

Village of Westchester, Illinois

Annual Financial Report
April 30, 2020

Village of Westchester, Illinois
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Independent Auditor's Report

Members of the Board of Trustees
Village of Westchester, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2020, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Westchester, Illinois, as of April 30, 2020, and the respective changes in financial position 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 12 of the financial statements, the Village, subsequent to the issuance of their April 30, 2020 financial statements, identified an error in the financial statements and has restated its previously issued April 30, 2020 financial statement to correct the error. 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 (pages 3-17), schedules of net pension and other postemployment benefit (OPEB) liabilities, employer contributions, and budgetary comparison information and related notes (pages 79-88), 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 schedules and the 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance

RSM US LLP

Chicago, Illinois
March 30, 2021

VILLAGE OF WESTCHESTER, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
APRIL 30, 2020

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, 2020. 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 \$22.25 million. Of this amount, the unrestricted net position posted a deficit of \$51.25 million. The deficit unrestricted net position is primarily due to the pension liability for the Police Pension that totals \$43.90 million and the Firefighters' Pension liability that totals \$29.62 million. The Village's total net position decreased by \$7.00 million or 51.93% during the fiscal year ended April 30, 2020. Governmental net position decreased \$7.00 million or 31.00% while Business-type net position was unchanged.
- Approximately 32.40% of the Village's \$31.64 million in expenses as reported in the Statement of Activities were paid for with program revenues, including \$10.04 million of charges for services and \$0.21 million of operating grants and contributions. Of the remaining \$19.63 million, \$8.00 million was paid for with taxes, \$6.12 million was paid with state shared income, and \$0.27 million was paid for with miscellaneous income.
- The governmental activities net position is a deficit of \$31.57 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 \$7.54 million, an increase of \$3.29 million in comparison with the prior year's balance of \$4.25 million. Approximately \$2.88 million of this total amount is available for spending at the government's discretion (unassigned fund balance). The remainder of \$4.66 million is comprised of non-spendable (prepaid items) of \$0.22 million and assets restricted for public safety, tourism, streets and transportation, and capital projects aggregating \$4.44 million.
- The General Fund of the Village recognized \$17.07 million in revenues. After expenditures of \$17.21 million and other financing sources of \$0.27 million, the Village's General Fund had an increase to fund balance of \$0.14 million and ended the year at \$3.14 million.

VILLAGE OF WESTCHESTER, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
APRIL 30, 2020

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, 2020

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, 2020

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 79. The combining and individual fund financial statements for nonmajor governmental and fiduciary funds are presented immediately following, beginning on page 89.

VILLAGE OF WESTCHESTER, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
APRIL 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the Statement of Net Position:

STATEMENT OF NET POSITION AS OF APRIL 30, 2020 (IN MILLIONS)							
	Governmental Activities		Business-Type Activities		Total		
	2020	2019	2020	2019	2020	2019	
Assets							
Current and other assets	\$ 11.95	\$ 8.60	\$ 1.75	\$ 1.94	\$ 13.70	\$ 10.54	
Capital and non-current assets	27.19	28.50	13.70	12.49	40.89	40.99	
Total assets	39.14	37.10	15.45	14.43	54.59	51.53	
Deferred outflows of resources	27.03	7.92	0.09	0.64	27.12	8.56	
Total assets and deferred outflows of resources	\$ 66.17	\$ 45.02	\$ 15.54	\$ 15.07	\$ 81.71	\$ 60.09	
Liabilities							
Current liabilities	\$ 1.61	\$ 1.41	\$ 1.62	\$ 2.29	\$ 3.23	\$ 3.70	
Non-current liabilities	87.86	58.83	4.01	3.38	91.87	62.21	
Total liabilities	89.47	60.24	5.63	5.67	95.10	65.91	
Deferred inflows of resources	8.27	9.35	0.59	0.08	8.86	9.43	
Total liabilities and deferred inflows of resources	97.74	69.59	6.22	5.75	103.96	75.34	
Net position							
Net investment in capital assets	15.00	19.03	9.64	9.59	24.64	28.62	
Restricted	4.36	1.15	-	-	4.36	1.15	
Unrestricted	(50.93)	(44.75)	(0.32)	(0.27)	(51.25)	(45.02)	
Total net position	\$ (31.57)	\$ (24.57)	\$ 9.32	\$ 9.32	\$ (22.25)	\$ (15.25)	

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, 2020

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 \$7.00 million in fiscal year 2020. A number of factors caused the decrease including the following:

1. Cash and investments increased by \$3.53 million. Other assets such as receivables and prepaid expenditures increased by \$0.15 million.
2. A \$0.54 million decrease in intergovernmental receivables (IEPA grant) in the Utility Fund.
3. A \$1.7 million increase in capital assets, not being depreciated due to additional project work that was not completed or put into service during the fiscal year.
4. Although deferred outflows of resources related to pensions increased \$15.87 million, total liabilities and deferred inflows of resources increased by \$25.46 million.
5. Total liabilities increased by \$29.19 million. This was essentially attributable to the increase in noncurrent liabilities by \$29.66 million. As a component of noncurrent liabilities, the net pension portion of these liabilities increased by \$25.64 million. The remaining increase of almost \$4.02 million was attributable to bonded debt and IEPA loans.
6. Current liabilities for governmental activities increased by \$0.20 million, primarily due to an increase in accounts payable. A decrease in current liabilities in the Utility Fund of \$0.67 million is primarily due to a drop in accounts payable.

Total net position at April 30, 2020 was a deficit of \$22.25 million, as compared to \$15.25 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, 2020

The following table reflects the Statement of Activities:

Statement of Activities For the Year Ended April 30, 2020 (in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4.40	\$ 2.66	\$ 5.64	\$ 7.10	\$ 10.04	\$ 9.76
Operating grants and contributions	0.21	0.38	-	-	0.21	0.38
General revenues:						
Property taxes	6.57	6.18	-	-	6.57	6.18
Other taxes	1.43	1.46	-	-	1.43	1.46
Intergovernmental	6.12	5.88	-	-	6.12	5.88
Miscellaneous	0.24	0.43	0.03	0.03	0.27	0.46
Total revenues	<u>18.97</u>	<u>16.99</u>	<u>5.67</u>	<u>7.13</u>	<u>24.64</u>	<u>24.12</u>
Expenses:						
General government	2.60	2.39	-	-	2.60	2.39
Public safety	17.97	12.91	-	-	17.97	12.91
Public works	4.94	3.34	-	-	4.94	3.34
Interest	0.46	0.34	-	-	0.46	0.34
Utility	-	-	5.67	6.91	5.67	6.91
Total expenses	<u>25.97</u>	<u>18.98</u>	<u>5.67</u>	<u>6.91</u>	<u>31.64</u>	<u>25.89</u>
Change in net position	<u>(7.00)</u>	<u>(1.99)</u>	<u>-</u>	<u>0.22</u>	<u>(7.00)</u>	<u>(1.77)</u>
Net position, beginning of year	(24.57)	(20.41)	9.32	9.26	(15.25)	(11.15)
Restatement	-	(2.17)	-	(0.16)	-	(2.33)
Net position, beginning of year, as restated	<u>(24.57)</u>	<u>(22.58)</u>	<u>9.32</u>	<u>9.10</u>	<u>(15.25)</u>	<u>(13.48)</u>
Net position, end of year	<u>\$ (31.57)</u>	<u>\$ (24.57)</u>	<u>\$ 9.32</u>	<u>\$ 9.32</u>	<u>\$ (22.25)</u>	<u>\$ (15.25)</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, 2020

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 \$7.00 million while business-type activities were essentially unchanged. Key elements of these changes are as follows:

The Village instituted a change in accounting for the rubbish revenue and expense activity which is being accounted for in the General Fund in fiscal year 2020. This activity was accounted for in the Utility Fund in fiscal year 2019 and prior. This reclassification in accounting was implemented after passage of a Village ordinance. The Village is under contract for rubbish collection with Waste Management through April 30, 2024. Rates for refuse collection increase nominally over the life of the contract, with annual increases ranging from 2.5% to 4.0% and are driven by annual increases in rate Waste Management charges in the Village.

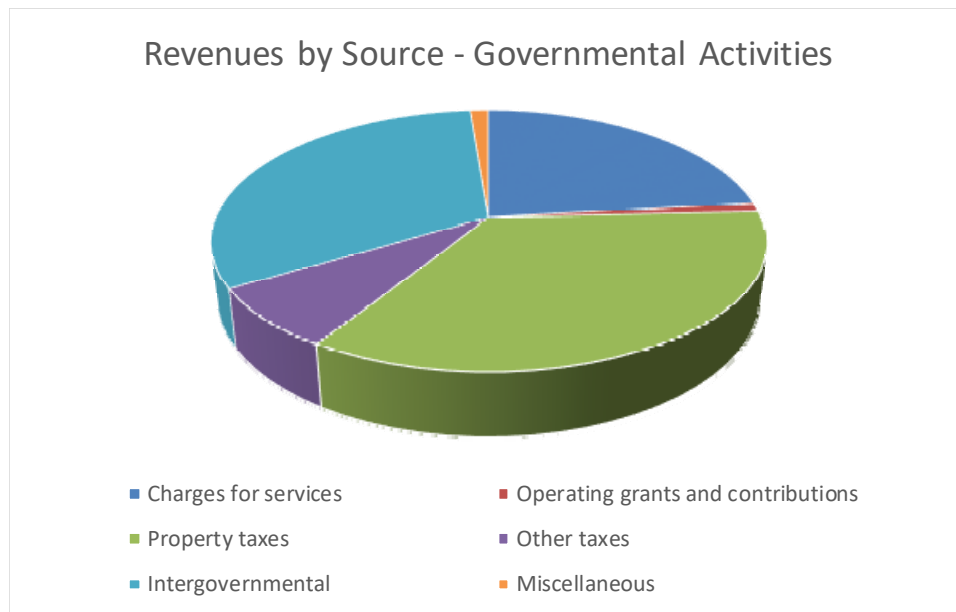
VILLAGE OF WESTCHESTER, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
APRIL 30, 2020

Revenues

The Village's governmental activities had revenues of \$18.97 million in fiscal year 2020, which represents an increase of \$1.98 million from the prior year. Property taxes and intergovernmental revenue represent the majority of revenues, comprising 66.89% of total governmental activities revenues. These two combined to increase \$0.63 million from the prior year. Charges for services also increased \$1.74 million. These category increases were countered with decreases in operating grants and contributions (\$0.17 million), other taxes (\$0.03 million), and miscellaneous revenues (\$0.19 million).

The Charges for services increase is primarily due to accounting for the rubbish revenue and corresponding expenditures in the General Fund as opposed to the Utility Fund in prior years. Other taxes, such as utility taxes can 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. A drop in grant funding was a cause of the operating grants and contribution revenue decrease of \$0.17 million over the prior year. Declines in reimbursements and other various items caused the drop in miscellaneous revenue.

Below is a chart depicting revenues to the Village by source for the fiscal year 2020:



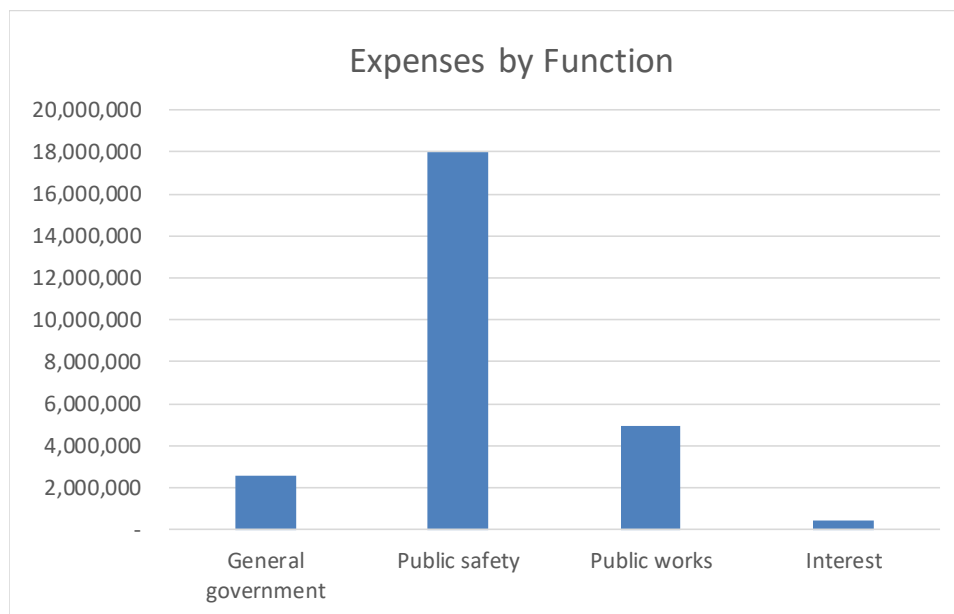
VILLAGE OF WESTCHESTER, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
APRIL 30, 2020

Expenses

General Government

Expenses incurred for governmental activities were approximately \$25.97 million for fiscal year 2020, which represents an increase of \$6.99 million or 36.83% from the prior year. This is due largely to increases in public safety expense of \$5.06 million and public works expenses of \$1.60 million. Pension expense increase for police as a result of the increase in the Net pension liability and the shifting of rubbish expenses to the General Fund as previously mentioned, are the primary drivers of these functional expense increases.

The following chart depicts expenses of the Village by activity for the fiscal year 2020:



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 sewer service. Sales of water (revenues) can be affected by climate with warmer summers bringing higher demand.

The total assets and deferred outflows of resources of the business-type activity are \$15.54 million and the total liabilities and deferred inflows of resources are \$6.22 million, leaving net position at \$9.32 million. Current year activity had virtually no effect on net position. The operating revenues and expenses of the Utility Fund were \$5.67 million and \$5.67 million, respectively, for fiscal year 2020.

VILLAGE OF WESTCHESTER, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
APRIL 30, 2020

**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. A Capital Projects Fund accounts for non-home rule one percent sales tax revenue that are restricted for infrastructure improvements and debt service on bonds.

At the end of the current fiscal year, the Village's governmental funds reported a combined (major and nonmajor) total ending fund balance of \$7.54 million, an increase of \$3.29 million from fiscal year 2019. Of that \$7.54 million, \$2.88 million is unassigned.

Revenues

General Fund: The General Fund had revenues of \$17.07 million, an increase of \$2.14 million over prior year revenues of \$14.93 million. This represents a 14.33% increase from the prior year.

Revenues	Fiscal 2020	Fiscal 2019	Variance	Percentage
Taxes	\$ 7,929,656	\$ 7,565,089	\$ 364,567	4.82%
Intergovernmental	4,594,521	4,317,575	276,946	6.41%
Licenses and permits	980,020	1,129,301	(149,281)	-13.22%
Charges for services	2,484,427	610,852	1,873,575	306.72%
Fines and forfeitures	712,047	701,605	10,442	1.49%
Miscellaneous	370,222	606,179	(235,957)	-38.93%
Totals	<u>\$ 17,070,893</u>	<u>\$ 14,930,601</u>	<u>\$ 2,140,292</u>	14.33%

The primary factor for the increase in revenue was due to the aforementioned accounting for rubbish revenue in the General Fund – Charges for services category. Taxes increased primarily due to the increase in the tax levy; local taxes showed a combined decrease of roughly \$0.05 million. Intergovernmental revenue had rises in sales and local use taxes of a combined \$0.20 million, although somewhat offset by a decrease in state income tax of \$0.09 million. A drop in building and compliance permitting revenue of roughly \$0.10 million and vehicle sticker revenue of \$0.04 million were drivers of the Licenses and permits decrease. The decrease in miscellaneous revenue was primarily due to the one-time accounting for the Mariano's tax incentive overpayment in fiscal year 2019.

VILLAGE OF WESTCHESTER, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
APRIL 30, 2020

Expenditures

General Fund: During fiscal year 2020, expenditures were \$17.21 million, an increase of \$1.98 from \$15.23 million in the previous year. This represents a 13.03% increase for the year.

Expenditures	Fiscal 2020	Fiscal 2019	Variance	Percentage
General government	\$ 1,680,912	\$ 1,639,623	\$ 41,289	2.52%
Community development	540,817	522,834	17,983	3.44%
Planning and zoning	7,310	625	6,685	1069.60%
Fire and police commission	12,446	25,144	(12,698)	-50.50%
Police department	5,960,772	5,836,275	124,497	2.13%
Civil defense	2,584	2,613	(29)	-1.11%
Fire department	5,044,829	4,798,396	246,433	5.14%
Public works	3,257,088	1,787,193	1,469,895	82.25%
Capital outlay	510,361	337,713	172,648	51.12%
Debt service	195,631	278,349	(82,718)	-29.72%
Totals	<u>\$ 17,212,750</u>	<u>\$ 15,228,765</u>	<u>\$ 1,983,985</u>	<u>13.03%</u>

The increase in public works expenditures is due to accounting for rubbish costs of \$1.85 million in the General Fund. Increases in the police and fire departments is largely due to increased pension expenditures along with personnel cost increases. Capital outlay expenditures increases were primarily due to the purchase of a street sweeper, along with squad car purchases and street and sidewalk improvement. The debt service expenditure decrease of \$0.08 million was partially offset by slight rises in expenditures in the other General Fund departments.

Proprietary Funds

The Proprietary Fund is the Utility Fund. The Utility Fund broke even during the fiscal year 2020. The net position of the Utility Fund at the end of fiscal 2020 equaled \$9.32 million, of which (\$0.32) million, or 3.43%, is unrestricted.

Revenues

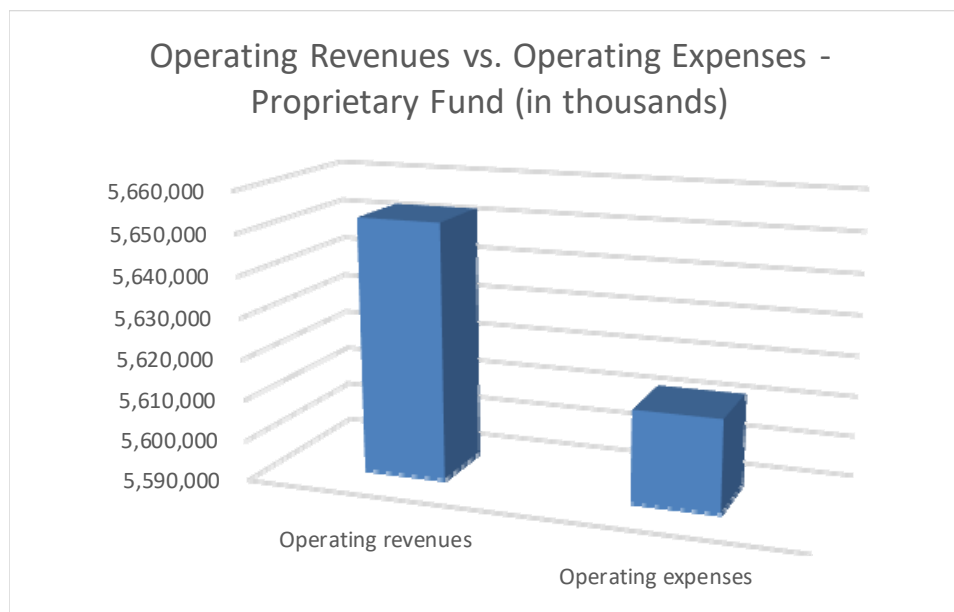
The Utility Fund recognized \$5.67 million in revenues, a decrease of \$1.46 million, or 20.48% from \$7.13 million in fiscal year 2019. This change is primarily due to \$1.92 million of rubbish revenue, which is accounted for in the General Fund in fiscal year 2020, as opposed to the Utility Fund in fiscal year 2019. Combined water usage and infrastructure revenue increased roughly \$0.36 million, along with sewer revenue of almost \$0.10 million. 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, 2020

Expenses

Utility Fund operating expenses declined \$1.23 million or 19.37% for the year, and came in at \$5.12 million.

The major factor of this decline was the \$1.85 million of rubbish contractual expenses for fiscal year 2019 that were accounted for in the General Fund in fiscal year 2020. Personal services expenses increased \$0.71 million as a result of the increase in pension expense from the IMRF net pension liability. Commodities represent a substantial portion of expenses in the Utility Fund at \$2.75 million or 53.58% of total operating expenses. The largest portion of commodities expenses represents water usage fees to the Broadview Westchester Joint Water Agency. Of the total operating expenses of \$5.12 million, \$2.44 million, or 47.7% are for water usage fees.



General Fund Budgetary Highlights

Over the course of Fiscal 2020, the Village's General Fund budgeted revenues exceeded the budget by \$0.12 million. This overage is less than 1% of the budgeted revenues of \$16.95 million. Although licenses and permit revenue, primarily building permit and compliance revenue, came under budget, intergovernmental revenue was more than expected. Fines and forfeitures also recorded revenues over budget. The other revenue categories had slight variances both over and under budget.

The total General Fund expenditures of \$17.21 million were under the budget amount by \$0.16 million. Capital outlay was \$0.53 million under budget, although this was mainly offset by police and fire department expenditures coming in at a combined \$0.45 million under budget. The remaining departments along with debt service expenditures recorded a combined of \$0.08 million under budget.

After installment note proceeds, the General Fund budget anticipated a net change in fund balance of \$0.22 million; the actual change in fund balance was an increase of \$0.13 million resulting in a total net budget variance of (\$0.09) million.

VILLAGE OF WESTCHESTER, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
APRIL 30, 2020

General Fund Budget and Actual (in millions)

	Original and Final Budget	Actual	Difference Over/(Under)
Revenues	\$ 16.95	\$ 17.07	\$ 0.12
Expenditures	17.37	17.21	(0.16)
Deficiency of revenues over expenditures	(0.42)	(0.14)	0.28
Other financing sources	0.65	0.27	0.38
Change in fund balance	<u>\$ 0.23</u>	0.13	<u>\$ (0.10)</u>
Fund balance, beginning of year		3.01	
Fund balance, end of year		<u>\$ 3.14</u>	

Capital Asset and Debt Administration

Capital Assets

As of the end of Fiscal 2020, the Village has capital assets, net of depreciation, of \$40.89 million, compared to capital assets, net of depreciation, of \$40.99 million held at the end of Fiscal 2019. For governmental activities, capital assets were increased by capital additions of \$0.46 million, and decreased by depreciation of \$1.78 million in the current year. For business-type activities, the capital assets were increased by capital additions of \$1.70 million and decreased by depreciation expense of \$0.48 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 \$27.19 million or 66.50% of total capital assets. The business-type capital assets, net, represent \$13.70 million or 33.50% 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	3.16	3.31
Buildings, net	2.20	0.71	2.91
Building improvements, net	0.38	-	0.38
Equipment, net	2.67	1.07	3.74
Software, net	-	0.02	0.02
Infrastructure, net	16.42	8.63	25.05
Total capital assets	<u>\$ 27.19</u>	<u>\$ 13.70</u>	<u>\$ 40.89</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, 2020

Debt Administration

The Village's debt is comprised of the categories referenced below. Total net pension liabilities and OPEB liability comprise about 84.22% of long-term debt. General obligation bonds account for approximately 13.03% of long-term debt. Other components of the Village's debt include several installment contracts (split between governmental activities and business-type activities) and three IEPA loans. Total debt increased \$29.67 million from last year due almost in total to increases in the net pension liabilities.

Long-term Liabilities (in millions)

	Governmental Activities	Business-type Activities	Total
Taxable G.O. Bonds, 2010	\$ -	\$ 0.19	\$ 0.19
Taxable G.O. Bonds, 2013	4.33	-	4.33
Taxable G.O. Bonds, 2015	1.81	-	1.81
Taxable G.O. Bonds, 2020	4.89	-	4.89
Unamortized bond premium	0.62	-	0.62
Installment contracts	0.54	0.21	0.75
Compensated absences	0.35	0.02	0.37
IEPA	-	3.66	3.66
Net pension liability:			
IMRF	0.44	0.32	0.76
Police	43.90	-	43.90
Fire	29.62	-	29.62
Other postemployment benefit liability	2.14	0.14	2.28
	<u>\$ 88.64</u>	<u>\$ 4.54</u>	<u>\$ 90.90</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, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Current:			
Cash and cash equivalents	\$ 1,894,009	\$ 729,698	\$ 2,623,707
Investments	4,603,899	-	4,603,899
Receivables:			
Property taxes	3,209,145	-	3,209,145
Intergovernmental	1,112,655	-	1,112,655
Accounts, customers	-	1,373,727	1,373,727
Other	524,520	-	524,520
Prepaid items	219,714	24,211	243,925
Interfund balances	381,138	(381,138)	-
Total current assets	11,945,080	1,746,498	13,691,578
Noncurrent:			
Capital assets, not being depreciated	5,518,691	3,269,026	8,787,717
Capital assets, net of accumulated depreciation	21,670,297	10,435,567	32,105,864
Total noncurrent assets	27,188,988	13,704,593	40,893,581
Total assets	39,134,068	15,451,091	54,585,159
Deferred Outflows of Resources			
Deferred outflows - pension - fire	10,181,489	-	10,181,489
Deferred outflows - pension - police	16,326,465	-	16,326,465
Deferred outflows - pension - IMRF	370,456	82,761	453,217
Deferred outflows - OPEB	154,399	9,297	163,696
Total deferred outflows of resources	27,032,809	92,058	27,124,867
Total assets and deferred outflows of resources	66,166,877	15,543,149	81,710,026

(Continued)

Village of Westchester, Illinois

Statement of Net Position (Deficit) (Continued)
April 30, 2020

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current:			
Accounts payable	\$ 575,652	\$ 1,078,098	\$ 1,653,750
Accrued interest	89,804	6,292	96,096
Accrued payroll	160,304	-	160,304
Other payables	2,465	-	2,465
Refundable deposits	131	3,439	3,570
Compensated absences	37,323	18,940	56,263
Installment notes payable	134,590	146,641	281,231
Illinois EPA revolving loan payable	-	181,992	181,992
General obligation bonds	605,000	185,000	790,000
Total current liabilities	1,605,269	1,620,402	3,225,671
Noncurrent:			
Net pension liability - fire	29,616,117	-	29,616,117
Net pension liability - police	43,897,505	-	43,897,505
Net pension liability - IMRF	441,768	317,681	759,449
Other postemployment benefits	2,143,450	145,671	2,289,121
Compensated absences	316,968	-	316,968
Installment notes payable	408,085	65,401	473,486
IEPA loan payable	-	3,481,132	3,481,132
General obligation bonds, net	11,039,043	-	11,039,043
Total noncurrent liabilities	87,862,936	4,009,885	91,872,821
Total liabilities	89,468,205	5,630,287	95,098,492
Deferred Inflows of Resources			
Unavailable revenue - property taxes	3,393,595	-	3,393,595
Deferred inflows - pension - fire	1,208,208	-	1,208,208
Deferred inflows - pension - police	2,790,561	-	2,790,561
Deferred inflows - pension - IMRF	829,417	571,159	1,400,576
Deferred inflows - OPEB	42,473	20,489	62,962
Total deferred inflows of resources	8,264,254	591,648	8,855,902
Net Position (Deficit)			
Net investment in capital assets	15,002,270	9,644,427	24,646,697
Restricted:			
Street and bridge improvements	3,524,662	-	3,524,662
Tourism	105,003	-	105,003
Public safety	169,944	-	169,944
Capital projects	565,352	-	565,352
Unrestricted (deficit)	(50,932,813)	(323,213)	(51,256,026)
Total net position (deficit)	\$ (31,565,582)	\$ 9,321,214	\$ (22,244,368)

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Activities
Year Ended April 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense), Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities						
General government	\$ 2,596,135	\$ 1,197,766	\$ -	\$ (1,398,369)	\$ -	\$ (1,398,369)
Public safety	17,974,549	1,256,123	169,930	(16,548,496)	-	(16,548,496)
Public works	4,942,835	1,944,306	-	(2,998,529)	-	(2,998,529)
Interest and fees	456,244	-	42,758	(413,486)	-	(413,486)
Total governmental activities	25,969,763	4,398,195	212,688	(21,358,880)	-	(21,358,880)
Business-type activities						
Waterworks, sewerage and trash removal	5,670,479	5,642,935	-	-	(27,544)	(27,544)
Total primary government	\$ 31,640,242	\$ 10,041,130	\$ 212,688	(21,358,880)	(27,544)	(21,386,424)
General revenues						
Taxes						
Property				6,566,749	-	6,566,749
Other taxes						
Utility				738,289	-	738,289
Places for eating				242,628	-	242,628
Hotel/Motel				71,789	-	71,789
Cable TV				336,614	-	336,614
Other				45,171	-	45,171
Intergovernmental						
State sales tax				2,529,784	-	2,529,784
Income taxes				1,644,800	-	1,644,800
Personal property replacement				115,290	-	115,290
Telecommunication taxes				1,055,254	-	1,055,254
Motor fuel taxes				616,922	-	616,922
Gaming				141,628	-	141,628
Other				17,783	-	17,783
Investment income				61,449	22,333	83,782
Miscellaneous				174,775	9,417	184,192
Total general revenues and transfers				14,358,925	31,750	14,390,675
Change in net position				(6,999,955)	4,206	(6,995,749)
Net position (deficit):						
May 1, 2019				(24,565,627)	9,317,008	(15,248,619)
April 30, 2020				\$ (31,565,582)	\$ 9,321,214	\$ (22,244,368)

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Balance Sheet - Governmental Funds
April 30, 2020

	Major Funds		Nonmajor	Total
	General	Motor Fuel	Governmental	Governmental
	Fund	Tax Fund	Funds	Funds
Assets				
Cash and cash equivalents	\$ 1,248,207	\$ 426,560	\$ 219,242	\$ 1,894,009
Investments	1,003,843	3,142,411	457,645	4,603,899
Receivables:				
Property taxes	3,209,145	-	-	3,209,145
Intergovernmental	784,952	49,583	278,120	1,112,655
Other	443,979	-	80,541	524,520
Due from other funds	576,138	-	88,777	664,915
Prepaid items	219,714	-	-	219,714
Total assets	\$ 7,485,978	\$ 3,618,554	\$ 1,124,325	\$ 12,228,857
Liabilities				
Accounts payable	\$ 309,638	\$ 81,355	\$ 23,965	\$ 414,958
Other liabilities	162,900	-	-	162,900
Due to other funds	88,777	-	195,000	283,777
Unearned revenue	392,044	-	38,075	430,119
Total liabilities	953,359	81,355	257,040	1,291,754
Deferred Inflows of Resources				
Unavailable revenue - property taxes	3,393,595	-	-	3,393,595
Fund Balances				
Nonspendable - prepaid items	219,714	-	-	219,714
Restricted	39,480	3,537,199	867,285	4,443,964
Unassigned	2,879,830	-	-	2,879,830
Total fund balances	3,139,024	3,537,199	867,285	7,543,508
Total liabilities, deferred inflows of resources and fund balances	\$ 7,485,978	\$ 3,618,554	\$ 1,124,325	\$ 12,228,857

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, 2020**

Total fund balances-governmental funds	\$ 7,543,508
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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.	27,188,988
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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	269,425
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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	26,878,410	
Deferred inflows due to pensions	(4,828,186)	
Deferred outflows due to other postemployment benefits	154,399	
Deferred inflows due to other postemployment benefits	<u>(42,473)</u>	22,162,150

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.

(624,043)

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	(43,897,505)	
Net pension liability - fire	(29,616,117)	
Net pension liability - IMRF	(441,768)	
OPEB liability	<u>(2,143,450)</u>	(76,098,840)

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	(89,804)	
Compensated absences	(354,291)	
Installment notes payable	(542,675)	
General obligation bonds	<u>(11,020,000)</u>	(12,006,770)

Net position (deficit) of governmental activities	<u><u>\$ (31,565,582)</u></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, 2020

	Major Funds		Nonmajor	Total
	General	Motor Fuel	Governmental	Governmental
	Fund	Tax Fund	Funds	Funds
Revenues:				
Program:				
Charges for services	\$ 2,484,427	\$ -	\$ -	\$ 2,484,427
Licenses and permits	980,020	-	-	980,020
Intergovernmental	4,594,521	659,680	1,248,956	6,503,157
Fines and forfeitures	712,047	-	987	713,034
General:				
Property taxes	6,566,749	-	-	6,566,749
Other taxes	1,362,907	-	71,789	1,434,696
Interest	46,719	-	14,730	61,449
Rental income	217,746	-	-	217,746
Miscellaneous	105,757	-	69,143	174,900
Total revenues	17,070,893	659,680	1,405,605	19,136,178
Expenditures:				
Current:				
General government	1,680,912	-	-	1,680,912
Community development department	540,817	-	-	540,817
Planning and zoning	7,310	-	-	7,310
Fire and police commission	12,446	-	-	12,446
Tourism	-	-	171,583	171,583
Police, 911	-	-	570,971	570,971
Police department	5,960,772	-	-	5,960,772
Civil defense	2,584	-	-	2,584
Fire department	5,044,829	-	-	5,044,829
Public works	3,257,088	197,835	25,552	3,480,475
Capital outlay	510,361	-	73,219	583,580
Debt service:				
Principal	184,987	160,000	375,000	719,987
Interest and fees	10,644	281,236	185,708	477,588
Total expenditures	17,212,750	639,071	1,402,033	19,253,854
Excess (deficiency) of revenues over (under) expenditures	(141,857)	20,609	3,572	(117,676)
Other financing sources (uses):				
Bond proceeds	-	4,885,000	-	4,885,000
Premium on bond issuance	-	503,671	-	503,671
Installment note proceeds	275,797	-	-	275,797
Transfer to escrow agent	-	(2,252,409)	-	(2,252,409)
Transfers in	-	-	560,706	560,706
Transfers (out)	-	-	(560,706)	(560,706)
Total other financing sources (uses)	275,797	3,136,262	-	3,412,059
Change in fund balances	133,940	3,156,871	3,572	3,294,383
Fund balances:				
May 1, 2019	3,005,084	380,328	863,713	4,249,125
April 30, 2020	\$ 3,139,024	\$ 3,537,199	\$ 867,285	\$ 7,543,508

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, 2020**

Net change in fund balances-total governmental funds		\$ 3,294,383
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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	460,824	
Depreciation	<u>(1,776,620)</u>	(1,315,796)

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	19,025,346	
Deferred inflows of resources related to pension expense	1,129,812	
Deferred outflows of resources related to OPEB expense	90,205	
Deferred inflows of resources related to OPEB expense	<u>5,974</u>	20,251,337

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.

(166,370)

In governmental funds, issuance of long-term debt is considered other
financing sources, but in the statement of net position debt is reported as
a liability. This is the amount of proceeds received in the current period:

General obligation bonds	(4,885,000)	
Premium on bonds issued	(503,671)	
Installment contracts	<u>(275,797)</u>	(5,664,468)

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	2,740,000	
Installment notes payable retirement	<u>184,987</u>	2,924,987

(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, 2020**

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	(26,220,289)	
Change in other postemployment benefits	(86,384)	
Change in accrued interest	40,370	
Change in compensated absences	(86,108)	
Amortization of bond premium	28,383	(26,324,028)

Change in net position of governmental activities	<u>\$ (6,999,955)</u>
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See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Net Position
Enterprise Funds
April 30, 2020

	Business-Type Activities Enterprise Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 729,698
Receivables:	
Accounts receivable, customer, net	1,373,727
Prepaid assets	24,211
Total current assets	2,127,636
Noncurrent Assets:	
Capital assets not being depreciated	3,269,026
Capital assets, net of accumulated depreciation	10,435,567
Total noncurrent assets	13,704,593
Total assets	15,832,229
Deferred Outflows of Resources	
Deferred outflows - pension - IMRF	82,761
Deferred outflows - OPEB	9,297
Total deferred outflows of resources	92,058
Liabilities	
Current Liabilities:	
Accounts payable	1,078,098
Accrued interest	6,292
Deposits	3,439
Due to other funds	381,138
Compensated absences	18,940
Installment note payable	146,641
Illinois EPA revolving loan payable	181,992
General obligation bond payable	185,000
Total current liabilities	2,001,540
Long-term Liabilities, net of current maturities:	
Installment note payable	65,401
Illinois EPA revolving loan payable	3,481,132
Net pension liability	317,681
Other postemployment benefits	145,671
Total long-term liabilities	4,009,885
Total liabilities	6,011,425
Deferred Inflows of Resources	
Deferred inflows - pension - IMRF	571,159
Deferred inflows - OPEB	20,489
Total deferred inflows of resources	591,648
Net Position	
Net investment in capital assets	9,644,427
Unrestricted	(323,213)
Total net position	\$ 9,321,214

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, 2020**

	Business-Type Activities <u>Enterprise Fund</u>
Operating revenues:	
Service charges	\$ 5,642,935
Other	<u>9,417</u>
Total operating revenues	<u>5,652,352</u>
Operating expenses excluding depreciation:	
Personal services	1,879,441
Commodities	2,746,063
Contractual services	<u>504,207</u>
Operating expenses, other than depreciation	<u>5,129,711</u>
Operating income before depreciation	522,641
Depreciation	<u>482,650</u>
Operating income	<u>39,991</u>
Nonoperating income (expense):	
Interest income	22,333
Interest (expense)	<u>(58,118)</u>
Total nonoperating income (expense)	<u>(35,785)</u>
Change in net position	4,206
Net position	
May 1, 2019	<u>9,317,008</u>
April 30, 2020	<u><u>\$ 9,321,214</u></u>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Cash Flows – Enterprise Funds
Year Ended April 30, 2020

	Business-Type Activities Enterprise Fund
Cash flows from operating activities:	
Received from residents for services	\$ 5,870,682
Payments to employees	(1,402,342)
Payments to suppliers	(3,698,169)
Net cash provided by operating activities	770,171
Cash flows from noncapital financing activities:	
Net advances from other fund	381,138
Net cash provided by noncapital financing activities	381,138
Cash flows from capital and related financing activities:	
Capital assets purchased	(1,697,948)
Proceeds on Illinois EPA revolving loan payable	1,839,955
Principal paid on debt	(683,391)
Interest paid	(63,951)
Net cash used in capital and related financing activities	(605,335)
Cash flows from investing activities:	
Cash receipts from interest	22,333
Net cash provided by investing activities	22,333
Net change in cash and cash equivalents	568,307
Cash and cash equivalents:	
May 1, 2019	161,391
April 30, 2020	\$ 729,698

(Continued)

Village of Westchester, Illinois

Statement of Cash Flows – Enterprise Funds (Continued)
Year Ended April 30, 2020

	Business-Type Activities
	Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 39,991
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	482,650
Changes in assets and liabilities:	
Accounts receivable	374,954
Prepaid assets	2,534
Accounts payable	(450,433)
Accrued payroll	(1,124)
Unearned revenue	(156,624)
Compensated absences payable	4,913
Deferred outflow of resources - pension related amounts	555,712
Deferred inflow of resources - pension related amounts	496,103
Net pension liability	(575,265)
Deferred outflow of resources - OPEB	(4,262)
Deferred inflow of resources - OPEB	16,689
OPEB liability	(15,667)
Total adjustments	730,180
Net cash provided by operating activities	\$ 770,171

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Statement of Fiduciary Net Position
Fiduciary Funds
April 30, 2020

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,935,540	\$ 627,384
Investments:		
Corporate bonds	8,964,969	-
U. S. Government securities	3,404,885	-
U. S. Treasuries	5,378,286	-
Municipal bonds	149,075	-
Equity investments	29,494,700	-
Receivables:		
Due from other governments	42,888	-
Accrued interest	107,891	-
Prepaid expenses	25,084	-
Total assets	<u>49,503,318</u>	<u>\$ 627,384</u>
Liabilities		
Accounts payable	7,759	\$ -
Due to others	-	627,384
Total liabilities	<u>7,759</u>	<u>\$ 627,384</u>
Net Position		
Restricted for pension benefits	<u>\$ 49,495,559</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, 2020

Additions:

Contributions:

Employer	\$ 2,351,849
Plan member	525,469
Total contributions	<u>2,877,318</u>

Investment income (expense):

Net appreciation in fair value	(1,948,498)
Interest	1,327,682
Less investment expenses	<u>(144,220)</u>
Total investment income (expense)	<u>(765,036)</u>

Total additions	<u>2,112,282</u>
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Deductions:

Benefits and refunds	4,181,492
Administrative expenses	109,543
Total deductions	<u>4,291,035</u>

Change in net position	(2,178,753)
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Net position restricted for pensions:

May 1, 2019	<u>51,674,312</u>
April 30, 2020	<u>\$ 49,495,559</u>

See Notes to Basic Financial Statements.

Village of Westchester, Illinois

Notes to Basic Financial Statements

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.

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.

Motor Fuel Tax Fund – The Motor Fuel Tax fund accounts for the usage of motor fuel tax revenues distributed to the Village for improvement of the Village's streets.

The Village administers the following major proprietary funds:

Enterprise Fund – The Enterprise fund accounts for the provision of water and sewer 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.

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.

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

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.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF), Police Pension Fund (PPF) and the Firefighters' Pension Fund (FPF) and additions to/deductions from IMRF's, PPF's and FPF's fiduciary net position have been determined on the same basis as they are reported by IMRF, PPF and FPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense of the Village's OPEB plan, information has been determined based on the Village's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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.

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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, 2020, 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, 2020, 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.

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

At April 30, 2020, the Village's fund balance restrictions were for the following purposes:

Restricted purpose:	
Street and bridge improvements	\$ 3,537,199
Tourism	105,003
Public safety: Foreign fire insurance	39,480
Public safety: 911 surcharges	78,124
Public safety: Police forfeiture	52,340
Debt service	89
Capital projects	631,729
	<u>\$ 4,443,964</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.

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.

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, 2020, 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	927,390	25,557	11,685	366,143
Money Market Funds	-	1,070,181	828,117	-
IMET	790,953	-	-	-
Illinois Funds	5,508,688	-	-	261,241
Corporate Bonds	-	5,176,870	3,788,099	-
U.S. Government Securities	-	2,164,375	1,240,510	-
U.S. Treasuries	-	1,705,764	3,672,522	-
Municipal Bonds	-	51,440	97,635	-
Equity Investments	-	15,944,722	13,549,978	-
Total	<u>\$ 7,227,606</u>	<u>\$ 26,138,909</u>	<u>\$ 23,188,546</u>	<u>\$ 627,384</u>

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 an agent of the Village in the Village's name. As of April 30, 2020, the Village was not exposed to custodial credit risk on deposits recorded in the Governmental and Business-Type Activities.

At April 30, 2020, the Village's Police and Firefighters' Pension Funds deposits were not exposed to custodial credit risk.

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, 2020, the Police and Firefighters' Pension Funds had the following investments with the following maturities:

		Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Fiduciary Activities:					
Police Pension Fund:					
U.S. Treasuries	\$ 1,705,764	\$ -	\$ 1,214,371	\$ 491,393	\$ -
U.S. Government Securities	2,164,375	95,086	1,362,185	227,978	479,126
Municipal Bonds	51,440	-	-	26,225	25,215
Corporate Bonds	5,176,870	6,136	2,569,293	2,318,569	282,872
Total Police Pension	9,098,449	101,222	5,145,849	3,064,165	787,213
Firefighters' Pension Fund:					
U.S. Treasuries	3,672,522	-	2,255,049	1,417,473	-
U.S. Government Securities	1,240,510	-	307,066	252,150	681,294
Municipal Bonds	97,635	-	-	47,205	50,430
Corporate Bonds	3,788,099	155,206	1,902,680	1,477,430	252,783
Total Firefighters' Pension	8,798,766	155,206	4,464,795	3,194,258	984,507
Total Fiduciary Activities	\$ 17,897,215	\$ 256,428	\$ 9,610,644	\$ 6,258,423	\$ 1,771,720

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, 2020, 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	\$ 2,164,375	\$ 1,527,472	\$ -	\$ -	\$ -	\$ 636,903
Municipal Bonds	51,440	-	51,440	-	-	-
Corporate Bonds	5,176,870	92,295	196,051	3,796,010	1,092,514	-
Total Police Pension	7,392,685	1,619,767	247,491	3,796,010	1,092,514	636,903
Firefighters' Pension Fund:						
U.S. Government Securities	1,240,510	419,796	-	-	-	820,714
Municipal Bonds	97,635	-	97,635	-	-	-
Corporate Bonds	3,788,099	54,291	316,591	1,726,237	1,496,057	194,923
Total Firefighters' Pension	5,126,244	474,087	414,226	1,726,237	1,496,057	1,015,637
Total Fiduciary Activities	\$ 12,518,929	\$ 2,093,854	\$ 661,717	\$ 5,522,247	\$ 2,588,571	\$ 1,652,540

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, 2020, the Village does not have an investment in any single issuer that exceeds 5% of the Village's investment portfolio.

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, 2020, using a matrix pricing model for Level 2:

Investments by fair value level	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Police Pension Fund:				
U.S. Treasuries	\$ 1,705,764	\$ -	\$ 1,705,764	\$ -
U.S. Government Securities	2,164,375	-	2,164,375	-
Municipal Bonds	51,440	-	51,440	-
Corporate Bonds	5,176,870	-	5,176,870	-
Equity Investments	15,944,722	15,944,722	-	-
Total Police Pension	25,043,171	15,944,722	9,098,449	-
Firefighters' Pension Fund:				
U.S. Treasuries	3,672,522	-	3,672,522	-
U.S. Government Securities	1,240,510	-	1,240,510	-
Municipal Bonds	97,635	-	97,635	-
Corporate Bonds	3,788,099	-	3,788,099	-
Equity Investments	13,549,978	13,549,978	-	-
Total Firefighters' Pension	22,348,744	13,549,978	8,798,766	-
	\$ 47,391,915	\$ 29,494,700	\$ 17,897,215	\$ -

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, 2020	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Village:				
IMET	\$ 790,953	N/A	Daily	1 day
Illinois Funds	5,508,688	N/A	Daily	1 day
Police pension fund:				
Money Market Funds	1,070,181	N/A	Daily	1 day
Firefighters' pension fund:				
Money Market Funds	828,117	N/A	Daily	1 day
	<u>\$ 8,197,939</u>			

Village of Westchester, Illinois

Notes to Basic Financial Statements

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 2019 property tax assessment was levied in December 2019. Approximately one-half of the levied amount is intended to finance the fiscal year beginning May 1, 2019. 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 2019, 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 2019, less a provision for uncollectible amounts that were collected within 60 days of the fiscal year ended April 30, 2020.

The remaining December 2019 levy is intended to finance the Village's fiscal year 2021 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 \$64,690 at April 30, 2020.

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, 2019	Additions	Deletions and Transfers	Balance, April 30, 2020
Capital assets not being depreciated:				
Land	\$ 5,373,407	\$ -	\$ -	\$ 5,373,407
Construction in progress	154,887	15,552	25,155	145,284
	<u>5,528,294</u>	<u>15,552</u>	<u>25,155</u>	<u>5,518,691</u>
Capital assets being depreciated:				
Land improvements	326,765	-	-	326,765
Buildings	4,056,941	-	-	4,056,941
Building improvements	701,211	-	-	701,211
Machinery and equipment	7,862,591	344,722	-	8,207,313
Software	84,185	-	-	84,185
Infrastructure	47,556,064	125,705	-	47,681,769
	<u>60,587,757</u>	<u>470,427</u>	<u>-</u>	<u>61,058,184</u>
Less accumulated depreciation for:				
Land improvements	326,765	-	-	326,765
Buildings	1,804,495	50,472	-	1,854,967
Building improvements	290,175	35,811	-	325,986
Machinery and equipment	5,156,288	380,007	-	5,536,295
Software	79,258	4,926	-	84,184
Infrastructure	29,954,286	1,305,404	-	31,259,690
	<u>37,611,267</u>	<u>1,776,620</u>	<u>-</u>	<u>39,387,887</u>
Total capital assets being depreciated, net	<u>22,976,490</u>	<u>(1,306,193)</u>	<u>-</u>	<u>21,670,297</u>
Governmental activities capital assets, net	<u>\$ 28,504,784</u>	<u>\$ (1,290,641)</u>	<u>\$ 25,155</u>	<u>\$ 27,188,988</u>

Depreciation Charged to Functions/Programs

Depreciation was charged to functions/programs as follows:

	Governmental Activities
General government	\$ 73,106
Public safety	203,496
Public works	1,500,018
	<u>\$ 1,776,620</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

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, 2019	Additions	Deletions and Transfers	Balance, April 30, 2020
Capital assets not being depreciated:				
Land	\$ 112,825	\$ -	\$ -	\$ 112,825
Construction in process	1,458,253	1,697,948	-	3,156,201
	<u>1,571,078</u>	<u>1,697,948</u>	<u>-</u>	<u>3,269,026</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	494,288	50,165	-	544,453
Machinery and equipment	1,207,132	189,517	-	1,396,649
Software	27,101	4,928	-	32,029
Infrastructure	10,295,318	238,040	-	10,533,358
	<u>12,062,731</u>	<u>482,650</u>	<u>-</u>	<u>12,545,381</u>
Total capital assets being depreciated, net	<u>10,918,217</u>	<u>(482,650)</u>	<u>-</u>	<u>10,435,567</u>
Business-type activities capital assets, net	<u>\$ 12,489,295</u>	<u>\$ 1,215,298</u>	<u>\$ -</u>	<u>\$ 13,704,593</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, 2020:

	Balance, May 1, 2019	Additions	Reductions	Balance, April 30, 2020	Due Within One Year
General obligation bonds					
Series 2010A	\$ 2,365,000	\$ -	\$ 2,365,000	\$ -	\$ -
Series 2013	4,600,000	-	275,000	4,325,000	280,000
Series 2015	1,910,000	-	100,000	1,810,000	100,000
Series 2020	-	4,885,000	-	4,885,000	225,000
Installment notes payable	451,865	275,797	184,987	542,675	134,590
Unamortized bond premium	148,755	503,671	28,383	624,043	-
Compensated absences	268,183	606,593	520,485	354,291	37,323
Net pension liability (asset) - IMRF	1,558,581	1,410,259	2,527,072	441,768	-
Net pension liability - Police Pension	26,801,640	18,528,089	1,432,224	43,897,505	-
Net pension liability - Firefighters' Pension	19,374,880	11,686,323	1,445,086	29,616,117	-
Other postemployment benefits	2,057,066	224,939	138,555	2,143,450	-
	<u>\$59,535,970</u>	<u>\$38,120,671</u>	<u>\$ 9,016,792</u>	<u>\$88,639,849</u>	<u>\$ 776,913</u>

Compensated absences and net pension liabilities are liquidated by the Village's General Fund. The Taxable General Obligation Bonds, Series 2010A and Series 2020 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 Project Improvement Fund. The installment notes are paid from the General Fund. On March 24, 2020, the Village issued the Series 2020 bonds were used to refund the Series 2010A bonds and fund road improvements which resulted in reduced total debt service payments of \$43,186 and an economic gain of \$129,845.

The following is a summary of long-term obligation activity for the Village associated with business-type activities for the year ended April 30, 2020:

	Balance, May 1, 2019	Additions	Reductions	Balance, April 30, 2020	Due Within One Year
General obligation bonds					
Series 2010B	\$ 360,000	\$ -	\$ 175,000	\$ 185,000	\$ 185,000
Installment notes payable	591,706	-	379,664	212,042	146,641
IEPA loans payable	1,951,896	1,839,955	128,727	3,663,124	181,992
Compensated absences	14,027	77,099	72,186	18,940	18,940
Net pension liability (asset) - IMRF	892,946	1,014,135	1,589,400	317,681	-
Other postemployment benefits	161,338	15,278	30,945	145,671	-
	<u>\$ 3,971,913</u>	<u>\$ 2,946,467</u>	<u>\$ 2,375,922</u>	<u>\$ 4,542,458</u>	<u>\$ 532,573</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

Long-Term Obligations Outstanding

Governmental Activities

General Obligation Bonds Payable:

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. \$ 4,325,000

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. 1,810,000

On March 24, 2020, the Village issued \$4,885,000 of General Obligation Alternative Revenue Source Bonds, Series 2020 with principal payable in annual installments on December 1 of each year and interest rates ranging from 3.00% to 4.00%, payable semiannually on June 1 and December 1. The final principal payment is due December 1, 2039. The bonds were used to refund the Village's outstanding Taxable General Obligation Bonds (Motor Fuel Tax Alternative Revenue Source), Series 2010A and fund road improvements within the Village. 4,885,000

Total General Obligation Bonds	<u>11,020,000</u>
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Installment Notes Payable:

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. 124,129

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. 80,218

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. 82,910

On June 17, 2019, the Village was issued an installment loan in the amount of \$56,847 with principal and interest payable annually on June 17 with interest rates at 7.75%. The final principal and interest payment is due June 17, 2021. 36,468

On May 15, 2019, the Village was issued an installment loan in the amount of \$218,950 with principal and interest payable annually on May 15 with interest rates at 3.75%. The final principal and interest payment is due May 15, 2026. 218,950

Total Installment Notes Payable	<u>542,675</u>
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Total Governmental Activities	<u><u>\$ 11,562,675</u></u>
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(Continued)

Village of Westchester, Illinois

Notes to Basic Financial Statements

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.

\$ 185,000

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.

129,132

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.

82,910

Total Installment Notes Payable

212,042

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.

569,749

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.

434,189

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, 2020, the Village has not completed the project. 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.

2,659,186

Total Illinois EPA Loans Payable

3,663,124

Total Business-Type Activities

\$ 4,060,166

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>							
2013	Sales, use and non-home rule sales tax	2.00% to 3.15%	\$ 2,551,551	\$ 4,480,720	\$ 409,020	December 15, 2032	16.03%
2015	Sales, use and non-home rule sales tax	2.25% to 3.125%	2,551,551	2,248,488	153,636	December 15, 2034	6.02%
2020	Motor fuel tax	3.00% to 4.00%	616,922	6,734,031	-	December 1, 2039	0.00%
				<u>\$ 13,463,239</u>			
<i>Business-type Activities:</i>							
2010B	Water and sewerage fees	1.25% to 4.50%	\$ 5,642,935	<u>\$ 193,325</u>	\$ 193,080	December 1, 2030	3.42%

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	
2021	\$ 605,000	\$ 289,837	\$ 133,543	\$ 17,487	\$ 1,045,867
2022	570,000	324,481	134,102	12,956	1,041,539
2023	585,000	308,038	97,680	8,345	999,063
2024	605,000	291,144	66,824	5,809	968,777
2025	620,000	273,650	42,114	3,919	939,683
2026 - 2030	3,390,000	1,173,087	68,412	3,872	4,635,371
2031 - 2035	3,120,000	645,234	-	-	3,765,234
2036 - 2040	1,525,000	158,550	-	-	1,683,550
	<u>\$ 11,020,000</u>	<u>\$ 3,464,021</u>	<u>\$ 542,675</u>	<u>\$ 52,388</u>	<u>\$ 15,079,084</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	
2021	\$ 185,000	\$ 8,325	\$ 146,642	\$ 3,689	\$ 181,992	\$ 63,933	\$ 589,581
2022	-	-	18,020	1,762	185,142	60,780	265,704
2023	-	-	18,545	1,237	188,350	57,573	265,705
2024	-	-	19,085	697	191,614	54,309	265,705
2025	-	-	9,750	141	194,936	50,987	255,814
2026 - 2030	-	-	-	-	1,026,614	203,007	1,229,621
2031 - 2035	-	-	-	-	993,985	112,196	1,106,181
2036 - 2040	-	-	-	-	700,491	32,616	733,107
	<u>\$ 185,000</u>	<u>\$ 8,325</u>	<u>\$ 212,042</u>	<u>\$ 7,526</u>	<u>\$ 3,663,124</u>	<u>\$ 635,401</u>	<u>\$ 4,711,418</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 5. Long-Term Obligations (Continued)

Legal Debt Limitation

The Village's legal debt limitation of \$45,733,286 based on 8.625% of the 2019 equalized assessed valuation of \$531,380,652, less outstanding debt of \$11,562,675 results in a legal debt margin of \$34,170,611 as of April 30, 2020.

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	\$ 759,449	\$ 43,897,505	\$ 29,616,117	\$ 74,273,071
Deferred outflows of resources	453,217	16,326,465	10,181,489	26,961,171
Deferred inflows of resources	1,400,576	2,790,561	1,208,208	5,399,345
Pension expense (benefit)	1,086,492	4,695,639	3,375,491	9,157,622

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.

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, 2019, the following employees were covered by the benefit terms:

	Membership
Inactive Plan members or beneficiaries currently receiving benefits	69
Inactive Plan members entitled to benefits but not yet receiving them	60
Active Plan members	48
Total membership	177

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 2020 and 2019 were 12.01 percent and 8.89 percent, respectively. For the fiscal year ended April 30, 2020, \$279,152 was contributed to the plan by the Village and the Library. The contributions as of April 30, 2020 are reported in the financial statements as follows:

Governmental Activities - general government expense	\$ 129,694
Business-Type Activities - Enterprise Fund	93,272
Total primary government	222,966
Westchester Public Library	56,186
Total	\$ 279,152

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, 2019. 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, 2019:

- 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 3.35% 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%	7.05%	5.75%
International equity	18%	8.10%	6.50%
Fixed income	28%	3.70%	3.25%
Real estate	9%	6.35%	5.20%
Alternative investments	7%	4.65 - 11.30%	3.60 - 7.60%
Cash equivalents	1%	1.85%	1.85%
Total	100%		

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems (Continued)

Illinois Municipal Retirement Fund (Continued)

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 (2.75 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, 2019, 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, 2019:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at January 1, 2019	\$ 21,947,907	\$ 18,929,157	\$ 3,018,750
Changes for the year:			
Service cost	306,264	-	306,264
Interest on the total pension liability	1,556,655	-	1,556,655
Differences between expected and actual experience of the total pension liability	(1,069,900)	-	(1,069,900)
Contributions - employer	-	253,894	(253,894)
Contributions - employee	-	128,517	(128,517)
Net investment income	-	3,651,007	(3,651,007)
Benefit payments, including refunds of employee contributions	(1,259,870)	(1,259,870)	-
Other (net transfer)	-	(1,172,506)	1,172,506
Net changes	(466,851)	1,601,042	(2,067,893)
Balances at December 31, 2019	\$ 21,481,056	\$ 20,530,199	\$ 950,857

Village of Westchester, Illinois

Notes to Basic Financial Statements

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:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Governmental Activities	\$ 1,609,303	\$ 441,768	\$ (514,562)
Business-type Activities - Enterprise Fund	1,157,270	317,681	(370,028)
Total primary government	2,766,573	759,449	(884,590)
Westchester Public Library	697,274	191,408	(222,947)
Net pension (asset) liability	\$ 3,463,847	\$ 950,857	\$ (1,107,537)

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

For the year ended April 30, 2020, the Village and Library recognized pension expense of \$1,086,492 and \$273,833, respectively. Pension expense is reported in the financial statements as follows:

Governmental Activities	\$ 632,007
Business-Type Activities - Enterprise Fund	454,485
Total primary government	1,086,492
Westchester Library	273,833
Total pension expense	\$ 1,360,325

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems (Continued)

Illinois Municipal Retirement Fund (Continued)

At April 30, 2020, 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	\$ 189,990	\$ 655,098
Changes of assumptions	173,253	64,939
Net difference between projected and actual earnings on pension plan investments	-	1,038,080
Total deferred amounts to be recognized in pension expense in future periods	363,243	1,758,117
Employer contribution subsequent to the measurement date	139,011	-
Total Deferred Amounts Related to Pensions	\$ 502,254	\$ 1,758,117
Governmental Activities	\$ 370,456	\$ 829,417
Business-Type Activities - Enterprise Fund	82,761	571,159
Total primary government	453,217	1,400,576
Westchester Library	49,037	357,541
	\$ 502,254	\$ 1,758,117

Employer contributions subsequent to the measurement date of \$139,011 will be applied to the total pension liability in the actuarial valuation for the calendar year 2021. 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,				
2021	\$ (198,299)	\$ (142,600)	\$ (340,899)	\$ (85,918)
2022	(264,636)	(190,303)	(454,939)	(114,661)
2023	33,513	24,100	57,613	14,520
2024	(218,636)	(157,224)	(375,860)	(94,730)
Total	\$ (648,058)	\$ (466,027)	\$ (1,114,085)	\$ (280,789)

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

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, 2020, 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 2020.

Plan Membership

At April 30, 2020, the Police Pension Plan membership consisted of:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	29
Inactive Plan members entitled to benefits but not yet receiving them	-
Active Plan members	<u>30</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 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 \$115,929 and \$114,838 for 2020 and 2019, 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 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 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding calendar year.

Village of Westchester, Illinois

Notes to Basic Financial Statements

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, 2020, the statutory minimum which the Village was required to contribute was \$1,556,683, or 40.06 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 2020. 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, 2020:

Asset Class	Minimum Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	2.00%	0.80%
Fixed income	38.00%	1.40%
U.S. large cap equities	27.00%	5.80%
U.S. mid cap equities	3.00%	6.20%
U.S. small cap equities	3.00%	5.40%
Developed international equities	16.00%	4.80%
Emerging international equities	8.00%	6.40%
Real estate equities	3.00%	4.80%

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

Note 6. Employee Retirement Systems (Continued)

Police Pension Fund (Continued)

Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.99 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, 2020 using the following methods and actuarial assumptions, applied to all periods included in the measurement:

Methods and Assumptions

Valuation date	April 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Discount Rate used for the Total Pension Liability	4.36%
Long-Term Expected Rate of Return on Plan Assets	6.50%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	2.56%
Projected Individual Salary Increases	2.81 - 15.79%
Projected Increase in Total Payroll	3.00%
Consumer Price Index (Utilities)	2.25%
Inflation Rate Included	2.25%
Actuarial assumptions:	
Mortality Table	Pub-2010 adjusted for plan status, demographics and Illinois Public Pension Data, as described
Retirement Rates	80% of L&A 2020 Illinois Police Retirement Rates Capped at 65
Disability Rates	100% of L&A 2020 Illinois Police Disability Rates
Termination Rates	100% of L&A 2020 Illinois Police Termination Rates
Percent Married	80%

The actuarial assumptions used in the April 30, 2020 valuation were based on the results of an actuarial assumption study for the period including various municipal fiscal years weighted with sex distinct raw rates developed in PubS-210(A) study improved to 2017 using MP-2019 Improvement Rates. 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 3.79 percent to 2.56 percent.

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement Systems (Continued)

Police Pension Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability is 4.36 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 6.50 percent was blended with the Municipal bond rate of 2.56 percent to arrive at a discount rate of 4.36 percent used to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at May 1, 2019	\$ 54,413,034	\$ 27,611,394	\$ 26,801,640
Changes for the year:			
Service cost	875,113	-	875,113
Interest on the total pension liability	3,064,501	-	3,064,501
Actuarial experience	680,539	-	680,539
Changes of assumptions	13,129,684	-	13,129,684
Changes in benefit terms	193,916	-	193,916
Contributions - employer	-	1,146,920	(1,146,920)
Contributions - employee	-	285,266	(285,266)
Contributions - other	-	38	(38)
Net investment income	-	(527,176)	527,176
Benefit payments, including refunds of employee contributions	(2,234,741)	(2,234,741)	-
Other (net transfer)	-	(57,160)	57,160
Net changes	15,709,012	(1,386,853)	17,095,865
Balances at April 30, 2020	\$ 70,122,046	\$ 26,224,541	\$ 43,897,505

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 4.36 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 3.36%	Current Discount Rate 4.36%	1% Increase 5.36%
Net pension liability	\$ 56,076,919	\$ 43,897,505	\$ 34,271,180

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, 2020, the Village recognized pension expense of \$4,695,639. At April 30, 2020, 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	\$ 967,094	\$ 1,647,593
Changes of assumptions	13,318,293	1,142,968
Net difference between projected and actual earnings on pension plan investments	2,041,078	-
Total Deferred Amounts Related to Pensions	<u>\$ 16,326,465</u>	<u>\$ 2,790,561</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:	
2021	\$ 2,262,676
2022	2,301,346
2023	2,496,048
2024	2,603,232
2025	2,053,895
Thereafter	<u>1,818,707</u>
Total	<u>\$ 13,535,904</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

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, 2020, 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 2020.

Plan Membership

At April 30, 2020, the Firefighters' Pension Plan membership consisted of:

	<u>Membership</u>
Inactive Plan members or beneficiaries currently receiving benefits	31
Inactive Plan members entitled to benefits but not yet receiving them	4
Active Plan members	<u>26</u>
Total membership	<u><u>61</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 \$115,929 and \$114,838 for 2020 and 2019, 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., $\frac{1}{2}$ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st 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, 2020, the statutory minimum which the Village was required to contribute was \$1,211,713, or 56.93 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.

Notes to Basic Financial Statements

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 2020. 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, 2020:

Asset Class	Minimum Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	2.00%	0.80%
Fixed income	38.00%	1.40%
U.S. large cap equities	27.00%	5.80%
U.S. mid cap equities	3.00%	6.20%
U.S. small cap equities	3.00%	5.40%
Developed international equities	16.00%	4.80%
Emerging international equities	8.00%	6.40%
Real estate equities	3.00%	4.80%

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, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.05 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

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, 2020, using the following methods and actuarial assumptions, applied to all periods included in the measurement:

Methods and Assumptions

Valuation date	April 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Discount Rate used for the Total Pension Liability	5.26%
Long-Term Expected Rate of Return on Plan Assets	6.50%
High Quality 20-Year Tax-Exempt G.O. Bond Rate (based on the Bond Buyer 20-Bond GO Index)	2.56%
Projected Individual Salary Increases	3.13% - 17.60%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Utilities)	2.25%
Inflation Rate Included	2.25%
Actuarial assumptions:	
Mortality Table	Pub-2010 adjusted for plan status, demographics and Illinois Public Pension Data, as described
Retirement Rates	100% of L&A 2020 Illinois Firefighters' Retirement Rates Capped at 62
Disability Rates	100% of L&A 2020 Illinois Firefighters' Disability Rates
Termination Rates	100% of L&A 2020 Illinois Firefighters' Termination Rates
Percent Married	80%

The actuarial assumptions used in the April 30, 2020 valuation were based on the results of an actuarial assumption study for the period including various municipal fiscal years weighted with sex distinct raw rates developed in PubS-210(A) study improved to 2017 using MP-2019 Improvement Rates. 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 3.79 percent to 2.56 percent.

Discount Rate

The discount rate used to measure the total pension liability is 5.26 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 2064. Therefore, the long-term expected rate of return of 6.50 percent was blended with the Municipal bond rate of 2.56 percent to arrive at a discount rate of 5.26 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)
Balances at May 1, 2019	\$ 43,437,799	\$ 24,062,919	\$ 19,374,880
Changes for the year:			
Service cost	679,382	-	679,382
Interest on the total pension liability	2,586,083	-	2,586,083
Actuarial experience	1,290,349	-	1,290,349
Changes of assumptions	6,601,620	-	6,601,620
Changes in benefit terms	238,645	-	238,645
Contributions - employer	-	1,204,920	(1,204,920)
Contributions - employee	-	231,646	(231,646)
Contributions - other	-	8,520	(8,520)
Net investment income	-	(237,859)	237,859
Benefit payments, including refunds of employee contributions	(1,946,751)	(1,946,751)	-
Other (net transfer)	-	(52,385)	52,385
Net changes	9,449,328	(791,909)	10,241,237
Balances at April 30, 2020	\$ 52,887,127	\$ 23,271,010	\$ 29,616,117

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 5.26 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 4.26%	Current Discount Rate 5.26%	1% Increase 6.26%
Net pension liability	\$ 38,211,474	\$ 29,616,117	\$ 22,767,951

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, 2020, the Village recognized pension expense of \$3,375,491. At April 30, 2020, 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	\$ 1,618,053	\$ 53,296
Changes of assumptions	7,066,100	1,154,912
Net difference between projected and actual earnings on pension plan investments	1,497,336	-
Total Deferred Amounts Related to Pensions	<u>\$ 10,181,489</u>	<u>\$ 1,208,208</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:	
2021	\$ 1,375,323
2022	1,472,131
2023	1,903,955
2024	1,894,300
2025	1,492,947
Thereafter	834,625
Total	<u>\$ 8,973,281</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

Note 6. Employee Retirement Systems (Continued)

Combining Statement of Net Position
Pension Trust Funds
April 30, 2020

	Police Pension	Firefighters' Pension	Total
Assets			
Cash and cash equivalents	\$ 1,095,738	\$ 839,802	\$ 1,935,540
Investments:			
Corporate Bonds	5,176,870	3,788,099	8,964,969
U.S. Government Securities	2,164,375	1,240,510	3,404,885
U.S. Treasuries	1,705,764	3,672,522	5,378,286
Municipal Bonds	51,440	97,635	149,075
Equity Investments	15,944,722	13,549,978	29,494,700
Receivables:			
Due from other governments	23,635	19,253	42,888
Accrued interest	52,485	55,406	107,891
Prepaid items	13,738	11,346	25,084
Total assets	26,228,767	23,274,551	49,503,318
Liabilities			
Accounts payable	4,226	3,533	7,759
Net Position			
Restricted for pension benefits	\$ 26,224,541	\$ 23,271,018	\$ 49,495,559

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, 2020

	Police Pension	Firefighters' Pension	Total
Additions			
Contributions:			
Employer	\$ 1,146,920	\$ 1,204,929	\$ 2,351,849
Plan members	285,304	240,165	525,469
Total contributions	<u>1,432,224</u>	<u>1,445,094</u>	<u>2,877,318</u>
Investment income (expense):			
Net increase in fair value of investments	(1,180,831)	(767,667)	(1,948,498)
Interest	737,344	590,338	1,327,682
Less investment expenses	(83,689)	(60,531)	(144,220)
Total investment income (expense)	<u>(527,176)</u>	<u>(237,860)</u>	<u>(765,036)</u>
Total additions	<u>905,048</u>	<u>1,207,234</u>	<u>2,112,282</u>
Deductions			
Benefits and refunds	2,234,741	1,946,751	4,181,492
Administrative expenses	57,158	52,385	109,543
Total deductions	<u>2,291,899</u>	<u>1,999,136</u>	<u>4,291,035</u>
Change in net position	<u>(1,386,851)</u>	<u>(791,902)</u>	<u>(2,178,753)</u>
Net position restricted for pension benefits May 1, 2019	<u>27,611,392</u>	<u>24,062,920</u>	<u>51,674,312</u>
April 30, 2020	<u>\$ 26,224,541</u>	<u>\$ 23,271,018</u>	<u>\$ 49,495,559</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

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, 2020, the Village contributed \$169,500. 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

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, 2020:

- The **Actuarial Cost Method** used was the Entry Age Normal
- The **discount rate** used to measure the OPEB liability was 2.85 percent, the 20-year municipal bond yield from the S&P Municipal Bond 20 Year High-Grade Rate Index as of April 30, 2020.
- **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 3.21 percent to 2.85 percent to reflect the change in the S&P Municipal Bond 20 Year High-Grade Rate Index from the prior valuation.

The Village's total OPEB liability was measured as of April 30, 2019, and was determined by an actuarial valuation as of that date and rolled forward to April 30, 2020.

	<u>Total Postemployment Benefit Liability</u>
Balances at May 1, 2019	\$ 2,218,404
Changes for the year:	
Service cost	73,960
Interest on the total OPEB liability	68,490
Changes of assumptions	96,865
Benefit payments	(169,500)
Other changes	902
Net changes	<u>70,717</u>
Balances at April 30, 2020	<u><u>\$ 2,289,121</u></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 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
Governmental Activities	\$ 2,343,864	\$ 2,143,450	\$ 1,968,234
Business-type Activities and Waterworks and Sewerage Fund	159,291	145,671	133,763
Total other post-employment benefit liability	<u>\$ 2,503,155</u>	<u>\$ 2,289,121</u>	<u>\$ 2,101,997</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	\$ 1,935,118	\$ 2,143,450	\$ 2,390,011
Business-type Activities and Waterworks and Sewerage Fund	131,513	145,671	162,427
Total other post-employment benefit liability	<u>\$ 2,066,631</u>	<u>\$ 2,289,121</u>	<u>\$ 2,552,438</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, 2020, the Village recognized OPEB expense of \$156,465. OPEB expense as of April 30, 2020 is reported in the financial statements as follows:

Governmental Activities - General Government	\$ 146,508
Business-type Activities - Waterworks and Sewerage Fund	<u>9,957</u>
Total	<u>\$ 156,465</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 7. Postemployment Healthcare Plan (Continued)

At April 30, 2020, 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
Deferred Outflows of Resources to be Recognized in OPEB Expense in Future Periods			
Differences between expected and actual			
Changes of assumptions	\$ 136,797	\$ 9,297	\$ 146,094
Change in proportion (recognized in current year expense)	17,602	-	17,602
	<u>\$ 154,399</u>	<u>\$ 9,297</u>	<u>\$ 163,696</u>
Deferred Inflows of Resources to be Recognized in OPEB Expense in Future Periods			
Differences between expected and actual			
experience	\$ 23,651	\$ 1,608	\$ 25,259
Changes of assumptions	18,822	1,279	20,101
Change in proportion (recognized in current year expense)	-	17,602	17,602
	<u>\$ 42,473</u>	<u>\$ 20,489</u>	<u>\$ 62,962</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
Year ending December 31:			
2021	\$ 15,572	\$ (1,557)	\$ 14,015
2022	15,572	(1,557)	14,015
2023	15,572	(1,557)	14,015
2024	15,572	(1,557)	14,015
2025	15,572	(1,557)	14,015
Thereafter	34,066	(3,407)	30,659
Total	<u>\$ 111,926</u>	<u>\$ (11,192)</u>	<u>\$ 100,734</u>

Village of Westchester, Illinois

Notes to Basic Financial Statements

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.

Note 9. Other Financial Disclosures (FFS Level Only)

Other information related to individual funds include the following:

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 \$560,706.

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

Village of Westchester, Illinois

Notes to Basic Financial Statements

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

Budgets Over Expenditures

For the year ended April 30, 2020, expenditures exceeded budget in the Motor Fuel Tax Fund in the amount of \$208,386 and the 911 Fund (a nonmajor fund) in the amount of \$158,971.

Interfunds

Individual interfund balances for the Village at April 30, 2020, are shown as follows:

Fund	Due from Other Funds
General Fund	
Nonmajor Governmental Funds	\$ 195,000
Waterworks and Sewerage Fund	381,138
Nonmajor Governmental Funds	
General Fund	<u>88,777</u>
Total	<u><u>\$ 664,915</u></u>

Fund	Due to Other Funds
General Fund	
Nonmajor Governmental Funds	\$ 88,777
Nonmajor Governmental Funds	
General Fund	195,000
Waterworks and Sewerage Fund	
General Fund	<u>381,138</u>
Total	<u><u>\$ 664,915</u></u>

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.

Note 10. Pronouncements Issued But Not Yet Adopted

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, that provides temporary relief in light of the COVID-19 pandemic. The effective dates of various pronouncements are postponed. The pronouncements below have been updated for the applicable implementation dates. The statements that might impact the Village are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the Village beginning with its year ending April 30, 2021. 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.

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

GASB Statement No. 87, *Leases*, will be effective for the Village beginning with its year ending April 30, 2022. 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, 2022. 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, 2021. 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, 2023. 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.

GASB Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB statements and other technical pronouncements. The statement addresses a variety of topics. The statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The statement will be effective for the Village with its year ending April 30, 2023.

GASB No. 93, *Replacement of Interbank Offered Rates*, establishes how the Village will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. This statement will be effective for the Village with its year ending April 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement will be effective for the Village with its year ending April 30, 2024.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement will be effective for the Village with its year ending April 30, 2024.

Village of Westchester, Illinois

Notes to Basic Financial Statements

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The statement will be effective for the Village with its year ending April 30, 2023.

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. Contingencies

On January 30, 2020, the World Health Organization declared the coronavirus disease 2019 (Covid19) outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Village. To date, the Village, as with most local municipalities in the state and country, is experiencing declining revenue, and significant changes in the fair value of assets.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including expected credit losses on receivables and investments; net pension and OPEB liabilities and related deferred assets and liabilities; and contingent obligations.

Note 12. Restatement

The Village concluded its previously issued April 30, 2020 financial statements contained errors related to its Firefighters' and Police Pension Plans' net pension liability. This was the result of an error in the actuarial valuation received, which excluded certain employees from the calculation of future benefit payments for the Firefighter Pension Plan and a reduction in long-term rate of return from 7.00 percent to 6.50 percent for both the Police and Firefighters' Pension Plans. The correction of the errors resulted in a decrease in the discount rate used for the Firefighter pension liability valuation from 6.59 percent to 5.26 percent and a decrease in the discount rate for the Police pension liability valuation from 4.51 percent to 4.36 percent, which restated the following Governmental Activities balances:

Statement of Net Position (Deficit)	Increase/(Decrease)
Deferred outflows - pension - police	\$ 1,358,454
Deferred outflows - pension - fire	5,605,900
Net pension liability - police	1,590,179
Net pension liability - fire	10,080,490
Deferred inflows - pension - fire	(2,954,153)
Net Position - Unrestricted (deficit)	(1,752,162)
Statement of Activities	
Public Safety (pension expense)	1,752,162

Village of Westchester, Illinois

Notes to Basic Financial Statements

Note 12. Restatement (Continued)

Additionally Note 5, Note 6, and Required Supplementary Information – Firefighters' and Police Pension Plans Schedules of Changes in Net Pension Liability, Total Pension Liability and Related Ratios and Investment Returns and Required Supplementary Information Schedule of Contributions have been revised.

Note 13. Subsequent Event

In January 2021, the Village passed an ordinance providing for the issue of up to, but not to exceed \$16,935,000 of General Obligation, Series 2021 Bonds. The issuance of the bonds was approved by the voters of the Village at the general election held on November 3, 2020, and provides for the levy of a direct annual tax sufficient to pay the principal and interest on the bonds. Proceeds of the bonds will be used to finance various capital infrastructure improvements throughout the Village including road and alley improvements, and improvements to the water system, sanitary sewer system, and storm water system of the Village. The bonds are anticipated to be issued in March 2021.

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,	2020	2019
Total pension liability		
Service cost	\$ 73,960	\$ 67,463
Interest on total OPEB liability	68,490	77,478
Differences between expected and actual experience	-	(32,929)
Changes in assumptions	96,865	71,825
Benefit payments	(169,500)	(160,295)
Other changes	902	(19,675)
Net change in total OPEB liability	70,717	3,867
Total OPEB liability—beginning	2,218,404	2,214,537
Total OPEB liability—ending	\$ 2,289,121	\$ 2,218,404
Covered-Employee Payroll	\$ 2,876,065	\$ 2,876,065
Total OPEB liability as a percentage of covered-employee payroll	79.59%	77.13%

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,	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 306,264	\$ 270,732	\$ 300,707	\$ 309,005	\$ 318,485
Interest on the total pension liability	1,556,655	1,488,342	1,492,678	1,442,839	1,410,666
Differences between expected and actual experience	(1,069,900)	576,788	108,348	126,176	(123,457)
Changes in assumptions	-	556,597	(673,174)	(44,192)	21,548
Benefit payments	(1,259,870)	(1,307,492)	(1,235,285)	(1,197,895)	(1,136,511)
Net change in total pension liability	(466,851)	1,584,967	(6,726)	635,933	490,731
Total pension liability—beginning	21,947,907	20,362,940	20,369,666	19,733,733	19,243,002
Total pension liability—ending (a)	<u>\$ 21,481,056</u>	<u>\$ 21,947,907</u>	<u>\$ 20,362,940</u>	<u>\$ 20,369,666</u>	<u>\$ 19,733,733</u>
Plan fiduciary net position					
Contributions - Employer	\$ 253,894	\$ 313,332	\$ 315,731	\$ 352,951	\$ 373,079
Contributions - Member	128,517	135,652	147,287	128,710	131,242
Pension plan net investment income	3,651,007	(1,192,984)	3,334,129	1,204,838	86,620
Benefit payments	(1,259,870)	(1,307,492)	(1,235,285)	(1,197,895)	(1,136,511)
Pension plan administrative expense	(1,172,506)	552,608	(425,104)	228,753	479,380
Net change in plan fiduciary net position	1,601,042	(1,498,884)	2,136,758	717,357	(66,190)
Plan fiduciary net position—beginning	18,929,157	20,428,041	18,291,283	17,573,926	17,640,116
Plan fiduciary net position—ending (b)	<u>\$ 20,530,199</u>	<u>\$ 18,929,157</u>	<u>\$ 20,428,041</u>	<u>\$ 18,291,283</u>	<u>\$ 17,573,926</u>
Net pension liability - ending (a) - (b)	\$ 950,857	\$ 3,018,750	\$ (65,101)	\$ 2,078,383	\$ 2,159,807
Plan fiduciary net position as a percentage of the total pension liability	95.57%	86.25%	100.32%	89.80%	89.06%
Covered-Employee Payroll	\$ 2,855,941	\$ 2,853,655	\$ 2,854,705	\$ 2,860,229	\$ 2,903,483
Employer net pension liability as a percentage of covered-employee payroll	33.29%	105.79%	-2.28%	72.66%	74.39%

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,	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 875,113	\$ 845,390	\$ 767,326	\$ 735,886	\$ 644,513	\$ 746,186
Interest on the total pension liability	3,064,501	3,044,875	3,027,140	2,963,588	2,727,718	2,463,037
Differences between expected and actual experience	680,539	(946,662)	(756,965)	1,129,094	(3,142,212)	-
Changes in assumptions	13,129,684	2,007,661	(627,029)	(2,399,754)	3,696,141	-
Changes in benefit terms	193,916	-	-	-	-	-
Benefit payments	(2,234,741)	(2,067,327)	(2,165,383)	(2,073,721)	(2,040,864)	(1,982,798)
Net change in total pension liability	15,709,012	2,883,937	245,089	355,093	1,885,296	1,226,425
Total pension liability—beginning	54,413,034	51,529,097	51,284,008	50,928,915	49,043,619	47,817,194
Total pension liability—ending (a)	\$ 70,122,046	\$ 54,413,034	\$ 51,529,097	\$ 51,284,008	\$ 50,928,915	\$ 49,043,619
Plan fiduciary net position						
Contributions - Employer	\$ 1,146,920	\$ 1,009,261	\$ 934,159	\$ 1,010,389	\$ 996,315	\$ 918,481
Contributions - Member	285,266	282,625	266,940	269,063	257,642	253,106
Contributions - Other	38	-	(512)	-	-	-
Pension plan net investment income	(527,176)	1,454,748	1,883,261	2,252,947	(364,913)	1,569,330
Benefit payments	(2,234,741)	(2,067,327)	(2,165,383)	(2,073,721)	(2,040,864)	(1,982,798)
Pension plan administrative expense	(57,160)	(51,903)	(84,303)	(47,735)	(48,849)	(55,905)
Net change in plan fiduciary net position	(1,386,853)	627,404	834,162	1,410,943	(1,200,669)	702,214
Plan fiduciary net position—beginning	27,611,394	26,983,990	26,149,828	24,738,885	25,939,554	25,237,340
Plan fiduciary net position—ending (b)	\$ 26,224,541	\$ 27,611,394	\$ 26,983,990	\$ 26,149,828	\$ 24,738,885	\$ 25,939,554
Net pension liability - ending (a) - (b)	\$ 43,897,505	\$ 26,801,640	\$ 24,545,107	\$ 25,134,180	\$ 26,190,030	\$ 23,104,065
Plan fiduciary net position as a percentage of the total pension liability	37.40%	50.74%	52.37%	50.99%	48.58%	52.89%
Covered-Employee Payroll	\$ 2,867,756	\$ 2,876,065	\$ 2,693,847	\$ 2,357,318	\$ 2,455,279	\$ 2,609,053
Employer net pension liability as a percentage of covered-employee payroll	1530.73%	931.89%	911.15%	1066.22%	1066.68%	885.53%
Annual money-weighted rate of return, net of investment expense	1.99%	5.29%	7.45%	5.90%	-1.39%	9.34%

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,	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 679,382	\$ 663,584	\$ 623,728	\$ 624,637	\$ 548,586	\$ 799,025
Interest on the total pension liability	2,586,083	2,488,940	2,401,857	2,298,712	2,443,423	1,997,463
Differences between expected and actual experience	1,290,349	431,095	(93,070)	147,120	471,224	-
Changes in assumptions	6,601,620	1,771,609	106,012	251,419	(3,816,007)	-
Changes in benefit terms	238,645	-	-	-	-	-
Benefit payments	(1,946,751)	(1,735,952)	(1,615,498)	(1,575,475)	(1,410,583)	(1,271,307)
Net change in total pension liability	9,449,328	3,619,276	1,423,029	1,746,413	(1,763,357)	1,525,181
Total pension liability—beginning	43,437,799	39,818,523	38,395,494	36,649,081	38,412,438	36,887,257
Total pension liability—ending (a)	\$ 52,887,127	\$ 43,437,799	\$ 39,818,523	\$ 38,395,494	\$ 36,649,081	\$ 38,412,438
Plan fiduciary net position						
Contributions - Employer	\$ 1,204,920	\$ 884,390	\$ 810,903	\$ 884,336	\$ 1,027,335	\$ 628,706
Contributions - Member	231,646	229,681	223,966	222,967	217,769	223,583
Contributions - Other	8,520	-	16,747	-	-	-
Pension plan net investment income	(237,859)	1,345,123	1,758,362	1,923,728	(260,954)	1,336,306
Benefit payments	(1,946,751)	(1,735,952)	(1,615,498)	(1,575,475)	(1,410,583)	(1,271,307)
Pension plan administrative expense	(52,385)	(46,464)	(43,170)	(44,130)	(46,419)	(48,107)
Net change in plan fiduciary net position	(791,909)	676,778	1,151,310	1,411,426	(472,852)	869,181
Plan fiduciary net position—beginning	24,062,919	23,386,141	22,234,831	20,823,405	21,296,257	20,427,076
Plan fiduciary net position—ending (b)	\$ 23,271,010	\$ 24,062,919	\$ 23,386,141	\$ 22,234,831	\$ 20,823,405	\$ 21,296,257
Net pension liability - ending (a) - (b)	\$ 29,616,117	\$ 19,374,880	\$ 16,432,382	\$ 16,160,663	\$ 15,825,676	\$ 17,116,181
Plan fiduciary net position as a percentage of the total pension liability	44.00%	55.40%	58.73%	57.91%	56.82%	55.44%
Covered-Employee Payroll	\$ 2,335,377	\$ 2,505,542	\$ 2,448,170	\$ 2,343,788	\$ 2,299,574	\$ 2,371,109
Employer net pension liability as a percentage of covered-employee payroll	1268.15%	773.28%	671.21%	689.51%	688.20%	721.86%
Annual money-weighted rate of return, net of investment expense	1.05%	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

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,556,683	\$ 1,469,298	\$ 1,283,328	\$ 1,079,840	\$ 1,061,927	\$ 1,053,264
Contributions in Relation to the Actuarial Determined Contribution	1,146,920	1,009,261	934,159	1,010,389	996,315	918,481
Contribution Deficiency (excess)	<u>\$ 409,763</u>	<u>\$ 460,037</u>	<u>\$ 349,169</u>	<u>\$ 69,451</u>	<u>\$ 65,612</u>	<u>\$ 134,783</u>
Covered-Employee Payroll	\$ 2,867,756	\$ 2,876,065	\$ 2,693,847	\$ 2,609,053	\$ 2,455,279	\$ 2,609,053
Contributions as a Percentage of Covered-Employee Payroll	39.99%	35.09%	34.68%	38.73%	40.58%	35.20%

Firefighters' Pension Plan

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,211,713	\$ 1,169,890	\$ 1,070,093	\$ 943,029	\$ 915,936	\$ 707,271
Contributions in Relation to the Actuarial Determined Contribution	1,204,920	884,390	810,903	884,336	1,027,335	628,706
Contribution Deficiency (excess)	<u>\$ 6,793</u>	<u>\$ 285,500</u>	<u>\$ 259,190</u>	<u>\$ 58,693</u>	<u>\$ (111,399)</u>	<u>\$ 78,565</u>
Covered-Employee Payroll	\$ 2,335,377	\$ 2,505,542	\$ 2,448,170	\$ 2,371,109	\$ 2,299,574	\$ 2,371,109
Contributions as a Percentage of Covered-Employee Payroll	51.59%	35.30%	33.12%	37.30%	44.68%	26.52%

Illinois Municipal Retirement Fund

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 253,893	\$ 313,331	\$ 315,730	\$ 352,952	\$ 372,807
Contributions in Relation to the Actuarial Determined Contribution	253,894	313,332	315,731	352,951	373,079
Contribution Deficiency (excess)	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ (272)</u>
Covered-Employee Payroll	\$ 2,855,941	\$ 2,853,655	\$ 2,854,705	\$ 2,860,229	\$ 2,903,483
Contributions as a Percentage of Covered-Employee Payroll	8.89%	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, 2020

	Original and Final Budget	Actual	Variance
Revenues:			
Program:			
Charges for services	\$ 2,452,312	\$ 2,484,427	\$ 32,115
Licenses and permits	1,133,125	980,020	(153,105)
Intergovernmental	4,452,628	4,594,521	141,893
Fines and forfeitures	650,130	712,047	61,917
General:			
Property taxes	6,589,816	6,566,749	(23,067)
Other taxes	1,341,800	1,362,907	21,107
Interest	25,000	46,719	21,719
Rental income	216,826	217,746	920
Miscellaneous	88,500	105,757	17,257
Total revenues	16,950,137	17,070,893	120,756
Expenditures:			
Current:			
General government	1,697,604	1,680,912	16,692
Community development department	534,475	540,817	(6,342)
Planning and zoning	2,050	7,310	(5,260)
Fire and police commission	31,295	12,446	18,849
Police department	5,803,261	5,960,772	(157,511)
Civil defense	3,935	2,584	1,351
Fire department	4,752,016	5,044,829	(292,813)
Public works	3,280,178	3,257,088	23,090
Debt service:			
Principal	215,668	184,987	30,681
Interest and fees	11,874	10,644	1,230
Capital outlay	1,042,535	510,361	532,174
Total expenditures	17,374,891	17,212,750	162,141
Excess (deficiency) of revenues over (under) expenditures	(424,754)	(141,857)	282,897
Other financing sources:			
Installment note proceeds	646,000	275,797	(370,203)
Total other financing sources	646,000	275,797	(370,203)
Change in fund balance	\$ 221,246	133,940	\$ (87,306)
Fund balances:			
May 1, 2019		3,005,084	
April 30, 2020		\$ 3,139,024	

Village of Westchester, Illinois

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Motor Fuel Tax Fund
Year Ended April 30, 2020**

	Original and Final Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 455,475	\$ 659,680	\$ (204,205)
Total revenues	<u>455,475</u>	<u>659,680</u>	<u>(204,205)</u>
Expenditures:			
Current:			
Public works	140,000	197,835	(57,835)
Debt service:			
Principal	160,000	160,000	-
Interest	130,685	281,236	(150,551)
Total expenditures	<u>430,685</u>	<u>639,071</u>	<u>(208,386)</u>
Excess of revenues over expenditures	<u>24,790</u>	<u>20,609</u>	<u>4,181</u>
Other financing sources (uses):			
Bond proceeds	-	4,885,000	(4,885,000)
Premium on bond issuance	-	503,671	(503,671)
Transfer to escrow agent	-	(2,252,409)	2,252,409
Total other financing sources (uses)	<u>-</u>	<u>3,136,262</u>	<u>(3,136,262)</u>
Change in fund balance	<u><u>\$ 24,790</u></u>	<u>3,156,871</u>	<u><u>\$ 4,181</u></u>
Fund balance:			
May 1, 2019		<u>380,328</u>	
April 30, 2020		<u><u>\$ 3,537,199</u></u>	

Notes to Required Supplementary Information

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

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, 2020
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	22 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	2.50%
Mortality Rates	RP-2014 Adjusted for Plan Status, Collar and Illinois Public Pension Data, as Appropriate
Retirement Rates	80% of L&A 2016 Illinois Police Retirement Rates Capped at age 65
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, 2020
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	22 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 62
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

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 2019 Contribution Rates:

Actuarial cost method	Entry Age Normal
Actuarial Value of Assets	5 Year smoothed market, 20% corridor
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24-year closed period
Investment rate of return	7.25%
Projected Individual Salary Increases	3.35% - 14.25%, including inflation
Projected Increase in Total Payroll	3.25%
Price Inflation	2.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality Table	For non-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 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 adjustment 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.

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, 2020

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 141,967	\$ 77,275	\$ -	\$ 219,242
Investments	-	457,556	89	457,645
Receivables:				
Intergovernmental	143,147	134,973	-	278,120
Other	80,541	-	-	80,541
Due from other funds	88,777	-	-	88,777
Total assets	\$ 454,432	\$ 669,804	\$ 89	\$ 1,124,325
Liabilities				
Accounts payable	\$ 23,965	\$ -	\$ -	\$ 23,965
Due to other funds	195,000	-	-	195,000
Unearned revenue	-	38,075	-	38,075
Total liabilities	218,965	38,075	-	257,040
Fund Balances				
Restricted	235,467	631,729	89	867,285
Total fund balances	235,467	631,729	89	867,285
Total liabilities and fund balances	\$ 454,432	\$ 669,804	\$ 89	\$ 1,124,325

Village of Westchester, Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended April 30, 2020

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Revenues:				
Other taxes	\$ 71,789	\$ -	\$ -	\$ 71,789
Intergovernmental	570,969	677,987	-	1,248,956
Fines and forfeitures	987	-	-	987
Interest	841	13,889	-	14,730
Other	69,143	-	-	69,143
Total revenues	713,729	691,876	-	1,405,605
Expenditures:				
Current:				
Tourism	171,583	-	-	171,583
Police 911	570,971	-	-	570,971
Public works	-	25,552	-	25,552
Debt service:				
Principal	-	-	375,000	375,000
Interest and fees	-	-	185,708	185,708
Capital outlay	-	73,219	-	73,219
Total expenditures	742,554	98,771	560,708	1,402,033
Excess (deficiency) of revenues over (under) expenditures	(28,825)	593,105	(560,708)	3,572
Other financing sources (uses):				
Transfers in	-	-	560,706	560,706
Transfers (out)	-	(560,706)	-	(560,706)
Total other financing sources (uses)	-	(560,706)	560,706	-
Change in fund balances	(28,825)	32,399	(2)	3,572
Fund balances:				
May 1, 2019	264,292	599,330	91	863,713
April 30, 2020	\$ 235,467	\$ 631,729	\$ 89	\$ 867,285

Village of Westchester, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Nonmajor Governmental Funds
Year Ended April 30, 2020

	Original and Final Budget	Actual
Revenues:		
Other taxes	\$ 162,852	\$ 71,789
Intergovernmental	1,017,000	1,248,956
Fines and forfeitures	-	987
Interest	-	14,730
Other	40,000	69,143
Total revenues	1,219,852	1,405,605
Expenditures:		
Current:		
Tourism	200,000	171,583
Police 911	412,000	570,971
Public works	159,000	25,552
Debt service:		
Principal	375,000	375,000
Interest	185,831	185,708
Capital outlay	320,000	73,219
Total expenditures	1,651,831	1,402,033
Excess (deficiency) of revenues over (under) expenditures	(431,979)	3,572
Other financing (uses):		
Transfers in	560,831	560,706
Transfers (out)	(560,831)	(560,706)
Total other financing uses	-	-
Change in fund balance	\$ (431,979)	3,572
Fund balance:		
May 1, 2019		863,713
April 30, 2020		\$ 867,285

Village of Westchester, Illinois

Combining Balance Sheet
Nonmajor Special Revenue Funds
April 30, 2020

	Police Forfeiture	911	Hotel/Motel Tax	Total
Assets				
Cash and cash equivalents	\$ 52,340	\$ 139	\$ 89,488	\$ 141,967
Receivables:				
Intergovernmental	-	143,147	-	143,147
Other	-	63,156	17,385	80,541
Due from other funds	-	88,777	-	88,777
Total assets	<u>\$ 52,340</u>	<u>\$ 295,219</u>	<u>\$ 106,873</u>	<u>\$ 454,432</u>
Liabilities				
Accounts payable	\$ -	\$ 22,095	\$ 1,870	\$ 23,965
Due to other funds	-	195,000	-	195,000
Total liabilities	<u>-</u>	<u>217,095</u>	<u>1,870</u>	<u>218,965</u>
Fund Balances				
Restricted	52,340	78,124	105,003	235,467
Total liabilities and fund balances	<u>\$ 52,340</u>	<u>\$ 295,219</u>	<u>\$ 106,873</u>	<u>\$ 454,432</u>

Village of Westchester, Illinois

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended April 30, 2020

	Police Forfeiture	911	Hotel/Motel Tax	Total
Revenues:				
Other local taxes	\$ -	\$ -	\$ 71,789	\$ 71,789
Intergovernmental	-	570,969	-	570,969
Fines and forfeitures	987	-	-	987
Other revenue	6,024	-	63,119	69,143
Interest	841	-	-	841
Total revenues	7,852	570,969	134,908	713,729
Expenditures:				
Current:				
Tourism	-	-	171,583	171,583
Police 911	-	570,971	-	570,971
Total expenditures	-	570,971	171,583	742,554
Change in fund balances	7,852	(2)	(36,675)	(28,825)
Fund balances:				
May 1, 2019	44,488	78,126	141,678	264,292
April 30, 2020	\$ 52,340	\$ 78,124	\$ 105,003	\$ 235,467

Village of Westchester, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Nonmajor Capital Projects Fund
Year Ended April 30, 2020

	Original and Final Budget	Actual
Revenues:		
Intergovernmental	\$ 705,000	\$ 677,987
Interest	-	13,889
Total revenues	<u>705,000</u>	<u>691,876</u>
Expenditures:		
Public works	159,000	25,552
Capital outlay, project costs	320,000	73,219
Total expenditures	<u>479,000</u>	<u>98,771</u>
Excess of revenues over expenditures	226,000	593,105
Other financing uses:		
Transfers out	(560,831)	(560,706)
Total other financing uses	<u>(560,831)</u>	<u>(560,706)</u>
Change in fund balance	<u><u>\$ (334,831)</u></u>	32,399
Fund balance:		
May 1, 2019		<u>599,330</u>
April 30, 2020		<u><u>\$ 631,729</u></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, 2020

	Original and Final Budget	Actual
Revenues:		
Property taxes	\$ -	\$ -
Interest	-	-
Total revenues	<u>-</u>	<u>-</u>
Expenditures:		
Debt service:		
Principal	375,000	375,000
Interest and fees	185,831	185,708
Total expenditures	<u>560,831</u>	<u>560,708</u>
Deficiency of revenues under expenditures	(560,831)	(560,708)
Other financing sources:		
Transfers in	560,831	560,706
Total other financing sources	<u>560,831</u>	<u>560,706</u>
Change in fund balance	<u>\$ -</u>	(2)
Fund balance:		
May 1, 2019		<u>91</u>
April 30, 2020		<u>\$ 89</u>

Village of Westchester, Illinois

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Waterworks and Sewerage
Year Ended April 30, 2020

	Original and Final Budget	Actual
Operating revenues:		
Charges for services:		
Water sales	\$ 4,600,000	\$ 4,528,854
Sewer sales	988,000	1,011,207
Trash removal fees	-	-
Penalties	104,500	102,874
Other	5,000	9,417
Total operating revenues	5,697,500	5,652,352
Operating expenses:		
Personal services	1,185,762	1,879,441
Commodities	3,034,500	2,746,063
Contractual services	1,551,055	504,207
Total operating expenses, other than depreciation	5,771,317	5,129,711
Operating income (loss) before depreciation	(73,817)	522,641
Depreciation	-	482,650
Operating income (loss)	(73,817)	39,991
Nonoperating income (expense):		
Interest income	5,000	22,333
Interest expense	(80,593)	(58,118)
Total nonoperating income (expense)	(75,593)	(35,785)
Change in net position	\$ (149,410)	4,206
Net position		
May 1, 2019		9,317,008
April 30, 2020		\$ 9,321,214

Village of Westchester, Illinois

Statement of Changes in Assets and Liabilities
Agency Funds
April 30, 2020

	Balances May 1, 2019	Additions	Deletions	Balances April 30, 2020
REFUNDABLE DEPOSITS				
Assets:				
Cash and cash equivalents	\$ 720,762	\$ 42,004	\$ 135,382	\$ 627,384
Total assets	<u>\$ 720,762</u>	<u>\$ 42,004</u>	<u>\$ 135,382</u>	<u>\$ 627,384</u>
Liabilities:				
Due to others	\$ 720,762	\$ 42,004	\$ 135,382	\$ 627,384