

# Village of Westchester, Illinois

Annual Financial Report  
April 30, 2019

**Village of Westchester, Illinois**  
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RSM US LLP

## Independent Auditor's Report

To the Honorable Mayor  
and Board of Trustees  
Village of Westchester, Illinois

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Westchester, Illinois (the Village), as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Westchester, Illinois, as of April 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which restated beginning net position and other postemployment benefits liability. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment health plan schedule of changes in total OPEB liability and related ratios, schedules of changes in net pension liability, total pension liability and related ratios and investment returns, schedules of contributions, budgetary comparison information and related notes on pages 3–17 and 77–85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying supplementary information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*RSM US LLP*

Chicago, Illinois  
February 17, 2020

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

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As management of the Village (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2019. Management's Discussion and Analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the subsequent years' challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

**Financial Highlights**

- The net position of the Village at the close of the most recent fiscal year was a deficit of \$15.25 million. Of this amount, the unrestricted net position posted a deficit \$45.02 million. The deficit unrestricted net position is primarily due to the pension liability for the Police Pension Liability that totals \$26.80 million and the Firefighters' Pension Liability that totals \$19.37 million. The Village's total net position decreased by \$1.77 million or 18.06% during the fiscal year ended April 30, 2019. Governmental net position decreased \$1.99 million or 10.55% while Business-type net position increased \$0.22 million or 2.43%.
- Approximately 38.88% of the Village's \$25.89 million in expenses as reported in the Statement of Activities were paid for with program revenues, including \$9.76 million of charges for services and \$0.38 million of operating grants and contributions. Of the remaining \$15.75 million, \$7.64 million was paid for with taxes, \$5.88 million was paid with state shared income, and \$0.46 million was paid for with miscellaneous income.
- The governmental activities net position is a deficit of \$24.57 million, while the business-type activities had a net position of \$9.32 million.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4.25 million, a decrease of \$0.02 million in comparison with the prior year's balance of \$4.27 million. Approximately \$2.64 million of this total amount is available for spending at the government's discretion (unassigned fund balance). The remainder of \$1.61 million is comprised of non-spendable (prepaid items) of \$0.33 million and assets restricted for public safety, tourism, streets and transportation, and capital projects aggregating \$1.28 million.
- The General Fund of the Village recognized \$14.93 million in revenues. After expenditures of \$15.23 million, the Village's General Fund was left with a fund balance of \$3.00 million, which is 19.70% of current year expenditures.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

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**Overview of the Financial Statements**

This discussion is intended to serve as an introduction to the Village's financial statements. This annual report consists of a series of financial statements. The Village's general purpose external financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The government-wide financial statements (see pages 18 to 20) are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business and are reported using the accrual basis of accounting and economic resources measurement focus.

The Statement of Net Position (pages 18 to 19) presents information on the Village's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, with the difference reported as net position. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Westchester is improving or deteriorating.

The Statement of Activities (page 20) presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave) and is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the Village's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various government services and/or subsidy to various business-type activities.

Governmental activities and Business-type activities - Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the Village's basic services including police, fire, public works and administrative functions. The Business-type Activities reflect private sector-type operations (Utility Fund), where the fee for service typically covers all or most of the cost of operation, including depreciation.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

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**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by Federal or State law and by bond covenants. The Village, like other units of government, uses fund accounting to ensure compliance with finance-related legal requirements. All of these funds can be divided into three types: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Most of the Village's services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year end that are available for use.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

The Village maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual schedules elsewhere in this report. The basic governmental fund financial statements can be found on pages 21 through 25 of this report.

**Proprietary funds** - The Village maintains one Proprietary Fund. This fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Village's proprietary fund is a report of the activities and balances in the Utility Fund, which is considered a major fund, using the accrual basis of accounting and economic resources measurement focus. Proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail and include cash flows. The proprietary fund reflects a private-sector type operation, where the fee for service typically covers all or most of the cost of operation and maintenance including depreciation. The proprietary fund statements can be found on pages 26 through 29 of the report.



**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

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***Fiduciary funds*** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village maintains two fiduciary funds for its police and fire pension funds and an agency fund. The accounting used for the pension funds is much like that used for the proprietary funds. Agency funds are custodial in nature and do not involve measurement or results of operations. The Fiduciary fund statements can be found on pages 30 through 31 of the report.

**Notes to Basic Financial Statements**

The notes to Basic Financial Statements provide additional information that is essential to understanding the government-wide financial statements and the various fund financial statements. The notes to Basic Financial Statements can be found immediately following the Basic Financial Statements section of this report beginning on page 32.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the general fund budgetary schedules and data concerning the Village's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found immediately following the notes to the Basic Financial Statements beginning on page 77. The combining and individual fund financial statements for nonmajor governmental and fiduciary funds are presented immediately following, beginning on page 86.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table reflects the Statement of Net Position:

STATEMENT OF NET POSITION AS OF APRIL 30, 2019 (IN MILLIONS)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 8.60	\$ 8.44	\$ 1.94	\$ 1.42	\$ 10.54	\$ 9.86
Capital and non-current assets	28.50	30.15	12.49	11.81	40.99	41.96
Total assets	37.10	38.59	14.43	13.23	51.53	51.82
Deferred outflows of resources	7.92	4.17	0.64	0.08	8.56	4.25
Total assets and deferred outflows of resources	\$ 45.02	\$ 42.76	\$ 15.07	\$ 13.31	\$ 60.09	\$ 56.07
<b>Liabilities</b>						
Current liabilities	\$ 1.41	\$ 1.93	\$ 2.28	\$ 0.98	\$ 3.69	\$ 2.91
Non-current liabilities	58.83	50.58	3.39	2.61	62.22	53.19
Total liabilities	60.24	52.51	5.67	3.59	65.91	56.10
Deferred inflows of resources	9.35	10.66	0.08	0.46	9.43	11.12
Total liabilities and deferred inflows of resources	69.59	63.17	5.75	4.05	75.34	67.22
<b>Net position</b>						
Net investment in capital assets	19.03	19.72	9.59	9.20	28.62	28.92
Restricted	1.15	0.49	-	-	1.15	0.49
Unrestricted	(44.75)	(40.62)	(0.27)	0.06	(45.02)	(40.56)
Total net position	\$ (24.57)	\$ (20.41)	\$ 9.32	\$ 9.26	\$ (15.25)	\$ (11.15)

**Normal Impacts**

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation:

1. Net results of activities – which will impact (increase/decrease) current assets and unrestricted net position.
2. Borrowing for capital – which will increase current assets and long-term debt.
3. Spending borrowed proceeds on new capital – which will (a) reduce current assets and increase capital assets and (b) increase capital assets and long-term debt, which will not change the net position invested in capital assets, net of related debt.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

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4. Spending of non-borrowed current assets on new capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase invested in capital assets, net of related debt.
5. Principal payment on debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net position invested in capital assets, net of related debt.
6. Reduction of capital assets through depreciation – which will reduce capital assets and net position invested in capital assets, net of related debt.

**Current Year Impacts**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position decreased \$1.77 million in fiscal year 2019. A number of factors caused the decrease including the following:

1. Cash and investments increased by \$0.52 million. Other assets such as receivables and prepaid expenditures increased by \$0.15 million.
2. A \$0.35 million increase in intergovernmental receivables (IEPA grant) in the Utility Fund.
3. A \$1.1 million increase in capital assets, not being depreciated due to additional project costs not completed during fiscal year.
4. Although deferred outflows of resources related to pensions increased \$4.31 million, total liabilities and deferred inflows of resources increased by \$8.12 million.
5. Total liabilities increased by \$9.81 million. This was almost entirely attributable to the increase in noncurrent liabilities by \$9.05 million. As a component of noncurrent liabilities, the net pension portion of these liabilities increased by \$9.87 million.
6. Current liabilities for governmental activities decreased by \$0.52 million, although current liabilities for the Utility Fund increased \$1.28 million primarily due to accounts payable.

Total net position at April 30, 2019 was a deficit of \$15.25 million, as compared to \$11.15 million deficit in total net position in the prior year. For more detailed information, see the Statement of Net Position on pages 18 to 19 of the report.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

The following table reflects the Statement of Activities:

Statement of Activities For the Year Ended April 30, 2019 (in millions)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2.66	\$ 2.83	\$ 7.10	\$ 6.98	\$ 9.76	\$ 9.81
Operating grants and contributions	0.38	0.23	-	-	0.38	0.23
Capital grants and contributions	-	-	-	0.13	-	0.13
General revenues:						
Property taxes	6.18	6.09	-	-	6.18	6.09
Other taxes	1.46	1.55	-	-	1.46	1.55
Intergovernmental	5.88	5.64	-	-	5.88	5.64
Miscellaneous	0.43	0.21	0.03	0.03	0.46	0.24
Total revenues	<u>16.99</u>	<u>16.55</u>	<u>7.13</u>	<u>7.14</u>	<u>24.12</u>	<u>23.69</u>
<b>Expenses:</b>						
General government	2.39	2.81	-	-	2.39	2.81
Public safety	12.91	11.61	-	-	12.91	11.61
Public works	3.34	3.32	-	-	3.34	3.32
Interest	0.34	0.35	-	-	0.34	0.35
Utility	-	-	6.91	6.95	6.91	6.95
Total expenses	<u>18.98</u>	<u>18.09</u>	<u>6.91</u>	<u>6.95</u>	<u>25.89</u>	<u>25.04</u>
Change in net position	<u>(1.99)</u>	<u>(1.54)</u>	<u>0.22</u>	<u>0.19</u>	<u>(1.77)</u>	<u>(1.35)</u>
Net position, beginning of year	(20.41)	(18.87)	9.26	9.07	(11.15)	(9.80)
Restatement	(2.17)	-	(0.16)	-	(2.33)	-
Net position, beginning of year, as restated	<u>(22.58)</u>	<u>(18.87)</u>	<u>9.10</u>	<u>9.07</u>	<u>(13.48)</u>	<u>(9.80)</u>
Net position, end of year	<u>\$ (24.57)</u>	<u>\$ (20.41)</u>	<u>\$ 9.32</u>	<u>\$ 9.26</u>	<u>\$ (15.25)</u>	<u>\$ (11.15)</u>

**Normal Impacts**

There are eight basic (normal) impacts that will affect the comparability of the revenues and expenses on the Statement of Activities summary presentation.

**Revenues:**

**Economic condition** – which can reflect a declining, stable or growing economic environment and has substantial impact on state sales, replacement and hotel/motel tax revenue, as well as public spending habits for building permits, elective user fees and volumes of consumption.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

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**Increase/decrease in Village approved rates and fees** – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates and user fees.

**Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring)** – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring grants are less predictable and often distorting in their impact on year to year comparisons.

**Market impacts on investment income** – the Village's investments may be affected by market conditions causing investment income to increase/decrease.

***Expenses:***

**Introduction of new programs** – within the functional expense categories (general government, public safety, and public works), individual programs may be added or deleted to meet changing community needs.

**Change in authorized personnel** – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the largest operating cost of the Village.

**Salary increases (annual adjustments and merit)** – the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.

**Inflation** – while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuel and parts. Some functions may experience unusual commodity specific increases.

**Current Year Impacts**

**Governmental Activities**

Governmental activities from operations decreased net position of the Village by \$1.99 million while business-type activities increased net position by \$0.22 million for a net decrease in the Village's net position of \$1.77 million. Key elements of these changes are as follows:

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

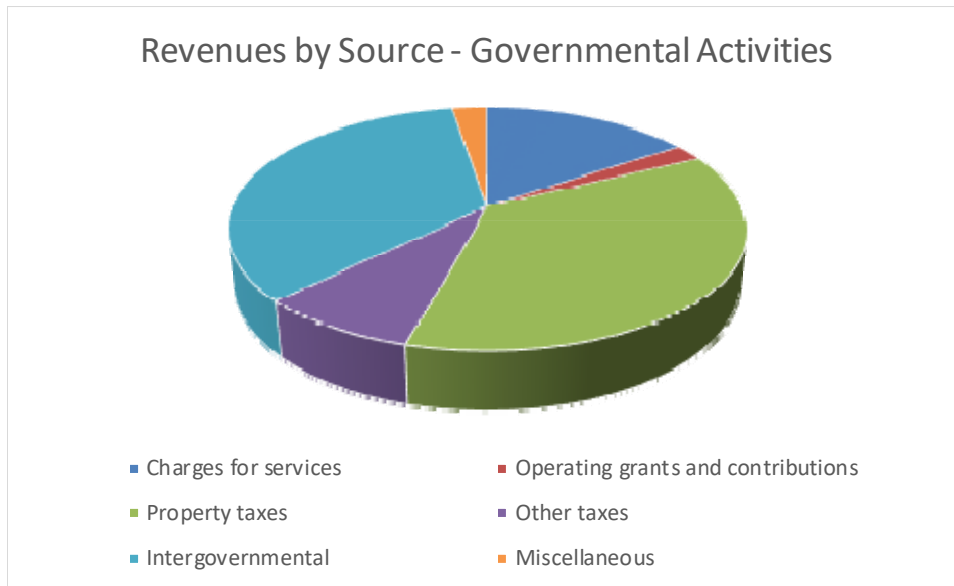
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***Revenues***

The Village’s governmental activities had revenues of \$16.99 million in fiscal year 2019, which represents an increase of \$0.44 million from the prior year. Property taxes and intergovernmental revenue represent the majority of revenues, comprising 71.0% of total governmental activities revenues. These two combined to increase \$0.33 million from the prior year. Increases in operating grants and contributions (\$0.15M) and miscellaneous revenues (\$0.22M) were countered with decreases in charges for services (\$0.17M) and other taxes (\$0.09M), resulting in a net revenue increase of \$0.11 million for these four combined categories.

Other taxes, such as utility taxes vary from year to year and are dependent upon weather conditions and can be difficult to project exactly. Telecommunication taxes could be causal due to the reliance of citizens on their communications appetite and changing provider rates. Sales taxes and ETSB revenues based on expenditure reimbursement from the Proviso-Leyden Joint 911 Authority were key drivers for the intergovernmental revenue increase. Additional grant funding was a cause of the operating grants and contribution revenue increase of \$0.15 million over the prior year. Declines in building and compliance permit revenues were the reason of the decrease in charges for services revenue.

Below is a chart depicting revenues to the Village by source for the fiscal year 2019:



**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

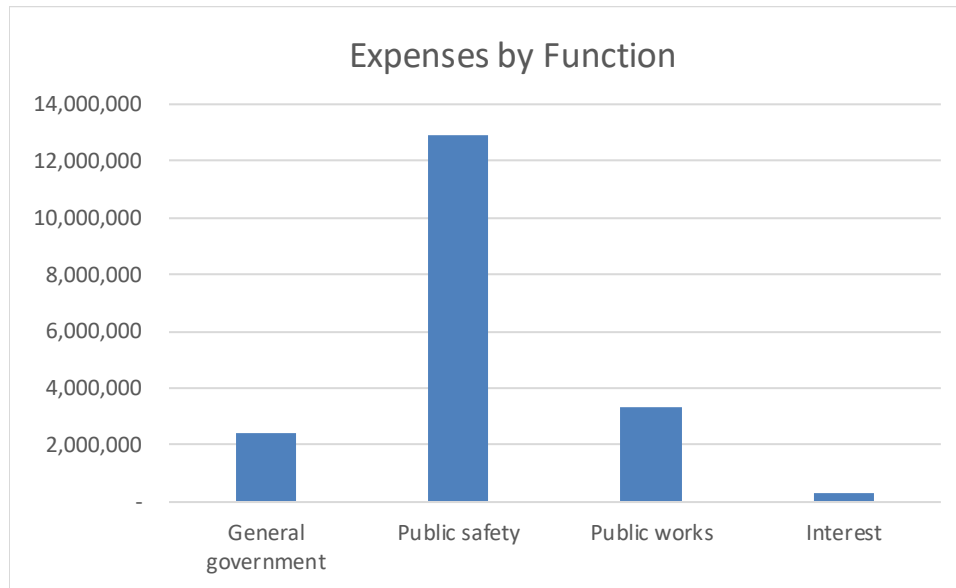
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**Expenses**

**General Government**

Expenses incurred for governmental activities were approximately \$18.98 million for fiscal year 2019, which represents a decrease of \$0.89 million or 4.92% from the prior year.

The following chart depicts expenses of the Village by activity for the fiscal year 2019:



**Business-type Activities**

The business-type activity of the Village includes the Utility Fund. The Utility Fund serves the Village customers by providing potable water and refuse service. Sales of water (revenues) can be affected by climate with warmer summers bringing higher demand. The Village is under contract for rubbish collection with Waste Management through April 30, 2024. Rates for refuse collection increase only nominally over the life of the contract, with annual increases ranging from 2.5% to 4.0% over the duration of the contract and are driven by annual increases in rate Waste Management charges to the Village.

The total assets and deferred outflows of resources of the business-type activity are \$15.07 million and the total liabilities and deferred inflows of resources are \$5.75 million, leaving net position at \$9.32 million. Current year activity increased net position by \$0.22 million. The operating revenues and expenses of the Utility Fund were \$7.10 million and \$6.79 million, respectively, for fiscal year 2019.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

**FINANCIAL ANALYSIS OF THE VILLAGE'S  
FUNDS**

The Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds**

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. The purpose of this section is to focus on the significant differences from year to year.

The Village's major fund is the General Fund. The Village's special revenue (nonmajor) funds include the Motor Fuel Tax Fund, 911 Fund, Hotel/Motel Tax Fund, and Police Forfeiture Fund. The Village also has a Debt Service Fund that reflects the Village's obligations to pay governmental long-term debt and related funding sources for the principal and interest payments.

At the end of the current fiscal year, the Village's governmental funds reported a combined (major and nonmajor) total ending fund balance of \$4.25 million, a decrease of \$0.02 million from fiscal year 2018. Of that \$4.25 million, \$2.64 million is unassigned.

**Revenues**

**General Fund:** The General Fund had revenues of \$14.93 million, a decrease of \$0.11 million over prior year revenues of \$15.04 million. This represents a 0.70% decrease from the prior year.

Revenues	Fiscal 2019	Fiscal 2018	Variance	Percentage
Taxes	\$ 7,565,089	\$ 7,510,117	\$ 54,972	0.73%
Intergovernmental	4,317,575	4,505,738	(188,163)	-4.18%
Licenses and permits	1,129,301	1,467,415	(338,114)	-23.04%
Charges for services	610,852	550,788	60,064	10.91%
Fines and forfeitures	701,605	639,867	61,738	9.65%
Miscellaneous	606,179	361,681	244,498	67.60%
<b>Totals</b>	<b>\$ 14,930,601</b>	<b>\$ 15,035,606</b>	<b>\$ (105,005)</b>	<b>-0.70%</b>

The primary factor was in the licenses and permit revenue category showing a \$0.34 million, or 23% decline in revenues. As mentioned previously, there was a significant decrease in current year permitting revenue due largely to the receipt in the prior year of \$0.17 million from the Westbrook Corporate Center. Also contributing to this decrease from the prior year, were declines in business licenses, contractor licenses and vehicle sticker revenues. Charges for services revenue increased almost 11% due primarily to a rise in ambulance fees and rental income. Police fines rebounded from Fiscal year 2018 and increased by \$0.10 million. Taxes were relatively flat, but miscellaneous revenues rose \$0.24 million due primarily to reimbursements.



**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

**Expenditures**

**General Fund:** During fiscal year 2019, expenditures were \$15.23 million, a decrease of \$0.28 from \$15.51 million in the previous year. This represents a 1.81% decrease for the year.

Expenditures	Fiscal 2019	Fiscal 2018	Variance	Percentage
General government	\$ 1,632,988	\$ 1,702,591	\$ (69,603)	-4.09%
Community development	522,834	550,785	(27,951)	-5.07%
Planning and zoning	625	439	186	42.37%
Fire and police commission	25,144	39,248	(14,104)	-35.94%
Information technology	-	222,945	(222,945)	-100.00%
Police department	5,830,760	5,531,880	298,880	5.40%
Civil defense	2,613	2,869	(256)	-8.92%
Fire department	4,796,523	4,445,130	351,393	7.91%
Public works	1,835,576	1,925,148	(89,572)	-4.65%
Capital outlay	303,353	803,827	(500,474)	-62.26%
Debt service	278,349	284,532	(6,183)	-2.17%
<b>Totals</b>	<b>\$ 15,228,765</b>	<b>\$ 15,509,394</b>	<b>\$ (280,629)</b>	<b>-1.81%</b>

Prior year expenditures in Information Technology department were reallocated and accounted for as General Government, Police, Fire and Public Works department expenditures in Fiscal Year 2019.

Capital Outlay expenditures decreased over \$0.50 million due to prior year purchases of a public works dump truck, chipper, street patching machine and truck along with five police interceptors. The decrease in capital outlay expenditures along with minor, various other departments' expenditure declines, was offset by increases in the Police and Fire departments of \$0.29 million and \$0.35 million, respectively.

**Proprietary Funds**

The Proprietary Fund is the Utility Fund. The Utility Fund had an increase in net position during the 2019 fiscal year of \$0.22 million. The net position of the Utility Fund at the end of fiscal 2019 equaled \$9.32 million, of which (\$0.27) million, or 2.90%, is unrestricted.

**Revenues**

The Utility Fund recognized \$7.13 million in revenues, an increase of \$0.12 million, or 1.7% from \$7.01 million in fiscal 2018. This rise in revenue was attributable to a combined increase in water sales and penalty revenue. Trash removal fees showed a slight decline. The remaining operational revenue had virtually no change from the prior year.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

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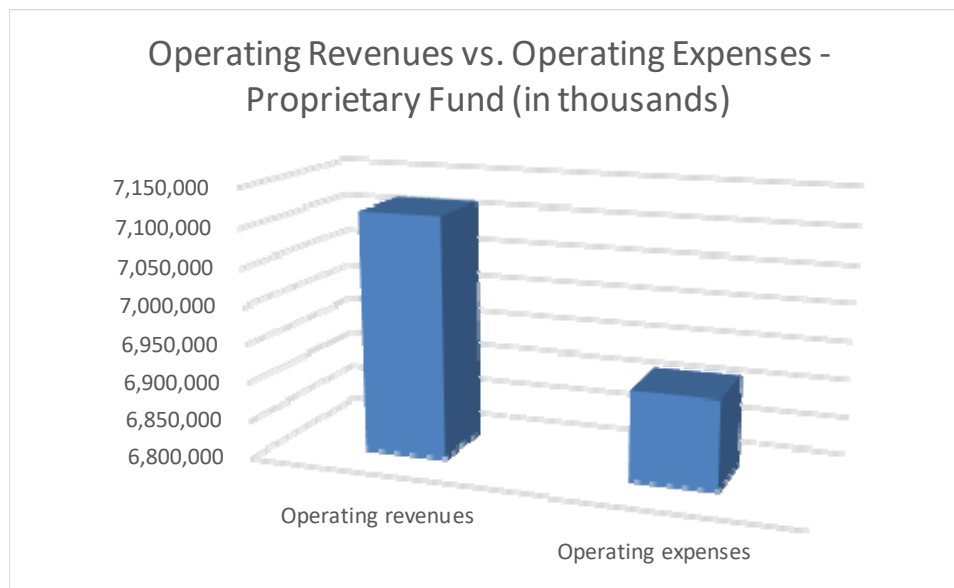
***Expenses***

Utility Fund operating expenses recorded a slight decline of \$0.01M or 0.23% for the year, and came in at \$6.35 million.

Personal services expenses decreased \$0.09 million. This drop was slightly offset by an increase in commodities expenses of \$0.02 million and contractual expense of \$0.06 million.

Commodities and contractual expenses represent a substantial portion of expenses in the Utility Fund at \$5.10 million or 80% of total operating expenses. The largest portion of contractual services represents fees paid to Waste Management for refuse collection. Of the total operating expenses of \$6.35 million, \$1.81 million, or 18.6% of Utility Fund expenses, are for refuse collection.

Commodities increased from \$2.78 million in Fiscal Year 2018 to \$2.80 million in Fiscal Year 2019, an increase of \$0.02 million or 0.72%. This increase was due primarily to an increase in water costs.



**General Fund Budgetary Highlights**

Over the course of Fiscal 2019, the Village's General Fund budgeted revenues fell short of the budget by \$0.59 million. This is primarily attributed to property tax revenue due to timing of collections. Also contributing were licenses and permits and intergovernmental revenues that came in under budget.

The total General Fund expenditures of \$15.23 million were under the budget amount by \$0.33 million. Administration and capital outlay were a combined \$0.50 million under budget, although this was partially offset by police department expenditures \$0.22 million over budget. The General Fund budget anticipated a net change in fund balance of \$0.03 million; the actual change in fund balance after unbudgeted loan proceeds was a decrease of \$0.30 million resulting in a total net budget variance of \$0.27 million.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

General Fund Budget and Actual (in millions)

	Original and Final Budget	Actual	Difference Over/(Under)
Revenues	\$ 15.52	\$ 14.93	\$ (0.59)
Expenditures	15.55	15.23	(0.32)
Deficiency of revenues over expenditures	(0.03)	(0.30)	(0.27)
Other financing sources	-	-	-
Change in fund balance	<u>\$ (0.03)</u>	<u>(0.30)</u>	<u>\$ (0.27)</u>
Fund balance, beginning of year		3.30	
Fund balance, end of year		<u>\$ 3.00</u>	

**Capital Asset and Debt Administration**

**Capital Assets**

As of the end of Fiscal 2019, the Village has capital assets, net of depreciation, of \$40.98 million, compared to capital assets, net of depreciation, of \$41.76 million held at the end of Fiscal 2018. For governmental activities, capital assets were increased by capital additions of \$0.53 million, and decreased by net deletions of \$0.01 million and depreciation of \$1.77 million in the current year. For business-type activities, the capital assets were increased by capital additions of \$1.20 million and decreased by depreciation expense of \$0.51 million.

Capital assets are invested in a broad range of resources including, but not limited to, police and fire equipment, buildings, village facilities, computer equipment, water facilities, roads, streets, and sewer lines. Governmental capital assets, net, account for \$28.50 million or 69.55% of total capital assets. The business-type capital assets, net, represent \$12.48 million or 30.45% of total capital assets.

Capital Assets (in millions)

	Governmental Activities	Business-type Activities	Total
Land	\$ 5.37	\$ 0.11	\$ 5.48
Construction in progress	0.15	1.46	1.61
Buildings, net	2.25	0.76	3.01
Building improvements, net	0.41	-	0.41
Equipment, net	2.71	1.26	3.97
Software, net	0.01	-	0.01
Infrastructure, net	17.60	8.87	26.47
Total capital assets	<u>\$ 28.50</u>	<u>\$ 12.46</u>	<u>\$ 40.96</u>

Please refer to Note 4 on Capital Assets for more information.

**VILLAGE OF WESTCHESTER, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**APRIL 30, 2019**

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**Debt Administration**

The Village's debt is comprised of the categories referenced below. Total net pension liabilities and OPEB liability comprise about 76.19% of long-term debt. General obligation bonds account for approximately 14.55% of long-term debt. Other components of the Village's debt include several installment contracts (split between governmental activities and business-type activities) and participation in an IEPA loan. Total debt increased \$7.23 million from last year due to increases in the net pension liabilities, additional IEPA loan and offset by debt payments.

Long-term Liabilities (in millions)

	Governmental Activities	Business-type Activities	Total
Taxable G.O. Bonds, 2010	\$ 2.37	\$ 0.36	\$ 2.73
Taxable G.O. Bonds, 2013	4.60	-	4.60
Taxable G.O. Bonds, 2015	1.91	-	1.91
Unamortized bond premium	0.15	-	0.15
Installment contracts	0.45	0.59	1.04
Compensated absences	0.27	0.02	0.29
IEPA	-	1.95	1.95
Net pension liability:			
IMRF	1.56	0.89	2.45
Police	26.80	-	26.80
Fire	19.37	-	19.37
Other postemployment benefit liability	2.06	0.16	2.22
	<u>\$ 59.54</u>	<u>\$ 3.97</u>	<u>\$ 61.29</u>

Please refer to Note 5 on Long-Term Obligations for more information.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Village, 10300 W. Roosevelt Road, Westchester, Illinois 60154.

Village of Westchester, Illinois

Statement of Net Position (Deficit)  
April 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current:			
Cash and cash equivalents	\$ 2,086,476	\$ 161,391	\$ 2,247,867
Investments	1,447,891	-	1,447,891
Receivables:			
Property taxes	3,067,400	-	3,067,400
Intergovernmental	1,174,245	479,147	1,653,392
Accounts, customers	-	1,269,534	1,269,534
Other	495,492	-	495,492
Prepaid items	325,122	26,745	351,867
<b>Total current assets</b>	<b>8,596,626</b>	<b>1,936,817</b>	<b>10,533,443</b>
Noncurrent:			
Capital assets, not being depreciated	5,528,294	1,571,078	7,099,372
Capital assets, net of accumulated depreciation	22,976,491	10,918,217	33,894,708
<b>Total noncurrent assets</b>	<b>28,504,785</b>	<b>12,489,295</b>	<b>40,994,080</b>
<b>Total assets</b>	<b>37,101,411</b>	<b>14,426,112</b>	<b>51,527,523</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pension - fire	2,656,300	-	2,656,300
Deferred outflows - pension - police	4,053,535	-	4,053,535
Deferred outflows - pension - IMRF	1,143,229	638,473	1,781,702
Deferred outflows - OPEB	64,194	5,035	69,229
<b>Total deferred outflows of resources</b>	<b>7,917,258</b>	<b>643,508</b>	<b>8,560,766</b>
<b>Total assets and deferred outflows of resources</b>	<b>45,018,669</b>	<b>15,069,620</b>	<b>60,088,289</b>

(Continued)

Village of Westchester, Illinois

Statement of Net Position (Deficit) (Continued)  
April 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current:			
Accounts payable	\$ 365,761	\$ 1,528,531	\$ 1,894,292
Accrued interest	130,175	12,125	142,300
Accrued payroll	199,919	1,124	201,043
Other payables	4,499	-	4,499
Refundable deposits	-	3,439	3,439
Unearned revenue	-	156,624	156,624
Compensated absences	26,818	-	26,818
Installment notes payable	144,668	322,744	467,412
Illinois EPA revolving loan payable	-	81,573	81,573
General obligation bonds	535,000	175,000	710,000
<b>Total current liabilities</b>	<b>1,406,840</b>	<b>2,281,160</b>	<b>3,688,000</b>
Noncurrent:			
Net pension liability - fire	19,374,880	-	19,374,880
Net pension liability - police	26,801,640	-	26,801,640
Net pension liability - IMRF	1,558,581	892,946	2,451,527
Other postemployment benefits	2,057,066	161,338	2,218,404
Compensated absences	241,365	14,027	255,392
Installment notes payable	307,197	268,962	576,159
IEPA loan payable	-	1,870,323	1,870,323
General obligation bonds, net	8,488,755	185,000	8,673,755
<b>Total noncurrent liabilities</b>	<b>58,829,484</b>	<b>3,392,596</b>	<b>62,222,080</b>
<b>Total liabilities</b>	<b>60,236,324</b>	<b>5,673,756</b>	<b>65,910,080</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	3,341,527	-	3,341,527
Deferred inflows - pension - fire	1,753,685	-	1,753,685
Deferred inflows - pension - police	4,064,777	-	4,064,777
Deferred inflows - pension - IMRF	139,536	75,056	214,592
Deferred inflows - OPEB	48,447	3,800	52,247
<b>Total deferred inflows of resources</b>	<b>9,347,972</b>	<b>78,856</b>	<b>9,426,828</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	19,029,165	9,585,693	28,614,858
Restricted:			
Street and bridge improvements	326,147	-	326,147
Tourism	141,678	-	141,678
Public safety	159,128	-	159,128
Capital projects	525,728	-	525,728
Unrestricted (deficit)	(44,747,473)	(268,685)	(45,016,158)
<b>Total net position (deficit)</b>	<b>\$ (24,565,627)</b>	<b>\$ 9,317,008</b>	<b>\$ (15,248,619)</b>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Activities  
Year Ended April 30, 2019

Functions/Programs	Program Revenues			Net (Expense), Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary government:</b>						
Governmental activities						
General government	\$ 2,387,327	\$ 1,371,700	\$ -	\$ (1,015,627)	\$ -	\$ (1,015,627)
Public safety	12,904,241	1,262,209	331,962	(11,310,070)	-	(11,310,070)
Public works	3,343,748	26,043	-	(3,317,705)	-	(3,317,705)
Interest and fees	341,889	-	44,801	(297,088)	-	(297,088)
Total governmental activities	<u>18,977,205</u>	<u>2,659,952</u>	<u>376,763</u>	<u>(15,940,490)</u>	<u>-</u>	<u>(15,940,490)</u>
Business-type activities						
Waterworks, sewerage and trash removal	6,914,612	7,098,383	-	-	183,771	183,771
Total primary government	<u>\$ 25,891,817</u>	<u>\$ 9,758,335</u>	<u>\$ 376,763</u>	<u>(15,940,490)</u>	<u>183,771</u>	<u>(15,756,719)</u>
General revenues						
Taxes						
Property				6,178,783	-	6,178,783
Other taxes						
Utility				794,767	-	794,767
Places for eating				247,542	-	247,542
Hotel/Motel				52,090	-	52,090
Cable TV				332,734	-	332,734
Other				38,988	-	38,988
Intergovernmental						
State sales tax				2,572,938	-	2,572,938
Income taxes				1,729,565	-	1,729,565
Personal property replacement				105,322	-	105,322
Telecommunication taxes				901,687	-	901,687
Motor fuel taxes				424,380	-	424,380
Gaming				145,040	-	145,040
Investment income				43,364	17,763	61,127
Loss on disposal of assets				(9,470)	-	(9,470)
Miscellaneous				399,596	15,467	415,063
Total general revenues and transfers				<u>13,957,326</u>	<u>33,230</u>	<u>13,990,556</u>
Change in net position				(1,983,164)	217,001	(1,766,163)
Net position (deficit):						
May 1, 2018, as restated				<u>(22,582,463)</u>	<u>9,100,007</u>	<u>(13,482,456)</u>
April 30, 2019				<u>\$ (24,565,627)</u>	<u>\$ 9,317,008</u>	<u>\$ (15,248,619)</u>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Balance Sheet - Governmental Funds  
April 30, 2019

	Major Fund General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,723,698	\$ 362,778	\$ 2,086,476
Investments	779,035	668,856	1,447,891
Receivables:			
Property taxes	3,067,400	-	3,067,400
Intergovernmental	977,965	196,280	1,174,245
Other	370,319	125,173	495,492
Due from other funds	33,038	-	33,038
Prepaid items	325,122	-	325,122
<b>Total assets</b>	<b>\$ 7,276,577</b>	<b>\$ 1,353,087</b>	<b>\$ 8,629,664</b>
<b>Liabilities</b>			
Accounts payable	\$ 347,312	\$ 18,449	\$ 365,761
Other liabilities	204,418	-	204,418
Due to other funds	-	33,038	33,038
Unearned revenue	378,236	57,559	435,795
Total liabilities	929,966	109,046	1,039,012
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	3,341,527	-	3,341,527
<b>Fund Balances</b>			
Nonspendable - prepaid items	325,122	-	325,122
Restricted	36,514	1,244,041	1,280,555
Unassigned	2,643,448	-	2,643,448
Total fund balances	3,005,084	1,244,041	4,249,125
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,276,577</b>	<b>\$ 1,353,087</b>	<b>\$ 8,629,664</b>

See Notes to Basic Financial Statements.



Village of Westchester, Illinois

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
April 30, 2019

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Total fund balances-governmental funds	\$ 4,249,125
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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.	28,504,785
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Certain revenues are considered unavailable in the fund financial statements but they are recognized as revenue in the government-wide financial statements	
Other taxes	435,795

Deferred outflows and deferred inflows of resources related to pensions, and other postemployment benefits which will be recognized as an increase or reduction to pension expense in future reporting periods:	
Deferred outflows due to pensions	7,853,064
Deferred inflows due to pensions	(5,957,998)
Deferred outflows due to other postemployment benefits	64,194
Deferred inflows due to other postemployment benefits	<u>(48,447)</u>
	1,910,813

Premiums on bonds that are an other financing source in the fund financial statements are a liability that is amortized over the life of the bonds and netted with the general obligation bonds in the government-wide financial statements.	(148,755)
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The pension and other postemployment benefit liabilities related to the IMRF, police, and firefighters' pension plans and the Village's OPEB plan are recorded on the Statement of Net Position, but not recorded in the funds:	
Net pension liability - Police Pension Plan	(26,801,640)
Net pension liability - Firefighters' Pension Plan	(19,374,880)
Net pension liability - IMRF	(1,558,581)
OPEB liability	<u>(2,057,066)</u>
	(49,792,167)

Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of:	
Accrued interest	(130,175)
Compensated absences	(268,183)
Installment notes payable	(451,865)
General obligation bonds	<u>(8,875,000)</u>
	(9,725,223)

Net position (deficit) of governmental activities	<u>\$ (24,565,627)</u>
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See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances –  
 Governmental Funds  
 Year Ended April 30, 2019

	Major Fund General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Program:			
Charges for services	\$ 610,852	\$ -	\$ 610,852
Licenses and permits	1,129,301	-	1,129,301
Intergovernmental	4,317,575	1,533,006	5,850,581
Fines and forfeitures	701,605	3,668	705,273
General:			
Property taxes	6,178,783	-	6,178,783
Other taxes	1,386,306	52,090	1,438,396
Interest	33,038	10,326	43,364
Rental income	211,570	-	211,570
Miscellaneous	361,571	38,025	399,596
<b>Total revenues</b>	<b>14,930,601</b>	<b>1,637,115</b>	<b>16,567,716</b>
Expenditures:			
Current:			
General government	1,632,988	-	1,632,988
Community development department	522,834	-	522,834
Planning and zoning	625	-	625
Fire and police commission	25,144	-	25,144
Tourism	-	147,380	147,380
Police, 911	-	257,128	257,128
Police department	5,830,760	5,355	5,836,115
Civil defense	2,613	-	2,613
Fire department	4,796,523	-	4,796,523
Public works	1,835,576	85,915	1,921,491
Capital outlay	303,353	5,249	308,602
Debt service:			
Principal	262,824	530,000	792,824
Interest and fees	15,525	330,886	346,411
<b>Total expenditures</b>	<b>15,228,765</b>	<b>1,361,913</b>	<b>16,590,678</b>
Deficiency of revenues over (under) expenditures	(298,164)	275,202	(22,962)
Other financing sources (uses):			
Transfers in	-	563,481	563,481
Transfers (out)	-	(563,481)	(563,481)
Total other financing sources (uses)	-	-	-
<b>Change in fund balances</b>	<b>(298,164)</b>	<b>275,202</b>	<b>(22,962)</b>
Fund balances:			
May 1, 2018	3,303,248	968,839	4,272,087
April 30, 2019	\$ 3,005,084	\$ 1,244,041	\$ 4,249,125

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended April 30, 2019**

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Net change in fund balances-total governmental funds		\$ (22,962)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets.		
Capital outlay	287,301	
Depreciation	<u>(1,770,282)</u>	(1,482,981)
A loss on the disposal of capital assets is not reported in the fund financial statements, but is recorded as an expense in the Statement of Activities		
		(9,470)
Items related to pension and other postemployment benefit expense and revenue are reported as deferred inflows and deferred outflows on the government-wide financial statements, but not on the fund financial statements:		
Deferred outflows of resources related to pension expense	3,684,262	
Deferred inflows of resources related to pension expense	1,527,932	
Deferred outflows of resources related to OPEB expense	64,194	
Deferred inflows of resources related to OPEB expense	<u>(48,447)</u>	5,227,941
Certain revenues are deferred inflows of resources in the fund financial statements because they are not available but are recognized in the government-wide financial statements		
		435,795
Repayment of principal on long-term debt is an expenditure in the governmental funds but the repayment (refunding) reduces long-term liabilities in the Statement of Net Position:		
Bond principal retirement	530,000	
Installment notes payable retirement	<u>262,824</u>	792,824

(Continued)

Village of Westchester, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities (Continued)  
Year Ended April 30, 2019

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Change in net pension liability	(6,790,579)	
Change in other postemployment benefits	(3,585)	
Change in accrued interest	3,047	
Change in compensated absences	(143,423)	
Amortization of bond premium	10,229	(6,924,311)
		<hr/>

Change in net position of governmental activities \$ (1,983,164)

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Net Position  
Enterprise Funds  
April 30, 2019

	Business-Type Activities Enterprise Fund
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 161,391
Receivables:	
Accounts receivable, customer, net	1,269,534
Intergovernmental	479,147
Prepaid assets	26,745
<b>Total current assets</b>	<u>1,936,817</u>
Noncurrent Assets:	
Capital assets not being depreciated	1,571,078
Capital assets, net of accumulated depreciation	10,918,217
<b>Total noncurrent assets</b>	<u>12,489,295</u>
<b>Total assets</b>	<u>14,426,112</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pension - IMRF	638,473
Deferred outflows - OPEB	5,035
<b>Total deferred outflows of resources</b>	<u>643,508</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	1,528,531
Accrued interest	12,125
Accrued payroll	1,124
Unearned revenue	156,624
Deposits	3,439
Installment note payable	322,744
Illinois EPA revolving loan payable	81,573
General obligation bond payable	175,000
<b>Total current liabilities</b>	<u>2,281,160</u>
Long-term Liabilities, net of current maturities:	
Compensated absences	14,027
Installment note payable	268,962
Illinois EPA revolving loan payable	1,870,323
General obligation bond payable	185,000
Net pension liability	892,946
Other postemployment benefits	161,338
<b>Total long-term liabilities</b>	<u>3,392,596</u>
<b>Total liabilities</b>	<u>5,673,756</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pension - IMRF	75,056
Deferred inflows - OPEB	3,800
<b>Total deferred inflows of resources</b>	<u>78,856</u>
<b>Net Position</b>	
Net investment in capital assets	9,585,693
Unrestricted	(268,685)
<b>Total net position</b>	<u>\$ 9,317,008</u>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

**Statement of Revenues, Expenses and  
Changes in Net Position  
Enterprise Funds  
Year Ended April 30, 2019**

	Business-Type Activities
	<u>Enterprise Fund</u>
Operating revenues:	
Service charges	\$ 7,098,383
Other	15,467
<b>Total operating revenues</b>	<u>7,113,850</u>
Operating expenses excluding depreciation:	
Personal services	1,165,583
Commodities	2,803,511
Contractual services	2,382,141
<b>Operating expenses, other than depreciation</b>	<u>6,351,235</u>
<b>Operating income before depreciation</b>	762,615
Depreciation	<u>508,011</u>
<b>Operating income</b>	<u>254,604</u>
Nonoperating income (expense):	
Interest income	17,763
Interest (expense)	(55,366)
<b>Total nonoperating income (expense)</b>	<u>(37,603)</u>
<b>Change in net position</b>	217,001
<b>Net position</b>	
May 1, 2018, as restated	<u>9,100,007</u>
April 30, 2019	<u>\$ 9,317,008</u>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Cash Flows – Enterprise Funds  
Year Ended April 30, 2019

	Business-Type Activities
	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Received from residents for services	\$ 6,646,816
Payments to employees	(1,201,448)
Payments to suppliers	(4,406,033)
<b>Net cash provided by operating activities</b>	<u>1,039,335</u>
Cash flows from noncapital financing activities:	
Net advances to other fund	(69,066)
<b>Net cash used in noncapital financing activities</b>	<u>(69,066)</u>
Cash flows from capital and related financing activities:	
Capital assets purchased	(1,206,895)
Proceeds on Illinois EPA revolving loan payable	881,492
Principal paid on debt	(569,237)
Interest paid	(60,041)
<b>Net cash used in capital and related financing activities</b>	<u>(954,681)</u>
Cash flows from investing activities:	
Cash receipts from interest	17,763
<b>Net cash provided by investing activities</b>	<u>17,763</u>
<b>Net change in cash and cash equivalents</b>	33,351
Cash and cash equivalents:	
May 1, 2018	<u>128,040</u>
April 30, 2019	<u>\$ 161,391</u>

(Continued)

Village of Westchester, Illinois

Statement of Cash Flows – Enterprise Funds (Continued)  
Year Ended April 30, 2019

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 254,604</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	508,011
Changes in assets and liabilities:	
Accounts receivable	(438,266)
Prepaid assets	26,294
Accounts payable	753,325
Accrued payroll	1,124
Unearned revenue	(28,768)
Compensated absences payable	(4,578)
Deferred outflow of resources - pension related amounts	(562,359)
Deferred inflow of resources - pension related amounts	(381,068)
Net pension liability	911,969
Deferred outflow of resources - OPEB	(5,035)
Deferred inflow of resources - OPEB	3,800
OPEB liability	282
Total adjustments	<u>784,731</u>
Net cash provided by operating activities	<u><u>\$ 1,039,335</u></u>

See Notes to Basic Financial Statements.



Village of Westchester, Illinois

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 April 30, 2019

	Pension Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 3,194,913	\$ 720,762
Investments:		
Corporate bonds	6,865,241	-
U. S. Government securities	2,979,760	-
U. S. Treasuries	5,625,024	-
Municipal bonds	105,276	-
Equity investments	32,769,185	-
Receivables:		
Due from other governments	4,201	-
Accrued interest	113,130	-
Prepaid expenses	28,687	-
<b>Total assets</b>	<u>51,685,417</u>	<u>\$ 720,762</u>
<b>Liabilities</b>		
Accounts payable	11,105	\$ -
Due to others	-	720,762
<b>Total liabilities</b>	<u>11,105</u>	<u>\$ 720,762</u>
<b>Net Position</b>		
Restricted for pension benefits	<u>\$ 51,674,312</u>	

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
Year Ended April 30, 2019

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**Additions:**

**Contributions:**

Employer	\$ 1,893,651
Plan member	512,306
<b>Total contributions</b>	<u>2,405,957</u>

**Investment income (expense):**

Net appreciation in fair value	1,681,162
Interest	1,264,116
Less investment expenses	(145,408)
<b>Total investment income (expense)</b>	<u>2,799,870</u>

<b>Total additions</b>	<u>5,205,827</u>
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**Deductions:**

Benefits and refunds	3,803,280
Administrative expenses	98,364
<b>Total deductions</b>	<u>3,901,644</u>

<b>Change in net position</b>	1,304,183
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**Net position restricted for pensions:**

May 1, 2018	<u>50,370,129</u>
April 30, 2019	<u>\$ 51,674,312</u>

See Notes to Basic Financial Statements.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

##### *Nature of Activities*

The Village of Westchester, Illinois (Village) was founded in 1926. The Village operates under the council/manager form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. As required by accounting principles generally accepted in the United States of America (U.S. GAAP), the financial statements of the reporting entity include those of the primary government (the Village) and its component units.

The accounting policies of the Village conform to U.S. GAAP as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

##### *Financial Reporting Entity*

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Financial benefit or financial burden is created if any one of the following relationships exists:

- (1) The primary government is legally entitled to or has access to the component unit's resources.
- (2) The primary government is legally required or has assumed the obligation to finance the deficits of, or provide support to, the component unit.
- (3) The primary government is obligated in some manner for the other component unit's debt.

There are no component units that are required to be included in the Village's basic financial statements.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Government-Wide and Fund Financial Statements**

###### *Government-Wide Financial Statements*

The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the Village, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the Village. The financial activities of the Village consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e., general government, public safety, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

###### *Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The Village administers the following major governmental funds:

**General Fund** – This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Village and accounted for in the General Fund include general government, public safety and public works.

The Village administers the following major proprietary funds:

**Enterprise Fund** – The Enterprise fund accounts for the provision of water, sewer and trash removal services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Additionally, the Village administers fiduciary funds (pension trust and agency) for assets held on behalf of outside parties, including other governments. When these assets are held under the terms of a formal trust agreement, a trust fund is used.

**Trust Funds** are used to account for and report contributions, investment activity and benefit payments related to the Village's pension plans. The Village has the following pension trust funds – Police Pension Fund and Firefighters' Pension Fund.

**Agency Funds** are used to account for and report assets held on behalf of other parties and changes in the assets. The Village has the following agency fund – Refundable Deposits Fund.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### ***Measurement Focus and Basis of Accounting and Financial Statement Presentation***

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses, including benefits and refunds paid, are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, state shared revenues and various state, federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, state shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within approximately 60 days of the end of the current fiscal year.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants and intergovernmental revenue, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

The accrual basis of accounting is utilized by the enterprise and fiduciary funds. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Earned but unbilled services in the enterprise fund are accrued and reported in the financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations.

##### ***Cash and Cash Equivalents***

For purposes of the Statement of Cash Flows, the Village considers cash and cash equivalents to be all cash on hand, demand deposits, time deposits and all highly liquid investments with an original maturity of three months or less when purchased.

##### ***Investments***

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value. Fair value is based on quoted market prices for same or similar investments.

##### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements based on the consumption method.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### *Interfund Receivables, Payables and Activity*

The Village has the following types of transactions between funds:

**Loans**—amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are reported as internal balances in the government-wide statement of net position.

**Reimbursements**—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers**—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after non-operating revenues and expenses.

##### **Capital Assets**

Capital assets, which include land and land improvements, buildings, building improvements, machinery and equipment, software, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an estimated useful life of greater than one year and an initial, individual cost based on asset type (see chart below). Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets, donated works of art and similar items, and capital assets received in a service concession agreement, if applicable, are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Capital Asset Category	Capitalization Threshold	Estimated Useful Life (in years)
Land	\$ 1,000	N/A
Land Improvements	10,000	3 - 50
Site Improvements	20,000	3 - 50
Building	30,000	10 - 80
Building Improvements	25,000	10 - 20
Vehicles, Machinery and Equipment	5,000	3 - 50
Software	25,000	2 - 7
Infrastructure - Street Network	50,000	20 - 80
Infrastructure - Water Network	75,000	25 - 75
Infrastructure - Sanitary Sewer	75,000	50 - 75
Infrastructure - Storm Sewer	50,000	50 - 75

Gains or losses from sales or retirements of capital assets are included in the operations on the Statement of Activities.

#### ***Deferred Inflows or Deferred Outflows of Resources and Unearned Revenue***

Deferred inflows of resources are the acquisition of net position or fund balance that is applicable to future reporting periods. Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods.

Property taxes that are received or recorded as receivables prior to the period the levy is intended to finance are recorded as deferred inflows of resources on both the fund financial statements and government-wide financial statements. Intergovernmental revenue is recorded as deferred inflows of resources on the fund financial statements when it has not yet met both the "measurable" and "available" criteria for recognition in the current period.

For pension and other postemployment benefits (OPEB) plans, the net difference between projected and actual earnings on plan investments, changes in assumptions and differences between expected and actual experience, the change in proportion and differences between employer contributions and proportionate share of contributions for and payments made subsequent to the plan's measurement date are reported as deferred outflows or inflows of resources on the government-wide financial statements. See Notes 6 and 7 for pension and OPEB related disclosures, respectively.

Unearned revenues arise when resources are received by the Village before it has a legal claim to them, In subsequent periods, when revenue recognition criteria are met or when the Village has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

#### ***Compensated Absences***

Vacation leave is recorded in the fund financial statements of governmental funds when due (upon employee retirement or termination). Vested or accumulated vacation leave is recorded as an expense and a liability in the government-wide financial statements and the proprietary funds financial statements as those benefits accrue to employees. No liability is recorded for nonvesting sick leave.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### ***Long-Term Obligations***

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations, including compensated absences, are reported as liabilities in the applicable governmental or business-type activities and proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding is amortized over the life of the bonds and reported as deferred outflows of resources in the Statement of Net Position.

In the fund financial statements, governmental funds recognize bond issuances during the year the bonds are sold. 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.

Debt service funds are specifically established to account for and service the long-term obligations for the governmental funds' debt. Enterprise funds individually account for and service the applicable debt that benefits those funds. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed with available financial resources are reported as a fund liability of a governmental fund.

##### ***Net Position***

In the government-wide and proprietary fund financial statements, net position is displayed in these components, as follows:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets, and the associated deferred outflows of resources.

**Restricted net position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** consists of net position that do not meet the criteria of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is generally the Village's policy to use restricted resources first to finance qualifying activities, then unrestricted resources as they are needed.

##### ***Fund Balances***

Within the governmental fund types, the Village's fund balances are reported in one of the following classifications:

**Nonspendable** – includes amounts that cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

**Restricted** – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.



## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Committed** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Village’s highest level of decision-making authority rests with the Village’s Board of Trustees. The Village passes formal resolutions to commit its fund balances. At April 30, 2019, the Village has no committed fund balances.

**Assigned** – includes amounts that are constrained by the Village’s intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the Village’s Board of Trustees itself; or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village’s Board of Trustees has delegated Village Manager or Finance Director with the authority to assign amounts to be used for specific purposes. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. At April 30, 2019, the Village has no assigned fund balances.

**Unassigned** – includes the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund and deficit fund balances of other governmental funds.

It is the Village’s policy for the General Fund to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

For all other governmental funds, it is the Village’s policy to consider unrestricted resources (i.e., committed, assigned) to have been spent first, followed by restricted resources.

At April 30, 2019, the Village’s fund balance restrictions were for the following purposes:

Restricted purpose:

Street and bridge improvements	\$ 380,328
Tourism	141,678
Public safety: Foreign fire insurance	36,514
Public safety: 911 surcharges	78,126
Public safety: Police forfeiture	44,488
Debt service	91
Capital projects	599,330
	<u>\$ 1,280,555</u>

The Village has established a targeted minimum fund balance policy for the General fund at 30% of the next year’s annually budgeted operating expenditures. This is reported as unassigned fund balance.

#### **Accounting Estimates**

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### ***Eliminations and Reclassifications***

In the process of aggregating information for the government-wide financial statements, some amounts reported as interfund activity and interfund balances in the fund financial statements are eliminated or reclassified.

##### Restatement

The Village's net position has been restated as of April 30, 2018. The restatement is a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In accordance with GASB 75, the Village now reports an OPEB liability on its financial statements, as well as deferred outflows of resources and deferred inflows of resources. In addition, the impact of implementing this statement resulted in a restatement of beginning net position for governmental and business-type activities to adjust for the OPEB liability. Restatement of the beginning net position for deferred outflows of resources and deferred inflows of resources was not done because it was not practicable to determine such amounts.

The Village's net position as of April 30, 2018 has been restated as follows:

	Governmental Activities	Business-type Activities
Net Position (Deficit), April 30, 2018	\$ (20,408,393)	\$ 9,261,063
Change in Total OPEB liability	(2,174,070)	(161,056)
Net Position (Deficit) as restated, April 30, 2018	<u>\$ (22,582,463)</u>	<u>\$ 9,100,007</u>

#### Note 2. Deposits and Investments

The Village maintains a cash and investment pool that is available for use by most funds. Each fund's portion of this pool is displayed on the balance sheet/statement of net position as "cash and cash equivalents" and "investments". In addition, investments are separately held by several of the Village's funds. The Village's investment policy authorizes the Village to invest in all investments allowed by the Illinois Compiled Statutes (ILCS), including the following:

- Interest-bearing accounts of banks and savings and loan associations insured by the Federal Deposit Insurance Corporation
- Obligations of the U.S. Treasury and U.S. agencies
- Insured accounts of an Illinois credit union chartered under United States or Illinois law
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations
- Repurchase agreements which meet instrument transaction requirements of Illinois law
- Short-term obligations of U.S. corporations rated in the three highest classifications by at least two standard rating agencies
- The Illinois Funds
- Illinois Metropolitan Investment Fund (IMET)

The deposits and investments of the Police Pension Fund and the Firefighters' Pension Fund are held separately from each other and from those of other Village funds.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

#### Note 2. Deposits and Investments (Continued)

As of April 30, 2019, cash and investments consisted of the following:

	Governmental & Business- Type Activities	Fiduciary Funds		
		Police Pension Fund	Firefighters' Pension Fund	Agency Funds
Petty Cash	\$ 575	\$ -	\$ -	\$ -
Demand Deposits	1,296,530	12,172	421,239	497,386
Money Market Funds	-	1,493,360	1,268,142	-
IMET	752,943	-	-	-
Illinois Funds	1,645,710	-	-	223,376
Corporate Bonds	-	3,616,600	3,248,641	-
U.S. Government Securities	-	1,931,132	1,048,628	-
U.S. Treasuries	-	3,032,452	2,592,572	-
Municipal Bonds	-	-	105,276	-
Equity Investments	-	17,449,324	15,319,861	-
<b>Total</b>	<b>\$ 3,695,758</b>	<b>\$ 27,535,040</b>	<b>\$ 24,004,359</b>	<b>\$ 720,762</b>

#### **The Illinois Funds**

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

#### **Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by and agent of the Village in the Village's name. As of April 30, 2019, the Village was not exposed to custodial credit risk on deposits recorded in the Governmental and Business-Type Activities.

At April 30, 2019, deposits of \$120,090 and \$175,184 were uninsured and uncollateralized for the Village's Police and Firefighters' Pension Funds, respectively.

*Investment Policies* - The Village's investments are made in accordance with the Public Funds Investment Act (30 ILCS 235/1) (the Act) and the Village's investment policy. The Police and Firefighters' Pension Funds' investments are made in accordance with the Illinois Pension Code (40 ILCS 5/1-113.2 to 113.10) and each respective pension funds' investment policy.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

In accordance with the Police and Firefighters' Pension Funds' investment policies, the Pension Funds limit their exposure to interest rate risk by structuring their portfolios to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

#### Note 2. Deposits and Investments (Continued)

As of April 30, 2019, the Police and Firefighters' Pension Funds had the following investments with the following maturities:

	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
<b>Fiduciary Activities:</b>					
Police Pension Fund:					
U.S. Treasuries	\$ 3,032,452	\$ 143,720	\$ 962,193	\$ 1,926,539	\$ -
U.S. Government Securities	1,931,132	824,516	505,002	203,789	397,825
Corporate Bonds	3,616,600	104,461	2,426,767	805,993	279,379
Total Police Pension	8,580,184	1,072,697	3,893,962	2,936,321	677,204
Firefighters' Pension Fund:					
U.S. Treasuries	2,592,572	-	1,934,202	658,370	-
U.S. Government Securities	1,048,628	99,807	183,068	343,111	422,642
Municipal Bonds	105,276	105,276	-	-	-
Corporate Bonds	3,248,641	333,419	1,834,938	926,535	153,749
Total Firefighters' Pension	6,995,117	538,502	3,952,208	1,928,016	576,391
Total Fiduciary Activities	\$ 15,575,301	\$ 1,611,199	\$ 7,846,170	\$ 4,864,337	\$ 1,253,595

#### Credit Risk

Credit risk is the risk that the Village or the Pension Funds will not recover their investments due to the inability of the counterparty to fulfill its obligation. The Village's general investment policy is to apply the prudent person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to see reasonable income, preserve capital and, in general, avoid speculative investments. U.S. Treasury obligations are backed by the full faith and credit of the U.S. Government and are not considered to have credit risk.

The Illinois Funds Money Market Fund is rated AAA by Standard & Poor's. IMET is rated Aaa by Moody's.

The Pension Funds' investment policies follow the requirements of the Illinois Pension Code.

As of April 30, 2019, the Pension Funds had the following fixed income investments which are rated by Moody's as follows:

	Fair Value	Aaa	Aa	A	Baa	Unrated
Police Pension Fund						
U.S. Government Securities	\$ 1,931,132	\$ 1,422,054	\$ -	\$ -	\$ -	\$ 509,078
Corporate Bonds	3,616,600	149,745	12,065	2,729,045	725,745	
Total Police Pension	5,547,732	1,571,799	12,065	2,729,045	725,745	509,078
Firefighters' Pension Fund						
U.S. Government Securities	1,048,628	402,500	-	-	-	646,128
Municipal Bonds	105,276	-	105,276	-	-	
Corporate Bonds	3,248,641	91,188	143,071	1,535,233	1,375,563	103,586
Total Firefighters' Pension	4,402,545	493,688	248,347	1,535,233	1,375,563	749,714
Total Fiduciary Activities	\$ 9,950,277	\$ 2,065,487	\$ 260,412	\$ 4,264,278	\$ 2,101,308	\$ 1,258,792

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 2. Deposits and Investments (Continued)

##### ***Custodial Credit Risk - Investments***

For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the Village or Pension Funds will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions entered into by the Village shall be conducted on a delivery-versus-payment (DVP) basis with the underlying investments held by a third party acting as the Village's agent from where the investment is purchased. Illinois Funds and IMET are not subject to custodial credit risk.

The Pension Funds' investment policies limit their exposure to custodial credit risk by utilizing an independent third party institution, selected by the individual Pension Fund, to act as custodian for its securities and collateral.

##### ***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Village has no policy limiting the amount the Village may invest in any one issuer. As of April 30, 2019, more than 5% of the Village's investments are in Illinois Funds and IMET. These investments are 54% and 46%, respectively, of the Village's total investments.

The Pension Funds do not have formal written policies with regard to concentration of credit risk. Neither Fund has investment in any single issuer that exceeds 5% of the Fund's investment portfolio.

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Fair Value Measurements

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Village categorized its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation of the inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village has the following recurring fair value measurements as of April 30, 2019, using a matrix pricing model:

Investments by fair value level	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Police Pension Fund:				
U.S. Treasuries	\$ 3,032,452	\$ 34,401	\$ 2,998,051	\$ -
U.S. Government Securities	1,931,132	-	1,931,132	-
Corporate Bonds	3,616,600	-	3,616,600	-
Equity Investments	17,449,324	17,449,324	-	-
Total Police Pension	26,029,508	17,483,725	8,545,783	-
Firefighters' Pension Fund:				
U.S. Treasuries	2,592,572	-	2,592,572	-
U.S. Government Securities	1,048,628	-	1,048,628	-
Municipal Bonds	105,276	-	105,276	-
Corporate Bonds	3,248,641	-	3,248,641	-
Equity Investments	15,319,861	15,319,861	-	-
Total Firefighters' Pension	22,314,978	15,319,861	6,995,117	-
	\$ 48,344,486	\$ 32,803,586	\$ 15,540,900	\$ -

The Village has investments in Illinois Funds and IMET measured at net asset value (NAV) based on amortized cost. In addition, the Village has investments measured at amortized cost as the remaining maturity at purchase is less than one year, such as money market accounts. The following are investments measured at NAV:

Investments measured by the net asset value (NAV or amortized cost)	April 30, 2019	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Village:				
IMET	\$ 752,943	N/A	Daily	1 day
Illinois Funds	1,645,710	N/A	Daily	1 day
Police pension fund:				
Money Market Funds	1,493,360	N/A	Daily	1 day
Firefighters' pension fund:				
Money Market Funds	1,268,142	N/A	Daily	1 day
	<u>\$ 5,160,155</u>			

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 3. Property Taxes

The Village's property tax becomes a lien on real property on January 1 of the calendar year of the levy. The Cook County Assessor is responsible for the assessment of all taxable real property with Cook County. The Village's property taxes are levied each calendar year on all taxable real property located in the Village's boundaries based on assessments as of January 1. The Village must file its tax levy ordinance by the second Tuesday in December of each year. Taxes levied in one year become due and payable in two installments in the following year. The first installment is due on March 1 and the second installment is due on the latter of August 1, or 30 days after the mailing of the tax bills.

The 2018 property tax assessment was levied in December 2018. Approximately one-half of the levied amount is intended to finance the fiscal year beginning May 1, 2018. In the government-wide financial statements that are reported on the accrual basis of accounting, the Village has included as revenue approximately one-half of the property taxes levied in December 2018, less a provision for uncollectible amounts.

In the governmental fund financial statements that are reported on the modified accrual basis of accounting, the Village has included as revenue approximately one-half of the property taxes levied in December 2018, less a provision for uncollectible amounts that were collected within 60 days of the fiscal year ended April 30, 2019.

The remaining December 2018 levy is intended to finance the Village's fiscal year 2020 operations. Property tax amounts recorded as receivables in advance of the fiscal year for which they are intended to finance are recorded as deferred inflows of resources and are recognized as revenue in the year for which they are intended to be financed.

Property tax receivables are recorded net of an allowance for uncollectible amounts of \$98,731 at April 30, 2019.

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 4. Capital Assets

A summary of the changes in capital assets for governmental activities of the Village is as follows:

	Balance, May 1, 2018	Additions	Deletions and Transfers	Balance, April 30, 2019
Capital assets not being depreciated:				
Land	\$ 5,373,407	\$ -	\$ -	\$ 5,373,407
Construction in progress	299,896	101,936	246,945	154,887
	<u>5,673,303</u>	<u>101,936</u>	<u>246,945</u>	<u>5,528,294</u>
Capital assets being depreciated:				
Land improvements	326,765	-	-	326,765
Buildings	4,056,941	-	-	4,056,941
Building improvements	454,266	246,945	-	701,211
Machinery and equipment	7,816,179	89,581	43,169	7,862,591
Software	84,185	-	-	84,185
Infrastructure	47,460,280	95,784	-	47,556,064
	<u>60,198,616</u>	<u>432,310</u>	<u>43,169</u>	<u>60,587,757</u>
Less accumulated depreciation for:				
Land improvements	326,525	240	-	326,765
Buildings	1,754,023	50,472	-	1,804,495
Building improvements	260,540	29,636	-	290,176
Machinery and equipment	4,813,249	376,738	33,699	5,156,288
Software	69,402	9,855	-	79,257
Infrastructure	28,650,944	1,303,341	-	29,954,285
	<u>35,874,683</u>	<u>1,770,282</u>	<u>33,699</u>	<u>37,611,266</u>
Total capital assets being depreciated, net	<u>24,323,933</u>	<u>(1,337,972)</u>	<u>9,470</u>	<u>22,976,491</u>
Governmental activities capital assets, net	<u>\$ 29,997,236</u>	<u>\$ (1,236,036)</u>	<u>\$ 256,415</u>	<u>\$ 28,504,785</u>

Depreciation Charged to Functions/Programs

Depreciation was charged to functions/programs as follows:

	Governmental Activities
General government	\$ 79,425
Public safety	214,505
Public works	1,476,352
	<u>\$ 1,770,282</u>



## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 4. Capital Assets (Continued)

A summary of changes in capital assets for business-type activities of the Village is as follows:

	Balance, May 1, 2018	Additions	Deletions and Transfers	Balance, April 30, 2019
Capital assets not being depreciated:				
Land	\$ 112,825	\$ -	\$ -	\$ 112,825
Construction in process	251,358	1,206,895	-	1,458,253
	<u>364,183</u>	<u>1,206,895</u>	<u>-</u>	<u>1,571,078</u>
Capital assets being depreciated:				
Land improvements	38,892	-	-	38,892
Buildings	1,257,174	-	-	1,257,174
Machinery and equipment	2,470,488	-	-	2,470,488
Software	49,275	-	-	49,275
Infrastructure	19,165,119	-	-	19,165,119
	<u>22,980,948</u>	<u>-</u>	<u>-</u>	<u>22,980,948</u>
Less accumulated depreciation for:				
Land improvements	38,892	-	-	38,892
Buildings	444,123	50,165	-	494,288
Machinery and equipment	1,009,748	197,384	-	1,207,132
Software	22,174	4,927	-	27,101
Infrastructure	10,039,783	255,535	-	10,295,318
	<u>11,554,720</u>	<u>508,011</u>	<u>-</u>	<u>12,062,731</u>
Total capital assets being depreciated, net	<u>11,426,228</u>	<u>(508,011)</u>	<u>-</u>	<u>10,918,217</u>
Business-type activities capital assets, net	<u>\$ 11,790,411</u>	<u>\$ 698,884</u>	<u>\$ -</u>	<u>\$ 12,489,295</u>

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

#### Note 5. Long-Term Obligations

General obligation bonds have been issued to finance capital acquisitions or projects. The Village's bonds are to be paid using various revenue sources of the Village. All pledges will remain until all bonds are retired. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds are direct obligations and pledge the full faith and credit of the Village.

The following is a summary of long-term obligation activity for the Village associated with governmental activities for the year ended April 30, 2019:

	Balance, May 1, 2018	Additions	Reductions	Balance, April 30, 2019	Due Within One Year
General obligation bonds					
Series 2010A	\$ 2,525,000	\$ -	\$ 160,000	\$ 2,365,000	\$ 160,000
Series 2013	4,870,000	-	270,000	4,600,000	275,000
Series 2015	2,010,000	-	100,000	1,910,000	100,000
Installment notes payable	714,689	-	262,824	451,865	144,668
Unamortized bond premium	158,984	-	10,229	148,755	-
Compensated absences	124,760	268,183	124,760	268,183	26,818
Net pension liability (asset) - IMRF	(32,967)	1,591,548	-	1,558,581	-
Net pension liability - Police Pension	24,545,107	2,883,937	627,404	26,801,640	-
Net pension liability - Firefighters' Pension	16,432,382	3,619,276	676,778	19,374,880	-
Other postemployment benefits	2,174,070	-	117,004	2,057,066	-
	<u>\$53,522,025</u>	<u>\$ 8,362,944</u>	<u>\$ 2,348,999</u>	<u>\$59,535,970</u>	<u>\$ 706,486</u>

Compensated absences and net pension liabilities are liquidated by the Village's General Fund. The Taxable General Obligation Bonds, Series 2010A are paid by the Motor Fuel Tax Fund and the General Obligation Alternative Revenue Source Bonds, Series 2013 and 2015 are paid from the Debt Service Fund and Capital Improvements Fund. The installment notes are paid from the General Fund and the 911 Fund.

The following is a summary of long-term obligation activity for the Village associated with business-type activities for the year ended April 30, 2019:

	Balance, May 1, 2018	Additions	Reductions	Balance, April 30, 2019	Due Within One Year
General obligation bonds					
Series 2010B	\$ 530,000	\$ -	\$ 170,000	\$ 360,000	\$ 175,000
Installment notes payable	925,479	-	333,773	591,706	322,744
IEPA loans payable	1,135,868	881,492	65,464	1,951,896	81,573
Net pension liability (asset) - IMRF	(19,023)	911,969	-	892,946	-
Other postemployment benefits	161,056	282	-	161,338	-
Compensated absences	18,605	14,027	18,605	14,027	-
	<u>\$ 2,751,985</u>	<u>\$ 1,807,770</u>	<u>\$ 587,842</u>	<u>\$ 3,971,913</u>	<u>\$ 579,317</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

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**Note 5. Long-Term Obligations (Continued)**

***Long-Term Obligations Outstanding***

*Governmental Activities*

General Obligation Bonds Payable:

On May 18, 2010, the Village issued \$3,500,000 of Taxable General Obligation Bonds Series 2010A with principal payable in annual installments on December 1 of each year and interest rates ranging from 1.10% to 5.80%, payable semiannually on June 1 and December 1. Pursuant to the American Recovery and Reinvestment Act, the Village is eligible to receive a rebate from the U.S. Treasury Department of 35% of the interest paid each year. The net interest rate for these bonds, after rebate, is 0.72% to 3.77%. The final principal payment is due December 1, 2030. The bonds were used to finance capital projects. \$ 2,365,000

On March 12, 2013, the Village issued \$5,800,000 of General Obligation Alternative Revenue Source Bonds, Series 2013 with principal payable in annual installments on December 15 of each year and interest rates ranging from 2.00% to 3.15%, payable semiannually on June 15 and December 15. The final principal payment is due December 15, 2032. The bonds were used to finance capital projects. 4,600,000

On March 14, 2015, the Village issued \$2,200,000 of General Obligation Alternative Revenue Source Bonds, Series 2015 with principal payable in annual installments on December 15 of each year and interest rates ranging from 2.25% to 3.125%, payable semiannually on June 15 and December 15. The final principal payment is due December 15, 2034. The bonds were used to finance capital projects. 1,910,000

Total General Obligation Bonds 8,875,000

Installment Notes Payable:

On October 1, 2013, the Village was issued an installment loan in the amount of \$297,815 with principal and interest payable semiannually on April 1 and October 1 with interest rates at 2.55%. The final interest payment is due April 1, 2020. 49,070

On June 24, 2016, the Village was issued an installment loan in the amount of \$199,695 with principal and interest payable semiannually on June 24 and December 24 with interest rates at 1.99%. The final principal and interest payment is due June 24, 2023. 162,450

On December 22, 2016, the Village was issued an installment loan in the amount of \$73,053 with principal and interest payable semiannually on June 22 and December 22 with interest rates at 2.42%. The final principal and interest payment is due June 22, 2021. 29,555

On June 29, 2017, the Village was issued an installment loan in the amount of \$155,361 with principal and interest payable semiannually on June 29 and December 29 with interest rates at 2.63%. The final principal and interest payment is due June 29, 2022. 110,866

On October 26, 2017, the Village was issued an installment loan in the amount of \$124,546 with principal and interest payable semiannually on April 26 and October 26 with interest rates at 2.89%. The final principal and interest payment is due October 26, 2024. 99,924

Total Installment Notes Payable 451,865

**Total Governmental Activities** \$ 9,326,865

(Continued)

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 5. Long-Term Obligations (Continued)

##### *Business-Type Activities*

##### General Obligation Bonds Payable:

On May 18, 2010, the Village issued \$1,610,000 of Taxable General Obligation Bonds Series 2010B with principal payable in annual installments on December 1 of each year and interest rates ranging from 1.25% to 4.50%, payable semiannually on June 1 and December 1. Pursuant to the American Recovery and Reinvestment Act, the Village is eligible to receive a rebate from the U.S. Treasury Department of 35% of the interest paid each year. The net interest rate for these bonds, after rebate, is 0.81% to 2.93%. The final principal payment is due December 1, 2030. The bonds were used to finance capital projects.

\$ 360,000

##### Installment Notes Payable:

On August 6, 2015, the Village was issued an installment loan in the amount of \$1,230,000 with principal and interest payable semiannually on February 6 and August 6 with interest rates at 2.20%. The final principal and interest payment is due August 6, 2020.

383,202

On February 6, 2016, the Village was issued an installment loan in the amount of \$140,415 with principal and interest payable semiannually on February 6 and August 6 with interest rates at 2.30%. The final principal and interest payment is due August 6, 2020.

48,371

On December 22, 2016, the Village was issued an installment loan in the amount of \$73,053 with principal and interest payable semiannually on June 22 and December 22 with interest rates at 2.42%. The final principal and interest payment is due June 22, 2021.

60,209

On October 26, 2017, the Village was issued an installment loan in the amount of \$124,546 with principal and interest payable semiannually on April 26 and October 26 with interest rates at 2.89%. The final principal and interest payment is due October 26, 2024.

99,924

##### Total Installment Notes Payable

591,706

##### Illinois Environmental Protection Agency (IEPA) Loans Payable:

On April 14, 2013, the Village entered into an agreement with the IEPA to borrow an amount not to exceed \$841,041. The Village completed the project, drawing all of the available funds. Principal and interest payments are payable semiannually on April 14 and October 14 with an interest rate of 1.25%. The final payment is due October 14, 2032.

611,610

On January 10, 2015, the Village entered into an agreement with the IEPA to borrow an amount not to exceed \$548,895. The Village completed the project, drawing all of the available funds. Principal and interest payments are payable semiannually on January 8 and June 8 with an interest rate of 1.995%. The final payment is due January 8, 2035.

458,794

On July 24, 2018, the Village entered into an agreement with the IEPA to borrow an amount not to exceed \$3,520,104. As of April 30, 2019, the Village has not completed the project and the Village has outstanding draws of \$2,638,612. Principal and interest payments are payable semi-annually on March 25 and September 25 with an interest rate of 1.840%. The final payment is due on September 25, 2039.

881,492

##### Total Illinois EPA Loans Payable

1,951,896

##### **Total Business-Type Activities**

\$ 2,903,602

**Village of Westchester, Illinois**

**Notes to Basic Financial Statements**

**Note 5. Long-Term Obligations (Continued)**

***Pledged Revenue and Payments***

Pledged revenue information for the Village's outstanding bonds is as follows:

Debt Issue	Pledged Revenue Source	Interest Rates	Pledged Revenue	Pledge Remaining	Principal and Interest Retired	Commencement End Date	Percentage of Revenue Pledged
<i>Governmental Activities:</i>							
2010A	Motor fuel taxes	1.10% to 5.80%	\$ 424,380	\$ 3,293,995	\$ 296,755	December 1, 2030	69.93%
2013	Sales, use and non-home rule sales tax	2.00% to 3.15%	2,358,857	4,889,340	409,020	December 15, 2032	17.34%
2015	Sales, use and non-home rule sales tax	2.25% to 3.125%	2,358,857	2,399,749	153,636	December 15, 2034	6.51%
			<u>\$ 10,583,084</u>				
<i>Business-type Activities:</i>							
2010B	Water and sewerage fees	1.25% to 4.50%	\$ 7,098,383	\$ 384,350	\$ 193,080	December 1, 2030	2.72%

***Debt service requirements to maturity***

The annual debt service requirements to amortize the outstanding debt of the Village's governmental activities are as follows:

Year	General Obligation Bonds		Installment Notes Payable		Total
	Principal	Interest	Principal	Interest	
2020	\$ 535,000	\$ 314,916	\$ 144,668	\$ 10,125	\$ 1,004,709
2021	545,000	299,681	97,906	6,875	949,462
2022	565,000	283,786	96,298	4,512	949,596
2023	580,000	263,556	67,613	2,270	913,439
2024	595,000	242,761	35,630	861	874,252
2025 - 2029	3,260,000	870,502	9,750	141	4,140,393
2030 - 2034	2,650,000	245,364	-	-	2,895,364
2035	145,000	4,531	-	-	149,531
	<u>\$ 8,875,000</u>	<u>\$ 2,525,097</u>	<u>\$ 451,865</u>	<u>\$ 24,784</u>	<u>\$ 11,876,746</u>

The annual debt service requirements to amortize the outstanding debt of the Village's business-type activities are as follows:

Year	General Obligation Bonds		Installment Notes Payable		IEPA Notes Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 175,000	\$ 16,025	\$ 322,745	\$ 12,022	\$ 81,573	\$ 32,765	\$ 640,130
2021	185,000	8,325	183,007	4,732	98,537	47,127	526,728
2022	-	-	38,574	2,136	100,724	44,938	186,372
2023	-	-	18,545	1,237	102,972	42,691	165,445
2024	-	-	19,085	697	105,281	40,381	165,444
2025 - 2029	-	-	9,750	141	563,330	164,988	738,209
2030 - 2034	-	-	-	-	556,945	97,309	654,254
2035-2039	-	-	-	-	311,774	35,121	346,895
2040	-	-	-	-	30,760	566	31,326
	<u>\$ 360,000</u>	<u>\$ 24,350</u>	<u>\$ 591,706</u>	<u>\$ 20,965</u>	<u>\$ 1,951,896</u>	<u>\$ 505,886</u>	<u>\$ 3,454,803</u>

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 5. Long-Term Obligations (Continued)

##### *Legal Debt Limitation*

The Village's legal debt limitation of \$46,288,440 based on 8.625% of the 2017 equalized assessed valuation of \$536,677,571, less outstanding debt of \$714,689 results in a legal debt margin of \$45,573,751 as of April 30, 2019.

#### Note 6. Employee Retirement Systems

Substantially all Village employees are covered under one of the following employee retirement plans. Details related to these items are presented separately for each plan on the following pages. Below is a summary of pension related amounts reported by the Village:

	IMRF	Police Pension	Firefighters' Pension	Total
Net pension liability	\$ 2,451,527	\$ 26,801,640	\$ 19,374,880	\$ 48,628,047
Deferred outflows of resources	1,781,702	4,053,535	2,656,300	8,491,537
Deferred inflows of resources	214,592	4,064,777	1,753,685	6,033,054
Pension expense (benefit)	151,607	1,778,320	1,089,839	3,019,766

##### *Illinois Municipal Retirement Fund*

Employees of the Westchester Library participate in the Village's Illinois Municipal Retirement Fund (IMRF). Therefore, the information that follows includes both Village and Library employees and balances.

##### *Plan Description*

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the IMRF, the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this footnote. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

##### *Benefits Provided*

The Village participates in IMRF's Regular Plan (RP). 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 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent 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 percent of the original amount on January 1 every year after retirement.

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 6. Employee Retirement Systems (Continued)**

***Illinois Municipal Retirement Fund (continued)***

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 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent 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 percent of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Employees Covered by Benefit Terms*

As of December 31, 2018, the following employees were covered by the benefit terms:

	Membership
Inactive Plan members or beneficiaries currently receiving benefits	72
Inactive Plan members entitled to benefits but not yet receiving them	60
Active Plan members	47
 Total membership	 179

*Contributions*

As set by statute, the Village's Regular Plan Members are required to contribute 4.5 percent 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 years 2019 and 2018 were 8.89 percent and 10.98 percent, respectively. For the fiscal year ended April 30, 2019, \$293,739 was contributed to the plan by the Village and the Library. The contributions as of April 30, 2019 are reported in the financial statements as follows:

Governmental Activities - general government expense	\$ 151,149
Business-Type Activities - Enterprise Fund	86,595
Total primary government	237,744
Westchester Public Library	55,995
Total	\$ 293,739

The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Net Pension Liability (Asset)*

The Village's net pension liability (asset) was measured as of December 31, 2018. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems (Continued)

Illinois Municipal Retirement Fund (continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-disabled retirees**, an IMRF-specific mortality table was used with fully-generational projection scale MP-2017 (based year 2015). The 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 table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of the one year arithmetic and the then year geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-term Expected Real Rate of Return	
		One Year Arithmetic	Ten Year Geometric
Equities	37%	8.50%	7.15%
International equity	18%	9.20%	7.25%
Fixed income	28%	3.75%	3.75%
Real estate	9%	7.30%	6.25%
Alternative investments	7%	4.75 - 12.40%	3.20 - 8.50%
Cash equivalents	1%	2.50%	2.50%
Total	100%		



## Village of Westchester, Illinois

### Notes to Basic Financial Statements

#### Note 6. Employee Retirement Systems (Continued)

##### *Illinois Municipal Retirement Fund (continued)*

Assumptions that changed from the prior year as follows:

- The investment rate of return was changed from 7.50 percent to 7.25 percent.

##### *Single Discount Rate*

A Single Discount Rate of 7.25 percent 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:

- The long-term expected rate of return on pension plan investments (7.25 percent) during the period in which the fiduciary net position is projected to be sufficient to pay benefits, and
- The tax-exempt municipal bond rate (3.71 percent) 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.

Based on those assumptions, IMRF's fiduciary net position at December 31, 2018, was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25 percent and the municipal bond rate was not used.

##### *Changes in the Net Pension Liability (Asset)*

The following table shows the components of the Village's annual pension liability (asset) and related plan fiduciary net position for the year ended December 31, 2018:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at January 1, 2018</b>	\$ 20,362,940	\$ 20,428,041	\$ (65,101)
<b>Changes for the year:</b>			
Service cost	270,732	-	270,732
Interest on the total pension liability	1,488,342	-	1,488,342
Differences between expected and actual experience of the total pension liability	576,788	-	576,788
Changes of assumptions	556,597	-	556,597
Contributions - employer	-	313,332	(313,332)
Contributions - employee	-	135,652	(135,652)
Net investment income	-	(1,192,984)	1,192,984
Benefit payments, including refunds of employee contributions	(1,307,492)	(1,307,492)	-
Other (net transfer)	-	552,608	(552,608)
Net changes	1,584,967	(1,498,884)	3,083,851
<b>Balances at December 31, 2018</b>	<b>\$ 21,947,907</b>	<b>\$ 18,929,157</b>	<b>\$ 3,018,750</b>

Village of Westchester, Illinois

Notes to Basic Financial Statements

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**Note 6. Employee Retirement Systems (Continued)**

***Illinois Municipal Retirement Fund (continued)***

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

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

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
Governmental Activities	\$ 2,862,112	\$ 1,558,581	\$ 485,673
Business-type Activities - Enterprise Fund	1,639,768	892,946	278,253
Total primary government	<u>4,501,880</u>	<u>2,451,527</u>	<u>763,926</u>
Westchester Public Library	1,041,624	567,223	176,753
Net pension (asset) liability	<u>\$ 5,543,504</u>	<u>\$ 3,018,750</u>	<u>\$ 940,679</u>

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

For the year ended April 30, 2019, the Village and Library recognized pension expense of \$151,607 and \$37,580, respectively. Pension expense is reported in the financial statements as follows:

Governmental Activities	\$ 119,863
Business-Type Activities - Enterprise Fund	31,744
Total primary government	<u>151,607</u>
Westchester Library	37,580
Total pension expense	<u>\$ 189,187</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems (Continued)

*Illinois Municipal Retirement Fund (continued)*

At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Deferred Amounts to be Recognized in Pension</b>		
Expense in Future Periods		
Differences between expected and actual experience	\$ 437,065	\$ -
Changes of assumptions	364,925	273,224
Net difference between projected and actual earnings on pension plan investments	1,250,684	-
Total deferred amounts to be recognized in pension expense in future periods	2,052,674	273,224
Employer contribution subsequent to the measurement date	113,586	-
<b>Total Deferred Amounts Related to Pensions</b>	<b>\$ 2,166,260</b>	<b>\$ 273,224</b>
<b>Governmental Activities</b>		
Business-Type Activities - Enterprise Fund	\$ 1,143,229	\$ 139,536
Total primary government	638,473	75,056
Westchester Library	1,781,702	214,592
	384,558	58,632
	<b>\$ 2,166,260</b>	<b>\$ 273,224</b>

Employer contributions subsequent to the measurement date of \$113,586 will be applied to the total pension liability in the actuarial valuation for the calendar year 2020. 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:

	Governmental Activities	Business-type Activities: Enterprise Fund	Total Primary Government	Westchester Library
Net deferred inflows of resources as of				
December 31,				
2020	\$ 327,711	\$ 187,749	\$ 515,460	\$ 121,403
2021	235,969	135,190	371,159	87,417
2022	72,702	41,652	114,354	26,933
2023	279,269	159,997	439,266	103,458
<b>Total</b>	<b>\$ 915,651</b>	<b>\$ 524,588</b>	<b>\$ 1,440,239</b>	<b>\$ 339,211</b>

**Police Pension Fund**

*Basis of Accounting*

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed through investment earnings. No stand-alone statements are issued for this defined benefit pension plan.

Village of Westchester, Illinois

Notes to Basic Financial Statements

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**Note 6. Employee Retirement Systems (Continued)**

***Police Pension Fund (continued)***

*Plan Administration*

Police-sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan administered by the Village of Westchester. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Article 3 of the Illinois Pension Code and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. An actuarial valuation was performed as of April 30, 2019, and, accordingly, the most recent available information has been presented.

Management of the Police Pension Plan is vested in the Police Pension Board which consists of five members, two members are elected from and by the active police, one is elected from and by the retiree beneficiaries and two are appointed by the Village President with the approval of the Village Board of Trustees. There was no change in the makeup of the Board during fiscal year 2019.

*Plan Membership*

At April 30, 2019, the Police Pension Plan membership consisted of:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	26
Inactive Plan members entitled to benefits but not yet receiving them	-
Active Plan members	<u>30</u>
Total membership	<u><u>56</u></u>

*Benefits Provided*

The Illinois Pension Code (40 ILCS 5/Art.3) is the authority under which pension benefit terms are established. The Police Pension Plan provides retirement benefits as well as death and disability benefits.

Covered employees hired before January 1, 2011 (tier 1 employees) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, and 1 percent of such salary for each additional year of service over 30 years to a maximum of 75 percent of such salary.

Covered employees hired on or after January 1, 2011 (tier 2 employees), upon attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. A police officer's salary for pension purposes is capped at \$114,838 and \$113,645 for 2019 and 2018, respectively. The cap is adjusted annually by the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the preceding calendar year.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 6. Employee Retirement Systems (Continued)

##### *Police Pension Fund (continued)*

###### *Contributions*

Covered employees are required to contribute 9.91 percent of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The Illinois Pension Code (40 ILCS 5/Art. 3) establishes the contribution requirements of the Village. The annual requirement is equal to (1) the normal cost of the pension fund for the year plus (2) an amount sufficient to bring the total assets of the pension fund up to 90 percent of the actuarial liabilities of the pension fund by April 30, 2040. Only the State legislature can amend the contribution requirements. For the year ended April 30, 2019, the statutory minimum which the Village was required to contribute was \$1,303,137, or 46.98 percent of member payroll, to the Police Pension Fund.

###### *Investment policy:*

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Police Pension Board by a majority vote of its members. It is the policy of the Police Pension Board to pursue an investment strategy that minimizes risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. See Note 2 for more details on the Police Pension's investment policy.

The long-term expected rate of return on pension plan investments was determined using an asset allocation study by the Global Investment Committee of Morgan Stanley published in March 2019. Long-term returns for the asset classes are calculated on a geometric means basis. The following is the Board's adopted asset allocation and the long-term expected geometric real rates of return by asset class as of April 30, 2019:

<b>Asset Class</b>	<b>Minimum Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash and Cash Equivalents	2%	2.91%
Fixed income	38%	3.70%
U.S. large cap equities	27%	7.62%
U.S. mid cap equities	3%	8.30%
U.S. small cap equities	3%	7.36%
Developed international equities	16%	7.12%
Emerging international equities	8%	8.75%
Real estate equities	3%	6.87%

###### *Method Used to Value Investments:*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

###### *Significant Investments*

Information on significant investments is presented in Note 2 under "Concentration of Credit Risk."

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 6. Employee Retirement Systems (Continued)

##### *Police Pension Fund (continued)*

###### *Rate of Return*

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.29 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

###### *Net Pension Liability*

The total pension liability was determined by an actuarial valuation as of April 30, 2019 using the following methods and actuarial assumptions, applied to all periods included in the measurement:

###### Methods and Assumptions

Valuation date	April 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Discount Rate used for the Total Pension Liability	5.75%
Long-Term Expected Rate of Return on Plan Assets	7.00%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	3.79%
Projected Individual Salary Increases	3.06 - 16.04%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.50%
Actuarial assumptions:	
Mortality Table	RP-2014 Adjusted for Plan Status, Collar and Illinois Public Pension Data, as Appropriate
Retirement Rates	80% of L&A 2016 Illinois Police Retirement Rates Capped at 65
Disability Rates	100% of L&A 2016 Illinois Police Disability Rates
Termination Rates	100% of L&A 2016 Illinois Police Termination Rates
Percent Married	80%

The actuarial assumptions used in the April 30, 2019 valuation were based on the results of an actuarial assumption study for the period including various municipal fiscal years ending December 2009-June 2015. The study was performed by Lauterbach and Amen LLP (L&A), which provides a variety of accounting and actuarial services to Police and Firefighter Pension Funds across the State of Illinois.

The assumptions were changed from the prior year. The assumed rate on High Quality 20 year Tax-Exempt General Obligation Bonds was changed from 3.97 percent to 3.79 percent.

###### *Discount Rate*

The discount rate used to measure the total pension liability is 5.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return of 7.00 percent was blended with the Municipal bond rate of 3.79 percent to arrive at a discount rate of 5.75 percent used to determine the total pension liability.

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 6. Employee Retirement Systems (Continued)**

***Police Pension Fund (continued)***

*Changes in the Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at May 1, 2018</b>	\$ 51,529,097	\$ 26,983,990	\$ 24,545,107
<b>Changes for the year:</b>			
Service cost	845,390	-	845,390
Interest on the total pension liability	3,044,875	-	3,044,875
Actuarial experience	(946,662)	-	(946,662)
Changes of assumptions	2,007,661	-	2,007,661
Contributions - employer	-	1,009,261	(1,009,261)
Contributions - employee	-	282,625	(282,625)
Net investment income	-	1,454,748	(1,454,748)
Benefit payments, including refunds of employee contributions	(2,067,327)	(2,067,327)	-
Other (net transfer)	-	(51,903)	51,903
Net changes	2,883,937	627,404	2,256,533
<b>Balances at April 30, 2019</b>	\$ 54,413,034	\$ 27,611,394	\$ 26,801,640

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

The following presents the net pension liability of the Village, calculated using the discount rate of 5.75 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Net pension liability	\$ 35,031,386	\$ 26,801,640	\$ 20,131,102

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 6. Employee Retirement Systems (Continued)**

***Police Pension Fund (continued)***

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

For the year ended April 30, 2019, the Village recognized pension expense of \$2,008,022. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension		
Expense in Future Periods		
Differences between expected and actual experience	\$ 571,055	\$ 2,425,653
Changes of assumptions	3,002,027	1,639,124
Net difference between projected and actual earnings on pension plan investments	480,453	-
	<u>480,453</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 4,053,535</u>	<u>\$ 4,064,777</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:

	Net Deferred Inflows of Resources
Year ending April 30:	
2020	\$ 208,399
2021	(221,887)
2022	(183,217)
2023	11,485
2024	118,669
Thereafter	55,309
	<u>55,309</u>
Total	<u>\$ (11,242)</u>

The schedule of changes in total pension liability, net pension liability and related ratios and investment returns and the schedule of contributions are presented as Required Supplementary Information (RSI) following the notes to the financial statements.

***Firefighters' Pension Fund***

*Basis of Accounting:*

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed through investment earnings.



Village of Westchester, Illinois

Notes to Basic Financial Statements

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**Note 6. Employee Retirement Systems (Continued)**

***Firefighters' Pension Fund (continued)***

*Plan Administration*

Sworn firefighter personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan administered by the Village of Westchester. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Article 4 of the Illinois Pension Code and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The Village's most recent actuarial valuation was performed as of April 30, 2019, and, accordingly, the most recent available information has been presented.

Management of the Firefighters' Pension Plan is vested in the Firefighters' Pension Board which consists of five members, two members are elected from and by active firefighters, one elected from and by the retiree beneficiaries and two appointed by the Village President. There have been no changes in the makeup of the Board during fiscal year 2019.

*Plan Membership*

At April 30, 2019, the Firefighters' Pension Plan membership consisted of:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	28
Inactive Plan members entitled to benefits but not yet receiving them	3
Active Plan members	<u>28</u>
Total membership	<u><u>59</u></u>

*Benefits Provided*

The Illinois Pension Code (40 ILCS 5/Art.3) is the authority under which pension benefit terms are established. The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits.

Covered employees hired before January 1, 2011 (Tier 1 employees) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, and 1 percent of such salary for each additional year of service over 30 years to a maximum of 75 percent of such salary.

**Note 6. Employee Retirement Systems (Continued)**

***Firefighters' Pension Fund (continued)***

Covered employees hired on or after January 1, 2011 (Tier 2 employees), upon attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. A firefighter officer's salary for pension purposes is capped at \$114,838 and \$113,645 for 2019 and 2018, respectively. The cap is adjusted annually by the lesser of one half of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years of service may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or one half of the change in the Consumer Price Index for the preceding calendar year.

*Contributions*

Covered firefighter employees are required to contribute 9.455 percent of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Illinois Pension Code (40 ILCS 5/Art. 4) establishes the contribution requirements of the Village. The annual requirement is equal to (1) the normal cost of the pension fund or 7.5 percent of the salaries and wages to be paid to firefighters for the year involved, whichever is greater, plus (2) an annual amount sufficient to bring the total assets of the pension fund up to 90 percent of the total actuarial liabilities of the pension fund by 2040. Only the State legislature can amend the contribution requirements. For the year ended April 30, 2019, the statutory minimum which the Village was required to contribute was \$975,082, or 39.70 percent of member payroll, to the Firefighters' Pension Fund.

*Investment Policy*

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Firefighters' Pension Board by a majority vote of its members. It is the policy of the Firefighters' Pension Board to pursue an investment strategy that minimizes risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. See Note 2 for more details on the Firefighters' Pension's investment policy.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 6. Employee Retirement Systems (Continued)

##### *Firefighters' Pension Fund (continued)*

The long-term expected rate of return on pension plan investments was determined using an asset allocation study by the Global Investment Committee of Morgan Stanley published in March 2019. Long-term returns for the asset classes are calculated on a geometric means basis. The following is the Board's adopted asset allocation and the long-term expected geometric real rates of return by asset class as of April 30, 2019:

<b>Asset Class</b>	<b>Minimum Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash and Cash Equivalents	2%	2.91%
Fixed income	38%	3.70%
U.S. large cap equities	27%	7.62%
U.S. mid cap equities	3%	8.30%
U.S. small cap equities	3%	6.87%
Developed international equities	16%	7.12%
Emerging international equities	8%	8.75%
Real estate equities	3%	6.87%

##### *Method Used to Value Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

##### *Significant Investments*

Information on significant investments is presented in Note 2 under "Concentration of Credit Risk."

##### *Rate of Return*

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.86 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 6. Employee Retirement Systems (Continued)

##### *Firefighters' Pension Fund (continued)*

###### *Net Pension Liability*

The total pension liability was determined by an actuarial valuation as of April 30, 2019, using the following methods and actuarial assumptions, applied to all periods included in the measurement:

###### Methods and Assumptions

Valuation date	April 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Discount Rate used for the Total Pension Liability	6.09%
Long-Term Expected Rate of Return on Plan Assets	7.00%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	3.79%
Projected Individual Salary Increases	3.38% - 17.85%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.50%
Actuarial assumptions:	
Mortality Table	RP-2014 Adjusted for Plan Status, Collar and Illinois Public Pension Data, as Appropriate
Retirement Rates	80% of L&A 2016 Illinois Firefighters Retirement Rates Capped at 62
Disability Rates	100% of L&A 2016 Illinois Firefighters Disability Rates
Termination Rates	100% of L&A 2016 Illinois Firefighters Termination Rates
Percent Married	80%

The actuarial assumptions used in the April 30, 2019 valuation were based on the results of an actuarial assumption study for the period including various municipal fiscal years ending December 2009-June 2015. The study was performed by Lauterbach and Amen LLP (L&A), which provides a variety of accounting and actuarial services to Police and Firefighter Pension Funds across the State of Illinois.

The assumptions were changed from the prior year. The assumed rate on High Quality 20 year Tax-Exempt General Obligation Bonds was changed from 3.97 percent to 3.79 percent.

###### *Discount Rate*

The discount rate used to measure the total pension liability is 6.09 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return of 7 percent was blended with the Municipal bond rate of 3.79 percent to arrive at a discount rate of 6.09 percent used to determine the total pension liability.

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 6. Employee Retirement Systems (Continued)**

***Firefighters' Pension Fund (continued)***

*Changes in the Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at May 1, 2018</b>	\$ 39,818,523	\$ 23,386,141	\$ 16,432,382
<b>Changes for the year:</b>			
Service cost	663,584	-	663,584
Interest on the total pension liability	2,488,940	-	2,488,940
Actuarial experience	431,095	-	431,095
Changes of assumptions	1,771,609	-	1,771,609
Contributions - employer	-	884,390	(884,390)
Contributions - employee	-	229,681	(229,681)
Net investment income	-	1,345,123	(1,345,123)
Benefit payments, including refunds of employee contributions	(1,735,952)	(1,735,952)	-
Other (net transfer)	-	(46,464)	46,464
Net changes	3,619,276	676,778	2,942,498
<b>Balances at April 30, 2019</b>	\$ 43,437,799	\$ 24,062,919	\$ 19,374,880

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

The following presents the net pension liability of the Village, calculated using the discount rate of 6.09 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease 5.09%	Current Discount Rate 6.09%	1% Increase 7.09%
Net pension liability	\$ 25,969,525	\$ 19,374,880	\$ 14,050,468

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 6. Employee Retirement Systems (Continued)**

***Firefighters' Pension Fund (continued)***

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

For the year ended April 30, 2019, the Village recognized pension expense of \$1,508,929. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension		
Expense in Future Periods		
Differences between expected and actual experience	\$ 667,283	\$ 66,554
Changes of assumptions	1,752,862	1,687,131
Net difference between projected and actual earnings on pension plan investments	236,155	-
	<hr/>	<hr/>
Total Deferred Amounts Related to Pensions	<u>\$ 2,656,300</u>	<u>\$ 1,753,685</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:

	Net deferred Inflows of Resources
Year ending April 30:	
2020	\$ 153,257
2021	(195,595)
2022	(98,787)
2023	333,037
2024	323,385
Thereafter	387,318
	<hr/>
Total	<u>\$ 902,615</u>

The schedule of changes in net pension liability, total pension liability and related ratios and investment returns and the schedule of contributions are presented as Required Supplementary Information (RSI) following the notes to the financial statements.

Village of Westchester, Illinois

Notes to Basic Financial Statements

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**Note 6. Employee Retirement Systems (Continued)**

**Combining Statement of Net Position  
Pension Trust Funds  
April 30, 2019**

	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,505,532	\$ 1,689,381	\$ 3,194,913
Investments:			
Corporate Bonds	3,616,600	3,248,641	6,865,241
U.S. Government Securities	1,931,132	1,048,628	2,979,760
U.S. Treasuries	3,032,452	2,592,572	5,625,024
Municipal Bonds	-	105,276	105,276
Equity Investments	17,449,324	15,319,861	32,769,185
Receivables:			
Due from other governments	2,757	1,444	4,201
Accrued interest	62,866	50,264	113,130
Prepaid items	16,221	12,466	28,687
<b>Total assets</b>	<b>27,616,884</b>	<b>24,068,533</b>	<b>51,685,417</b>
<b>Liabilities</b>			
Accounts payable	5,492	5,613	11,105
<b>Net Position</b>			
Restricted for pension benefits	\$ 27,611,392	\$ 24,062,920	\$ 51,674,312

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems (Continued)

Combining Statement of Changes in Net Position  
Pension Trust Funds  
Year Ended April 30, 2019

	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 1,009,260	\$ 884,391	\$ 1,893,651
Plan members	282,625	229,681	512,306
<b>Total contributions</b>	<u>1,291,885</u>	<u>1,114,072</u>	<u>2,405,957</u>
Investment income (expense):			
Net increase in fair value of investments	805,370	875,792	1,681,162
Interest	730,684	533,432	1,264,116
Less investment expenses	(81,307)	(64,101)	(145,408)
<b>Total investment income (expense)</b>	<u>1,454,747</u>	<u>1,345,123</u>	<u>2,799,870</u>
<b>Total additions</b>	<u>2,746,632</u>	<u>2,459,195</u>	<u>5,205,827</u>
<b>Deductions</b>			
Benefits and refunds	2,067,328	1,735,952	3,803,280
Administrative expenses	51,899	46,465	98,364
<b>Total deductions</b>	<u>2,119,227</u>	<u>1,782,417</u>	<u>3,901,644</u>
<b>Change in net position</b>	627,405	676,778	1,304,183
Net position restricted for pension benefits May 1, 2018	<u>26,983,987</u>	<u>23,386,142</u>	<u>50,370,129</u>
April 30, 2019	<u>\$ 27,611,392</u>	<u>\$ 24,062,920</u>	<u>\$ 51,674,312</u>



Village of Westchester, Illinois

Notes to Basic Financial Statements

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**Note 7. Postemployment Healthcare Plan**

*Funding Policy*

The Village negotiates the contribution percentages between the Village and employees through the union contracts and personnel policy. All retirees (except as noted below) contribute 100 percent of the actuarially determined premium to the plan to cover the cost of providing the benefits to the retirees (pay as you go) which results in an implicit subsidy to the Village as defined by GASB Statement No. 45. In addition, the Village pays \$100 of the monthly health insurance premium for two retirees. For the fiscal year ended April 30, 2019, the Village contributed \$160,295. The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

*Plan Description.*

The Village's single-employer defined benefit plan provides other post employment benefits (OPEB) to employees of the Village. Minimum benefits are set by state law. This retiree health plan is administered by the Village and the Village Board of Trustees has the authority to add to or enhance the benefit terms. The plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*Benefits Provided*

The Village provides employer paid retiree medical insurance (including prescription drugs) to current and future eligible retirees until the age of 65 or until their death (whichever is earlier). Retirees who opt out of the Village's medical coverage receive payments equal to the base retiree plan premium until the age of 65 or until their death. Dependents are provided access to coverage on a fully contributory basis. The required contribution is based on projected pay-as-you-go financing requirements. Depending on the retirement date and collective bargaining agreement, retirees receive coverage under the Village's health plan with an employer contribution rate between 90 to 100 percent of the premium for the coverage elected by the employee.

*Employees Covered by Benefit Terms*

At April 30, 2019, membership in the plan consisted of the following:

	<u>Membership</u>
Retirees and beneficiaries currently receiving benefits	88
Inactive Plan members entitled to but not yet receiving benefits	-
Active Plan members	<u>22</u>
Total membership	<u><u>110</u></u>

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 7. Postemployment Healthcare Plan (Continued)

##### *Actuarial Assumptions*

The following are the methods and assumptions used to determine the total OPEB liability at April 30, 2019:

- The **Actuarial Cost Method** used was the Entry Age Normal
- The **discount rate** used to measure the OPEB liability was 3.21 percent, the 20-year municipal bond yield from the S&P Municipal Bond 20 Year High-Grade Rate Index as of December 31, 2018.
- **Salary Increases** were assumed to be 4.00 percent; inflation is expected to be 3.00 percent
- For **Healthcare Cost Trend Rates**, the trend rate for the HMO plan was 4.50 percent, which was expected to remain constant; for the PPO Plans, the trend rate for 2020 was 5.00 percent, which was expected to decrease until 2029 where the ultimate the trend rate of 4.50 percent would be achieved..
- **Mortality** rates for IMRF employees was taken from the December 31, 2018 IMRF actuarial valuation; for police and firefighters, the RP-2014 Combined Annuitant Mortality Table for males and females with Blue Collar adjustment was used.

Actuarial assumptions were changed from the prior year. The discount rate was changed from 3.63 percent to 3.21 percent to comply with GASB 75.

The Village's total OPEB liability was measured as of April 30, 2019, and was determined by an actuarial valuation as of that date.

	<u>Total Postemployment Benefit Liability</u>
Balances at May 1, 2018	\$ 2,214,537
Changes for the year:	
Service cost	67,463
Interest on the total OPEB liability	77,478
Differences between expected and actual experience of the total OPEB liability	(32,929)
Changes of assumptions	71,825
Benefit payments	(160,295)
Other changes	(19,675)
Net changes	<u>3,867</u>
Balances at April 30, 2019	<u>\$ 2,218,404</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 7. Postemployment Healthcare Plan (Continued)**

*Sensitivity of Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 2.21%	Current Discount Rate 3.21%	1% Increase 4.21%
Governmental Activities	\$ 1,893,287	\$ 2,057,066	\$ 2,244,707
Business-type Activities and Waterworks and Sewerage Fund	148,493	161,338	176,055
Total other post-employment benefit liability	<u>\$ 2,041,780</u>	<u>\$ 2,218,404</u>	<u>\$ 2,420,762</u>

*Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (a)	Current Healthcare Cost Trend Rate	1% Increase (b)
Governmental Activities	\$ 2,283,790	\$ 2,057,066	\$ 1,864,943
Business-type Activities and Waterworks and Sewerage Fund	179,120	161,338	146,270
Total other post-employment benefit liability	<u>\$ 2,462,910</u>	<u>\$ 2,218,404</u>	<u>\$ 2,011,213</u>

(a) For HMO plans, the trend rate is 3.5% for all years; for PPO plans the trend rate starts at 4.0%, and decreases to an ultimate trend rate of 3.5% after 10 years

(b) For HMO plans, the trend rate is 5.5% for all years; for PPO plans the trend rate starts at 6.0% and decreases to an ultimate trend rate of 5.5% after 10 years

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended April 30, 2019, the Village recognized OPEB expense of \$147,180. OPEB expense as of April 30, 2019 is reported in the financial statements as follows:

Governmental Activities - General Government	\$ 136,476
Business-type Activities - Waterworks and Sewerage Fund	<u>10,704</u>
Total	<u>\$ 147,180</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

**Note 7. Postemployment Healthcare Plan (Continued)**

At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-type Activities Waterworks and Sewerage Fund	Total Primary Government
<b>Deferred Outflows of Resources to be Recognized in OPEB Expense in Future Periods</b>			
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes of assumptions	64,194	5,035	69,229
	<u>\$ 64,194</u>	<u>\$ 5,035</u>	<u>\$ 69,229</u>
<b>Deferred Inflows of Resources to be Recognized in OPEB Expense in Future Periods</b>			
Differences between expected and actual experience	\$ 26,978	\$ 2,116	\$ 29,094
Changes of assumptions	21,469	1,684	23,153
	<u>\$ 48,447</u>	<u>\$ 3,800</u>	<u>\$ 52,247</u>

Amounts reported as deferred outflows or resources and deferred inflows or resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business-type Activities Waterworks and Sewerage Fund	Total Primary Government
<b>Year ending December 31:</b>			
2020	\$ 2,076	\$ 163	\$ 2,239
2021	2,076	163	2,239
2022	2,076	163	2,239
2023	2,076	163	2,239
2024	2,076	163	2,239
Thereafter	5,367	420	5,787
<b>Total</b>	<u>\$ 15,747</u>	<u>\$ 1,235</u>	<u>\$ 16,982</u>

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### **Note 8. 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; injuries to employees; and natural disasters.

The Village purchases employee health insurance from commercial carriers.

#### **Illinois Counties Risk Management Trust**

The Village participates in the Illinois Counties Risk Management Trust (ICRMT). ICRMT is a joint risk management pool of local governmental units. ICRMT administers a mix of self-insurance and commercial insurance coverages; property, workers' compensation, general liability, automobile liability, crime, excess property, excess liability and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

ICRMT is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board Directors. ICRMT also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members. The Village does not exercise any control over the activities of ICRMT.

The relationship between the Village and ICRMT is governed by a contract and a resolution adopted by the Village. The Village is contractually obligated to make all annual and supplementary contributions for ICRMT, to report claims on a timely basis, cooperate with ICRMT, its claim administrator and attorneys in claims investigation and settlement and to follow risk management procedures as outlined by ICRMT. Members have a contractual obligation to fund any deficit of ICRMT attributable to a membership year during which they were a member. The initial premium may be adjusted based on actual experience. There were no significant reductions in insurance coverage during the year. The Village did not have any claims that exceeded insurance coverage for the last three fiscal years.

#### **Intergovernmental Personnel Benefit Cooperative (IPBC)**

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (such as medical, dental, and life insurance coverage) offered by its members to their employees and to the employees of certain other governmental, quasi-governmental, and nonprofit public service entities.

Management consists of a Board of Directors, comprised of one representative from each member or suburban pediatrician. Additionally, there is an Executive Board that sets the strategic direction of IPBC. The Village does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### Note 9. Other Financial Disclosures (FFS Level Only)

Other information related to individual funds include the following:

##### Interfunds

Individual interfund balances for the Village at April 30, 2019, are shown as follows:

Fund	Due from Other Funds
General Fund	
Nonmajor Governmental Funds	\$ 33,038
Total	\$ 33,038
Fund	Due to Other Funds
Nonmajor Governmental Funds	
General Fund	\$ 33,038
Total	\$ 33,038

The activity in the above table reflects operating loans which are expected to be repaid in the following fiscal year. These loans occur when one fund pays expenditures that are intended to be paid by another fund, and are short-term in nature.

##### Transfers

Interfund transfers consist of a transfer out of the aggregate nonmajor funds (Capital Improvements Fund) to the aggregate nonmajor funds (Debt Service fund) in the amount of \$563,481.

The transfer is used to move receipts restricted to debt service from the fund collecting the receipts to the debt service fund.

##### Budgets Over Expenditures

For the year ended April 30, 2019, expenditures exceeded budget in the following nonmajor funds: 911 Fund in the amount of \$262,377 and in the Police Forfeiture Fund in the amount of \$5,355.

#### Note 10. Pronouncements Issued But Not Yet Adopted

The Governmental Accounting Standards Board (GASB) recently issued the following statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the Village beginning with its year ending April 30, 2020. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

## Village of Westchester, Illinois

### Notes to Basic Financial Statements

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#### **Note 10. Pronouncements Issued But Not Yet Adopted (Continued)**

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the Village beginning with its year ending April 30, 2020. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *Leases*, will be effective for the Village beginning with its year ending April 30, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the Village with its year ending April 30, 2021. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61* is effective for the Village beginning with its year ending April 30, 2020. This statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the Village beginning with its year ending April 30, 2022. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Under Statement 91 a government entity no longer reports a liability for any conduit debt that it has issued; however, the issuer should recognize a liability for any additional commitments or voluntary commitments to support the debt service.

Management has not determined the impact, if any, the above statements will have on the financial position and results of operations of the Village.

#### **Note 11. Subsequent Event**

In January 2020, the Village passed an ordinance providing for the issuance of up to, but not to exceed \$6,000,000, of General Obligation (Alternate Revenue Source) Motor Fuel Tax Bonds. The purpose of these bonds is to refund the remaining \$2,205,000 of Series 2010A Bonds and provide new money for costs of road, street and related infrastructure improvements within the Village. The new bonds are projected to carry interest rates of 3.00% - 4.00% and provide a net present value savings estimated at \$122 thousand. The bonds are anticipated to be issued in February 2020.

**Required Supplementary Information**



Village of Westchester, Illinois

Required Supplementary Information - Postemployment Health Plan  
Schedule of Changes in Total OPEB Liability and Related Ratios

Fiscal year ended April 30,	2019
<b>Total pension liability</b>	
Service cost	\$ 67,463
Interest on total OPEB liability	77,478
Differences between expected and actual experience	(32,929)
Changes in assumptions	71,825
Benefit payments	(160,295)
Other changes	<u>(19,675)</u>
<b>Net change in total OPEB liability</b>	3,867
<b>Total OPEB liability—beginning</b>	<u>2,214,537</u>
<b>Total OPEB liability—ending (a)</b>	<u>\$ 2,218,404</u>
<b>Covered-Employee Payroll</b>	<b>\$ 2,876,065</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>77.13%</b>

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Village of Westchester, Illinois

**Required Supplementary Information - Illinois Municipal Retirement Fund  
Schedule of Changes in Net Pension Liability, Total Pension Liability and Related  
Ratios and Investment Returns**

For calendar year ended December 31,	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 270,732	\$ 300,707	\$ 309,005	\$ 318,485
Interest on the total pension liability	1,488,342	1,492,678	1,442,839	1,410,666
Differences between expected and actual experience	576,788	108,348	126,176	(123,457)
Changes in assumptions	556,597	(673,174)	(44,192)	21,548
Benefit payments	(1,307,492)	(1,235,285)	(1,197,895)	(1,136,511)
<b>Net change in total pension liability</b>	<b>1,584,967</b>	<b>(6,726)</b>	<b>635,933</b>	<b>490,731</b>
<b>Total pension liability—beginning</b>	<b>20,362,940</b>	<b>20,369,666</b>	<b>19,733,733</b>	<b>19,243,002</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 21,947,907</b>	<b>\$ 20,362,940</b>	<b>\$ 20,369,666</b>	<b>\$ 19,733,733</b>
<b>Plan fiduciary net position</b>				
Contributions - Employer	\$ 313,332	\$ 315,731	\$ 352,951	\$ 373,079
Contributions - Member	135,652	147,287	128,710	131,242
Pension plan net investment income	(1,192,984)	3,334,129	1,204,838	86,620
Benefit payments	(1,307,492)	(1,235,285)	(1,197,895)	(1,136,511)
Pension plan administrative expense	552,608	(425,104)	228,753	479,380
<b>Net change in plan fiduciary net position</b>	<b>(1,498,884)</b>	<b>2,136,758</b>	<b>717,357</b>	<b>(66,190)</b>
<b>Plan fiduciary net position—beginning</b>	<b>20,428,041</b>	<b>18,291,283</b>	<b>17,573,926</b>	<b>17,640,116</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 18,929,157</b>	<b>\$ 20,428,041</b>	<b>\$ 18,291,283</b>	<b>\$ 17,573,926</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 3,018,750</b>	<b>\$ (65,101)</b>	<b>\$ 2,078,383</b>	<b>\$ 2,159,807</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.25%</b>	<b>100.32%</b>	<b>89.80%</b>	<b>89.06%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 2,853,655</b>	<b>\$ 2,854,705</b>	<b>\$ 2,860,229</b>	<b>\$ 2,903,483</b>
<b>Employer net pension liability as a percentage of covered-employee payroll</b>	<b>105.79%</b>	<b>-2.28%</b>	<b>72.66%</b>	<b>74.39%</b>

**Notes to Schedule:**

Employees of the Westchester Library participate in the Village's Illinois Municipal Retirement Fund (IMRF). Therefore, the information above includes both the Village and Library balances. The Village comprises 80.9% and the Library comprises 19.1% for the current fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Village of Westchester, Illinois

**Required Supplementary Information - Police Pension Plan  
Schedule of Changes in Net Pension Liability, Total Pension Liability and Related  
Ratios and Investment Returns**

Fiscal year ended April 30,	2019	2018	2017	2016	2015
<b>Total pension liability</b>					
Service cost	\$ 845,390	\$ 767,326	\$ 735,886	\$ 644,513	\$ 746,186
Interest on the total pension liability	3,044,875	3,027,140	2,963,588	2,727,718	2,463,037
Differences between expected and actual experience	(946,662)	(756,965)	1,129,094	(3,142,212)	-
Changes in assumptions	2,007,661	(627,029)	(2,399,754)	3,696,141	-
Benefit payments	(2,067,327)	(2,165,383)	(2,073,721)	(2,040,864)	(1,982,798)
<b>Net change in total pension liability</b>	<b>2,883,937</b>	<b>245,089</b>	<b>355,093</b>	<b>1,885,296</b>	<b>1,226,425</b>
<b>Total pension liability—beginning</b>	<b>51,529,097</b>	<b>51,284,008</b>	<b>50,928,915</b>	<b>49,043,619</b>	<b>47,817,194</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 54,413,034</b>	<b>\$ 51,529,097</b>	<b>\$ 51,284,008</b>	<b>\$ 50,928,915</b>	<b>\$ 49,043,619</b>
<b>Plan fiduciary net position</b>					
Contributions - Employer	\$ 1,009,261	\$ 934,159	\$ 1,010,389	\$ 996,315	\$ 918,481
Contributions - Member	282,625	266,940	269,063	257,642	253,106
Contributions - Other	-	(512)	-	-	-
Pension plan net investment income	1,454,748	1,883,261	2,252,947	(364,913)	1,569,330
Benefit payments	(2,067,327)	(2,165,383)	(2,073,721)	(2,040,864)	(1,982,798)
Pension plan administrative expense	(51,903)	(84,303)	(47,735)	(48,849)	(55,905)
<b>Net change in plan fiduciary net position</b>	<b>627,404</b>	<b>834,162</b>	<b>1,410,943</b>	<b>(1,200,669)</b>	<b>702,214</b>
<b>Plan fiduciary net position—beginning</b>	<b>26,983,990</b>	<b>26,149,828</b>	<b>24,738,885</b>	<b>25,939,554</b>	<b>25,237,340</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 27,611,394</b>	<b>\$ 26,983,990</b>	<b>\$ 26,149,828</b>	<b>\$ 24,738,885</b>	<b>\$ 25,939,554</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 26,801,640</b>	<b>\$ 24,545,107</b>	<b>\$ 25,134,180</b>	<b>\$ 26,190,030</b>	<b>\$ 23,104,065</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>50.74%</b>	<b>52.37%</b>	<b>50.99%</b>	<b>48.58%</b>	<b>52.89%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 2,876,065</b>	<b>\$ 2,693,847</b>	<b>\$ 2,357,318</b>	<b>\$ 2,455,279</b>	<b>\$ 2,609,053</b>
<b>Employer net pension liability as a percentage of covered-employee payroll</b>	<b>931.89%</b>	<b>911.15%</b>	<b>1066.22%</b>	<b>1066.68%</b>	<b>885.53%</b>
Annual money-weighted rate of return, net of investment expense	<b>5.29%</b>	<b>7.45%</b>	<b>5.90%</b>	<b>-1.39%</b>	<b>9.34%</b>

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Village of Westchester, Illinois

**Required Supplementary Information - Firefighters' Pension Plan**  
**Schedule of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns**

Fiscal year ended April 30,	2019	2018	2017	2016	2015
<b>Total pension liability</b>					
Service cost	\$ 663,584	\$ 623,728	\$ 624,637	\$ 548,586	\$ 799,025
Interest on the total pension liability	2,488,940	2,401,857	2,298,712	2,443,423	1,997,463
Differences between expected and actual experience	431,095	(93,070)	147,120	471,224	
Changes in assumptions	1,771,609	106,012	251,419	(3,816,007)	
Benefit payments	(1,735,952)	(1,615,498)	(1,575,475)	(1,410,583)	(1,271,307)
<b>Net change in total pension liability</b>	<b>3,619,276</b>	<b>1,423,029</b>	<b>1,746,413</b>	<b>(1,763,357)</b>	<b>1,525,181</b>
<b>Total pension liability—beginning</b>	<b>39,818,523</b>	<b>38,395,494</b>	<b>36,649,081</b>	<b>38,412,438</b>	<b>36,887,257</b>
<b>Total pension liability—ending (a)</b>	<b>\$ 43,437,799</b>	<b>\$ 39,818,523</b>	<b>\$ 38,395,494</b>	<b>\$ 36,649,081</b>	<b>\$ 38,412,438</b>
<b>Plan fiduciary net position</b>					
Contributions - Employer	\$ 884,390	\$ 810,903	\$ 884,336	\$ 1,027,335	\$ 628,706
Contributions - Member	229,681	223,966	222,967	217,769	223,583
Contributions - Other	-	16,747			
Pension plan net investment income	1,345,123	1,758,362	1,923,728	(260,954)	1,336,306
Benefit payments	(1,735,952)	(1,615,498)	(1,575,475)	(1,410,583)	(1,271,307)
Pension plan administrative expense	(46,464)	(43,170)	(44,130)	(46,419)	(48,107)
<b>Net change in plan fiduciary net position</b>	<b>676,778</b>	<b>1,151,310</b>	<b>1,411,426</b>	<b>(472,852)</b>	<b>869,181</b>
<b>Plan fiduciary net position—beginning</b>	<b>23,386,141</b>	<b>22,234,831</b>	<b>20,823,405</b>	<b>21,296,257</b>	<b>20,427,076</b>
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 24,062,919</b>	<b>\$ 23,386,141</b>	<b>\$ 22,234,831</b>	<b>\$ 20,823,405</b>	<b>\$ 21,296,257</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 19,374,880</b>	<b>\$ 16,432,382</b>	<b>\$ 16,160,663</b>	<b>\$ 15,825,676</b>	<b>\$ 17,116,181</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>55.40%</b>	<b>58.73%</b>	<b>57.91%</b>	<b>56.82%</b>	<b>55.44%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 2,505,542</b>	<b>\$ 2,448,170</b>	<b>\$ 2,343,788</b>	<b>\$ 2,299,574</b>	<b>\$ 2,371,109</b>
<b>Employer net pension liability as a percentage of covered-employee payroll</b>	<b>773.28%</b>	<b>671.21%</b>	<b>689.51%</b>	<b>688.20%</b>	<b>721.86%</b>
Annual money-weighted rate of return, net of investment expense	5.86%	7.74%	5.38%	-1.02%	9.71%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Village of Westchester, Illinois**

**Required Supplementary Information  
Schedule of Contributions**

**Police Pension Plan**

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,469,298	\$ 1,283,328	\$ 1,079,840	\$ 1,061,927	\$ 1,053,264
Contributions in Relation to the Actuarial Determined Contribution	1,009,261	934,159	1,010,389	996,315	918,481
Contribution Deficiency (excess)	\$ 460,037	\$ 349,169	\$ 69,451	\$ 65,612	\$ 134,783
Covered-Employee Payroll	\$ 2,876,065	\$ 2,693,847	\$ 2,609,053	\$ 2,455,279	\$ 2,609,053
Contributions as a Percentage of Covered-Employee Payroll	35.09%	34.68%	38.73%	40.58%	35.20%

**Firefighters' Pension Plan**

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,169,890	\$ 1,070,093	\$ 943,029	\$ 915,936	\$ 707,271
Contributions in Relation to the Actuarial Determined Contribution	884,390	810,903	884,336	1,027,335	628,706
Contribution Deficiency (excess)	\$ 285,500	\$ 259,190	\$ 58,693	\$ (111,399)	\$ 78,565
Covered-Employee Payroll	\$ 2,505,542	\$ 2,448,170	\$ 2,371,109	\$ 2,299,574	\$ 2,371,109
Contributions as a Percentage of Covered-Employee Payroll	35.30%	33.12%	37.30%	44.68%	26.52%

**Illinois Municipal Retirement Fund**

	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 313,331	\$ 315,730	\$ 352,952	\$ 372,807
Contributions in Relation to the Actuarial Determined Contribution	313,332	315,731	352,951	373,079
Contribution Deficiency (excess)	\$ (1)	\$ (1)	\$ 1	\$ (272)
Covered-Employee Payroll	\$ 2,853,655	\$ 2,854,705	\$ 2,860,229	\$ 2,903,483
Contributions as a Percentage of Covered-Employee Payroll	10.98%	11.06%	12.34%	12.85%

Note: Information is presented for as many years as available.

Village of Westchester, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - General Fund  
April 30, 2019

	Original and Final Budget	Actual	Variance
<b>Revenues:</b>			
Program:			
Charges for services	\$ 563,000	\$ 610,852	\$ 47,852
Licenses and permits	1,393,275	1,129,301	(263,974)
Intergovernmental	4,688,160	4,317,575	(370,585)
Fines and forfeitures	687,500	701,605	14,105
General:			
Property taxes	6,474,500	6,178,783	(295,717)
Other taxes	1,340,000	1,386,306	46,306
Interest	11,500	33,038	21,538
Rental income	191,500	211,570	20,070
Miscellaneous	169,500	361,571	192,071
<b>Total revenues</b>	<b>15,518,935</b>	<b>14,930,601</b>	<b>(588,334)</b>
<b>Expenditures:</b>			
Current:			
General government	1,751,605	1,632,988	118,617
Community development department	610,059	522,834	87,225
Planning and zoning	2,050	625	1,425
Fire and police commission	25,000	25,144	(144)
Police department	5,610,005	5,830,760	(220,755)
Civil defense	3,585	2,613	972
Fire department	4,760,775	4,796,523	(35,748)
Public works	1,822,642	1,835,576	(12,934)
Debt service:			
Principal	267,456	262,824	4,632
Interest and fees	16,220	15,525	695
Capital outlay	684,720	303,353	381,367
<b>Total expenditures</b>	<b>15,554,117</b>	<b>15,228,765</b>	<b>325,352</b>
<b>Change in fund balance</b>	<b>\$ (35,182)</b>	<b>(298,164)</b>	<b>\$ (262,982)</b>
<b>Fund balances:</b>			
May 1, 2018		<u>3,303,248</u>	
April 30, 2019		<u>\$ 3,005,084</u>	

## Village of Westchester, Illinois

### Notes to Required Supplementary Information

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#### Note 1. Budgetary Information

##### ***Budgetary Basis of Accounting***

Budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget was not amended during the fiscal year.

##### ***Budgetary Process***

The Village follows these procedures in establishing the appropriation data reflected in the financial statements:

1. The Village Treasurer submits to the Village Board of Trustees a proposed operating appropriation ordinance (budget) for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted by the Village to obtain taxpayer comments.
3. Subsequently, the appropriation ordinance is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the general, special revenue, debt service and capital project funds.
5. Appropriations for the general, special revenue, debt service and capital project funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budgetary authority lapses at the year-end.

State law requires that "expenditures be made in conformity with appropriation/budget." As under the Budget Act, transfers between line items and departments may be made by administrative action. Amounts to be transferred between funds would require Village Board approval. The level of legal control is generally considered to be the fund budget in total. Expenditures exceeding budget and deficit fund balances are disclosed in Note 9 to the financial statements.

## Village of Westchester, Illinois

### Notes to Required Supplementary Information

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#### Note 2. Pension Contributions

The following methods and assumptions were utilized to measure the actuarially determined contribution (ADC) for each applicable pension plan.

##### Police Pension Plan

###### Methods and Assumptions

Valuation date	April 30, 2018
Actuarial cost method	Entry Age Normal
Actuarial Value of Assets	5 Year Smoothed Market Value
Amortization method	Level Percentage of Payroll (Closed)
Remaining Amortization Period	23 Years
Investment rate of return	7.00%
Projected Individual Salary Increases	3.06% - 16.04%
Projected Increase in Total Payroll	3.25%
Inflation Rate Included	2.00%
Mortality Rates	RP-2014 Adjusted for Plan Status, Collar and Illinois Public Pension Data, as Appropriate
Retirement Rates	80% of L&A 2016 Illinois Police Retirement Rates Capped at age 62
Termination Rates	100% of L&A 2016 Illinois Police Termination Rates
Disability Rates	100% of L&A 2016 Illinois Police Disability Rates

##### Firefighters' Pension Plan

###### Methods and Assumptions

Valuation date	April 30, 2018
Actuarial cost method	Entry Age Normal
Actuarial Value of Assets	5 Year Smoothed Market Value
Amortization method	Level Percentage of Payroll (Closed)
Remaining Amortization Period	23 Years
Investment rate of return	7.00%
Projected Individual Salary Increases	3.38% - 17.85%
Projected Increase in Total Payroll	3.25%
Inflation Rate Included	2.50%
Mortality Rates	RP-2014 Adjusted for Plan Status, Collar and Illinois Public Pension Data, as Appropriate
Retirement Rates	80% of L&A 2016 Illinois Firefighters Retirement Rates Capped at age 65
Termination Rates	100% of L&A 2016 Illinois Firefighters Termination Rates
Disability Rates	100% of L&A 2016 Illinois Firefighters Disability Rates



## Village of Westchester, Illinois

### Notes to Required Supplementary Information

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#### Note 2. Pension Contributions (Continued)

##### Illinois Municipal Retirement Fund

###### Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

###### Methods and Assumptions Used to Determine 2018 Contribution Rates:

Actuarial cost method	Aggregate Entry Age Normal
Actuarial Value of Assets	5 Year smoothed market, 20% corridor
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25-year closed period
Investment rate of return	7.50%
Projected Individual Salary Increases	3.75% - 14.5%, including inflation
Projected Increase in Total Payroll	3.50%
Price Inflation	2.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality Table	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The 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 table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

###### Other Information:

Notes There were no benefit changes during the year.

## **Supplementary Information**

Village of Westchester, Illinois

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 April 30, 2019

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 362,778	\$ -	\$ -	\$ 362,778
Investments	171,151	497,614	91	668,856
Receivables:				
Intergovernmental	37,005	159,275	-	196,280
Other	125,173	-	-	125,173
<b>Total assets</b>	<b>\$ 696,107</b>	<b>\$ 656,889</b>	<b>\$ 91</b>	<b>\$ 1,353,087</b>
<b>Liabilities</b>				
Accounts payable	\$ 18,449	\$ -	\$ -	\$ 18,449
Due to other funds	33,038	-	-	33,038
Unearned revenue	-	57,559	-	57,559
<b>Total liabilities</b>	<b>51,487</b>	<b>57,559</b>	<b>-</b>	<b>109,046</b>
<b>Fund Balances</b>				
Restricted	644,620	599,330	91	1,244,041
<b>Total fund balances</b>	<b>644,620</b>	<b>599,330</b>	<b>91</b>	<b>1,244,041</b>
<b>Total liabilities and fund balances</b>	<b>\$ 696,107</b>	<b>\$ 656,889</b>	<b>\$ 91</b>	<b>\$ 1,353,087</b>

Village of Westchester, Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended April 30, 2019

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Revenues:				
Other taxes	\$ 52,090	\$ -	\$ -	\$ 52,090
Intergovernmental	850,864	682,142	-	1,533,006
Fines and forfeitures	3,668	-	-	3,668
Interest	1,042	9,284	-	10,326
Other	38,025	-	-	38,025
<b>Total revenues</b>	<b>945,689</b>	<b>691,426</b>	<b>-</b>	<b>1,637,115</b>
Expenditures:				
Current:				
Tourism	147,380	-	-	147,380
Police 911	257,128	-	-	257,128
Police department	5,355	-	-	5,355
Public works	85,915	-	-	85,915
Debt service:				
Principal	160,000	-	370,000	530,000
Interest and fees	137,405	-	193,481	330,886
Capital outlay	5,249	-	-	5,249
<b>Total expenditures</b>	<b>798,432</b>	<b>-</b>	<b>563,481</b>	<b>1,361,913</b>
Excess (deficiency) of revenues over expenditures	147,257	691,426	(563,481)	275,202
Other financing sources (uses):				
Transfers in	-	-	563,481	563,481
Transfers (out)	-	(563,481)	-	(563,481)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(563,481)</b>	<b>563,481</b>	<b>-</b>
<b>Change in fund balances</b>	<b>147,257</b>	<b>127,945</b>	<b>-</b>	<b>275,202</b>
Fund balances:				
May 1, 2018	497,363	471,385	91	968,839
April 30, 2019	\$ 644,620	\$ 599,330	\$ 91	\$ 1,244,041

Village of Westchester, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 Nonmajor Governmental Funds  
 Year Ended April 30, 2019

	Original and Final Budget	Actual
Revenues:		
Other taxes	\$ 65,000	\$ 52,090
Intergovernmental	1,203,750	1,533,006
Fines and forfeitures	-	3,668
Interest	-	10,326
Other	40,500	38,025
<b>Total revenues</b>	<u>1,309,250</u>	<u>1,637,115</u>
Expenditures:		
Current:		
Tourism	175,500	147,380
Police 911	-	257,128
Police department	-	5,355
Public works	190,000	85,915
Debt service:		
Principal	530,000	530,000
Interest	331,061	330,886
Capital outlay	-	5,249
<b>Total expenditures</b>	<u>1,226,561</u>	<u>1,361,913</u>
Excess of revenues over expenditures	<u>82,689</u>	<u>275,202</u>
Other financing (uses)		
Transfers in	563,606	563,481
Transfers (out)	(678,606)	(563,481)
Total other financing uses	<u>(115,000)</u>	<u>-</u>
<b>Change in fund balance</b>	<u><u>\$ (595,917)</u></u>	275,202
Fund balance:		
May 1, 2018		<u>968,839</u>
April 30, 2019		<u><u>\$ 1,244,041</u></u>

Village of Westchester, Illinois

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 April 30, 2019

	Motor Fuel Tax	Police Forfeiture	911	Hotel/Motel Tax	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 172,172	\$ 46,438	\$ -	\$ 144,168	\$ 362,778
Investments	171,151	-	-	-	171,151
Receivables:					
Intergovernmental	37,005	-	-	-	37,005
Other	-	-	125,173	-	125,173
<b>Total assets</b>	<b>\$ 380,328</b>	<b>\$ 46,438</b>	<b>\$ 125,173</b>	<b>\$ 144,168</b>	<b>\$ 696,107</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 15,959	\$ 2,490	\$ 18,449
Due to other funds	-	1,950	31,088	-	33,038
<b>Total liabilities</b>	<b>-</b>	<b>1,950</b>	<b>47,047</b>	<b>2,490</b>	<b>51,487</b>
<b>Fund Balances</b>					
Restricted	380,328	44,488	78,126	141,678	644,620
	380,328	44,488	78,126	141,678	644,620
<b>Total liabilities and fund balances</b>	<b>\$ 380,328</b>	<b>\$ 46,438</b>	<b>\$ 125,173</b>	<b>\$ 144,168</b>	<b>\$ 696,107</b>

Village of Westchester, Illinois

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Year Ended April 30, 2019

	Motor Fuel Tax	Police Forfeiture	911	Hotel/Motel Tax	Total
Revenues:					
Other local taxes	\$ -	\$ -	\$ -	\$ 52,090	\$ 52,090
Intergovernmental	469,181	-	368,945	12,738	850,864
Fines and forfeitures	-	3,668	-	-	3,668
Other revenue	-	-	-	38,025	38,025
Interest	-	1,042	-	-	1,042
<b>Total revenues</b>	<b>469,181</b>	<b>4,710</b>	<b>368,945</b>	<b>102,853</b>	<b>945,689</b>
Expenditures:					
Current:					
Tourism	-	-	-	147,380	147,380
Police 911	-	-	257,128	-	257,128
Police department	-	5,355	-	-	5,355
Public works	85,915	-	-	-	85,915
Debt service:					
Principal	160,000	-	-	-	160,000
Interest	137,405	-	-	-	137,405
Capital outlay	-	-	5,249	-	5,249
<b>Total expenditures</b>	<b>383,320</b>	<b>5,355</b>	<b>262,377</b>	<b>147,380</b>	<b>798,432</b>
<b>Change in fund balances</b>	<b>85,861</b>	<b>(645)</b>	<b>106,568</b>	<b>(44,527)</b>	<b>147,257</b>
Fund balances (deficits):					
May 1, 2018	294,467	45,133	(28,442)	186,205	497,363
April 30, 2019	\$ 380,328	\$ 44,488	\$ 78,126	\$ 141,678	\$ 644,620

Village of Westchester, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 Nonmajor Capital Projects Fund  
 Year Ended April 30, 2019

	Original and Final Budget	Actual
Revenues:		
Intergovernmental	\$ 682,500	\$ 682,142
Interest	-	9,284
<b>Total revenues</b>	<u>682,500</u>	<u>691,426</u>
Expenditures:		
Capital outlay, project costs	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures	682,500	691,426
Other financing uses:		
Transfers out	(678,606)	(563,481)
Total other financing uses	<u>(678,606)</u>	<u>(563,481)</u>
<b>Change in fund balance</b>	<u>\$ 3,894</u>	127,945
Fund balance:		
May 1, 2018		<u>471,385</u>
April 30, 2019		<u>\$ 599,330</u>



Village of Westchester, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 Nonmajor Debt Service Fund  
 Year Ended April 30, 2019

	Original and Final Budget	Actual
Revenues:		
Property taxes	\$ -	\$ -
Interest	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>
Expenditures:		
Debt service:		
Principal	\$ 370,000	\$ 370,000
Interest and fees	193,606	193,481
<b>Total expenditures</b>	<u>563,606</u>	<u>563,481</u>
Deficiency of revenues under expenditures	(563,606)	(563,481)
Other financing sources:		
Transfers in	563,606	563,481
Total other financing sources	<u>563,606</u>	<u>563,481</u>
<b>Change in fund balance</b>	<u>\$ -</u>	-
Fund balance:		
May 1, 2018		<u>91</u>
April 30, 2019		<u>\$ 91</u>

Village of Westchester, Illinois

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
Waterworks and Sewerage  
Year Ended April 30, 2019**

	Original and Final Budget	Actual
<b>Operating revenues:</b>		
Charges for services:		
Water sales	\$ 4,185,000	\$ 4,190,442
Sewer sales	971,300	916,561
Trash removal fees	2,250,000	1,880,868
Penalties	112,400	110,512
Other	28,000	15,467
<b>Total operating revenues</b>	<u>7,546,700</u>	<u>7,113,850</u>
<b>Operating expenses:</b>		
Personal services	1,233,489	1,165,583
Commodities	3,033,750	2,803,511
Contractual services	3,280,485	2,382,141
<b>Total operating expenses, other than depreciation</b>	<u>7,547,724</u>	<u>6,351,235</u>
<b>Operating income (loss) before depreciation</b>	(1,024)	762,615
Depreciation	-	508,011
<b>Operating income (loss)</b>	<u>(1,024)</u>	<u>254,604</u>
<b>Nonoperating income (expense):</b>		
Grant revenue	115,000	-
Interest income	4,500	17,763
Interest expense	(97,081)	(55,366)
<b>Total nonoperating income (expense)</b>	<u>22,419</u>	<u>(37,603)</u>
<b>Change in net position</b>	<u>\$ 21,395</u>	217,001
<b>Net position</b>		
May 1, 2018		<u>9,100,007</u>
April 30, 2019		<u>\$ 9,317,008</u>

Village of Westchester, Illinois

Statement of Changes in Assets and Liabilities  
Agency Funds  
April 30, 2019

	Balances May 1, 2018	Additions	Deletions	Balances April 30, 2019
<hr/>				
REFUNDABLE DEPOSITS				
Assets:				
Cash and cash equivalents	\$ 703,394	\$ 209,208	\$ 191,840	\$ 720,762
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 703,394</b>	<b>\$ 209,208</b>	<b>\$ 191,840</b>	<b>\$ 720,762</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities:				
Due to others	\$ 703,394	\$ 209,208	\$ 191,840	\$ 720,762
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>