,137,390)	(23,786,470)	(24,513,324)	
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	5,714,095	7,038,909	9,107,792	8,653,494	8,951,766	9,018,234	8,952,040	9,939,894	10,926,895	
Utility Taxes	339,502	443,077	349,027	413,237	351,584	340,097	566,718	597,230	608,208	
Intergovernmental - Unrestricted										
Sales Taxes	1,365,439	396,246	396,915	369,746	361,917	1,348,180	232,728	206,567	148,733	
Income Taxes	164,319	180,847	178,236	156,146	162,538	260,205	265,223	266,484	295,594	
Reimbursements	299,142	691,190	2,489	203,596	298,808	1,035,179	12,500			
Interest Income	338,629	627,199	126,453	63,691	38,357	31,975	24,058	16,040	14,147	
Miscellaneous	73,513	976,274	2,117,261	1,635,376	2,223,428	2,509,604	1,947,315	2,281,607	2,246,743	
Transfers						(51,518)	265,930			
Total Governmental Activities	8,294,639	10,353,742	12,278,173	11,495,286	12,388,378	14,491,956	12,000,582	13,573,752	14,240,320	
Business-Type Activities										
Investment Income	125,106	78,162	24,531	21,724	11,599	4,834	4,598	16,063	15,498	
Miscellaneous					3,222,507	52,707				
Transfers						51,518		(265,930)		
Total Business-Type Activities	125,106	78,162	24,531	21,724	3,234,106	109,059	4,598	(249,867)	15,498	
Total Primary Government	8,419,745	10,431,904	12,302,704	11,517,010	15,622,484	14,601,015	12,005,180	13,323,885	14,255,818	
Changes in Net Position										
Governmental Activities	(10,384,773)	(6,670,806)	(6,584,648)	(10,282,229)	(8,022,806)	(8,959,897)	(10,326,387)	(9,172,263)	(9,342,650)	
Business-Type Activities	(1,179,285)	(843,713)	(656,886)	(945,708)	2,591,197	(820,234)	(805,823)	(1,290,322)	(914,856)	
Total Primary Government	(11,564,058)	(7,514,519)	(7,241,534)	(11,227,937)	(5,431,609)	(9,780,131)	(11,132,210)	(10,462,585)	(10,257,506)	

Data Source: Village Records

VILLAGE OF ELWOOD, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

	2007	2008	2009	2010
General Fund				
Reserved	\$ 13,085	25,907	32,230	29,250
Unreserved	933,420	1,655,568	634,903	668,833
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	946,505	1,681,475	667,133	698,083
All Other Governmental Funds				
Reserved	469,639	252,981	27,388	16,087
Unreserved, Reported in:				
Special Revenues Funds	793,704	661,839	1,101,573	268,321
Debt Service Funds	-	(556,859)	(1,380,598)	(4,766,321)
Capital Projects Funds	4,891,853	1,700,719	4,568,979	6,316,540
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	6,155,196	2,058,680	4,317,342	1,834,627
Total Governmental Funds	7,101,701	3,740,155	4,984,475	2,532,710

Data Source: Village Records

The Village implemented GASB 54 in Fiscal Year 2012.

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	2011	2012	2013	2014	2015	2016
41,997	-	-	-	-	-	-
654,298	-	-	-	-	-	-
-	28,389	28,389	-	11,078	12,581	-
-	988,986	1,151,306	-	1,226,766	1,226,692	-
<u>696,295</u>	<u>1,017,375</u>	<u>1,179,695</u>	-	<u>1,237,844</u>	<u>1,239,273</u>	-
23,098	-	-	-	-	-	-
160,980	-	-	-	-	-	-
(9,585,412)	-	-	-	-	-	-
8,212,844	-	-	-	-	-	-
-	15,614	15,614	-	7,854	5,523	-
-	228,407	1,934,012	-	1,969,900	1,996,603	-
-	8,081,237	6,223,169	-	5,962,828	4,758,997	-
-	(16,204,676)	(25,177,776)	-	(35,701,543)	(47,504,451)	-
(1,188,490)	(7,879,418)	(17,004,981)	-	(27,760,961)	(40,743,328)	-
(492,195)	(6,862,043)	(15,825,286)	-	(26,523,117)	(39,504,055)	-

VILLAGE OF ELWOOD, ILLINOIS**General Governmental Revenues by Source - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

Source	2007	2008	2009	2010
Taxes	\$ 6,053,597	7,481,986	9,456,819	9,066,731
Intergovernmental	1,966,061	1,363,440	670,306	819,126
Charges for Services	2,071,685	3,557,534	1,181,861	216,820
Licenses and Permits	78,601	198,901	121,242	29,917
Fines and Forfeits	161,322	300,768	216,364	189,060
Interest Income	338,629	627,199	126,453	63,691
Miscellaneous	73,513	976,274	2,117,261	1,635,376
Totals	10,743,408	14,506,102	13,890,306	12,020,721

Data Source: Village Records

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2011	2012	2013	2014	2015	2016
9,303,330	9,358,331	9,518,758	10,537,124	11,535,103	-
3,019,381	2,830,153	1,022,873	623,209	507,214	-
221,043	234,758	288,647	269,344	271,566	-
27,256	153,224	49,409	58,706	37,801	-
232,735	376,178	297,009	146,709	224,971	-
38,357	31,975	24,058	16,040	14,147	-
2,223,428	2,509,604	1,947,315	2,281,607	2,246,743	-
<u>15,065,530</u>	<u>15,494,223</u>	<u>13,148,069</u>	<u>13,932,739</u>	<u>14,837,545</u>	-

VILLAGE OF ELWOOD, ILLINOIS

General Governmental Expenditures by Function - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

Function	2007	2008	2009	2010
General Government	\$ 2,678,321	1,773,295	1,040,363	856,697
Public Safety	812,160	1,403,992	1,049,827	1,150,403
Public Works	556,032	669,301	867,877	1,035,170
Parks and Recreation	114,429	68,958	89,537	111,906
Capital Outlay	7,946,124	6,719,544	310,199	153,300
Debt Service				
Principal	5,544,850	6,932,563	8,874,256	10,893,200
Interest and Fiscal Charges	299,447	299,995	296,264	295,085
Totals	17,951,363	17,867,648	12,528,323	14,495,761

Data Source: Village Records

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2011	2012	2013	2014	2015	2016
3,147,483	4,471,932	2,667,008	2,368,069	3,341,821	-
1,235,494	1,528,422	1,290,514	1,550,804	1,556,089	-
778,573	849,852	950,051	857,973	850,116	-
119,869	153,868	177,647	144,163	138,880	-
23,695	-	9,782	495,616	418,703	-
12,601,421	14,510,577	16,729,349	19,198,015	6,145,894	-
298,294	297,902	286,960	281,860	15,366,980	-
<u>18,204,829</u>	<u>21,812,553</u>	<u>22,111,311</u>	<u>24,896,500</u>	<u>27,818,483</u>	-

VILLAGE OF ELWOOD, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

	2007	2008	2009	2010
Revenues				
Taxes	\$ 6,053,597	7,481,986	9,456,819	9,066,731
Licenses and Permits	78,601	198,901	121,242	29,917
Intergovernmental	1,966,061	1,363,440	670,306	819,126
Charges for Services and Fees	2,071,685	3,557,534	1,181,861	216,820
Fines and Forfeits	161,322	300,768	216,364	189,060
Investment Income	338,629	627,199	126,453	63,691
Miscellaneous	73,513	976,274	2,117,261	1,635,376
Total Revenues	10,743,408	14,506,102	13,890,306	12,020,721
Expenditures				
General Government	2,678,321	1,773,295	1,040,363	856,697
Public Safety	812,160	1,403,992	1,049,827	1,150,403
Public Works	556,032	669,301	867,877	1,035,170
Parks and Recreation	114,429	68,958	89,537	111,906
Capital Outlay	7,946,124	6,719,544	310,199	153,300
Debt Service				
Principal	5,544,850	6,932,563	8,874,256	10,893,200
Interest and Fiscal Charges	299,447	299,995	296,264	295,085
Total Expenditures	17,951,363	17,867,648	12,528,323	14,495,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,207,955)	(3,361,546)	1,361,983	(2,475,040)
Other Financing Sources (Uses)				
Debt Issuance	-	-	-	23,275
Discount on Debt Issuance	-	-	-	-
Transfers In	527,942	2,174,844	1,362,006	716,723
Transfers Out	(527,942)	(2,174,844)	(1,362,006)	(716,723)
	-	-	-	23,275
Net Change in Fund Balances	(7,207,955)	(3,361,546)	1,361,983	(2,451,765)
Debt Service as a Percentage of Noncapital Expenditures	58.41%	69.50%	85.15%	79.23%

Data Source: Village Records

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2011	2012	2013	2014	2015	2016
9,303,330	9,358,331	9,518,758	10,537,124	11,535,103	-
27,256	153,224	49,409	58,706	37,801	-
3,019,381	2,830,153	1,022,873	623,209	507,214	-
221,043	234,758	288,647	269,344	271,566	-
232,735	376,178	297,009	146,709	224,971	-
38,357	31,975	24,058	16,040	14,147	-
2,223,428	2,509,604	1,947,315	2,281,607	2,246,743	-
<u>15,065,530</u>	<u>15,494,223</u>	<u>13,148,069</u>	<u>13,932,739</u>	<u>14,837,545</u>	-
3,147,483	4,471,932	2,667,008	2,368,069	3,341,821	-
1,235,494	1,528,422	1,290,514	1,550,804	1,556,089	-
778,573	849,852	950,051	857,973	850,116	-
119,869	153,868	177,647	144,163	138,880	-
23,695	-	9,782	495,616	418,703	-
12,601,421	14,510,577	16,729,349	19,198,015	6,145,894	-
298,294	297,902	286,960	281,860	15,366,980	-
<u>18,204,829</u>	<u>21,812,553</u>	<u>22,111,311</u>	<u>24,896,500</u>	<u>27,818,483</u>	-
(3,139,299)	(6,318,330)	(8,963,242)	(10,963,761)	(12,980,938)	-
114,394	-	-	-	-	-
-	-	-	-	-	-
331,472	845,393	582,819	565,015	544,348	-
(331,472)	(896,911)	(582,819)	(299,085)	(544,348)	-
<u>114,394</u>	<u>(51,518)</u>	<u>-</u>	<u>265,930</u>	<u>-</u>	-
(3,024,905)	(6,369,848)	(8,963,242)	(10,697,831)	(12,980,938)	-
78.79%	78.32%	83.65%	84.97%	82.11%	#DIV/0!

VILLAGE OF ELWOOD, ILLINOIS**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years**
April 30, 2016 (Unaudited)

Tax Levy Year	Residential Property	Farm
2006	\$ 40,384,258	\$ 201,714
2007	45,385,712	200,458
2008	51,007,924	218,002
2009	52,489,876	2,473,024
2010	51,797,707	2,475,304
2011	44,751,700	2,525,300
2012	40,262,651	2,400,666
2013	36,542,364	2,431,639
2014	36,760,701	2,445,737
2015	-	-

Data Source: Will County Tax Extension Office

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Commercial Property	Industrial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
\$ 1,046,857	\$ 7,345,882	\$ 48,978,711	\$ 42,357	\$ 49,021,068	0.202
1,114,810	7,665,210	54,366,190	46,519	54,412,709	0.270
1,326,952	7,665,739	60,218,617	50,873	60,269,490	0.256
1,364,724	7,211,230	63,538,854	61,305	63,600,159	0.255
1,466,163	7,211,230	62,950,404	76,688	63,027,092	0.266
2,642,962	6,477,723	56,397,685	81,499	56,479,184	0.312
2,640,159	6,396,455	51,699,931	92,216	51,792,147	0.357
2,624,559	6,331,261	47,929,823	113,956	48,043,779	0.404
2,207,158	6,381,261	47,794,857	118,833	47,913,690	0.425
-	-	-	-	-	0.444

VILLAGE OF ELWOOD, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

See Following Page

VILLAGE OF ELWOOD, ILLINOIS**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years**
April 30, 2016 (Unaudited)

	2006	2007	2008	2009
Village of Elwood				
Corporate	0.202	0.270	0.256	0.255
Will County	0.503	0.483	0.475	0.483
Will County Forest Preserve District	0.137	0.142	0.145	0.152
Will County Public Building Commission	0.013	0.012	0.019	0.019
Jackson Township	0.240	0.228	0.226	0.203
Village of Elwood Road and Bridge	0.125	0.118	0.117	0.105
Manhattan-Elwood Public Library	0.170	0.161	0.160	0.156
Elwood Fire Protection District	0.618	0.666	0.507	0.494
School District 203	2.541	2.429	2.370	2.234
High School District 204	2.024	1.957	1.887	1.897
Community College District 525	0.194	0.190	0.190	0.214
 Total Tax Rate Per \$100 EAV	 6.764	 6.655	 6.349	 6.213
 Village's Share of Total Tax Rate	 2.98%	 4.06%	 4.03%	 4.10%

Data Source: Office of the Will County Clerk

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2010	2011	2012	2013	2014	2015
0.266	0.312	0.357	0.404	0.425	0.444
0.508	0.535	0.570	0.599	0.643	0.000
0.157	0.169	0.186	0.197	0.198	0.000
0.020	0.020	0.021	0.022	0.022	0.000
0.219	0.222	0.244	0.264	0.107	0.000
0.114	0.115	0.127	0.137	0.329	0.000
0.164	0.178	0.196	0.210	0.219	0.000
0.515	0.502	0.588	0.624	0.649	0.000
2.311	2.536	2.832	3.078	3.166	0.000
2.056	2.228	2.486	2.703	2.875	0.000
0.227	0.246	0.277	0.296	0.309	0.000
6.555	7.063	7.883	8.533	8.942	0.444
4.06%	4.41%	4.53%	4.73%	4.75%	100.00%

VILLAGE OF ELWOOD, ILLINOIS

Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago
April 30, 2016 (Unaudited)

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Taxpayer	2016			2007		
	Taxable Assessed Value		Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	
	Value	Rank	Value	Value	Rank	Value
Wal-Mart Stores	\$ 38,662,800	1	#DIV/0!	\$		
Centerpoint Intermodal LLC	14,503,619	2	#DIV/0!	10,592,291	1	23.40%
Centerpoint Properties Trust	13,935,160	3	#DIV/0!			
Liberty Property	12,322,262	4	#DIV/0!			
Georgia-Pacific LLC	10,006,999	5	#DIV/0!			
Elwood Energy	6,182,500	6	#DIV/0!	3,903,686	2	8.62%
CenterPoint Joliet Terminal	1,156,342	7	#DIV/0!			
McCormick 107 LLC	735,038	8	#DIV/0!			
PERC Holdings LLC	391,200	9	#DIV/0!	344,680	7	0.76%
Commonwealth Edison Co	371,127	10	#DIV/0!	371,127	6	0.82%
Centerpoint Elwood LLC				3,028,002	3	6.69%
CJFI, LLC				2,397,198	4	5.30%
Elwood Energy				2,177,015	5	4.81%
PERC Holdings LLC				236,004	8	0.52%
Command Construction, Inc.				195,930	9	0.43%
Centerpoint Intermodal LLC				174,113	10	0.38%
	<u>98,267,047</u>		<u>#DIV/0!</u>	<u>23,420,046</u>		<u>51.73%</u>

Data Source: Office of the County Clerk of Will County

VILLAGE OF ELWOOD, ILLINOIS

Property Tax Levies and Collections - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007*	2005	\$ 4,992,956	\$ 4,988,692	99.91%	N/A	\$ 4,988,692	99.91%
2008*	2006	6,195,253	6,195,382	100.00%	N/A	6,195,382	100.00%
2009*	2007	8,196,182	8,195,674	99.99%	N/A	8,195,674	99.99%
2010*	2008	7,857,670	7,856,706	99.99%	N/A	7,856,706	99.99%
2011*	2009	8,084,038	8,083,206	99.99%	N/A	8,083,206	99.99%
2012*	2010	8,084,588	8,083,594	99.99%	N/A	8,083,594	99.99%
2013*	2011	8,023,307	8,017,406	99.93%	N/A	8,017,406	99.93%
2014*	2012	8,911,304	8,911,368	100.00%	N/A	8,911,368	100.00%
2015*	2013	9,898,660	9,898,395	100.00%	N/A	9,898,395	100.00%
2016*	2014	9,562,100	9,561,421	99.99%	N/A	9,561,421	99.99%

N/A - Not Available

Data Source: Office of the County Clerk of Will County

* Includes incremental taxes for the Deer Run TIF Fund.

VILLAGE OF ELWOOD, ILLINOIS

Ratios of Outstanding Debt By Type - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

Fiscal Year	Governmental Activities		
	General Obligation Bonds	General Obligation Capital Appreciation	Capital Leases Payable
2007	\$ 6,715,000	\$ 6,422,136	\$ 103,333
2008	6,715,000	6,979,060	78,049
2009	6,715,000	7,376,930	51,297
2010	6,715,000	7,797,483	41,028
2011	6,715,000	8,242,011	77,925
2012	6,600,000	8,711,881	-
2013	6,480,000	9,208,539	-
2014	6,355,000	9,733,510	-
2015	6,225,000	10,288,409	-
2016	5,815,000	10,874,944	-

Data Source: Village's Records

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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Tax Increment Notes Payable	Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Loans Payable			
\$ 141,934,229	\$ -	\$ 14,500,000	\$ 169,674,698	466.70%	\$ 104,737.47
148,811,979	-	14,500,000	177,084,088	487.08%	109,311.17
154,644,981	-	14,320,000	183,108,208	503.65%	113,029.76
158,927,266	-	14,320,000	187,800,777	516.56%	115,926.41
161,862,632	8,290,000	-	185,187,568	509.37%	81,258.26
163,196,005	8,248,754	-	186,756,640	857.75%	81,946.75
162,219,816	8,251,066	-	186,159,421	855.01%	81,684.70
158,516,866	8,088,379	-	182,693,755	390.63%	80,164.00
137,412,340	7,920,692	-	161,846,441	346.05%	71,016.43
143,299,268	7,748,005	-	167,737,217	#DIV/0!	#DIV/0!

VILLAGE OF ELWOOD, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

Fiscal Year	Gross General Obligation Bonds	Less: Amounts Available in Debt Service	Total	Percentage of Equalized Assessed Value (1)	Per Capita (2)
2008	\$ 13,137,136	\$ -	\$ 13,137,136	26.80%	\$ 8,109.34
2009	13,694,060	-	13,694,060	25.17%	8,453.12
2010	14,091,930	-	14,091,930	23.38%	8,698.72
2011	14,512,483	-	14,512,483	22.82%	8,958.32
2012	23,247,011	-	23,247,011	36.88%	10,200.53
2013	23,560,635	-	23,560,635	41.72%	10,338.15
2014	23,939,605	-	23,939,605	46.22%	10,504.43
2015	24,176,889	-	24,176,889	50.32%	10,608.55
2016	24,434,101	-	24,434,101	51.00%	10,721.41
2017	24,437,949	-	24,437,949	#DIV/0!	#DIV/0!

Data Source: Village Records

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

(1) See the Ratios of Outstanding Debt by Type Schedule for Equalized Assessed Value data (Actual Taxable Value of Property).

(2) See the Demographic and Economic Statistics Schedule for the Per Capita Income data.

VILLAGE OF ELWOOD, ILLINOIS

Schedule of Direct and Overlapping Bonded Debt
April 30, 2016 (Unaudited)

Client to update

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village (1)	Village's Share of Debt
Village of Elwood	\$ 159,989,212	100.00%	\$ 159,989,212
Will County Forest Preserve District	143,953,104	0.26%	374,278
School District 203	640,000	54.55%	349,120
High School District 204	93,105,000	1.85%	1,722,443
Community College District 525	<u>84,180,000</u>	0.32%	<u>269,376</u>
Subtotal	<u>177,285,000</u>		<u>2,715,217</u>
Totals	<u><u>337,274,212</u></u>		<u><u>162,704,429</u></u>

(1) Determined by the ratio of assessed value of property in the Village of Elwood subject to taxation by the Governmental Unit to the total assessed value of property of the Governmental Unit.

Data Source: Will County Clerk's Office

VILLAGE OF ELWOOD, ILLINOIS

Schedule of Legal Debt Margin

April 30, 2016 (Unaudited)

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides that the General Assembly may limit the amount and require referenda for approval of debt payable from ad valorem property taxes in excess of one percent of assessed valuation. However, no such statute has been enacted as of this date. Therefore, as a home rule municipality, the Village of Elwood, Illinois has no debt limit.

VILLAGE OF ELWOOD, ILLINOIS

*Annual
update*

Demographic and Economic Statistics - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

Fiscal Year	(1) Population	Personal Income (in Thousands)	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
2007	1,620	\$ 36,356	\$ 22,442	35	433	3.0
2008	1,620	36,356	22,442	35	431	3.8
2009	1,620	36,356	22,442	35	430	6.5
2010	1,620	36,356	22,442	35	423	7.0
2011	2,279	36,356	22,442	35	423	7.0
2012	2,279	21,773	13,440	40	395	6.5
2013	2,279	21,773	13,440	40	379	5.7
2014	2,279	46,769	28,870	40	409	9.4
2015	2,279	46,769	28,870	40	380	7.5
2016	-	0	-	-	-	0.0

Data Sources:

- (1) U.S. Census Bureau
- (2) Annual School Census
- (3) Illinois Department of Employment Security

VILLAGE OF ELWOOD, ILLINOIS**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago**
April 30, 2016 (Unaudited)*Current
update
2016*

Employer	2016			2007		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Schneider	1,792	1	55.43%			
BNSF	801	2	24.78%			
DCS Logistics	269	3	8.32%			
Potlach	170	4	5.26%	170	3	N/A
Georgia Pacific	100	5	3.09%			
Elwood School District	39	6	1.21%	45	4	N/A
Village of Elwood	34	7	1.05%	32	5	N/A
Yale Enforcement Services	28	8	0.87%			
Wal-Mart				2,000	1	N/A
Stephan Chemical Co.				425	2	N/A
Sanyo Logistics				20	6	N/A
Masterblend International,LLC				12	7	N/A
Sign-Sational Signs				1	8	N/A
	<u>3,233</u>		<u>100.01%</u>	<u>2,705</u>		<u>N/A</u>

N/A - Not Available

Data Sources: Village Community Development Department Records and U.S. Census Bureau.

VILLAGE OF ELWOOD, ILLINOIS

Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

See Following Page

VILLAGE OF ELWOOD, ILLINOIS**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

Function	2007	2008	2009	2010
General Government				
Administration	3	3	3	2
Finance	2	2	1	-
Public Works	5	5	5	5
Police	7	12	11	11
Water and Sewer	1	1	2	1
Totals	18	23	22	19

Data Source: Village Records

2011	2012	2013	2014	2015	2016
2	2	2	2	2	-
-	-	-	-	-	-
5	4	4	4	4	-
11	11	9	11	11	-
1	2	2	2	2	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
19	19	17	19	19	-

VILLAGE OF ELWOOD, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years April 30, 2016 (Unaudited)

Function/Program	2007	2008	2009
Public Works			
Forestry			
Number of Parkway Trees Planted	163	163	30
Number of Parkway Trees Trimmed	0	-	100
Brush Pickup Program (Cubic Yds. Collected)	50	60	70
Fleet Services			
Number of Vehicles Maintained	13	18	18
Preventative Maintenance Services	20	50	60
Public Safety			
Police			
Criminal	1,800	591	375
Quasi Criminal	499	556	1,234
Calls for Service	2,336	2,341	1,609
State Tickets Issued	1,632	3,900	2,792
Community Development			
Number of Building Permits Issued	26	11	-
Number of Building Inspections	78	33	-
Highways and Streets			
Sidewalk Replaced (Sq. Ft.)	-	-	100
Water and Sewer			
Water Main Breaks	-	-	1
Hydrants Flushed	549	549	549
Water Meters Read	830	900	900
Water Meter Service Requests	40	192	192
Water Meters Replaced	12	-	-
Total Distribution Pumpage (1,000 Gallons)	94,905	91,389	87,096
Average Daily Pumpage (1,000 Gallons)	350	250	238
Sanitary Sewer Televising (Feet)	17,000	-	-
Sanitary Sewer Repairs	1	-	-

N/A - Not Available

Data Source: Village Records

Client
to
update

2010	2011	2012	2013	2014	2015	2016
30	11	84	37	N/A	N/A	-
50	100	150	150	N/A	N/A	-
70	82	82	82	N/A	N/A	-
20	20	20	22	N/A	N/A	-
80	16	112	118	N/A	N/A	-
314	137	112	41	N/A	N/A	-
591	116	116	77	N/A	N/A	-
905	3,359	5,537	5,921	N/A	N/A	-
1,105	1,130	1,095	2,274	N/A	N/A	-
-	65	-	58	N/A	N/A	-
-	56	-	83	N/A	N/A	-
120	210	150	14,544	N/A	N/A	-
-	-	1	2	N/A	N/A	-
549	700	700	700	N/A	N/A	-
900	905	905	905	N/A	N/A	-
25	8	22	1	N/A	N/A	-
2	4	1	4	N/A	N/A	-
90,468	87,677	81,030	72,437	N/A	N/A	-
249	234	222	199	N/A	N/A	-
-	-	12,913	-	N/A	N/A	-
-	1	1	1	N/A	N/A	-

VILLAGE OF ELWOOD, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

Client
t2
update

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	-
Patrol Units	8	9	9	10	13	9	10	10	10	-
Fire Stations	1	1	1	1	1	1	1	1	1	-
Public Works										
Streets (Miles)	47.00	50.70	50.70	50.70	50.70	50.70	50.70	50.70	50.70	0.00
Sidewalks (Miles)	15.00	15.00	15.00	15.00	15.00	15.00	16.00	16.00	16.00	0.00
Streetlights	165	165	165	165	165	165	165	165	165	0
Water and Sewer										
Water Mains (Miles)	26.60	26.60	26.60	28.00	28.00	28.00	28.00	28.00	28.00	0.00
Fire Hydrants	549	549	549	549	549	549	557	557	557	0
Sanitary Sewers (Miles)	20.89	20.89	20.89	22.00	22.00	22.00	22.00	22.00	22.00	0.00
Manholes	391	391	391	391	391	391	391	391	391	0

Data Source: Village Records

Audit Journal Entries

April 30, 2016

Date Given to

Client:

AJE #	Account Number	Account Description	Debit	Credit
1	51-130	Unbilled Sewer	6,993.66	
	51-363	Sewer User Fees		6,993.66
CLIENT PROPOSED: Entry to adjust Water and Sewer receivables at fiscal year end				
2	01-154	Prepaid Expense	2,918.98	
	51-154	Prepaid Expense	700.11	
	55-154	Prepaid Expense	1,468.91	
	01-11-229	Insurance - Workers Comp/Liab.		602.93
	01-31-205	Insurance - Workers Comp/Liab.		753.02
	01-21-205	Insurance - Workers Comp/Liab.		1,563.03
	51-43-200	Insurance - Workers Comp/Liab.		376.51
	51-44-200	Insurance - Workers Comp/Liab.		323.60
	55-57-210	Insurance - Workers Comp/Liab.		1,468.91
Entry to properly record Liability Insurance as Prepaid Expense				
3	01-154	Prepaid Expense	12,414.35	
	53-154	Prepaid	280.95	
	51-154	Prepaid Expense	3,164.17	
	60-154	Prepaid Expense	845.46	
	55-154	Prepaid	3,940.70	
	01-11-104	Employee Group Insurance		528.41
	01-31-109	Employee Group Insurance		2,528.57
	01-21-113	Employee Group Insurance		5,323.23
	53-52-109	Employee Group Insurance		280.95
	51-43-109	Employee Group Insurance		1,171.81
	51-44-109	Employee Group Insurance		1,992.36
	55-57-111	Employee Group Insurance		3,940.70
	60-31-109	Employee Group Insurance		845.46
	01-217	Employee Group Insurance		4,034.14
Entry to record Prepaid Expense for Health Insurance				
4	51-43-510	Amortization of Bonds	2,312.89	
	51-224	Unamortized Bond Discount		2,312.89
Entry to record current year amortization of bond discount on 2010A bonds				
5	50-110	Cash in Bank - W&S Capital Con	329,497.50	

50-61-945	Transfers Out	329,497.50
62-399	Transfers from Other Funds	329,497.50
62-20-213	2015 Bond Principal	175,000.00
62-20-214	2015 Bond Interest	154,497.50
51-110	Cash in Bank - Water & Sewer	329,497.50
51-228	2010A Bonds Payable	175,000.00
51-43-410	Interest Expense	369,175.00
51-223	Interest Payable	214,677.50

Entry to correct business-type debt service payments made in fiscal year 2016

6	57-120	TIF Taxes Receivable	9,998,185.52
	57-225	Deferred Revenue	9,998,185.52

Entry to remove the TIF property tax receivable and deferred revenue from the General Subfund

7	51-44-900	Reduce Exp Capital Additions	75,429.49
	51-43-900	Reduce Exp Capital Additions	797.48
	51-44-239	Equipment Maintenance	26,159.00
	51-44-309	Small Tools & Equipment	2,551.53
	51-44-237	Building Maintenance	40,787.56
	51-44-241	System Maintenance	5,931.40
	51-43-239	Equipment Maintenance	797.48

Entry to remove capitalized assets from their related expense accounts for business-type funds

8	55-57-209	Legal	41,686.65
	55-57-210	Insurance	41,686.65

Entry to reclass insurance expenses to correct account

9	62-110	Cash in Bank - Debt Service	1,100.00
	62-399	Transfers from Other Funds	1,100.00
	60-70-400	Transfer to Other Funds	1,100.00
	60-105	Cash in Bank - Cap Construction	1,100.00

Entry to adjust commingled cash

10	58-200	Brandon/Noel Road Payable	418,702.72
	58-110	Cash in Bank - Bradon/Noel	418,702.72
	60-70-225	Capital Projects	418,702.72
	60-110	Cash in Bank - Capital Construction Fund	418,702.72

Entry to move the cash payments on prior year's accrual of Noel Road reimbursements to Elwood Energy, Centerpointe Properties, and Integrys to the Brandon/Noel Road Improvement Fund, in which the liability was recorded in the prior period

11	51-292	Fund Balance	20,532.00
	51-1xx	Deferred Outflows	30,734.00
	51-44-107	IMRF	24,704.00

51-2xx	Net Pension Liability	34,906.00
Entry to record implementation of GASB 67/68-IMRF		
		<u>12,249,352.76</u> 12,249,352.76
ALL AJEs RECORDED AS NOTED ABOVE. NO PASSED AJEs FROM AUDIT.		

Elwood

Required Communications Regarding Your Audit

As part of audit process we are required to communicate to those charged with governance and management certain items related to the audit process and our findings. Enclosed you will find such communication letters with instructions for each:

- SAS 114 Letter – our communication to those charged with governance of our audit process
- Management Letter (if applicable) – our communication of internal controls that are considered to be control deficiencies as well as other recommendations related to the audit process including new GASB pronouncements, etc.
- Management Representation Letter – your communication to us of your responsibilities related to the audit process

Lauterbach & Amen's policy is to issue these letters in "draft" format to encourage discussion of our required communications and findings. We would ask that you review the enclosed letters and communications and provide any feedback or concerns so that we may incorporate them into the final communication letters.

As always, your feedback is important to the process and we understand that much of the terminology in the communication letters, including "significant deficiency," etc. is harsh in nature and we would welcome the opportunity to further discuss this required communication with you and/or the Board.

Please let us know if you have any questions on the enclosed documents.

SAS 114 Letter

Lauterbach & Amen's communication to the Board of the audit process

Please review for any questions and/or changes

October 14, 2016

The Honorable Village President
Members of the Board of Trustees
Village of Elwood, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Elwood, Illinois for the year ended April 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 14, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in the Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended April 30, 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental and business-type activities' financial statements was:

Management's estimate of the depreciation expense on capital assets is based on assumed useful lives of the underlying capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Village of Elwood, Illinois

October 14, 2016

Page 2

Significant Audit Findings – Continued

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Any material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2016.

Management Consultations with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Matters – Continued

We were engaged to report on the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restrictions on Use

This information is intended solely for the use of the Board of Trustees and management of the Village and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to express our gratitude to the Board of Trustees and staff (in particular the Finance Department) of the Village of Elwood, Illinois for their valuable cooperation throughout the audit engagement.

LAUTERBACH & AMEN, LLP

VILLAGE OF ELWOOD,
ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016

October 14, 2016

The Honorable Village President
Members of the Board of Trustees
Village of Elwood, Illinois

In planning and performing our audit of the financial statements of the Village of Elwood, Illinois, for the year ended April 30, 2016, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Finance Committee, Board of Trustees, management, and others within the Village of Elwood, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Village personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Village staff.

LAUTERBACH & AMEN, LLP

PRIOR RECOMMENDATIONS

1. GASB STATEMENT NO. 67 FINANCIAL REPORTING FOR PENSION PLANS AND GASB STATEMENT NO. 68 ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS

Comment

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, *Financial Reporting for Pension Plans*, which applies to individual pension plans issuing their own audited financial statements, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which applies to the state and local government employers that sponsor pension plans. The Statements apply to the reporting of the Illinois Municipal Retirement Fund (IMRF) for the Village. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the pension plans. The Statements specifically identify the methods and assumptions that are to be used in calculating and disclosing these pension-related accounts in the financial statements and also provide for additional note disclosures and required supplementary information. The Statements are intended to improve information provided by state and local government employers regarding financial support to their pension plans, and ultimately requires that the total net pension liabilities of the pension plans be recorded on the face of the financial statements of the sponsoring government. GASB Statement No. 67 is applicable to the separately issued financial statements of the IMRF for the year ended April 30, 2015. GASB Statement No. 68 is applicable to the Village's financial statements for the year ended April 30, 2016.

Recommendation

IMRF will automatically be providing the necessary information to all member agencies; we recommend the Village review the information provided by IMRF. Lauterbach & Amen, LLP will also work directly with the Village to assist in the implementation process, including assistance in determining the implementation timeline with the Village, providing all framework for the financial statements in order to complete the implementation, and assisting in answering any questions or concerns the Village might have related to the implementation process or requirements.

Status

This comment has been implemented and will not be repeated in the future.

PRIOR RECOMMENDATIONS – Continued

2. FUNDS OVER BUDGET

Comment

Previously and during our current year-end audit procedures, we noted that the following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	4/30/16	4/30/15
General	\$ 182,919	4,034
Capital Construction Bond	681,437	-
Motor Fuel Tax	-	8,520
Park	31,929	-
Special Service Area	-	180,632

Recommendation

We recommended the Village investigate the causes of the funds over budget and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

3. FUNDS WITH DEFICIT FUND BALANCE

Comment

Previously and during our year-end audit procedures, we noted funds with deficit fund balance. See the April 30, 2016 fund balance compared to the April 30, 2015 fund balance:

Fund	4/30/16	4/30/15
Deer Run TIF	\$ (60,733,048)	(47,071,010)
Park	(854)	(1,691)
Special Service Area	(235,928)	(114,555)
Brandon/Noel Road Improvements	(311,672)	(311,672)

Recommendation

We recommended the Village investigate the causes of the various deficits and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

PRIOR RECOMMENDATIONS – Continued

4. FUND BALANCE POLICY

Comment

Previously and during our current year-end procedures, we noted the Village did not have a fund balance policy. A fund balance policy establishes a minimum level at which the projected end-of-year fund balance/net position should be maintained, taking into account the constraints imposed upon the resources reported by the governmental and proprietary funds. A fund balance policy assists in providing financial stability, cash flow for operations, and the assurance that the Village will be able to respond to emergencies with fiscal strength.

It is essential to maintain adequate levels of funds balance/net position to mitigate current and future risks and to ensure tax rates. Fund balance/net position levels are also crucial consideration in long-term financial planning. Credit rating agencies carefully monitor levels of fund balance/net position and unassigned fund balance in the General Fund to evaluate the Village's continued creditworthiness.

Recommendation

We recommended the Village adopt a fund balance policy that is in compliance with GASB Statement No. 54. The Village should address fund balance reporting categories (nonspendable, restricted, committed, assigned, and unassigned) as well as review minimum fund balance policies.

Status

This comment has not been implemented and will be repeated in the future.

5. CAPITAL ASSETS

Comment

Previously and during our current year-end procedures, we noted that many capital assets are old and fully depreciated. Many of these capital assets are potentially not in the Village's possession any longer.

Recommendation

We recommended that the Village perform a full review of its capital assets to verify the assets the Village currently owns.

Status

This comment has not been implemented and will be repeated in the future.

PRIOR RECOMMENDATIONS – Continued

6. TAX INCREMENT FINANCING (TIF) DISTRICT

Comment

Tax increment financing districts have become a common tool for local governments to finance capital projects and improvements in a designated in support of economic development. The establishment of a TIF District provides a source of local property tax revenue to finance economic development initiatives without having to raise property tax rates. The theory behind the establishment of TIF Districts is to provide “self-financing” in order to pay for approved TIF projects; project costs are financed with tax revenues generated by the new development. Often, the issuance of TIF debt accompanies the establishment of a TIF District, which allows for the generation of upfront cash flow for capital investments. TIF property tax revenues are then utilized to retire the debt service costs on the outstanding bonds. TIF debt is primarily secured by the incremental property tax revenues derived from the taxes levied within the TIF District.

Previously and during our current year-end procedures, we noted that the Deer Run TIF Debt Service Fund was not collecting incremental property taxes sufficient to make the debt service payments. A liability has been recorded at year-end, which represents the additional payments still due to the bondholders.

Recommendation

We recommended that the Village analyze future incremental tax receipt projections to determine the funding requirements for future debt service payments on the outstanding TIF bonds.

Although the bond repayment is supported by the receipt of incremental TIF property taxes, we recommended that the Village perform financial forecasts related to the TIF to ensure appropriate future funding.

Status

This comment has not been implemented and will be repeated in the future.

Representation Letter

Client's communication to Lauterbach & Amen regarding management's responsibility

Please copy onto your letterhead and have signed by appropriate person

October 14, 2016

Lauterbach & Amen, LLP
Certified Public Accountants
27W457 Warrenville Road
Warrenville, IL 60555

This representation letter is provided in connection with your audit of the financial statements of the Village of Elwood, Illinois, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 14, 2016, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U. S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair market value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the Village is contingently liable, if any have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Village from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Village or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the Village and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village's financial statements communicated by employees, former employees, regulators, or others.

15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the Village's related parties and all the related party relationships and transactions of which we are aware.

Government – Specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
20. The Village has no plans or intentions that may materially affect the carrying value or classifications of assets, liabilities, or equity.
21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and contractual provisions for reporting specific activities in separate funds.
22. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
27. The Village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
28. The Village has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
30. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
31. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
32. Components of net position (net investment in capital assets; restricted; unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
33. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, as applicable, are properly capitalized, reported, and, if applicable, depreciated.

40. We have appropriately disclosed the Village's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
41. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
42. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
43. With respect to the combining and individual fund financial statements and schedules and other information listed as supplementary information:
 - a. We acknowledge our responsibility for presenting the combining and individual fund financial statements and budgetary comparison schedules and other supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund financial statements and budgetary comparison schedules and other supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund financial statements and budgetary comparison schedules and other supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the combining and individual fund financial statements and budgetary comparison schedules and other supplementary information are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signed: _____

Signed: _____

Title: _____

Title: _____

Client: Village of Elwood - Deer Run TIF

Draft Open Items:

Fiscal Year End: April 30, 2015

Client Open Items

- 1 None
- 2 _____
- 3 _____
- 4 _____
- 5 _____
- 6 _____
- 7 _____
- 8 _____
- 9 _____
- 10 _____
- 11 _____
- 12 _____

Lauterbach & Amen Open Items

- 1 None
- 2 _____
- 3 _____
- 4 _____
- 5 _____
- 6 _____
- 7 _____
- 8 _____
- 9 _____
- 10 _____
- 11 _____
- 12 _____

L&A Administrative

Bound Financials to Client by: _____
Board Meeting Date and Time: _____

JW Review Date _____

VILLAGE OF ELWOOD, ILLINOIS
DEER RUN INDUSTRIAL PARK ECONOMIC
DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT

FINANCIAL AND COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN INDUSTRIAL PARK ECOMONIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

October 14, 2016

The Honorable President
Members of the Board of Trustees
Deer Run Industrial Park Economic Development Project Area
Tax Incremental Financing District
Village of Elwood, Illinois

We have audited the accompanying financial statements of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois, as of and for the year ended April 30, 2016, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Village of Elwood's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the Notes to the Financial Statements, the basic financial statements present only the Deer Run Industrial Park Economic Development Area Tax Incremental Financing District of the Village of Elwood, Illinois, and are not intended to present fairly the financial position or results of operations of the entire Village of Elwood, Illinois, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois as of April 30, 2016, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also issued a report dated October 14, 2016 on our consideration of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois' compliance with laws, regulations, contracts and grants.

LAUTERBACH & AMEN, LLP

FINANCIAL STATEMENTS

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN PARK ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

Balance Sheet
April 30, 2016

ASSETS

Cash and Investments	\$ 4,976,800
Receivable - Net of Allowances	
Property Taxes	<u>9,273,264</u>
Total Assets	<u>14,250,064</u>

LIABILITIES

Accounts Payable	65,709,848
------------------	------------

DEFERRED INFLOWS OF RESOURCES

Property Taxes	<u>9,273,264</u>
Total Liabilities and Deferred Inflows of Resources	74,983,112

FUND BALANCES

Unassigned	<u>(60,733,048)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>14,250,064</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN PARK ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended April 30, 2016**

	<u>Actual</u>
Revenues	
Taxes	
Property Taxes	\$ 9,358,536
Interest	16,040
Total Revenues	<u>9,374,576</u>
Expenditures	
General Government	
Management Fees	8,021
Debt Service	
Principal Retirement	8,593,001
Interest and Fiscal Charges	14,435,592
Total Expenditures	<u>23,036,614</u>
Net Change in Fund Balance	(13,662,038)
Fund Balance - Beginning	<u>(47,071,010)</u>
Fund Balance - Ending	<u>(60,733,048)</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA TAX INCREMENTAL FINANCING DISTRICT

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Elwood, Illinois, is a municipal corporation governed by an elected president and six-member Board of Trustees. In August of 2000 the Village established the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District, pursuant to the Economic Development Project Area Tax Increment Allocation Act of 1995. Private construction and development within the District is the responsibility of the developer(s). The tax increment allocation financing is intended to entice development of the District by financing a portion of the cost of certain improvements to be made within the District.

REPORTING ENTITY

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No.34,” and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

The operations of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District are accounted for as a debt service fund of the Village.

BASIS OF PRESENTATION

The financial transactions of the Village are reported in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures.

Governmental Funds

The focus of the governmental funds’ measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District Fund of the Village:

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Village maintains one debt service fund, the Deer Run TIF Fund, which accounts for revenues received from incremental property and sales taxes and expenditures for debt service payments related to tax increment financing bonds.

VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA TAX INCREMENTAL FINANCING DISTRICT

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the basic financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes and interest revenue. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

VILLAGE OF ELWOOD, ILLINOIS

DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA TAX INCREMENTAL FINANCING DISTRICT

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Receivables Property Taxes

In the financial statements, receivables consist of all property tax revenues accrued at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends.

NOTE 3 – DETAIL NOTES ON THE FINANCIAL STATEMENTS

DEPOSITS AND INVESTMENTS

The Village is authorized to make deposits in commercial banks and savings and loan institutions, and to make investments in obligations of the U.S. Treasury and other U.S. agencies, obligations of state and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Cash and investments represent the fund's share of pooled cash and investments of the Village.

TAXES

The incremental taxes consist of the property taxes on real property within the District arising from tax levies by any and all taxing districts or municipal corporations having the power to tax real property in the District. Taxes are attributable to the increase in the then current equalized assessed valuation of each parcel of real property within the District over and above the certified initial equalized assessed value of each such piece of property.

Property taxes for 2015 attach as an enforceable lien on January 1, 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 Will County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

LONG-TERM DEBT

TIF Notes Payable

The Village has issued tax increment financing notes to finance the costs of certain improvements within the District. These notes are limited obligations of the Village payable solely from the pledged revenue of the tax incremental financing district and are reported in the Village's financial statements. The notes do not constitute an indebtedness of the Village for the purpose of any limitation imposed by law.

VILLAGE OF ELWOOD, ILLINOIS

**DEER RUN INDUSTRIAL PARK ECONOMIC DEVELOPMENT PROJECT AREA
TAX INCREMENTAL FINANCING DISTRICT**

Notes to the Financial Statements

April 30, 2016

LONG-TERM DEBT – Continued

TIF Notes Payable – Continued

Tax increment financing notes currently outstanding are as follows:

Issue	Beginning Balance	Issuances/ Accretion	Retirements	Ending Balance
Tax Increment Financing Note of 2003.	\$ 152,250,310	14,077,551	23,028,593	143,299,268

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GENERALLY
ACCEPTED AUDITING STANDARDS**

October 14, 2016

The Honorable President
Members of the Board of Trustees
Deer Run Industrial Park Economic Development Project Area
Tax Incremental Financing District
Village of Elwood, Illinois

We have audited the basic financial statements of the Deer Run Industrial Park Economic Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois, as of and for the year ended April 30, 2016, and have issued our report thereon dated October 14, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

Compliance with laws, regulations, contracts, and grants applicable to the District is the responsibility of the Village of Elwood's management. As part of obtaining reasonable assurance about whether financial statements are free of material misstatement, we performed tests of the Village's compliance with certain provisions of laws, regulations, contracts and grants applicable to the District, including the Village's compliance with subsection (q) of Section 11-74.4-3 of the State of Illinois Public Act 85-1142, *An Act in Relation to Tax Increment Financing*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Deer Run Industrial Park Development Project Area Tax Incremental Financing District of the Village of Elwood, Illinois, we considered the Village of Elwood's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the

Deer Run Industrial Park Economic Development Project Area
Tax Incremental Financing District
Village of Elwood, Illinois
October 14, 2016

risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the members of the Board of Trustees and management, and is not intended to be used and should not be used by anyone other than these specified parties.

LAUTERBACH & AMEN, LLP

November 11, 2012 December 16, 2015

To the Citizens of the Village of Elwood:

We submit to you the Comprehensive Annual Financial Report of the Village of Elwood for the fiscal year ended April 30, 2012/2015. The responsibility for the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the Village of Elwood, Administrative Department. To the best of our knowledge, the enclosed data is accurate in all material respects and gives an accurate representation of the financial position and results of operations of the various funds of the Village. All disclosures necessary to enable the reader to understand funds and account groups of the Village are included. All disclosures necessary to enable the reader to gain the maximum understanding of the Village's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and is meant to be read in conjunction with it. The Village's MD&A can be found immediately following the report of the independent auditors.

The Village provides a full range of services. These services include:

- Administration
- Legal
- Community development
- Police protection
- Construction and maintenance of roads, streets and infrastructure
- Water distribution
- Wastewater treatment

The Village has accomplished many major initiatives during FYE 2022Q3. Some of the accomplishments that the elected officials and staff are most proud of are described in the following. The Village received a favorable ruling from the Illinois Commerce Commission in closing a dangerous rail crossing and entrance to the Elwood International Port. This follows the Abraham Lincoln National Veterans Cemetery. The Village consistently addressed safety issues caused by the increase in truck traffic.

MAJOR INITIATIVES

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Currently, unemployment in Will County (9.73%) is slightly higher than the state (6.90%), and slightly higher than the nation (6.55%) as of ~~June 2023~~ ^{July 2023}. However, the Village with a population of 2,239 has an additional 3,800 employees enter the market on a daily basis to service the nearly 17,000 vehicles that do business in the vicinity.

Housing developments as throughout the nation have stalled and the Village has reported an continue to developed both in and outside the industrial park. In addition, warehouses ~~are~~ ^{have been developed} in building permits for FYE 2022Q3. In addition, warehouses \$423,964,111.205 ~~have been developed~~ in building permits for FYE 2022Q3 as compared to \$423,964,111.205 ~~have been developed~~ in building permits for FYE 2022Q2. In addition, warehouses

OTHER ECONOMIC CONDITIONS EXPECTED

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In FYE 2022Q3, income tax revenue increased by \$2,662,29,110 or 61.10.9%. This compares to a \$6,392,1261 decrease in previous fiscal year. Utility tax provided approximately 43% of the total General Fund operating revenue in FYE 2022Q3 as compared with 32% in FYE 2022Q4.

The estimated actual value of property in the Village has decreased by 40.0376% for tax levy year 2023-2024. The Village has experienced some of the massive reduction in EAV seen across the nation. Current projections anticipate a levy in 2023-2024, the Village's EAV has increased 5.73%. From tax levy year 2022-2023 to tax levy year 2023-2024, the Village's EAV has increased 5.73%. There is property in the Village still to be developed, future development will occur on a planned basis.

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The Village has seen some positive changes in the economic future. In addition, the largest metropolitan area in the nation is located in a tax increasing financing district within the modal/industrial park in the nation. The Village has experienced some of the massive reduction in EAV seen across the nation. It is located approximately thirty-five miles southwest of Chicago. Housing construction in the past (5) five-year has slowed similar to the entire country however, growth areas in the nation. It is located approximately thirty-five miles southwest of Chicago. The Village is located in the western portion of Will County, which is ranked as one of the top

ECONOMIC CONDITION AND OUTLOOK

DEPARTMENT FOCUS

A major focus to address all aspects of the management of the industrial park by the all Village departments and functions to improve safety, reduce truck traffic, and enhance business operations in Deer Run Industrial Park. The Police Department has certified all officers in truck enforcement and established procedures to monitor activity in the industrial park. The Public Works Department conducted all the activities mentioned above in the "Major Initiative" section. Also the Administration has addressed all safety issues presented over the past fiscal year.

FINANCIAL INFORMATION

Management of the Village is responsible for establishing and maintaining an internal control structure. This structure is designed to ensure that the assets of the Village are protected from loss, theft or misuse. It is also designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The Village's accounting records for governmental funds are maintained on a modified accrual basis, which means revenues are recorded when they become measurable and available and expenditures are recorded when the fund liability is incurred. Accounting records for the Village's enterprise funds are maintained on a full accrual basis.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETING CONTROLS In addition the Village maintains budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Village Board. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, certain Capital Projects Funds, Enterprise Funds and Tax Increment Financing Funds are included in the annual operational budget. Project length financial plans are prepared for the Capital Projects Funds and are published in a separate document. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established at the individual fund level.

As demonstrated by the statements and schedules included in the financial section of this report, the Village continues to meet its responsibility for sound financial management.

GENERAL FUND BALANCE The fund balance in the General Fund increased in FYE 2015 by \$1,324,294.4. The fund balance is still well ~~above~~ the target of 25% (35.67% for FYE 2014/2015) of expenditures showing increasing financial stability and a slight improvement in the economy.

Village Administrator
Nicholas J. Narducci

Nicholas J. Narducci

Sincerely,

In addition, the Village wishes to recognize the staff of the firm of Lauterbach & Amen, LLP whose professionalism and cooperation is sincerely appreciated. In closing, we would like to thank the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the Village in a responsible and progressive manner. Without their leadership and ongoing support, preparation of this report would not have been possible.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire administrative staff. Each member has our sincere appreciation for the contributions made in preparation of this report.

ACKNOWLEDGMENTS

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

The Village must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Village received this award for the past nine years. Financial Report. This report must satisfy both generally accepted accounting principles and the Village's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

State statute requires an annual audit by independent certified public accountants. The Village selected the accounting firm of Lauterbach & Amen, LLP. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

INDEPENDENT AUDIT

Over Budget

Fund	Excess
General	\$ 182,919
Capital Construction Bond	681,437
Park	31,929

Deficit Fund Equity

Fund	Deficit
Deer Run TIF	\$ 60,733,048
Park	854
Special Service Area	235,928
Brandon/Noel Road Improvements	311,672

MLC

Over Budget

Fund	4/30/16	4/30/15
General	\$ 182,919	4,034
Capital Construction Bond	681,437	-
Motor Fuel Tax	-	8,520
Park	31,929	-
Special Service Area	-	180,632

Deficit Fund Equity

Fund	4/30/16	4/30/15
Deer Run TIF	\$ (60,733,048)	(47,071,010)
Park	(854)	(1,691)
Special Service Area	(235,928)	(114,555)
Brandon/Noel Road Improvements	(311,672)	(311,672)

	Budget	Deficit
General	(182,919)	-
Debt Service	-	-
Deer Run TIF	N/A	(60,733,048)
Capital Construction Bond	(681,437)	-
Motor Fuel Tax	-	-
Park	(31,929)	(854)
Special Service Area	-	(235,928)
Brandon/Noel Road Improvements	N/A	(311,672)
Water and Sewer	-	-
Garbage	-	-

Julie Friebele

From: Gomez, Nancy <Nancy.Gomez@illinoiscomptroller.gov>
Sent: Tuesday, January 10, 2017 3:23 PM
To: Marian Gibson
Subject: RE: FY 2016 TIF Report Elwood Village 099/040/32

Marian,

Is the accounting firm uploaded the corrected tif report today? I have not seen it come through.

Thank you,
Nancy

From: Marian Gibson [mailto:marian.gibson@villageofelwood.com]
Sent: Tuesday, January 10, 2017 9:06 AM
To: Gomez, Nancy; Bill Offerman
Cc: Julie Friebele
Subject: RE: FY 2016 TIF Report Elwood Village 099/040/32

Nancy,
Please find attached the authorization letter from the Mayor. Ann VanVooren, with Lauterbach and Amen, the Village's accounting firm made the additional corrections. If there is anything else you need please contact me.
Have a great day,

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
marian.gibson@villageofelwood.com
815 424-1094 (Direct)
815 509-2282 (Cell)
815 423-6861 (Fax)

From: Gomez, Nancy [mailto:Nancy.Gomez@illinoiscomptroller.gov]
Sent: Thursday, January 05, 2017 12:51 PM
To: marian.gibson@villageofelwood.com; mayor.offeran@villageofelwood.com
Cc: NickNarducci@comcast.net
Subject: FY 2016 TIF Report Elwood Village 099/040/32

Good Afternoon,

In reviewing FY 2016 for the Village of Elwood, I have come across the following revision that is needed.

- Contact Information records show Nicholas Narducci as the TIF coordinator your report shows that Marian Gibson is the new tif coordinator if this correct we need a letter from the mayor stating so.
- Unit Code number 099/040/32 is to be put on the contact page

- Section 3.1 Surplus Deficit did not carry over to section 3.3

Once you have the above corrected, you should be able to log back in and request to replace the revised TIF report. Should you have any questions feel free to call me directly.

Thank you,

Nancy Gomez

Office Specialist

Local Government Division

Illinois Office of the Comptroller Susana A. Mendoza

100 W. Randolph St, Suite 15-500

Chicago, IL 60601

Hotline (877) 304-3899

Office (312) 814-0969

Fax (312) 814.3117

Nancy.Gomez@illinoiscomptroller.gov

www.IllinoisComptroller.gov



STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA

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Julie Friebele

From: Gomez, Nancy <Nancy.Gomez@illinoiscomptroller.gov>
Sent: Thursday, January 05, 2017 12:51 PM
To: marian.gibson@villageofelwood.com; mayor.offeran@villageofelwood.com
Cc: NickNarducci@comcast.net
Subject: FY 2016 TIF Report Elwood Village 099/040/32

Good Afternoon,

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Thank you,

Nancy Gomez

Office Specialist
Local Government Division

Illinois Office of the Comptroller Susana A. Mendoza
100 W. Randolph St, Suite 15-500
Chicago, IL 60601

Hotline (877) 304-3899
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Julie Friebele

From: Jamie Wilkey <jwilkey@lauterbachamen.com>
Sent: Tuesday, September 19, 2017 2:30 PM
To: Maureen Barry; James Hey; 'Marian Gibson'; Jeanne Vogt; Jessica Cook; Wes Levy; Robbie Day; Julie Friebele
Subject: RE: Emailing: CenterPoint Intermodal Infrastructure Costs
Attachments: {5DB4F0EA-7461-427B-A9FE-BE1B589D1D45}.pdf; {8C10C1C7-5704-4C9E-BCDC-1A616B19A63D}.pdf; {E2142986-7DB3-40BE-8FB0-497EDB3C24E1}.pdf

Hi Jeanne,

Please see attached documents related to the TIF revenue notes from 2003.

Jamie Wilkey, Partner

LAUTERBACH & AMEN, LLP
Certified Public Accountants
668 N. River Road
Naperville, Illinois 60563
Cell: 630.209.1035 | Phone: 630.393.1483
Fax: 630.393.2516
www.lauterbachamen.com

PLEASE NOTE:

Lauterbach & Amen, LLP has moved to a new address:

668 N. River Road
Naperville, IL 60563

Please update your records. All other contact information for the firm remains the same.



From: Maureen Barry [mailto:mbarry@ehlers-inc.com]

Sent: Tuesday, September 19, 2017 2:05 PM

To: James Hey <JHey@ehlers-inc.com>; 'Marian Gibson' <marian.gibson@villageofelwood.com>; Jeanne Vogt <jvogt@ehlers-inc.com>; Jessica Cook <jcook@ehlers-inc.com>; Jamie Wilkey <jwilkey@lauterbachamen.com>; Wes Levy <wlevy@lauterbachamen.com>; Robbie Day <robbie.day@villageofelwood.com>; Julie Friebele <julie.friebele@villageofelwood.com>

Subject: RE: Emailing: CenterPoint Intermodal Infrastructure Costs

Join by phone

(312) 638-5240 (Illinois) English (United States)
(855) 273-3350 (Toll Free) (Illinois) English (United States)

Conference ID: 44894

Maureen Barry | Senior Municipal Advisor
O: (312) 638-5257 | ehlers-inc.com

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-----Original Message-----

From: James Hey
Sent: Tuesday, September 19, 2017 2:03 PM
To: Maureen Barry <mbarry@ehlers-inc.com>; 'Marian Gibson' <marian.gibson@villageofelwood.com>; Jeanne Vogt <JVogt@ehlers-inc.com>; Jessica Cook <jcook@ehlers-inc.com>; jwilkey@lauterbachamen.com; wlevy@lauterbachamen.com
Cc: Robbie Day <robbie.day@villageofelwood.com>; Julie Friebel <julie.friebel@villageofelwood.com>
Subject: RE: Emailing: CenterPoint Intermodal Infrastructure Costs

I also received the same message.

-----Original Message-----

From: Maureen Barry
Sent: Tuesday, September 19, 2017 2:01 PM
To: 'Marian Gibson' <marian.gibson@villageofelwood.com>; Jeanne Vogt <JVogt@ehlers-inc.com>; James Hey <JHey@ehlers-inc.com>; Jessica Cook <jcook@ehlers-inc.com>; jwilkey@lauterbachamen.com; wlevy@lauterbachamen.com
Cc: Robbie Day <robbie.day@villageofelwood.com>; Julie Friebel <julie.friebel@villageofelwood.com>
Subject: RE: Emailing: CenterPoint Intermodal Infrastructure Costs

Hi. Just tried to get in but it says this pass code isn't working.

-----Original Message-----

From: Marian Gibson [<mailto:marian.gibson@villageofelwood.com>]
Sent: Monday, September 18, 2017 4:27 PM
To: Jeanne Vogt <JVogt@ehlers-inc.com>; James Hey <JHey@ehlers-inc.com>; Jessica Cook <jcook@ehlers-inc.com>;
Maureen Barry <mbarry@ehlers-inc.com>; jwilkey@lauterbachamen.com; wlevy@lauterbachamen.com
Cc: Robbie Day <robbie.day@villageofelwood.com>; Julie Friebel <julie.friebel@villageofelwood.com>
Subject: Emailing: CenterPoint Intermodal Infrastructure Costs

All,

For anyone who can join the conference call tomorrow at 2 pm attached is the document we will review.
The call in number is 866 875 5068 the pass code is 6673040#.

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
marian.gibson@villageofelwood.com
815 424-1094 (Direct)
815 509-2282 (Cell)
815 423-6861 (Fax)

Your message is ready to be sent with the following file or link
attachments:

CenterPoint Intermodal Infrastructure Costs

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

Julie Friebele

From: Julie Friebele <julie.friebele@villageofelwood.com>
Sent: Friday, December 16, 2016 4:04 PM
To: mbarry@ehlers-inc.com
Cc: Marian Gibson
Subject: Fiscal Year 2016 Joint Review Board - TIF
Attachments: Fiscal Year 2016 Joint Review Board - TIF.pdf

Hi Maureen,

The attached was sent to you per the direction of Village Administrator Marian T. Gibson.

Thank you and enjoy your weekend,

Julie Friebele
Village Clerk
Village of Elwood
401 E. Mississippi Avenue
Elwood, IL 60421

Julie Friebele

From: Julie Friebele <julie.friebele@villageofelwood.com>
Sent: Thursday, December 08, 2016 2:19 PM
To: Ann Vanvooren; Marian Gibson
Cc: Ashleigh Spacht
Subject: RE: TIF
Attachments: TIF Letter Attorney Tom Gilbert 2016.pdf; TIF Letter Village of Elwood, Village President 2016.pdf

Hi Ann,

Please see attached Village President Certification Letter and Village Attorney Certification Letter.

Thank you,

Julie Friebele
Village Clerk
Village of Elwood
401 E. Mississippi Avenue
Elwood, IL 60421

From: Ann Vanvooren [mailto:avanvooren@lauterbachamen.com]
Sent: Tuesday, December 06, 2016 4:15 PM
To: Marian Gibson <marian.gibson@villageofelwood.com>
Cc: Julie Friebele <julie.friebele@villageofelwood.com>; Ashleigh Spacht <ashleigh.spacht@villageofelwood.com>
Subject: RE: TIF

Hi Marian,

Great thanks. By the end of the week I will send you the TIF cover page which the TIF administrator will need to sign.

Thanks,

Ann Van Vooren

Lauterbach & Amen, LLP
Certified Public Accountants
27W457 Warrenville Road
Warrenville, IL 60555
630.393.1483 Phone
630.393.2516 Fax

avanvooren@lauterbachamen.com
www.lauterbachamen.com

From: Marian Gibson [<mailto:marian.gibson@villageofelwood.com>]

Sent: Tuesday, December 06, 2016 4:04 PM

To: Ann Vanvooren <avancooren@lauterbachamen.com>

Cc: Julie Friebele <julie.friebele@villageofelwood.com>; Ashleigh Spacht <ashleigh.spacht@villageofelwood.com>

Subject: TIF

Ann,

Marian T. Gibson, ICMA-CM

Village Administrator

Village of Elwood

401 East Mississippi Ave.

Elwood, IL 60421

marian.gibson@villageofelwood.com

815 424-1094 (Direct)

815 509-2282 (Cell)

815 423-6861 (Fax)

Julie Friebele

From: Marian Gibson
Sent: Thursday, September 21, 2017 11:47 AM
To: Julie Friebele
Subject: FW: Elwood Financial Management Plan

Marian T. Gibson, ICMA-CM

Village Administrator
Village of Elwood
401 East Mississippi Ave.
Elwood, IL 60421
mariangibson@villageofelwood.com
815 424-1094 (Direct)
815 509-2282 (Cell)
815 423-6861 (Fax)

From: Marian Gibson [mailto:mariangibson@villageofelwood.com]
Sent: Wednesday, July 12, 2017 11:57 AM
To: Robbie Day <robbie.day@villageofelwood.com>
Subject: Fwd: Elwood Financial Management Plan

Let's discuss

Marian T. Gibson, ICMA-CM
Village Administrator
Village of Elwood
401 E. Mississippi
Elwood, IL 60421
(815) 424-1095 Direct
(815) 509-2282 Cell
Email mariangibson@villageofelwood.com

Begin forwarded message:

From: Maureen Barry <maureen.barry@ehlers-inc.com>
Date: July 10, 2017 at 4:29:29 PM CDT
To: "Marian T. Gibson (mariangibson@villageofelwood.com)" <mariangibson@villageofelwood.com>
Cc: Jessica Cook <jcook@ehlers-inc.com>, Jeanne Vogt <jvogt@ehlers-inc.com>
Subject: FW: Elwood Financial Management Plan

Julie Friebele

From: Schwieterman, Joseph <JSCHWIET@depaul.edu>
Sent: Wednesday, September 13, 2017 6:03 PM
To: marian.gibson@villageofelwood.com
Subject: TIF case study article
Attachments: 1. Article TIFs in Illinois_Case of Elwood REVISED II.doc

Marian,

It was good talking today. Attached is the case-study draft we discussed. We appreciate your willingness to review it to help us assess potential changes that our editorial team can consider as it evaluates possible publication in the Illinois Municipal Policy Journal. We want to get the story right.

I'm open for a follow up call if that would helpful. The 2nd author is employed at your village, I have been informed. The map was created by our internal staff and can be easily modified. As noted, our team worked hard to make the case study more neutral and nuanced than the original version.

You can find back articles from our journal at the link below. Thanks again,

Joe Schwieterman

<https://las.depaul.edu/centers-and-institutes/chaddick-institute-for-metropolitan-development/research-and-publications/Pages/Illinois-Municipal-Policy-Journal.aspx>

JOSEPH P. SCHWIETERMAN, Ph.D.
Professor, School of Public Service
Director, Chaddick Institute for Metropolitan Development
DePaul University | 14 E. Jackson Blvd. Room 1600 | Chicago, IL 60604
Phone: 312.362.5732 | [Institute's Website](#) | [Support the Chaddick Institute](#)

From: Joseph Schwieterman [jschwiet5@gmail.com]
Sent: Wednesday, September 13, 2017 5:49 PM
To: Schwieterman, Joseph
Subject:

Strategies for Dealing with Setbacks in Tax Incremental Financing (TIFs): A Case Study from the Village of Elwood

Natalia Ermasova

Governors State University

Amanda George

Governors State University

Abstract

This case study explores a large tax increment financing project in the Village of Elwood that did not achieve its development goals and created significant financial problems for the community. Through interviews, data from court decisions, and a review of published materials, it outlines important lessons from this project that are relevant to all communities throughout Illinois. The village agreed to share its experiences, including having *two* balance sheets—one with the debt from the tax increment district and one without it—to illustrate how pro-active steps can be taken to deal with setbacks on large mixed-use projects.

Keywords: economic development, tax increment financing, public finance, municipal finance

Introduction

Tax Increment Finance (TIF) provides an innovative and flexible way for local governments to redevelop communities or to stimulate local economic development. An early adopter of this strategy, the state of California touted it as a “catalyst for redevelopment” in 1952. By the 1970’s, state and local governments nationwide had gradually increased their use of this tool. Today, every state except Arizona uses this technique in some manner, which is regarded as a potentially beneficial not only for new businesses, developers, and residents, but also to existing businesses in the districts created for this purpose.

For local governments, of course, this financial tool can be a powerful way to augment infrastructure financing, especially as fiscal challenges emerge as a result of the reduction of development grants. Yet as the following case study shows, when outcomes “go wrong”, they can be harmful to a community’s financial position and planning goals.

The first section of the case explores the significant strengths and the advantages of a TIF district. The second provides examples from Illinois, specifically Cook and Will counties, and

includes an explanation of the methods used for the study. The fourth section describes the outcomes of the Deer Run Industrial Park and the ensuing legal proceeding, and is followed by practical guidance for local governments.

The case study was not easily assembled; it required relying partially on secondary sources, and sorting through some of the rhetoric and conflicting claims have surrounded the project. On account of the audience of this journal consisting largely of public officials and policy analysts, the case study reviews the project primarily from the municipal vantage point. Of course, an entirely different case study could be written from the developer's perspective. Readers seeking to learn more should consult the references listed at the back of this volume. We are grateful for the community's present mayor, which to agree to allowing this publication.

Strengths and Advantages of TIF

The central idea behind TIF is that it can foster economic development in an area that might otherwise not have such development. Were it not for the creation of the district, property would remain vacant or underutilized, to the detriment of local taxing bodies, the infrastructure, and development goals (Mikesell, 2014).

When a TIF is established, local taxing bodies continue to collect the base amount of property tax that they currently receive from within the district's boundaries. When additional (incremental) taxes are generated, the associated "increment" goes into a special fund, which can be used to reimburse the developer's qualified costs, make additional improvements, or reduce the outstanding economic developmental costs of the municipality (see Figure 1 below). The public agency that established the district can also use the funds to repay the tax-exempt debt used to finance the redevelopment project. When the debt is retired, the project area is abolished and its tax base is returned to the original jurisdiction. If the project is successful, however, the new tax base will be considerably larger than before the redevelopment activities began.

A notable feature of TIF bonds is that they do not count against the debt limits in some states on account of the fact they, by design, presents local governments special opportunities to raise money and pay off the bonds themselves. As a result, local governments have considerable autonomy in using TIF and can exercise a high degree of control. To use this financial tool,

however, the sponsoring local government needs to prepare a detailed proposal for a specific area, which generally has to pass two tests: “blight” and “but for” tests.

The “blight” test measures the area’s degree of deterioration and economic decline. The “but for” test measures the possibility of future development of the TIF district without a TIF program implementation. Meeting this test requires showing that without TIF assistance, growth or development at the proposed level would not otherwise occur.

The Government Finance Officers Association’s *An Elected Official’s Guide to Tax Increment Financing*, a standard reference tool, notes that the State of Illinois stipulates that an area is blighted if it meets a specified number of factors that include dilapidation, deterioration, obsolescence, having structures below minimum building code, and declining assessed value (Greifer, 2007, pp.14-15). Other analysis shows, however, that carefully adhering to such requirements does not eliminate the tension associated with trying to achieve the dual goals of eliminating blight *and* stimulating development at the same time (Chapman et al., 1998; CivicLab, 2013). Since the 1990s, the evidence suggests that this tool has been much more widely used for economic development than for the elimination of blight, though the requisite use of the term “blight” is still often found in the reasoning behind the establishment of districts. Furthermore, many scholars have found that TIFs tend to be concentrated in areas with rapidly growing property value, which violates the spirit of the “but for” criteria (Dye & Sundberg, 1998; Brueckner, 2001; Gordon, 2003; Briffault, 2010). One study shows, for example, that the use of this financing technique is less pervasive in communities with household incomes less than \$25,000 than in communities with higher incomes (Felix and Hines, 2013).

A great deal of other research also points to the potential misuse of this technique. Dye and Merriman (2000) found that cities with larger populations, higher municipal tax rates, and larger proportions of non-residential property are more likely to use this form of financing than others. According to Pacewicz (2013, p.413), the use of this technique is also skewed by the fact that development professionals sometimes have “incentives to use the TIF in ways that are not aligned with the city’s fiscal outlook and lock them into ever-higher rates of TIF spending.” For sometimes inappropriate reasons, local government turn to this form of financing due to its administrative ease and comparatively lax oversight from state government. On a more positive note, TIFs can play a strategic role in securing these relationships necessary to allow public-private partnerships to succeed.

The politics associated with this tool are also well documented. Lefcoe (2011) suggests that where it effectively used in areas that are experiencing blight, existing residents often do not benefit, due to the elimination of residential housing in favor of commercial projects and gentrification in low-income areas. Moreover, using this tool can worsen the fragmentation of local governments by creating competition between neighborhoods and neighboring governments (Briffault, 2010; Ferkenhoff, 2014; Smith, 2009). In addition, residents can suffer when incremental revenues from these taxing districts fail to meet expectations, forcing the municipality to turn to other sources to meet bond obligations. In short, TIF is a powerful tool, but the research shows that is fraught with political, economic, and financial uncertainty

Tax Increment Financing in Illinois

The legal basis for tax increment financing in our state can be found in the Illinois' Tax Increment Allocation Redevelopment Act, which was passed in 1977, provides the legal base for the development and use of TIF funds. Through 2016, 514 municipalities had created 1,397 TIFs in the state (Comptroller Illinois, 2016). A survey of municipalities showed that the average TIF project in Illinois produced four dollars of private investment for every dollar of tax increment investment. The investment of the \$225 million of property tax increment induced \$900 million of private investment, for a total of \$1.125 billion (Illinois Tax Increment Association, 2016).

Chicago has been particularly aggressive in using this tool. Gibson (2003) found that TIF districts in the city were generally located in neighborhoods with higher vacancy rates, older structures, higher unemployment rates, lower percentage of white residents, and lower income. This same research nonetheless shows that these districts tend *not* to be located in the most blighted areas. Gibson suggests that these areas tend to be “disadvantaged, but not too disadvantaged” due the difficulty of making TIF project successful and financially sustainable in the most blighted parts of the city. This tool has played a particularly large role in regenerating downtown Chicago. The school system, however, is often regarded a net loser, due to the fact that, when a city uses this technique, it does not see the incremental revenue until it expires. In

Illinois, this can exacerbate the distrust that already exists between school districts and municipalities.

There are presently 29 TIF projects in Will County, but few are as ambitious in scope as the case considered here. To compile the narrative, Elwood's former Village Administrator Nick Narducci (who has since left office) was interviewed in August 2015. Many secondary sources of information were also utilized, including information from court decisions, the settlement agreement between the Village of Elwood and CenterPoint, operating budgets of the village, Will County and CenterPoint web-sites, reports, and newspaper reports. We are appreciative of the current village administration allowing us to publish this article so that other communities can learn from their experiences and financial-reporting strategies.

The Deer Run Industrial Park

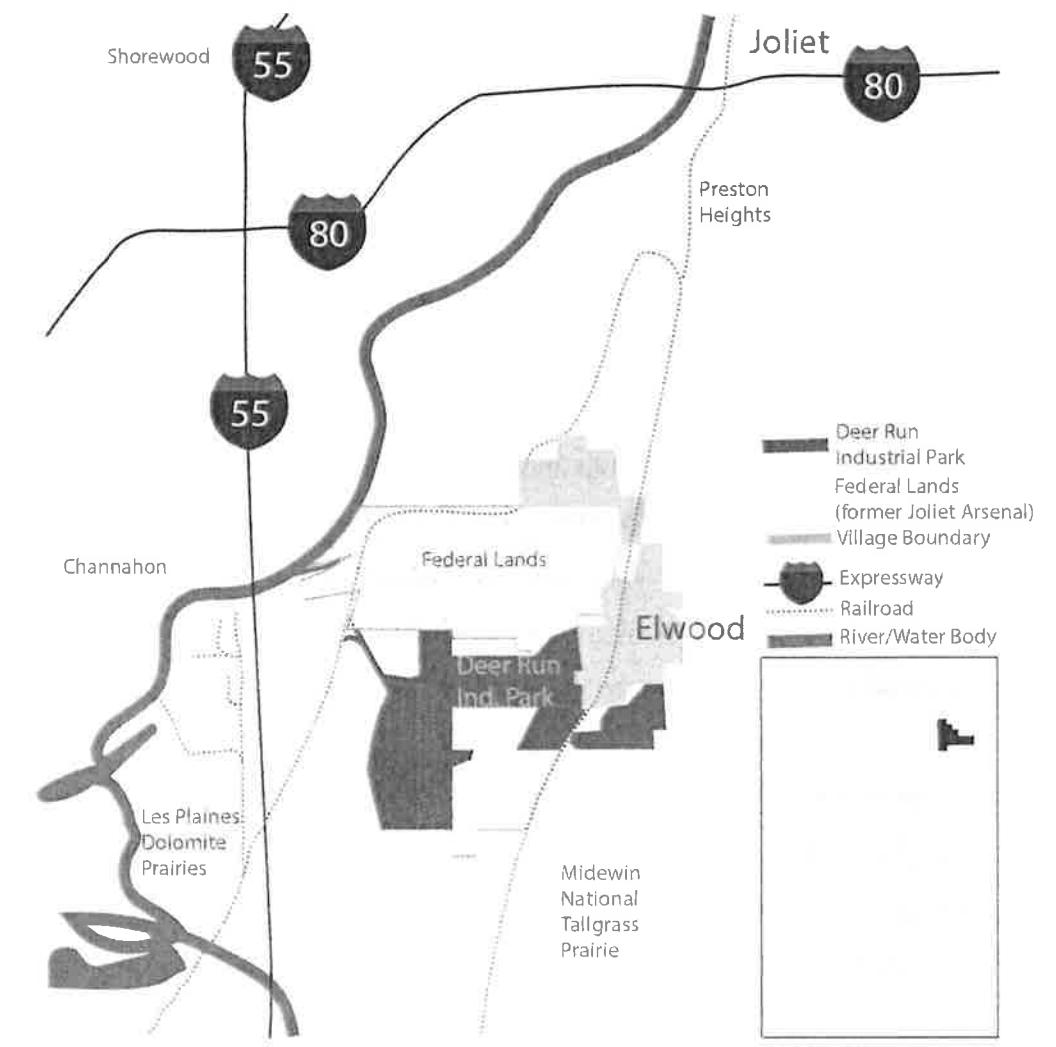
Elwood is a small community with approximately 2,300 residents in Will County approximately ten miles from Joliet, the seat. For generations, this crossroads remained a farming community, but in the 1930s, it became home to growing number of workers from the rapidly expanding Joliet Army Ammunition Plant (Joliet Arsenal). Today, Elwood is more commercial and industrial in character rather than residential or agricultural. Much of its commercial development consists of warehouses and the CenterPoint intermodal rail yard on the former Arsenal site.

Elwood's Deer Creek Industrial District was created on 1,820 acres of the former Arsenal land annexed and rezoned by the village in 2000. According to Narducci, the agreement entailed that Elwood would contribute \$150 million in taxpayer money and CenterPoint would contribute \$840 million towards its development. The issued Tax Increment Allocation Notes of 2003 ended with a balance of \$154,644,981 (Village of Elwood, 2009). The district was anticipated to generate \$20 - \$40 million in revenue annually. Situated in an area with extensive rail service by both BNSF and Union Pacific railroads, and near the busy interchange of I-55 and I-80 (Figure 1), the intermodal rail yard, businesses, and warehouses, once fully built, were projected encompass more than 2,500 acres.

Perhaps most importantly, the district was expected to create as many as 8,000-12,500 industrial, manufacturing, commercial and retail jobs, and would increase property tax revenue

by \$27 million per year (O'Brien, 2000). The industrial park was planned to include manufacturing, retail stores, restaurants, and hotels (Monson, 2013). The Economic

FIGURE 1:
ELWOOD, ILLINOIS AND ITS SURROUNDINGS



Development Plan for the industrial park illustrates the goal of dividing the property in parts for intermodal, commercial, services, power plant and industrial development.

Table 1. Planned and actual numbers of land development in Elwood's TIF district

Type of property	Planned acreage, 2014	Actual acreage, 2014
Intermodal	621 acres	1,547 acres
Commercial	24 acres	0
Services	27 acres	0
Industrial	900 acres	0
Power Plant	31 acres	0

Source: Economic Development Plan for the Proposed Deer Run Industrial Park, 2000;
Operating Budget Village of Elwood, 2014

The wide gaps between expectations and outcomes offers a warning to communities envisioning similar undertakings. As can be seen in the right-hand column of Table 1, fourteen years after its inception, the gap between the *planned* acreage and *actual* acreage was immense. In fact, there are no developed acreages at all devoted to any of the above categories except intermodal, which has exceeded expectations but is regarded by some as less desirable than the other forms of development.

The jobs picture was also problematic. Approximately 3,800 jobs had been created, far short of the planned 12,530 through 2014, with none of them in the industrial, commercial or power plant categories (Table 2). Many of new jobs were lower wage jobs in warehousing and the intermodal rail yard, with a significant portion reportedly minimum-wage positions. To the disappointment of the community, the well-paying jobs, i.e., those paying \$20-\$30/hour, seemed elusive. In short, while the goal of creating intermodal jobs had been surpassed, most other development goals fell far short (Table 2).

Table 2. Planned and actual numbers of jobs generated in Elwood's TIF district

Type of property	Planned numbers of jobs generated	Actual numbers of jobs generated in 2015
Intermodal	200	3,800
Commercial and services	1,000	0
Industrial	11,300	0
Power Plant	30	0
Total	12,530	3,800

Source: Economic Development Plan for the Proposed Deer Run Industrial Park, 2000;
Operating Budget Village of Elwood, 2014

The available information on the Deer Run Industrial Park clearly illustrates, from the village's perspective, how difficulties can arise with TIFs. To some extent, blame for the project's disappointments may be largely attributable to the large downturn in the state's economy. The Great Recession has put a damper on industrial development all across Illinois, which experienced an average annual GDP growth that has lagged the national average. Illinois had a real estate crisis starting in 2009 that likely made meeting many types of development targets impossible. (See Issue 1 of this journal for a summary of the lag in retail development). In 2017, Illinois ranked 11th worst among U.S. states in unemployment while also experiencing significant population losses. Nevertheless, as noted below, another possible reason for setbacks may be that former Village officials lacked proper knowledge of TIF development and administration.

The Deer Run Industrial Park's underperformance has strained the community. Despite the large-scale investments made in the industrial park, the residential property tax base has actually decreased. Elwood fronted the initial cost to build the infrastructure for the district (which totaled about \$140.6 million), and individual businesses incurred other costs (Village of Elwood, 2016, p.14). Early in the project, through 2012, CenterPoint's development generated just \$7.7 million, far short of the anticipated \$20 to \$40 million (Orlofsky, 2013). The proceeds were not even enough to pay back the annual interest on the bonds, putting this small community with 2,279 residents in a difficult financial position.

Even more problematically, required debt-service payments were schedule to rise to \$23 million annually by 2017 (Table 3) (the Village of Elwood operating budget, 2014). By 2014, the village anticipated that – from 2012 until the expiration of the TIF in 2023 – the TIF would generate \$261 million *less* in new tax revenue than originally anticipated. Recognizing that a budget crisis loomed, the village constructed *two* operating budgets: one with net position *including* Deer Run Industrial Park TIF, and another with net position *excluding* Deer Run Industrial Park TIF (Table 4). Table 4 provides the breakdown of net position for the village including and excluding all TIF related activity.

Table 4. Net Position – Excluding and including TIF related activity in 2012-2013

	Net position excluding TIF related activity		Net position including TIF related activity	
	2012	2013	2012	2013
Current and other assets	\$8,782,679	\$8,123,372	\$19,605,855	\$19,613,883
Capital assets	\$52,125,069	\$51,977,311	\$148,815,102	\$146,418,739
Total assets	\$60,907,748	\$60,100,683	\$168,420,957	\$166,032,622
Total liabilities	\$26,994,890	\$26,949,579	\$217,218,747	\$225,837,424
Net position				
Net investments in capital assets	\$31,087,763	\$31,057,693	\$81,882,877	\$96,213,551
Restricted	\$228,407	\$1,934,012	\$228,407	\$1,934,012
Unrestricted (deficit)	\$2,596,688	\$159,399	\$(130,909,074)	\$(157,952,365)
Total net position	\$33,918,858	\$33,151,104	\$(48,797,790)	\$(59,804,802)

Source: Calculated by authors based on CAFR the Village of Elwood, 2014

The differences between the two scenarios are stark. In 2013, the total net position was \$33.2 million when TIF activity is excluded and but a *negative* \$59.8 million when it is included activity. The village's negative balance was largely due to the accumulating debt. Because of this financial situation, Elwood faced the specter of defaulting on its bonds. The Bank of New York Mellon Trust Co. N.A., which holds the Deer Run TIF fund, found the village in default.

These financial problems led to extensive legal actions between the village and developer. Each side expressed concerns that the other had failed lived up to its obligations. Some village officials were of the opinion that they has been misled and that the developer had not been transparent in providing the required information. Allegations were also made about compliance with prevailing wage rules. Newspaper reports covered some of the drama surrounding the legal wrangling.

The Cook County circuit court gave Elwood's its first real victory in February 2014 when it ruled that the municipality was not responsible for the default of the bonds. Cook County Judge Thomas Allen ordered that "all declarations of default on the matter be vacated" (Leone-Cross, 2014). With this favorable ruling, Elwood was no longer financially responsible for the default. In addition, Elwood's bond rating was increased in 2015 by court ruling that CenterPoint, not Elwood, is responsible for all TIF bonds (Village of Elwood, 2015).

Another source of tension was that a large increase in semi-trailer truck traffic had taken place on roads in and around the village. Much of this traffic, however, was generated by another intermodal CenterPoint project developed in Joliet, which was well outside of Elwood's boundaries. Semi-trailer trucks regarded the lack of a traffic study at the project's outset as a

mistake, while other issues also spurred a tense back-and-forth dialogue.

All this led up to the compromise on December 7, 2016, when the Village of Elwood and CenterPoint voluntary decided to settle claims pending in the lawsuit filed in the Circuit Court of Cook County (Ordinance N1060, 2016). CenterPoint agreed to pay the Village the sum of \$500,000. In addition, CenterPoint will donate \$5,000 per year toward special events and other community activities from 2016 to 2025. CenterPoint will also grant the village an easement for a bicycle path across an undeveloped parcel of land.

[Need full paragraph explaining how the court ruling changed the debt and bond situation]

Key Lessons from the Case

Describing the case brings to light how tax increment financing can be problematic due to concerns over accountability and transparency, particularly as it relates to establishing, managing, and reporting a community's progress. Indeed, the academic and professional literature provides ample warning about this issues. When TIF is used as a bargaining tool to attract developers, the benefits can be misstated due to pressure to close to the deal (Merriman, Skidmore & Kashian, 2011). Inexperience on the part of local officials – often unaccustomed to maneuvers by savvy developers – can lead to overpayments (Lefcoe, 2011). The long lifespan of TIFs also means the gaps in accountability and transparency may fester for years, causing relations between parties to deteriorate (Man, 1999; Lefcoe, 2011; Merriman, Skidmore & Kashian, 2011).

All these problems point to the need for municipalities to follow “best practices” that include reporting requirements, formal feasibility studies, and an annual audit of project revenue and expenses. California and Minnesota require municipalities to clearly articulate why the TIF is needed to ensure efficient use of public funds (and avoiding paying too much to developers); and justify public subsidies for private development (Lefcoe, 2011). These requirements, of course, need to be rigorously enforced, which is often challenging. In California, for example, approximately 25% of cities do not file the required reports (Lefcoe, 2011).

The Deer Run Industrial Park also brings to mind the Council of Development Finance Agencies' recommendation that local governments “fully vet the partners involved in the proposed project,” while adding that “[d]eveloper performance and their capacity to complete

and fulfill the promised project should be examined closely.” Moreover, the state needs to be actively engaged in the management of these districts by establishing stronger guidelines for their creation, management, and evaluation.

The Village of Elwood also took the notable step of creating a two-part financial statement, showing its financial position with and without the project, and for investing so heavily in resolving issues stemming from its disappointments. Other cities facing similar problems should consider this strategy to assure that the burdens being placed on village coffers can be easily understood by all stakeholders who need to take corrective action.

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Thanks.

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